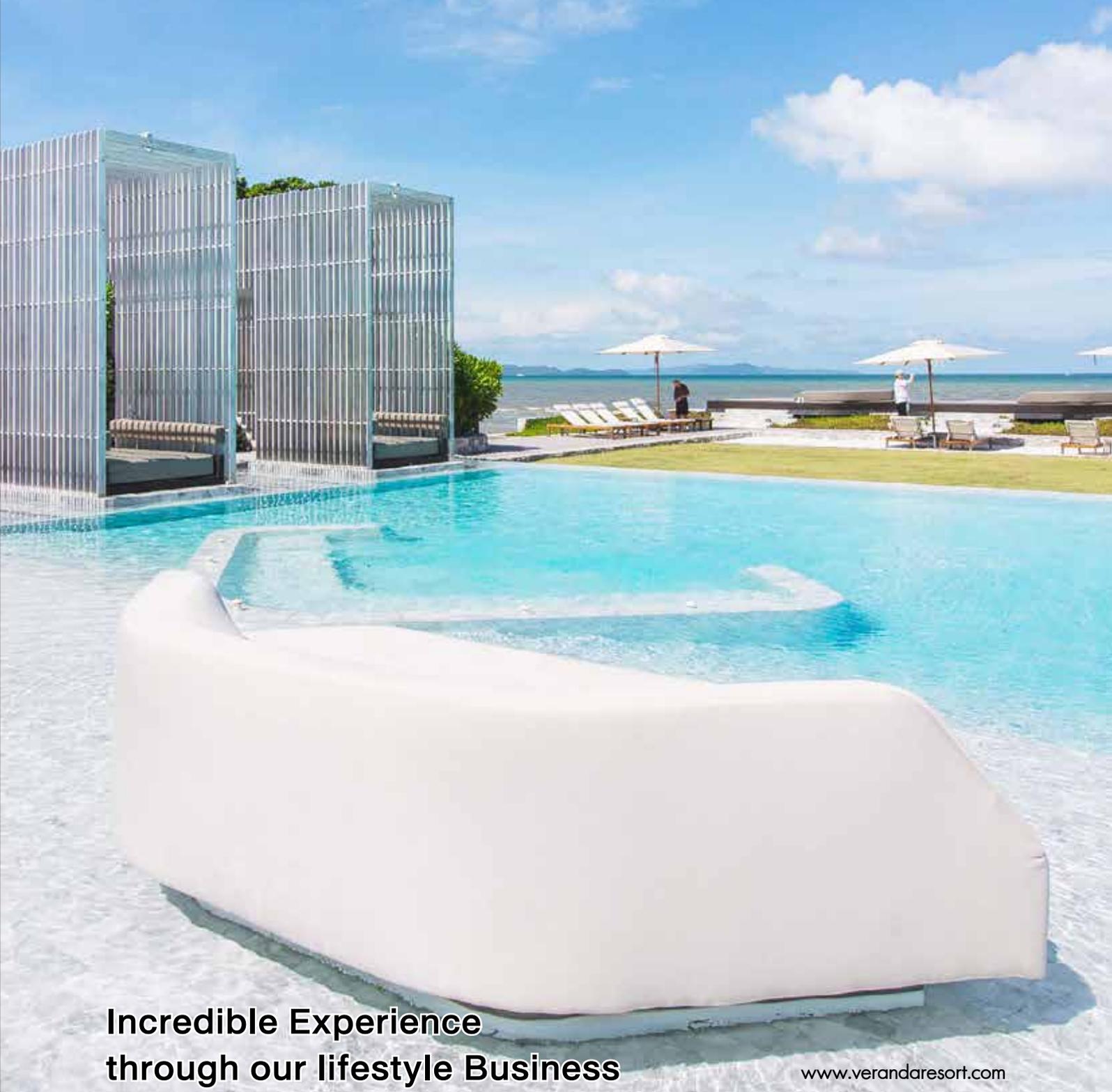




ANNUAL REPORT 2019



VERANDA RESORT PUBLIC COMPANY LIMITED



**Incredible Experience
through our lifestyle Business**

www.verandaresort.com



Hotel Business

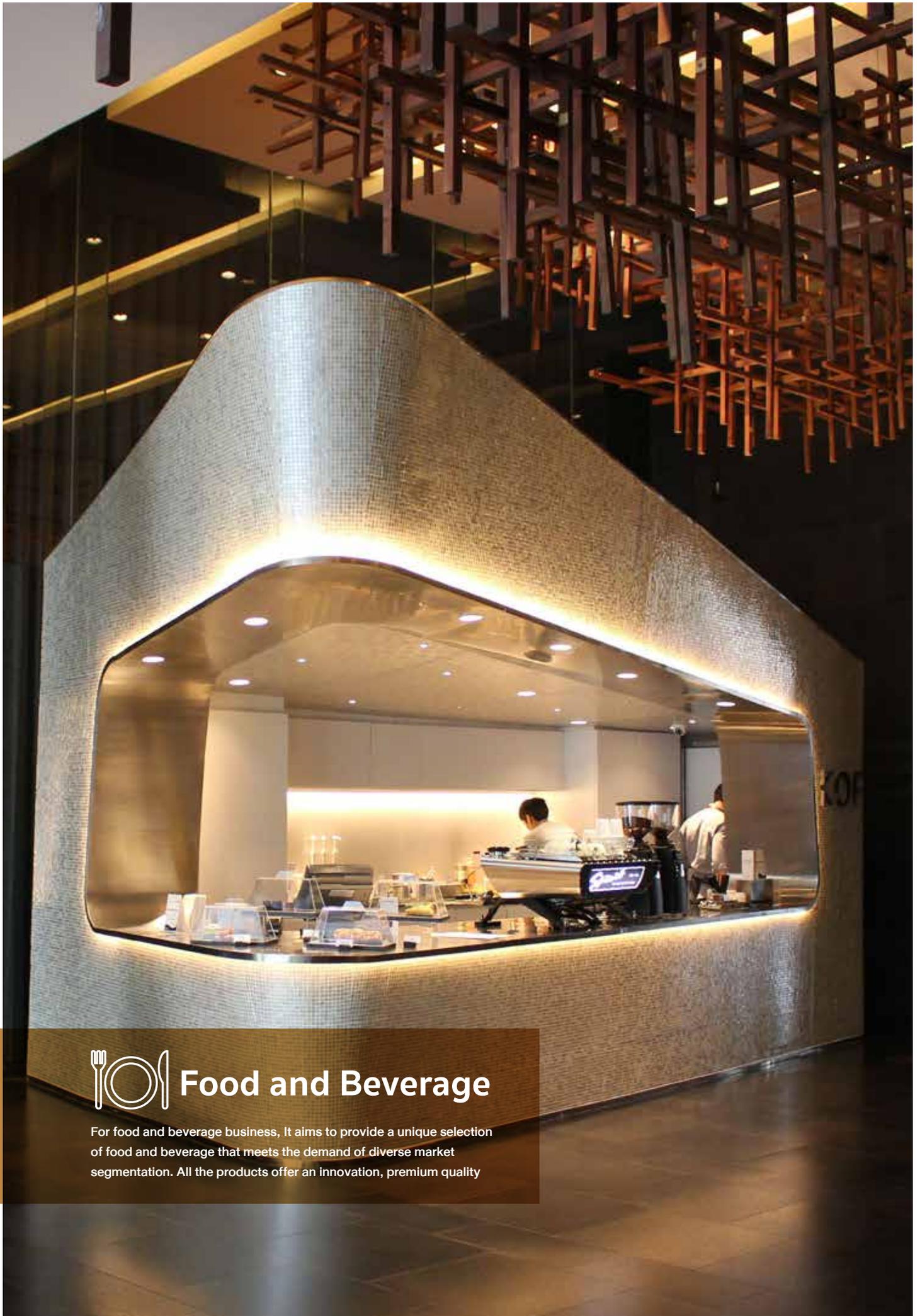
This business group consists of hotels and resorts under the operations of the HHP, OKT, VBP, and ISA companies. Taking the benefit of target customers as a priority, the company operates a business investment in prime locations that offer a commuting distance to tourist attractions, convenience in travelling with choices of public transportation. Besides, the hotels assure all guests an international standard service given by professional staffs through a wide range of accommodations and facilities such as restaurants, meeting rooms, banquet rooms, swimming pools and fitness facilities. Also, the business group aims to deliver not only a uniqueness in regards to the company's concept, but memorable experiences to the guests at all time.



Real Estate Development

This business group focuses on the development of low-rise and high-rise residential properties and pool villas under the operations of the company and VBP. Such development wishes to cover the rise of market demand in residential property investment in prime locations which offers a unique design and a hint of relaxation as to the company's hotel service.

Additionally, the Customer Service Department takes charge of all the after-sales service to guarantee the customer satisfaction by providing assistance along the process such as meeting arrangement for the project's juristic person and the customer, room inspection, and ownership transfer for the residents, etc



Food and Beverage

For food and beverage business, It aims to provide a unique selection of food and beverage that meets the demand of diverse market segmentation. All the products offer an innovation, premium quality



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Risk
Factors

Milestone

- Veranda Resort & Villas Hua-Hin Cha-Am” 110 rooms



2004

- So Bangkok 237 rooms



2012

- Veranda Resort Pattaya Na Jomtien 145 rooms
- Rocky Boutique Resort (Acquired) 50 rooms
- Skoop Beach Cafe Pattaya



2015

2008



- Veranda the High Resort Chiangmai 69 rooms
- Veranda High Residence Chiangmai

2014



- Veranda Residence Pattaya

- Veranda Residence Hua Hin
- Skoop Beach Cafe Hua Hin



2017

- Gram Pancakes & Pablo Cheesetart (Acquired)
- Veranda Resort Public Company Limited was listed on the stock Exchange of Thailand



2019

2016



- Expansion “Veranda Resort & Villas Hua Hin Cha Am”

2018



- KOF Sathorn and KOK Thonglor
- Conversion “Veranda Resort Public Company Limited”
- Increase capital from 1,223.41 Million Baht to 1,750.00 Million Baht

With an aim to go become top-notch in hotel and property development, also food and beverage business, the Group positions itself as a first choice of people's decision, assuring an impressive experience and service for customers beyond their expectation when it comes to options of accommodation, restaurant and so on. However, Seeing the importance of growing sustainably, the company has created a concrete business strategy and guideline for internal and external understanding. In addition, the corporate communication coming from top-down to all levels of employees helps to bring a unity, also a sense of being part of the company's success which leads everyone to the same goal. At the present time, the company comes up with the vision, mission, and operational goal as follows.



Vision

Develop hotels, resorts, residences and lifestyle businesses that focus on customers experience and put great emphasis on design

Mission

Build unique lifestyle businesses and create impressive and memorable experience for long-term popularity

Objective

V

Maximize stakeholder value

A

Responsibility for stakeholders

L

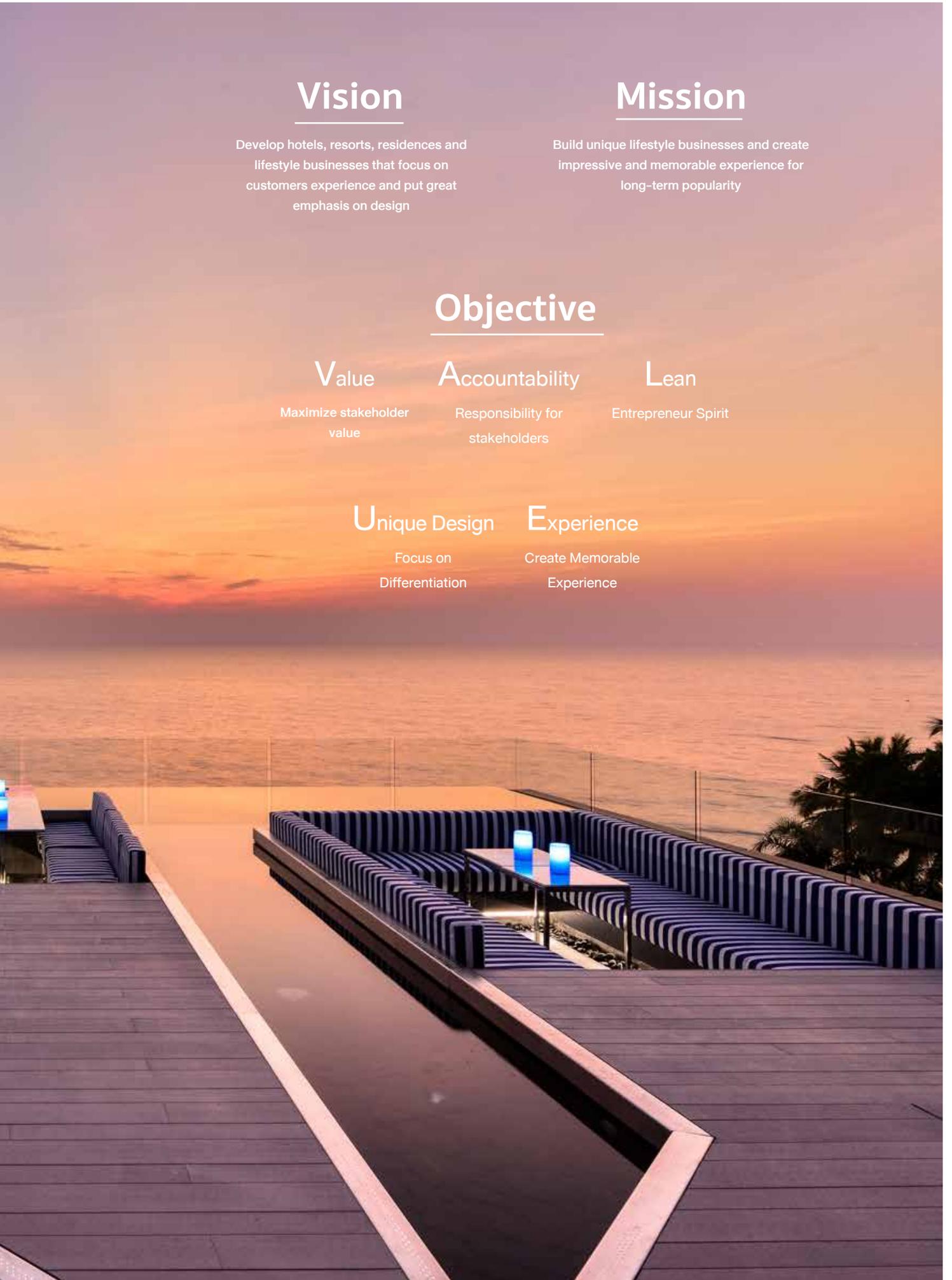
Entrepreneur Spirit

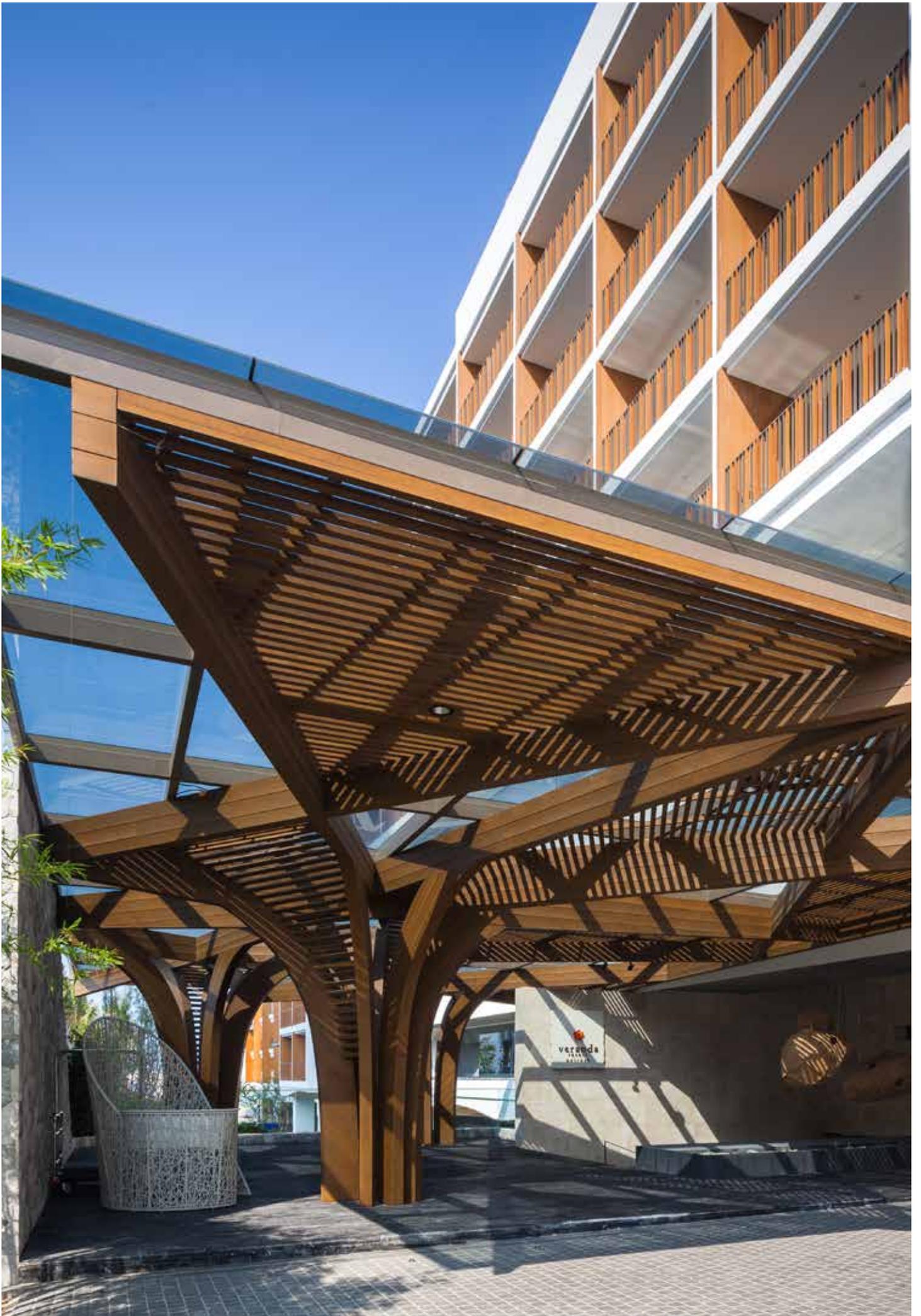
U

Focus on Differentiation

E

Create Memorable Experience





Awards

Year	Hotels & Residences	Award	From	
2015	So Sofitel Bangkok	Asia's Top Design Hotel	Travel Asia	
		Best Business Hotel	Business Traveller Awards Asia Pacific	
		Green Hotel Awards	The Department of Environmental Quality Promotion	
	Rocky Boutique Resort	Travelers' Choice	Tripadvisor.com	
2016	So Sofitel Bangkok	Guest Review Excellent	Booking.com	
		Luxury Hotel	Faroane Mennella	
		Regional Winner HAPA Spa of the year	Hospitality Asia Platinum Awards (HAPA)	
	Veranda High Resort Chiang Mai	Guest Review Awards 2016	Booking.com	
2017	So Sofitel Bangkok	Luxury Winner of Luxury Rooftop View Hotel	World Luxury Awards	
		Star Award Winner Recommended Rated Hotel	Forbes Travel Guild	
		Guest Review Excellence	Booking.com	
		Veranda High Resort Chiang Mai	Recommended on Holiday Check	Holiday Check.de
		Veranda Resort & Villas Hua Hin Cha Am	Guest Review Awards 2017	Booking.com
	Veranda Residence Hua Hin	Best Condo Development	Property Guru Thailand Property Awards	
2018	So Sofitel Bangkok	Luxury Winner of Luxury Rooftop View Hotel	World Luxury Awards	
		Bangkok's Best Restaurant Awards 2018	Bangkok Best Dining	
		Thailand Tatler Best Restaurant for its exceptional cuisine and service	Thailand Tatler	
		Rocky Boutique Resort	Holiday Check Certificate 2018	Holiday Check.de
	Veranda High Resort Chiang Mai	Holiday Check Certificate 2018	Holiday Check.de	
2019	So Sofitel Bangkok	Luxury Winner of LUXURY ART HOTEL	World Luxury Awards	
	Rocky Boutique Resort	Traveler' Choice	Tripadvisor.com	
		Best Boutique Venue in Asia	Hitchbird wedding awards	
	Veranda High Resort Chiang Mai	Holiday Check Certificate 2019	Holiday Check.de	
	Veranda Resort & Villas Hua Hin Cha Am	Chinese Preferred Hotel	Trip.com	
Veranda Resort Pattaya Na Jomtien	Preferred Partner Award	Trip.com		

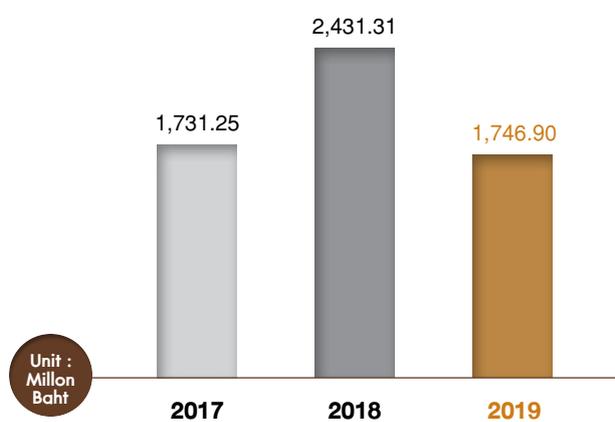
Financial Highlights

Veranda Resort Public Company Limited

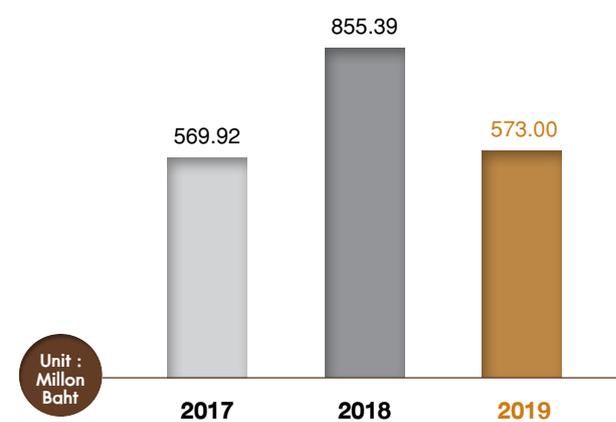
Unit : Million Baht

Description		2017	2018	2019
Operating results				
Revenue from hotel operations		1300.78	1,313.61	1,252.21
Revenue from property development operations		386.28	1,053.20	370.55
Revenue from sales of food and beverage		76.42	20.53	44.83
Revenue from management service		9.13	19.23	28.77
Total Revenues		1731.25	2,431.31	1,746.90
Gross Profit		569.92	853.59	573.00
EBIT		152.37	397.75	166.06
Net Profit		22.23	235.78	83.19
Financial Position				
Total Assets		5,442.45	4,781.37	5,453.62
Total Liabilities		4,286.24	3,440.77	3,364.88
Total Shareholders' Equity		1,156.21	1,340.60	2,088.74
Number of Paid-Up shares (Thousand shares)		122,640.83	244,681.67	319,681.67
Par Value Per Share (Baht)		10.00	5.00	5.00
Earnings Per Share (Baht)		0.18	0.96	0.26
Book Value Per Share (Baht)		9.43	5.48	6.53
Significant Financial Ratio				
Current Ratio	(times)	0.96	1.12	0.92
Gross Profit Ratio	%	33.45	35.47	33.77
Net Profit Margin	%	1.28	9.70	4.76
Return on Total Assets	%	2.87	7.78	3.24
Return on Equity	%	1.92	1.94	18.89
Debt to Equity Ratio	(times)	3.71	2.57	1.61
Interest Bearing Debts to Equity Ratio	(times)	2.71	1.80	1.06
Interest Coverage Ratio	(times)	1.23	3.59	2.38

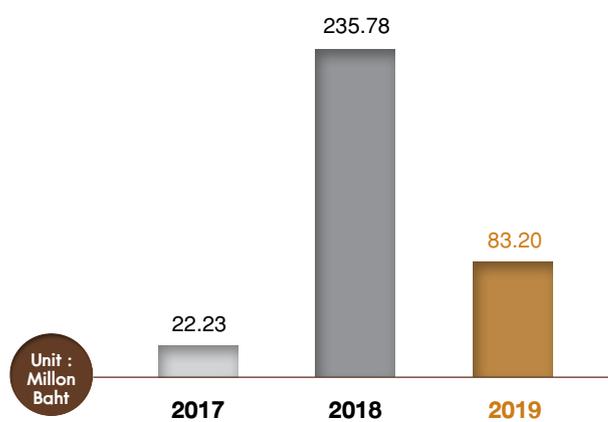
Total Revenues



Gross Profit



Net Income



Thailand Tourism industry overview

An Overall Economic Situation in 2019

When United States and China began their trade war by increasing tariff barriers, they have put the rest of the world on the difficulty. An international trade experiences a downturn: an ongoing recession of global economy, resulting business activities to cease, as seen in mass manufacturing production, export and investment. Besides, the scheme of Generalized System of Preference (GSP) upon Thai trade has been suspended by United States, which tends to have decreased further business confidence index towards the country and its industrial sector since June 2018.

Undeniably, with an Effective Lower Bound (ELB) that seems to remain 'lower for longer', the stability of global financial system is currently confronting a risk. Central banks in several countries manage to eventually lower the policy rate, aiming to optimize 'dovish' monetary policy. This decision is considered a route to reduce tension in economic uncertainty, for instance, the US Federal Reserve Bank came up with its third interest rate reduction, from 1.75-2.00% to 1.50-1.75% with high chances of further cuts in 2020.

Meanwhile, Thailand's economy continues to slow down as consequences of: significant price drops in agricultural product, increasing numbers of household debt and an

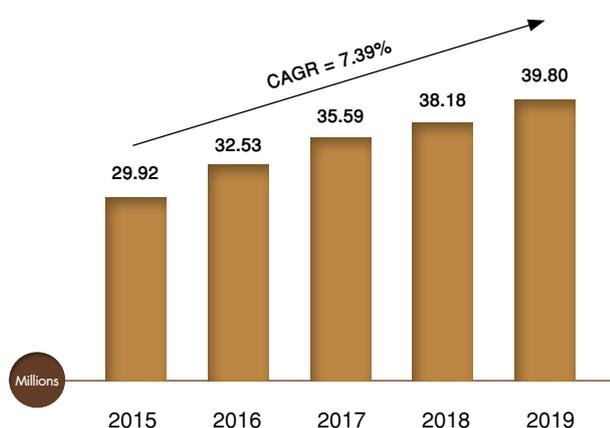
inclined percentage of household spending. Moreover, an investment in machinery, apparatus and equipment within public sector has been put on hold whilst there is certain indications of improvement within the investment in construction segment.

According to Thailand's economic analysis, this current economic slowdown has put every type of business in the stage of stagnation especially in real estate development. Also, numbers of export value indicates that the growth of international trade has drastically dropped as similar to low expansion in business tourism: there is a slightly upturn of Chinese tourists with more visitors coming from India, Japan and Taiwan. For tourism, the government has enhanced promotional standard in business tourism and security by extension of visa exemption plus promoting multiple new routes with more choices for low cost airline.

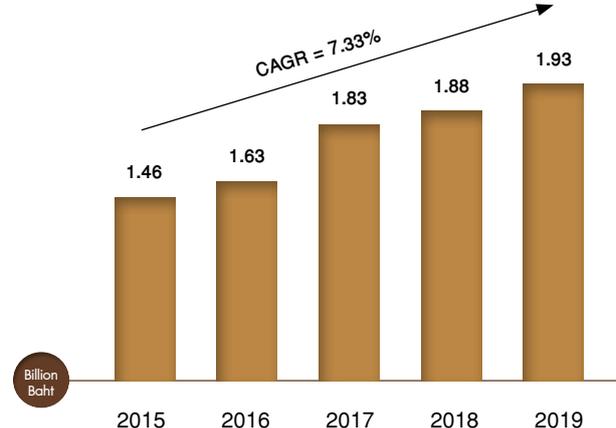
Thai currency, however, has constantly strengthened and become fluctuated, with moderate difference between 30.00-30.50 THB/USD. This brings economic influences towards tourism, export, employment and demand of consumption. The currency's appreciation also delays decision-making in expenditure for any traveling among European and US tourists since the exchange rate provides less beneficial to them when buying and selling Thai baht with foreign currency.

Industrial Summary and Competitive Environment in Hotel Business

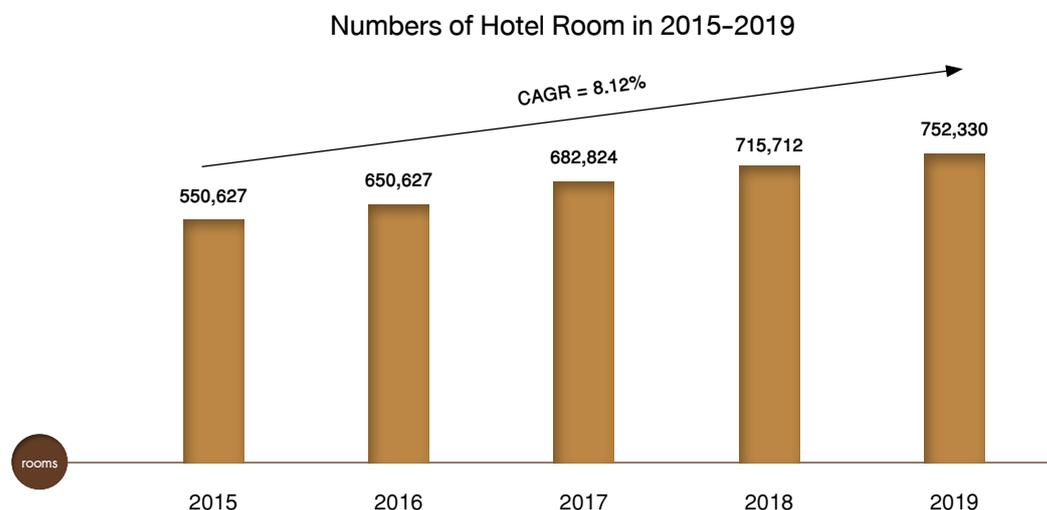
Numbers of Foreign Tourists in 2015-2019



Revenue from Foreign Tourists in 2015-2019

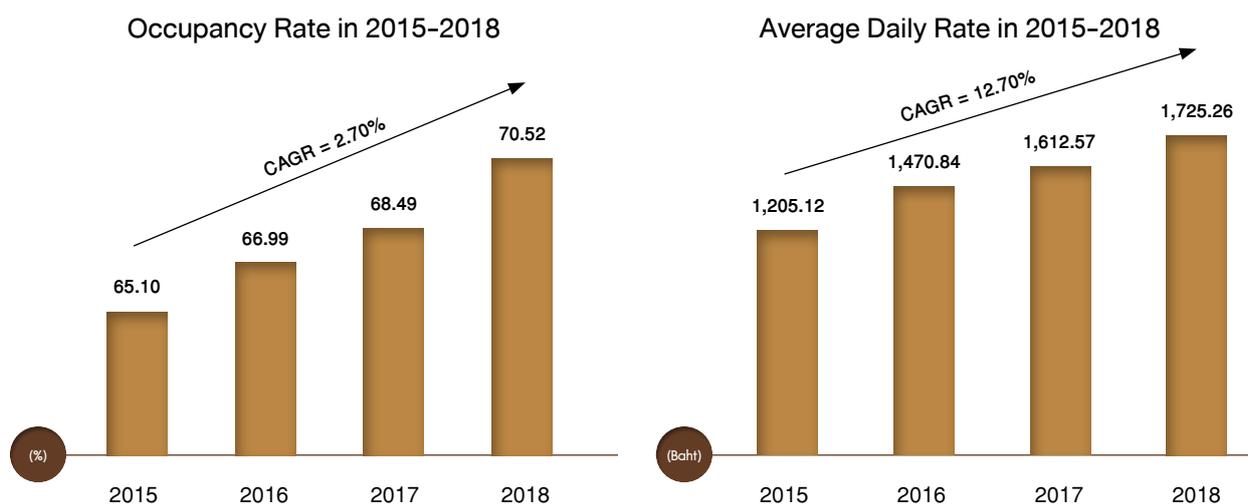


A total number of 39.80 million tourists has come to visit Thailand during the period of January to December 2019, indicating a growing percentage of 4.24 in comparison to the similar period last year. Hence, an overall situation of tourism business points to continuous expansion in numbers of visitor and income.



Source: Department of Tourism, Ministry of Tourism and Sports

Due to an increasing number of tourists visiting, it is likely that hotel business entrepreneurs have enlarged the amount of investment for business expansion to keep up with the demands. Regarding the chart, numbers of room availability rises from 550,627 in 2015 to 752,330 in 2019, which addresses the growth of 8.12% per year. This percentage can be seen as a result of highly competitive environment where multiple options of accommodation (guesthouse, bungalow or resort) and room: sizing (small-medium), decoration, preference, and pricing, have been provided by family-run or small business entrepreneurs to attract variety of tourists in Thailand and from foreign countries.



Source: Department of Tourism, Ministry of Tourism and Sports

Furthermore, when looking at occupancy rate, it shows a gradual rise from 65.10% in 2015 to 70.52% in 2018, which is equivalent to the growth of 2.70% per year (CAGR). This number came from a higher amount of visitors traveling to Thailand. Bank of Thailand also mentions an escalation of the average pricing of hotel service and accommodation, from 1,205.12 Baht in 2015 to 1,725.26 Baht in 2017, which is equivalent to the growth of 12.70% per year (CAGR). This rising percentage relates to the pricing adjustment among Thai entrepreneurs which aims to welcome all visitors from Thailand and foreign countries. .



Hotel Industry in 2020

Considering the continuity of high competition in hotel business in Thailand, plus external factors such as Japan's Olympic 2020, it is more likely that Thai tourism will be confronting another phase of business tension during July-August 2020. In this anticipating future, numbers of tourist tends to remain increasing in accordance to the prolonged exemption of visa fee for visa-on-arrival (VOA) until the end of April 2020. In addition, the protest in Hong Kong has indirectly diverted its tourist destination to Thailand.

The long-term view is that there would be progress in investments and new hotels would be opened. This includes the tracking of the number of foreign tourists in 2020, i.e. whether the number would meet the target set by the Tourism Authority of Thailand (TAT). The TAT has set the targeted number of foreign tourists at 40.8 million people in the year 2020, an increase of 2.5%, and anticipated that the Thailand hotel market in 2020 would not show much growth despite the lack of decrease in performance, as a result of the direct influence from global economic issues. Foreign tourists are cautious in their spending as with the case with the number of tourists in Thailand in 2019 that showed only little growth when compared to the year 2018. At the same time, the TAT has anticipated that hotels across Thailand would have an average occupancy rate not exceeding 70-75% next year due to strong competition in the hotel market. In addition, tourism and accommodation trends must be observed, especially in low seasons in order to see whether the business may be sustained and to what extent.

In regard to the fluctuation of Thai currency, hotel business has felt as much of such impact as other industries in tourism. The pricing can be high for foreign tourists to afford accommodation and tourism products. Meanwhile, the

competition within this industry remains high. As hotel entrepreneurs have expanded their budget in promoting the business to maintain an average number of the occupancy rate, apart from special price offers, the entire industry has become further competitive, creative and active to assure meeting consumers' needs and interest at all time.

Speaking of the technological advance, internet-based websites and applications performs a major influence upon tourist behaviors, with further potential to grow in the upcoming years. This digital dependence, however, prompts a challenge in development of Thai tourism business in 2020 where entrepreneurs needs to be aware of an imminent round of global disruptive technology. A distinct shift proven an occurrence of the disruption is that tourists tend to plan their journey themselves, recognized as FIT — Free Individual Traveler, due to the availability and accessibility to tourism information using their smartphone. Moreover, not only tourist behavior in traveling plan has changed, their self-decision towards lifestyle also alters. A casual use on application and digital platform in internet banking and cashless spending can be considered as a consequence of this aforementioned disruptive technology.

Besides, Phuket remains one of the most powerful tourist destinations in the eyes of foreign tourists and investors. As the city always has more to offer: magnificent islands and beach sides, touristy spots, art scene, rich culture and a Southern charm which keeps its local economy continuing to grow. Also, the popularity in running a Mixed-Use project appears a highly successful development in the community. We aim to build further expansion upon the projects, hoping to risen the standards while meeting the needs of consumer, investor and everyone.





Message from Chairman and Chief Executive Officer

In 2019, the overall global economy decelerated due to the prolonged trade war between USA and China causing a decrease in the Industry Sentiment Index. As for the tourism industry, the continuously strengthening Thai Baht affected tourism expenditure and the decision of foreign tourists, especially those from European countries and USA. The total spending of foreign tourists in Thailand in the 2019 decelerated with the growth rate of 3.05 percent. The same applied to the number of tourists who visited Thailand where the growth rate was 4.24 percent. However, hotel operators were still expanding their investments to increase the number of hotel rooms.

Nonetheless, the Company has changed its operational strategies specifically in the area of hotel business to be consistent with such changes by focusing on developing products and services that meet the demand of the growing market sector and increasing efficiency in costs management. Therefore, the performance of the hotel business in the 2019 was not significantly reduced. In addition, the Company has increased its investments in the food and beverage business,

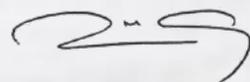
i.e. both in the existing businesses of the Group companies and in a new subsidiary, which has potential to grow, produce revenue and increase profits. This would also help spread risks by conducting businesses that the Company is skilled in. At the same time, the Company also continues to study the possibility in investing in locations suitable for developing projects in both hotels and real estate. In addition, the Company gives importance and consideration to the safety of all interested parties, including customers as well as employees of the Company.

The Board of Directors and the Executives commit to improving and developing the business to achieve sustainable growth together with the Company's good corporate governance. We would like to give our thanks to the Executives and employees who have been devoted to their duties, and to all customers, users, business partners, shareholders and supporters who have always given their trust and support to the Company. We look forward to your continuous support.



(Mr. Chai Jroongtanapibarn)

Chairman of the Board



(Mr. Verawat Ongvasith)

Chief Executive Officer

Directors



1. Mr. Chai Jroongtanapibarn

Chairman of Board
Independent Director
Chairman of Nomination and Remuneration Committee

2. Mr. Verawat Ongvasith

Vice chairman of Board
Chairman of Executive Board
Chief Executive Officer
Acting Vice President of Business and Property Development Department

3. Mr. Attapon Chodchoy

Chairman of Audit Committee
Independent Director
Nomination and Remuneration Committee

4. Mr. Niruj Maneepun

Independent Director
Audit Committee

5. Mr. Trairak Tengtrairat

Audit Committee
Independent Director



6. Mrs. Tosaporn Angsuwarangsi

Director
Executive Director
Chief Finance Officer

7. Mrs. Napasorn Soonthornmanokul

Director
Executive Director

8. Mr. Surasak Wongkiattavorn

Director
Executive Director
Executive Vice President of Hotel operations

9. Mr. Kittisak Sopchokchai

Director

10. Mr. Siriwat Vongjarukorn

Director
Nomination and Remuneration Committee

Details of Directors, Executives and Controlling Persons



**1. Mr. Chai
Jroongtanapibarn
Age 65 years**

- Chairman of Board
- Independent Director
- Chairman of Nomination and Remuneration Committee

Academic Qualification/ Professional Certification

- Bachelor of Accounting, Chulalongkorn University
- Master of Accounting, Thammasat University
- Certificates of Thai Institute of Directors (IOD) in
 - Director Certification Program (DCP) 29/2003
 - Audit Committee Program (ACP) 4/2005

Shareholding Percentage : 0.05

Family Relations -

Work Experiences

2017 - Present	Chairman of Board/ Independent Director/ Chairman of Nomination and Remuneration Committee	Veranda Resort Public Company Limited
----------------	--	--

Other Companies

2007 - Present	Audit Committee/ Independent Director/ Risk Management Committee	Siam Food Products Public Company Limited
2006 - Present	Audit Committee/ Independent Director/ Sustainability and Risk Management Committee	Oishi Group Public Company Limited
2005 - Present	Chairman of Board/ Chairman of Audit Committee	TMT Steel Public Company Limited
2003 - Present	Independent Director	Siam Future Development Public Company Limited
2002 - Present	Chairman of Audit Committee	Major Cineplex Group Public Company Limited
2000 - Present	Chairman of Audit Committee	Team Precision Public Company Limited



2. Mr. Verawat Ongvasith Age 49 years

- Vice chairman of Board
- Chairman of Executive Board
- Chief Executive Officer
- Acting Vice President of Business and Property Development Department

Academic Qualification/ Professional Certification

- Bachelor of Business Administration (Honours), Chulalongkorn University
- Master of Business Administration, Boston University, USA
- Certificates of Thai Institute of Directors (IOD) in
 - Director Accreditation Program (DAP) 22/2004

Shareholding Percentage : 25.93

Family Relations

- Younger sibling of persons in 6th and 7th
- Uncle of the person in 13th

Work Experiences

2004 - Present	Vice Chairman of Board/ Chairman of Executive Committee/Chief Executive Officer/Acting Vice President of Business and Property Development Department	Veranda Resort Public Company Limited
----------------	---	--

Subsidiaries

2019 - Present	Director	PDS Holding Company Limited
2015 - Present	Director	Veranda Cuisine Company Limited
2015 - Present	Director	The isa Resort Company Limited
2013 - Present	Director	Veranda Beach Pattaya Company Limited
2012 - Present	Director	Oak Tree Realty Company Limited
2006 - Present	Director	Oak Tree Company Limited

Other Companies

2018 - Present	Director	Hangiew Holding PTE. LTD.
2018 - Present	Director	Vivat Investment Limited
2016 - Present	Director	VBK Consultant Company Limited
2013 - Present	Director	Ajis Thailand Company Limited
2007 - Present	Director	BLP Holding Company Limited (Discontinued Business)
2007 - Present	Director	VC Land Company Limited
2003 - Present	Director	Siam Future Development Public Company Limited
2001 - Present	Director/Executive	Major Cineplex Group Public Company Limited
1995 - Present	Director	Subvivat Construction Company Limited
2009 - 2018	Director	Vivat Construction Company Limited



3. Mr. Attapon Chodchoy Age 63 years

- Chairman of Audit Committee
- Independent Director
- Nomination and Remuneration Committee

Academic Qualification/ Professional Certification

- Bachelor of Accounting, Chulalongkorn University
- Certificates of Thai Institute of Directors (IOD) in
 - Director Certification Program (DCP) 54/2005

Shareholding Percentage : 0.04

Family Relations -

Work Experiences

2017 - Present	Chairman of Audit Committee/ Independent Director/ Nomination and Remuneration Committee	Veranda Resort Public Company Limited
----------------	--	--

Other Companies

2013 - Present	Audit Committee/ Independent Director	M Pictures Entertainment Public Company Limited
2012 - Present	Audit Committee/ Independent Director/ Nomination and Remuneration Committee	MK Restaurant Group Public Company Limited
2012 - Present	Financial Advisor	Unique Plastic Industry Company Limited



4. Mr. Niruj Maneepun
Age 51 years

- Independent Director
- Audit Committee

Academic Qualification/ Professional Certification

- Bachelor of Law, Ramkhamhaeng University
- Master of Law, Howard University, USA
- Master of Law, Temple University, USA
- Barrister-at-law, The Thai Bar under the Royal Patronage
- **Certificates of Thai Institute of Directors (IOD) in**
 - Director Certification Program (DCP) 143/2011

Shareholding Percentage : 0.03

Family Relations -

Work Experiences

2017 - Present	Independent Director/ Audit Committee	Veranda Resort Public Company Limited
----------------	--	--

Other Companies

2018 - Present	Senior Executive Vice President	Krung Thai Bank Public Company Limited
2017 - 2018	Advisor to President	Krung Thai Bank Public Company Limited
2014 - 2017	Advisor to President	Thai Airways International Public Company Limited



5. Mr. Trairak Tengtrairat Age 50 years

- Audit Committee
- Independent Director

Academic Qualification/ Professional Certification

- Bachelor of Business Administration in International Marketing, Chulalongkorn University
- Master of Business Administration, Seattle University, USA
- **Certificates of Thai Institute of Directors (IOD) in**
 - Director Accreditation Program (DAP) 109/2014
 - Corporate Governance for Capital Market (CGI) 7/2015
 - Advanced Audit Committee Program Class (AACCP) 15/2014
 - Capital Market Academy (CMA) 11/2010

Shareholding Percentage : 0.03

Family Relations -

Work Experiences

2017 - Present	Audit Committee/ Independent Director	Veranda Resort Public Company Limited
----------------	--	--

Other Companies

2019 - Present	Director	Kruem Company Limited
Oct 2018 - Present	Deputy Managing Director/ Chairman of Credit Corporation	Kiatnakin Bank Public Company Limited
2013 - Present	Audit Committee/ Independent Director	Sriracha Construction Public Company Limited
2014 - Present	Director	Phatra Capital Public Company Limited
2014 - Present	Director	Phatra Securities Public Company Limited
2010 - Present	Managing Director/Head of Investment Banking and Capital Market Committee	Phatra Securities Public Company Limited
2008 - Present	Director	Crystal Football Club Company Limited



**6. Mrs. Tosaporn
Angsuwarangsi
Age 54 years**

- Director
- Executive Director
- Chief Finance Officer

Former Name

Ms. Tosaporn Ongvasith

Academic Qualification/ Professional Certification

- Bachelor of Accounting, Chulalongkorn University
- Master of Accounting and Finance, Clark University, USA
- Certificate of Thai Institute of Directors (IOD) in Director Accreditation Program (DAP) 22/2004
- Certificate of Thailand Securities Institute (TSI), the Stock Exchange of Thailand in Strategic CFO in Capital Markets Program 5/2017

Shareholding Percentage : 3.23

Family Relations

- Older sibling of the person in 2nd
- Younger sibling of the person in 7th
- Aunt of the person in 13th

Work Experiences

2004 - Present	Director/ Executive Director/ Chief Finance Officer	Veranda Resort Public Company Limited
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Subsidiaries

2019 - Present	Director	PDS Holding Company Limited
2015 - Present	Director	The Isa Resort Company Limited
2015 - Present	Director	Veranda Cuisine Company Limited
2013 - Present	Director	Veranda Beach Pattaya Company Limited
2012 - Present	Director	Oak Tree Realty Company Limited
2006 - Present	Director	Oak Tree Company Limited

Other Companies

2018 - Present	Director	Hung Jew Holding Private Limited Company
2018 - Present	Director	Vivat Investment Limited
2012 - Present	Director	988 Plus Company Limited
2010 - Present	Director	Verawat Incorporation Company Limited
2010 - Present	Director	BLP Holding Company Limited (Discontinued Business)
1995 - Present	Director	Supvivat Construction Company Limited
2009 - 2018	Director	Vivat Construction Company Limited



**7. Mrs. Napasorn
Soonthornmanokul**
Age 63 years

- Director
- Executive Director

Former Name

Ms. Napasorn Ongvasith

Academic Qualification/ Professional Certification

- Diploma in Secretary, YWCA Vocational Training Institute
- **Certificates of Thai Institute of Directors (IOD) in**
 - Director Accreditation Program (DAP) 137/2017

Shareholding Percentage : 2.53

Family Relations

- Older sibling of persons in 2nd and 6th
- Aunt of the person in 13th

Work Experiences

2004 - Present	Director/ Executive Director	Veranda Resort Public Company Limited
----------------	---------------------------------	--

Subsidiaries

2019 - Present	Director	PDS Holding Company Limited
2015 - Present	Director	The isa Resort Company Limited
2015 - Present	Director	Veranda Cuisine Company Limited
2013 - Present	Director	Veranda Beach Pattaya Company Limited
2012 - Present	Director	Oak Tree Realty Company Limited
2006 - Present	Director	Oak Tree Company Limited

Other Companies

2013 - Present	Director	Executive Cinema Corporation Company Limited
2010 - Present	Director	Verawat Incorporation Company Limited
2005 - Present	Director	BLP Holding Company Limited (Discontinued Business)
2005 - Present	Director	VC Land Company Limited
2010 - Present	Director	Supvivat Construction Company Limited
2009 - 2018	Director	Vivat Construction Company Limited



8. Mr. Surasak Wongkiattavorn

Age 49 years

- Director
- Executive Director
- Executive Vice President of Hotel operations

Academic Qualification/ Professional Certification

- Bachelor of Business Administration, Chulalongkorn University
- Certificates of Thai Institute of Directors (IOD) in
 - Director Accreditation Program (DAP) 137/2017
 - TLCA Executive Development Program (EDP) Class of Year 2019 : Building Regional Leaders

Shareholding Percentage : 0.13

Family Relations -

Work Experiences

2004 - Present	Director/Executive Director/Executive Vice President of Hotel operations	Veranda Resort Public Company Limited
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Subsidiaries

2015 - Present	Director	The isa Resort Company Limited
2013 - Present	Director	Veranda Beach Pattaya Company Limited



9. Mr. Kittisak Sopchokchai
Age 64 years

- Director

Academic Qualification/ Professional Certification

- Bachelor of Economics, Thammasat University
- Certificates of Thai Institute of Directors (IOD) in
 - Director Accreditation Program (DAP) 54/2006

Shareholding Percentage : 2.46

Family Relations -

Work Experiences

2018 - Present	Director	Veranda Resort Public Company Limited
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Subsidiaries

2008 - Present	Director	Oak Tree Company Limited
2011 - Present	Director	Oak Tree Realty Company Limited

Other Companies

2016 - Present	Director	Tonkoon Development Company Limited
2016 - Present	Director	Villanova Khaoyai Company Limited
2015 - Present	Director	Suretriboon Company Limited
2010 - Present	Director	TOA Electronics (Thailand) Company Limited
2008 - Present	Director	Suretriboon Holding Company Limited
2006 - Present	Director	KSP Square Company Limited
2006 - Present	Director	Digital Control Company Limited
2003 - Present	Director/Nomination and Remuneration Committee	Advance Information Technology Public Company Limited
1996 - Present	Director	Audio Engineering Service Company Limited
1985 - Present	Director	Sound System Company Limited
1983 - Present	Chairman of Board	Vichai Trading (1983) Company Limited



10. Mr. Siritwat Vongjarukorn
Age 51 years

- Director
- Nomination and Remuneration Committee

Academic Qualification/ Professional Certification

- Bachelor of Engineering, Chulalongkorn University
- Honorary Doctorate Degree of Science in Information Technology, Sripatum University
- **Certificates of Thai Institute of Directors (IOD) in**
 - Director Accreditation Program (DAP) 9/2004
 - Director Certification Program (DCP) 42/2004

Shareholding Percentage : 0.99

Family Relations -

Work Experiences

2017 - Present	Director/Nomination and Remuneration Committee	Veranda Resort Public Company Limited
Other Companies		
2017 - Present	Director	Angstrom Solutions Company Limited
2016 - Present	Director	Matchon Public Company Limited
2016 - 2019	Director	Digital Ventures Company Limited
2014 - July 2019	Chairman of Board	Panjaluck Pasuk Company Limited
2013 - Present	Director	Promp Now Company Limited
2011 - Present	Director	M.I.S. Outsourcing Company Limited
2005 - Present	Director	Pra In FinTech Company Limited
2003 - Present	Director/Chairman of Executive Board	MFEC Public Company Limited



11. Ms. Ladda Somsiripornchai
Age 53 years

Position

- Senior Vice President Accounting
- Secretary of the Audit Committee

Academic Qualification/ Professional Certification

- Bachelor of Accounting, Thammasat University
- Master of Business Administration, Thammasat University
- **Certificates of Federation of Accounting Profession (CPD) in**
 - TFRS 1/2019 (Minor Course 301) in TFRS 15, TFRIC 17
 - Financial Reporting Standards 3/2019
 - TFRS 2/2019 (Minor Course 501) TFRS 16

Shareholding Percentage : 0.02

Family Relations -

Work Experiences

2016 - Present Senior Vice President Accounting/
Secretary of the Audit Committee
Veranda Resort Public Company Limited

Other companies

2010 - 2016 Senior Vice President Accounting
K.E, Retail Company Limited



12. Ms. Theerata Thornjaroensri
Age 45 years

Position

- Vice-President Corporate Accounting
- Company Secretary

Academic Qualification/ Professional Certification

- Bachelor of Accounting, Thammasat University
- Master of International Business and Entrepreneurship, Malardalen University, Sweden
- Graduate Diploma in English for Careers, Thammasat University
- **Certificates of Thai Institute of Directors (IOD) in**
 - Company Secretary Program (CSP) 85/2018

Shareholding Percentage : 0.01

Family Relations -

Work Experiences

2016 - Present Vice-President Corporate Accounting/
Company Secretary
Veranda Resort Public Company Limited

Other companies

2015 - 2016 Cost Control Manager STP&I Public Company
Limited

2014 - 2015 System Development Manager
Chularat Hospital Group Public Company Limited

2013 - 2014 Project Accounting Manager
STP&I Public Company Limited



13. Mr. Varut Tantiphop
Age 33 years

Position

- Vice-President Corporate Finance
- Investor Relations

Academic Qualification/ Professional Certification

- Bachelor of Finance, Northern Illinois University

Shareholding Percentage : 1.28

Family Relations

- Grandchild of Persons in 2nd, 6th and 7th

Work Experiences

2015 - Present Vice-President Corporate Finance
/Investor Relations Veranda Resort
Public Company Limited

Subsidiaries

2019 - Present Director PDS Holding Company Limited

2016 - Present Director Hua Hin Pool Suite Company Limited

2016 - Present Director Oak Tree Company Limited

2016 - Present Director Oak Tree Realty Company Limited

2015 - Present Director The Isa Resort Company Limited

2015 - Present Director Veranda Cuisine Company Limited

Other Companies

2018 - Present Director Hung Jew Holding Private Limited
Company

2018 - Present Director Vivat Investment Limited

* Remarks : The calculation of shareholding percentage has been applied to an effective rate as of 31st December 2019

Business Type

Business Operation overview

The business operation of the company group

The company and its subsidiaries have operated the hotel, real estate development, and food and beverage business. As of December 31, 2019, the company has 6 hotel projects, consisting of 5 hotels that are currently in operation and 1 hotel that is under development. The company has 3 residential projects, 2 out of 3 are ready to move in and another is under construction. Besides, the company group own 13 restaurants and cafes. The details are as follows;

Business group	Company operator of the business	Share proportion by the company
Hotel business		
Currently in operation		
Veranda Resort Hua Hin	Company and HHP	-
Veranda The High Resort Chiang Mai	Company	-
Sofitel so Bangkok	OKT	99.99
Veranda Resort Pattaya	VBP	99.99
Rocky's Boutique Resort	ISA	99.99
Currently under development		
Verso Huahin Hotel	Company	-
Real estate development business		
Completed Development		
Veranda High Residence Chiang Mai	Company	-
Veranda Residence Pattaya	VBP	99.99
Currently Under Development		
Veranda Residence Huahin	Company	-
Food and beverage business		
Currently in operation		
Food, drink and dessert cafe "Skoop Beach Cafe" Pattaya Branch	VBP	99.99
Food, drink and dessert cafe "Skoop Beach Cafe" Huahin Branch	Company	-
Drink and dessert cafe "KOF" Sathorn Branch	OKT	99.99
Drink and dessert cafe "KOF" Thonglor Branch	VCS	99.99
Drink cafe "The Alley" De Marche Chiang Mai Branch	VCS	99.99
Drink and dessert cafe "Gram Pancake" 6 branches	PDS	99.99
Drink and dessert cafe "Pablo Cheesetart" 4 branches	PDS	99.99

Nature of products and services

The company operates 3 business segments as follows

Hotel Business

The Company's group invests and develops hotel projects under its own operation or through acquisition of other existing hotels. A project feasibility assessment and study on investment worthiness must be conducted, and the construction process must be in accordance with the process in developing hotel and residential condominium projects as will be further determined by the Company's group. As for the hotels invested and developed by the Company's group itself, the Company's group will select a brand that is suitable to their locations and target customers. The "Veranda Resort" brand, the main brand of the Company, will be focused on locations that have beautiful natural scenery, are close to tourist attractions or tourist destinations — suitable locations with future potential. In addition, the Company's group may choose to use the Global Brand to suit the target customers, locations as well as images or market positioning of the hotels. The hotel projects would be developed under the modern contemporary concept that would give the Company's uniqueness to each project with design that would take into account the location, environment and tourist attractions and thus differentiating the hotels of the Company's group from other hotels. Furthermore, the Company's group chooses to use the "SO Sofitel" brand, a french global brand, for hotel projects that focus on design with various unique architectural features. The design would concentrate on and be based on the differences in lifestyles, the balance between 5 elements and colorfulness of city residents. Moreover, in order for the Company's group's hotel business operation to be able to compete with other hotel operators and attract customers, the Company's group therefore has to provide repairs and maintenance to each hotel for the hotels to look new and modern, and in line with the customers' demand. In this regard, the Company's group will reserve a budget for repair and maintenance of approximately 2.00 percent of the revenues gained from hotel business each year. In which case, the Company has a policy of to conduct major maintenance or repairs every 10-15 years. The details of the hotel business operations of the Company's group are as follows:

Hotels currently in operation

1) Veranda Resort & Villas Hua Hin Cha Am

Address	737/12 Phetkasem Road, Cha Am Sub-district, Cha Am District Petchburi 76120, Thailand
Year of operation	July 2004
Year of renovation	The renovation was during June–July 2016. The whole hotel was under renovation from June 2016 and was gradually opened in some parts in August 2016 and opened the whole area in December 2016
Status	Freehold
General information	Veranda Resort & Villas Hua Hin Cha Am Project covers the total area of 12-2-31 Rai with the combination of total 11 title deeds. Veranda Resort & Villas Hua Hin Cha Am is a designed hotel with the buildings and other facilities including hotel building, reception building, and restaurants, totaling 19 buildings. The area covering all building is 17,370.11sq.m.. The hotel consists of 136 rooms, which 104 rooms are under company's operation and the rest 32 rooms are under HHP.
Hotel category	Luxury

1) Veranda Resort & Villas Hua Hin Cha Am

Room types	The hotel offers a choice of 136 rooms separate to 11 types as follows					
	No.	Room types	Room area (sq.m.)	Number of rooms	Hotels following business license	Company operating the hotel
	1	Veranda Deluxe Room	44	59	Veranda resort Huahin	Company
	2	Veranda @ Sea	54	17		
	3	Executive Suite	111	2	Water Villa Resort	
	4	Pool Suite	88-90	16		
	5	Family Jacuzzi Suite	100	4		
	6	Slider Pool Suite	88	4		
	7	3 Bedroom Pool Residence	150	2	Huahin Pool Suite Hotel	HHP
	8	Sky Pool Villa	170	2		
	9	Pool Villa 2 Bedroom	15	9		
	10	Beach Front Pool Villa	131	3		
	11	Veranda Jacuzzi	66	18		
	Total number of rooms			136		-

Restaurants and bars	1. Dining Room Restaurant
	<p>The restaurant serves up the breakfast buffet and all-day dining brasserie offering both western and Thai cuisine with choice of seating arrangement- outdoor al fresco on the wooden deck besides the water or shaded indoor with air condition comfort. The restaurant can service maximum of 150 guests.</p> <p>2. I-Sea Beach Bar and Restaurant</p> <p>I-Sea Beach Bar and Restaurant services a la carte menus for lunch, afternoon break, and dinner with its sleek and sophisticated Asian contemporary architecture. Guests can enjoy choice of seating arrangement either at the restaurant area on the 1st floor or bar area on the 2nd floor where the guests can enjoy the majestic sea view. The restaurant can service maximum of 54 guests.</p> <p>3. The Glass Room—Espresso Bar</p> <p>The Glass Room—Espresso Bar serves coffee and deserts in the relaxing and warm atmosphere with the high glass wall decorative design, enabling the guests to view the garden in the hotel. The Glass Room—Espresso Bar offers more than 9 types of desserts and coffee with capacity of 30 people</p>

Conference and meeting rooms	1. Conferent room
	<p>Consist of 1 conference room which is a multi-purpose room perfect for various types of events. Located at the 1st floor, the room can service the maximum of 200 guests</p> <p>2. Meeting room</p> <p>Two meeting rooms located at the 2nd floor of the 6-storey building, ideal for meeting up to 25-50 persons.</p>

1) Veranda Resort & Villas Hua Hin Cha Am

Other services	<p>1. Veranda Spa</p> <p>The ultimate relaxing spa service with the concept of the perfect combination of the five senses, natural inspiration, and Thai herbs. The guests can indulge in a peaceful and relaxing atmosphere by the contemporary interior design aiming to enable guests to experience a true spa journey. The spa is located on the 1st floor of the reception building and the restaurant with the service capacity of 6 guests</p> <p>2. Swimming pool</p> <p>Large free form infinity pool located at Cha-am Beach with artificial beach, water slider, water curtain features, and huge-size slider under the natural shade of mature trees. The pool bar serves cool refreshing drinks and tasty snacks throughout the day with the panoramic view of Cha-am</p> <p>3. Fitness</p> <p>The fitness center equipped with multigym equipment including treadmills, static bike, cardio area, and weight lifting machine. The guests can use the fitness center from 7.00 hrs. - 20.00 hrs. The fitness can serve a maximum of 5 guests</p> <p>4. Kid's club</p> <p>Kid's club is dedicated to the space for children's creative playing and learning and a are skills and intelligence enhancement, suiting for spending their quality time. Kid's club features a range of education toys and daily programs of indoor and outdoor activities to entertain the children under the supervision of well-trained hotel's staffs. Located at the 1st floor of the hotel building, kid's club can service up to 10 kids.</p>
Target guests	<ol style="list-style-type: none"> 1. The groups of families, friends, or couples who want relaxing holidays with the beach ambience, both Thais and foreigners 2. The groups of a company employee who come for seminars and events, both Thais and foreigners 3. The groups who come to organize a wedding ceremony with family and friends <p>However, the main group of the guests was the families who travelled from Bangkok or neighboring provinces and they wanted a relaxing holiday. For foreigners, the main groups of the guests were from Germany, France, Switzerland, China, and The Netherlands. In 2018, the proportion of the hotel's revenue from Thai guests and foreign guest were 67.64% and 32.36% respectively</p>
Example of competitors	The neighboring hotels with same service quality and price such as Dusit Thani Huahin, Avani Huahin Resorts and Villas, Huahin Marriott Resort and Spa, and Sheraton Huahin Resort and Spa

2) Veranda High Resort Chiang Mai

Address	192 Moo 2 Samerng-Hangdong Road, Bangpong Sub-district, Hangdong District, Chiang Mai 50230, Thailand
Year of operation	February 2008
Year of renovation	No renovation history. However, the company is considering the plan for a major renovation
Status	Freehold

2) Veranda High Resort Chiang Mai

General information	Veranda The High Resort Chiang Mai Project covers the total area of 22-2-18 Rai with the combination of total 21 title deeds. Veranda The High Resort Chiang Mai's buildings and other facilities including hotel building, residential building, reception building, activity building, restaurants, and Thai pavilion, totaling 13 buildings. The area covering all building is 13,190.98 sq.m.			
Hotel category	Luxury			
Room types	The hotel offers a choice of 69 rooms separate to 5 types as follows			
	No.	Room types	Room area (sq.m.)	Number of rooms
	1	Valley Deluxe Escape	58	18
	2	Valley Deluxe Scenery	58	38
	3	Jacuzzi Pavilion	110	6
	4	Plunge Pool Pavilion	133	6
	5	Presidential Pool Villa	420	1
	Total number of rooms			69
Restaurants and Bars	<p>1. The Higher Room Restaurant</p> <p>The restaurant offers a breakfast buffet and a la carte for lunch and dinner. The guests can have the choice of Thai, European, as well as premium wine from Thailand and abroad. The Higher Room Restaurant on the 4th floor of the activity building where is surrounded by views of the infinity edged pool and the valley beyond and the guests can choose the sit indoor and outdoor. The restaurant can service the guests a maximum of 100 people</p> <p>2. Rabiang Cha restaurant</p> <p>The restaurant offers a la carte emus of fusion of Lanna Thai cuisine with a modern touch. Located in the middle of the tea field of the hotel, the restaurant is bedecked in traditional northern rice granary with a contemporary Lanna tradition where the guests can indulge in the true nature with the atmosphere of tea field and rice paddle. The guests can have the choice of seat either in the barn or outdoor terrace. The restaurant can service up to 60 persons.</p> <p>3. Lobby Bar</p> <p>Lobby Bar serves all kind of beverage including soda, alcohol drink, fruit juice and coffee, Located at the 1st floor of reception building, the bar suits for the guests who are waiting for checking-in and checking-out. The resort's Lobby Bar offers a scenic view of the restaurant and the surrounded valley</p>			



2) Veranda High Resort Chiang Mai

Conference and meeting rooms	<p>1.Conferent room</p> <p>The hotel service the 1 private conference room which can by adjusted to use for many functions, a perfect venue for all type of event. The conference room is located on the 1st floor of the reception building and can service up to 160 people.</p> <p>2. Meeting room</p> <p>Hotel's meeting room is a perfect venue for meetings and seminars, offering 3 types of the rooms as follows;</p> <ul style="list-style-type: none"> - Boardroom 1with the size of 36 sq.m located at the lower floor of the reception building The room can service a maximum of 10 people - Boardroom 2 with the size of 36 sq.m located at the lower floor of the reception building. The room can service a maximum of 10 people - The conference room with a size of 300 sq.m. located on the 1st floor of the reception building. The room can service a maximum of 160 people
Other services	<p>1. Veranda Spa</p> <p>The ultimate relaxing spa service with the relaxing ambience of the nature setting. The spa has bedecked with nature and forest and the guests can indulge in the true natural experience where they can enjoy the relaxing and peaceful atmosphere. The spa offers twin treatment beds ideal for couples. Located at the 2nd floor at the activity building, the spa can service up to 6 guests</p> <p>2. Swimming pool</p> <p>Hotels' infinity pool is on the 4th floor of the activity building over looking the valley. The guest can enjoy the ultimate panoramic view of the valley. A children's pool is also available for a young guest as well as the bar beside the pool, which are the highlights of the hotel.</p> <p>3. Fitness</p> <p>The fitness center equipped with a multigym equipment's including treadmills, static bike, and weight lifting machine. The guests can use the fitness center from 7.00 hrs. - 20.00 hrs. The fitness is located on the 2nd floor of the activity building can serve a maximum of 5 guests</p> <p>4. Kid's club</p> <p>Kid's club area is dedicated to a learning space for children. It offers A range of educational toys and daily programs of indoor and outdoor activities to entertain the children</p> <p>5. Cultural Pavilion</p> <p>Cultural Pavilion is an open space for various activities including yoga, meditation, cultural learning. The Cultural Pavilion is located in the front of the activity building and can service of the maximum of 15 guests</p>
Target guests	<ol style="list-style-type: none"> 1. The groups of families, friends, or couples who want relaxing holidays with the mountain ambience, both Thais and foreigners 2. The groups of a company employee who come for seminars and events, both Thais and foreigners 3. The groups who come to organize a wedding ceremony with family and friends <p>However, the main group of foreign guests were from China, South Korea, Australia, Hongkong, and the U.S. In 2018, the proportion of hotel's income from Thai guests and foreign guest were 33.80% and 66.20% respectively</p>
Example of competitors	<p>The neighboring hotels with similar service quality and price such as Le Meridien Chiang Mai, Anantara Chiang Mai Resort and Spa, and RatiLanna Riverside Spa Resort</p>

3) SO Bangkok Hotel

Address	2 North Sathorn Road, Bangrak Sub-district, Sathorn District 10500 Bangkok, Thailand		
Year of operation	April 2012		
Year of renovation	No renovation history		
Status	Leasehold for 30 years from November 1st, 2009 to October 31, 2039 (Please consider the further detail at the section 2.2.5 The asset for operating business and section 5.1.4.1 The right for land leasing of SO Sofitel Bangkok)		
General information	SO Bangkok Hotel Project covers the total area of 2-1-37 Rai with the combination of total 3 title deeds. The building and other facilities of the hotel include one 29 - storey building, covering the area of 39,159.00 sq.m.		
Hotel category	Luxury		
Room type	The hotel offers a choice of 237 rooms separating to 8 types as follows		
	No.	Room type	Room area (sq.m.)
	1	So Cozy (Skyline view)	38
	2	So Comfy (Park view)	38-45
	3	So Club	38-45
	4	So Studi	60-74
	5	So Suite	75-94
	6	So Suite Spa	67-89
	7	So Lofty	35-120
	8	So VIP (Duplex)	233
	Total number of rooms		237

3) SO Bangkok Hotel

Restaurants and Bars

1. Chocolab

Chocolab serves up the mix flavors and types of chocolate made with premium ingredient by the seasoned chef of the hotel. The area of Chocolab consists of the chocolate kitchen where the guests can observe every process of making chocolate behind the glass windows. The guests can also select whether to eat the well-decorated chocolate at the hotel or order to take home as a gift. Beyond that, the guests can sign up for chocolate cooking class. Chocolab is located at the ground floor with the space for up to 30 guests.

2. Red Oven Restaurant

Located at the 7th floor of the hotel, Red Oven offers the buffet breakfast, lunch, and dinner with the concept of world food market to enable the guests to experience the different eating styles. Red Oven features a wide array of food choices including Thai, Japanese, Chinese, seafood, healthy food and desserts prepared by experienced chefs. Besides, Red Oven serves the selection of premium wine and champagne from Thailand and abroad. From the restaurant, the guests can enjoy the scenic view of Lumpini Park and panoramic view of Bangkok with the option of seating arrangement either indoor or outdoor. The restaurant can service for up to 120 guests.

3. Mixo

Located at the 9th floor of the hotel, Mixo is designed to be a venue for hanging out for Bangkokians. It serves tea set, alcohol drinks, and desserts. Mixo's ambience is relaxing and suits to be social lounge for casual meet for the millennials. The guests can try to create their own drink with unbeatable panoramic park view of Bangkok

4. The Water Club

The Water Club serves all kind of drinks including cocktail, fruit juice, and alcohol drink. The bar area of The Water Club is surrounded by the swimming pool at the 10th floor of the building where the guests can enjoy the scenic view of Bangkok and Lumpini Park. Expect to join the specialty here monthly or in special occasion.

5. Park Society Restaurant and Hi-So Rooftop Bar

Located at the 29th floor of the hotel, Park Society Restaurant and Hi-So Rooftop Bar serves tailor-made a la carte dinner and all kind of drink including alcohol drinks and fruit juice. The guests can pick the selection of food ingredients and the chef will cook specially for them. Park Society Restaurant and Hi-So Rooftop comes with the modern contemporary design where the guests can soak up in the uninterrupted views of Lumpini Park and panoramic view of Bangkok

3) SO Bangkok Hotel

<p>Conference and meeting room</p>	<p>1. Ballroom</p> <p>The Ballroom is a perfect venue for banquet and big private meeting with the multi-functional equipment suit for all type of event which tailor-made for each group. The event consultant experts are also available for any event at the hotel. Located at the 8th floor of the hotel, the venue allows the technology conference and can service up to 400 guests</p> <p>2. Social Club</p> <p>Comprising of 4 separate meeting rooms and an accommodating pre-function space, Social Club is surrounded with the relaxing ambience of Lumpini park. Inside Social Club is the open-kitchen lounge ideal for guests to mingle with technology Conference available.</p> <p>3. The Box</p> <p>The Box provides a personal space where is nestled away in a corner on the 9th floor and surrounded with the walls of glass, offering an uninterrupted panoramic view of Lumpini Park. Also, technology conference is available at this venue.</p> <p>4. Solution Center</p> <p>The medium size meeting room and private working room with a separate meeting room inside and a number of facilities including computer, printer, scanner and private assistant, ideal place for working and meeting.</p>
<p>Other services</p>	<p>1. SO/SPA</p> <p>SO/SPA offers the ultimate spa treatment with the concept of worldwide spa techniques combining with the best spa products from France and the 5 classical elements including soil, water, wood, metal and fire to create the inspiration for the treatment. Inspired by the Asian folklore of the mythical Himmapan forest, SO/SPA is decorated with the black, silver, gold, and wooden brown color, referring to mythical Himmapan forest with Thai painting twist. The guests can spend a relaxing time at SO/SPA on the 11th floor at the hotel where it can service up to 40 guests.</p> <p>2. Swimming pool</p> <p>Extending over 32 meters on the 10th floor, SO/Bangkok's infinity swimming pool is 5-meter wide and 1.3-meter deep. From the pool, the guests can enjoy the panoramic view of Lumpini park. At the nighttime, underwater LED lights will create ever-changing shades of vibrant color for a joyful swimming experience</p> <p>3. SO/FIT</p> <p>SO/FIT fitness center offers a range of innovative activities and the high-quality technogym fitness equipment under the guidance of personal trainers. Located at the 10th floor of the hotel, SO/FIT is opened 24 hrs. and can service up to 30 guests</p>
<p>Spaces for rent</p>	<ol style="list-style-type: none"> 1. Hotel's G floor is rent out for the decorative shop 2. Hotel's 10th floor is rent out for beauty salon 3. Hotel's 12th floor is rent out commercial banks 4. Hotel's sidewall is rent out for LED advertising board

3) SO Bangkok Hotel

Target guests	<ol style="list-style-type: none"> 1. The groups of families, friends, or couples who want relaxing holidays with the city ambience, love something different, and modern, both Thais and foreigners 2. The groups of company employee who come for seminars and events, both Thais and foreigners 3. The groups who come to organize wedding ceremony with family and friends <p>However, the main group of foreign guests were from South Korea, France, Australia, the U.S., and Singapore. In 2018, the proportion of hotel's revenue from Thai guests and foreign guest were 5.53% and 94.47% respectively</p>
ตัวอย่างคู่แข่ง	The neighboring hotels with same service quality and price such as W Hotel Bangkok, Banyan Tree Bangkok, Sukhothai Hotel Bangkok, and Le Meridien Bangkok

4) Veranda Resort Pattaya Na Jomtien

Address	211, 221/1, 221/2 Moo 1 Na Jomtien Soi 4 Road, Na Jomtien Sub-district, Sattahip District, Chonburi 20250, Thailand		
Year of operation	The hotel started operating in December, 2015 with 46 rooms and gradually operated the rest to the total of 145 rooms in March, 2016		
Year of renovation	No renovation history		
Status	Freehold		
General Information	Veranda Resort Pattaya Na Jomtien covers the total area as appeared on title deed of 5-2-22 Rai including 2 building - hotel building and restaurant building. The total area is about 28, 773.03 sq.m.		
Hotel Category	Luxury		
Room type	The hotel offers a choice of 145 rooms separating to 7 types as follows;		
	No.	Room type	Room area (sq.m.)
	1	Seascape (King)	38
	2	Seascape (Double Queen)	38
	3	Seascape Ocean View	38
	4	Sea Breeze	45
	5	Ocean Front	40
	6	Family Pool Suite	79
	7	Sky Pool Villa	136
	Total number of rooms		145

4) Veranda Resort Pattaya Na Jomtien

Restaurants and Bars

1. The Deck Restaurant

The Deck Restaurant serves breakfast buffet and a la carte menu for lunch and dinner which the guests can choose the wide array of choices of Thai and Western food. The guests can select to sit both indoor or nearby the pool with the capacity of up to 160 guests.

2. Waves

Located the pool area of the hotel, Waves serves up all kind of beverage including alcohol drink, soda, and fruit juice. The guests can order the drink whilst they can enjoy the signature design of the pool.

3. I-Sea Sky

I-Sea Sky serves a la carte menu for lunch, afternoon break, and dinner where the guest can sit at the 2nd floor of the restaurant and can enjoy the scenic view of Pattaya beach.

I-Sea Sky has the capacity of 74 guests.

4. The Jetty

The Jetty features a la carte menu for afternoon break and fusion-style dinner. Located at the 5th floor of the hotel, The Jetty is surrounded with the water enabling the guest to feel like they sit on the water where they can enjoy the uninterrupted view of Pattaya Beach. The Jetty can service up to 25 guests.

5. The Glass Room—Espresso Bar

The Glass Room—Espresso Bar serves desserts and beverage with the relaxing and warm atmosphere with the glass wall design. The guests can have a choice of seating arrangement both indoor and outdoor. The Glass Room—Espresso Bar features more than 8 types of desserts and beverages which they can service up to 28 guests.

Conference and meeting rooms

1. Conference room

The hotel consists of 1 Conference room which could be used for multi purposed and is an ideal venue for all type of event. Located at the 7th floor of hotel building, the conference room and service up to 200 people

2. Seminar room

The hotel offers 1 seminar room suit for the meeting at G Floor of the hotel building where it can service up to 50 people

Other services

1. Veranda Spa

Veranda Spa offer the ultimate spa experience with relaxing atmosphere for the true relaxing spa journey. Located at the 2nd floor of the hotel, the spa is decorated in the contemporary Thai design where it can service up to 8 guests.

2. Swimming pool

Hotel's Infinity Pool swimming pool enables the guests to indulge in the panoramic view of Pattaya beach. They can enjoy the service of the pool bar serving all-day beverage and snack

3. Fitness

The fitness center equipped with a multigym equipment's including treadmills, static bike, and weight lifting machine. The guests can use the fitness center from 7.00 hrs. - 20.00 hrs.

The fitness is located at the 2nd floor of the hotel building and can service maximum of 12 guests

4) Veranda Resort Pattaya Na Jomtien

Target guests	<ol style="list-style-type: none"> 1. The groups of families, friends, or couples who want relaxing holidays with the beach ambience with a modern lifestyle, both Thais and foreigners 2. The groups of company employee who come for seminars and events, both Thais and foreigners 3. The groups who come to organize wedding ceremony with family and friends <p>However, the main group of foreign guests were from China, Russia, South Korea, Hongkong, and France. In 2018, the proportion of hotel's revenue from Thai guests and foreign guest were 59.56% and 40.44% respectively</p>
Example of competitors	The neighboring hotels with same service quality and price such as Holiday Inn Pattaya Hotel, Movenpick Siam Hotel Pattaya, Cape Dara Resort, Renaissance Pattaya Resort & Spa

5) Rocky's Boutique Resort

Address	438/1 Moo 1, Maret Sub-district, Koh Samui District, Suratthani 84310, Thailand		
Year of operation	July 2003, which the company purchased the whole share of The Isa Resort Co., Ltd. who operated Rocky's Boutique Resort in 2015		
Year of renovation	No renovation history. However, the company is considering the major renovation		
Status	Freehold		
General information	Rocky's Boutique Resort project covers the area of 7-3-65.9 Rai with the combination of total 10 title deeds. The building of the hotel including hotel building, multi-purpose building, storage building, and restaurant building. The area covering all building is 14,834.9 sq.m.		
Hotel category	Luxury		
Room type	The hotel offers a choice of 50 rooms separating to 8 types as follows		
	No.	Room type	Room area (sq.m.)
	1	Deluxe GardenView	35
	2	Deluxe Garden Pool View	4
	3	Deluxe Junior Suite Ocean View	42
	4	Large Junior Suite Ocean View	5
	5	Junior Suite eachfront	39
	6	Deluxe Thai Pool Villa	120
	7	Deluxe Beachfront Suite	65
	8	Family Beach Front	78
	Total number of rooms		50

5) Rocky's Boutique Resort

ห้องอาหารและบาร์

1. The Dining Room

This place offers a selection of breakfast buffet line, an A la cart for lunch, Thai contemporary dining experience and international cuisine. Besides the exquisite Thai decoration and atmosphere, the Dining Room shares a magnificent sea view with a maximum service of 120 guests at a time.

2. The Bistro Restaurant

The Bistro Restaurant serves up a wide range of A la carte menu at lunch, a selection of afternoon snacks and a savory taste of dining, with options for indoor seating areas and outdoor tables by the pool for up to the maximum of 60 guests.

3. Pool Bar

Pool Bar welcomes its guests with a variety of drinks, from soft drinks to alcoholic beverages. The bar sits on a marvelous location by the hotel poolside near the Bistro Restaurant where options of poolside tables are offered with a maximum service of 60 guests.

4. The Glass Room-Espresso Bar

This is the place for the finest choices of dessert and coffee for a real lover. The Glass Room-Espresso Bar also lays a stylish decoration of tall glasses all around where its guests can enjoy a variety of desserts and menus of more than 9 choices of beverages with a fantastic sea view. The maximum service is 10 guests at a time.

Conference and meeting rooms

1. Conference Room

The hotel arranges a personalized conference and meeting room that is suitable for specific occasions, well located on the second floor of the Dining Room with a maximum capacity of 80 guests

Other Services

1. Swimming Pool

There are two swimming pools within the hotel, one is located nearby the beachside with a wonderful sea view, and the second sits amid the garden. Customers can also enjoy the hotel's pool bar where beverages and snacks are served all day.

2. Spa and Thai massage

Make every holiday count with this traditional spa and Thai massage from the team of qualified masseuse guaranteed by professional certificates for Thai massage and oil massage. This spa and Thai massage place also offers a wonderful surrounding of the garden and tall trees, giving its customers a body and soul relaxation beneath the soothing atmosphere, with a maximum service of 2 guests.

3. Kid's Club

Kid's Club provides educational and skill-practice toys, games and books for children, locates inside the one-storey building with a maximum capacity for 10 at a time.

4. Garden Sala

Garden Sala welcomes all guests with its open area for personal leisure and cultural learning activities for the guests

5) Rocky's Boutique Resort

กลุ่มลูกค้าเป้าหมาย	<ol style="list-style-type: none"> 1. Groups of foreign and Thai guest who plans for organizing a wedding ceremony and reception 2. Groups of Thai and foreign guest who come with family, friends and partner aiming for holiday leisure at the island and the sea 3. Groups of Thai and foreign customers seeking the venue for company outing and an occasional party <p>A majority of foreign guests comes from United Kingdom, Germany, France, United States and Australia. Therefore, the percentage of hotel income in 2018 indicates the number of 2.80% from Thai guests and 97.20 from foreigners</p>
Example of Competitors	<p>A group of hotels within the area which offers similar ranges of service and room price are as follows, Zazen Boutique Resort & Spa, Bo Phut Resort & Spa, Buri Rasa Village Samui and Pavilion Samui Villas & Resort</p>

Currently Under Development Project

1) Verso Huahin Hotel

Address	122/210 Soi Moo Baan Khao Takiap, Khao Takiap Road, Nong Kae, Hua Hin District, Prachuap Khiri Khan 77110																		
Status	Freehold																		
General Information	<p>Verso Huahin Hotel as part of Veranda properties comprises four title deeds with a total area of 3-1-0.0 Rai. As of 31 December 2018, the company began to carry out a project design. The construction set off during the first quarter of 2019 aiming to finish and open for business operation by the first quarter of 2020.</p>																		
Hotel category	Up-Scale																		
Room type	<p>An estimation of 39 rooms will be in the service, put into two room types as below,</p> <table border="1" data-bbox="485 1323 1401 1523"> <thead> <tr> <th>No.</th> <th>Room Types</th> <th>Room area (sq.m.)</th> <th>Number of rooms</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Deluxe</td> <td>41</td> <td>38</td> </tr> <tr> <td>2</td> <td>Pool Suite</td> <td>172</td> <td>1</td> </tr> <tr> <td colspan="3">Total number of rooms</td> <td>39</td> </tr> </tbody> </table>			No.	Room Types	Room area (sq.m.)	Number of rooms	1	Deluxe	41	38	2	Pool Suite	172	1	Total number of rooms			39
No.	Room Types	Room area (sq.m.)	Number of rooms																
1	Deluxe	41	38																
2	Pool Suite	172	1																
Total number of rooms			39																
Target guests	<ol style="list-style-type: none"> 1. Groups of Thai and foreign guest who come with family, friends and partner looking for a holiday leisure 2. Guests who seek accommodation close to Huahin city center, shopping malls and restaurants within a reasonable distance and convenient for traveling 																		

(2) Real Estate Development Business

The Company's group conducts the real estate development business, both low rise and high rise condominiums, under the operation of the Company and VBP, and attaches importance to the location of the projects, i.e. in tourist attractions or tourist destinations of Thailand under the "Veranda Residence" brand. In this regard, the Company's group aims to give each residential condominium project Veranda's unique style by taking into consideration the project's location and environment. The design would be done under the "Modern Contemporary Architecture" concept that takes into account the residents' utility as the main consideration. The Company thus exercises care in every step of the design and considers the construction quality as well as the differences in the presentation styles of each project, in order for the residents to feel as if they are receiving services from the Company's group's hotels — the feature that sets them apart from that of other typical residential condominium projects. The details of the real estate development business operation of the Company's group are as follows:

Completed Development

1) Veranda High Residence Chiang Mai

Address	Veranda High Residence Chiang Mai Samerng-Hang Dong Road, Baan Pong Subdistrict, Hang Dong, Chaing Mai 50230
Status	Completion of structural construction, exterior architectural elements and infrastructure, currently in an ongoing resale period
General Information	The company initiated the development for the project of Veranda High Residence Chiang Mai as a first Low-Rise residential property which finished in 2010. Further development of 1 units of Presidential Pool Villa has begun, with one unit in the process of decoration and two units in completion of development
Project Area	6-0-0.0 Rai
Project Category	Low Rise Residential Property (3-Storey) and 3 units of Presidential Pool Villa
Project Value	198.25 Million Baht
Unit	30 units and 1 units of Presidential Pool Villa
Total Unit Area	2,246.50 Square Metres
Average Price Per SqM	Approximately 88,264 Baht/Sq M
Price Per Unit	Approximately 6.62 - 23.18 Million Baht
Payment Policy	<ul style="list-style-type: none"> - A reservation fee of 50,000 - 80,000 Baht - A contract fee, which is taken from 5 - 7% of the accommodation price - A Transaction fee, which is taken from 93 - 95% of the accommodation price

1) Veranda High Residence Chiang Mai

Project Strength	<p>Veranda High Residence Chiang Mai introduces Chiang Mai a Low-Rise residential property with its Modern Contemporary design and outlook, located in a commuting distance to the Chiang Mai International Airport and other tourist spots in the city.</p> <p>Combining Northern-Thai culture and the wonderful nature of the North, this property lays a relaxing background of serenity with mountain surrounding and hints of uniqueness, perfect for a private hideaway with special community activities such as food offerings to Buddhist monks and Thai cooking lessons, for the resident at times.</p> <p>The project also provides facilities with partial luxurious services at Veranda Chiang Mai the High Resort, for instance, accessibility to an outdoor swimming pool, fitness suite and Kid's club. The project also includes a wonderful option of Presidential Pool Villa for those who seek an exclusive experience amid the nature in Veranda High Residence.</p>
Unit Types and Presidential Pool Villa	<p>The property comprises 4 types of the unit as below,</p> <ol style="list-style-type: none"> 1. A Studio with utility space of 40.14 — 43.51 Sq M, availability of 6 units 2. A One-Bedroom with utility space of 82.76 — 86.32 Sq M, availability of 6 units 3. A Two-Bedroom with utility space of 115.73 — 132.64 Sq M, availability of 18 units 4. A Presidential Pool Villa with utility space of 399.50 Sq M, availability of 3 units
Target Market	<ol style="list-style-type: none"> 1. Business Owner/Investor 2. Groups of Thai and foreign people who seek a second hideaway accommodation for residential purpose, potentially those who base in Bangkok or neighboring cities of Chiang Mai and Chinese buyers
Example of Competitors	Certain residential projects sharing an area of Veranda High Residence Chiang Mai and a similar standard and price include Four Season Residence Chiang Mai and Anantara Chiang Mai Serviced Suites
Sales Process	Veranda High Residence Chiang Mai began its sales operations in 2008
Ownership Transfer	Veranda High Residence Chiang Mai began the ownership transfer process in 2010

2) Veranda Residence Pattaya

Address	Veranda Residence Pattaya 211 Moo1 Na Jomtien Soi4 Na Jomtien Subdistrict, Pattaya, Chon Buri 20250
Status	Finished Construction (Ready to move in) and Ongoing Resale period
General Information	VBP launched the development of Veranda Residence Pattaya as a first High-Rise residential project in 2015 and finished the construction in the third quarter of 2017
Project Area	3-1-88 Rai
Project Category	A 35-Storey High Rise residential property with 4 units of Pool Villa
Project Value	1946.10 Million Baht
Unit	329 units
Total Unit Area	18,894.19 Sq M
Average Price Per SQM	Approximately 103,000 Baht/Sq M

2) Veranda Residence Pattaya

Payment Procedure	<ul style="list-style-type: none"> - A reservation fee of 10,000 Baht - A contract fee of 5% of the accommodation price - An installment payment of 15-20% of the accommodation price - A transaction fee of 75-80% of the accommodation price
Price Per Unit	Approximately 3.4 - 27.2 Million Baht
Project Strength	Veranda Residence Pattaya introduces a modern contemporary High-Rise residential property with the company's resort-style format. Every unit of the property can experience a touch of holiday relaxation through a sight of the sea view and a beach front connected to the property area. Veranda Residence Pattaya also provides a magnificent set of facility and service as to the hotel standard of Veranda, including 40-metre long swimming pool, spacious communal area, fitness suite, steam room, garden and parking space.
Unit Types	<p>The property comprises 5 types of the unit as below,</p> <ol style="list-style-type: none"> 1. A One-Bedroom with utility space of 32.3-39.2 Sq M, availability of 134 units 2. A Two-Bedroom with utility space of 55.6-57.8 Sq M, availability of 131 units 3. A Three-Bedroom with utility space of 82.3-138.5 Sq M, availability of 56 units 4. A Penthouse with utility space of 146.2-202.0 Sq M, availability of 4 units 5. A Pool Villa with utility space of 253.3-266.6 Sq M, availability of 4 units <p>From 329 residential units, VBP has sold 57 units with a guaranteed minimum yield of 6-8% of the accommodation price per year in the length of 2 years</p>
Target Market	<ol style="list-style-type: none"> 1. Groups of the business owner and investor looking for a return on investment 2. Groups of Thai and foreign people who seek a second hideaway accommodation for residential purpose, potentially those who base in Bangkok and its neighboring cities, also potential buyers from China and South Korea and foreigners working within the industrial area close to Pattaya
Example of Competitors	Other residential projects located within the area of Veranda Residence Pattaya sharing a similar standard and price include Movenpick White Sand Beach and the Riviera Monaco Pattaya
Sales Process	The sales operations have begun since 2014
Ownership Transfer	The ownership transfer began in 2017

Currently Under Development

1) Veranda Residence Huahin

Address	Veranda Residence Huahin, Khao Takiap Road, Nong Kae, Hua Hin District, Prachuap Khiri Khan 77110
Status	Currently Under Development and Ongoing Presale Period
General Information	This project has been under development and continuing a presale process, aiming to present the company's second Low-Rise residential property. The construction began in the first quarter of 2018, due to finish the development in the second quarter of 2020
Project Area	11-0-81 Rai
Project Category	5 Buildings of A Low Rise (3-7 Storey) Residential Property with 1 Parking Building
Project Value	2,461.65 Million Baht
Unit	270 Units

1) Veranda Residence Huahin

Total Unit Area	18,791.19 Sq M
Average Price Per SQM	Approximately 131,000 Baht/Sq M
Price Per Unit	Approximately 4.4 - 38.0 Million Baht
Payment Policy	<ul style="list-style-type: none"> - A reservation fee of 10,000 Baht - A contract fee of 5% of the accommodation price - An installment payment of 15-20% of the accommodation price - A transaction fee of 75-80% of the accommodation price
Project Strength	<p>Veranda Residence Huahin presents a Low-Rise residential property project with its modern contemporary design in accordance with the company's key design concept. This project aims for the ultimate home-like experience, allowing the resident to live close to nature and serenity with connecting beach front.</p> <p>Veranda Residence Huahin also handpicks pieces of furniture in an exquisite Quattro Design laying a stylish sense of living as well as accommodates excellence of facilities including one of the largest swimming pool in Huahin and fitness suite. The location of this project sits on a prime area of Huahin, providing convenience in traveling and close to the hospital, shopping malls and tourist famous spots.</p>
Unit Types	<p>The property comprises 5 types of the unit as below,</p> <ol style="list-style-type: none"> 1. A One-Bedroom with utility space of 41-46 Sq M, availability of 105 units 2. A Two-Bedroom with utility space of 63-104 Sq M, availability of 95 units 3. A Three-Bedroom and Two-Bathroom with utility space of 87-111 Sq M, availability of 41 units 4. A Three-Bedroom and Three-Bathroom with utility space of 136-147 Sq M, availability of 23 units 5. A Penthouse with utility space of 160-213Sq M, availability of 4 units
Target Market	<ol style="list-style-type: none"> 1. Groups of the business owner and investor looking for a return on investment 2. Groups of Thai and foreign people who seek a second hideaway accommodation for residential purpose, potentially those who base in Bangkok and its neighboring cities, also potential buyers from China and South Korea
Example of Competitors	Residential projects located within the area of Veranda Residence Huahin sharing a similar standard and price include Q Seaside Huahin, Baan Thew Talay-Aquamarine Huahin, Dusit D2 Residence Huahin and Bella Costa Huahin
Sales Process	The sales process began in April 2017
Ownership Transfer	The initial ownership transfer aims to begin in the first and second quarter of 2020

(3) Food and beverage business

The Company's group's food and beverage business is conducted under the operation of the Company, VBP, VCS and PDS. The food and beverage business includes restaurants and dessert cafes under the name Skoop Beach Cafe at Pattaya and Hua-hin branches, which opened for business in September 2015 and April 2017, respectively; a dessert cafe under the name KOF at Sathorn and Thonglor branches, which opened for business in January 2018 and June 2018, respectively; a dessert cafe under the name Gram Pancake at Siam Paragon, Central World, Samsen, Don Mueang, and Thonglor branches; a dessert cafe under the name Pablo Cheesetart at Siam Paragon, King Power and Don Mueang branches. Gram Pancake and Pablo Cheesetart joined the Company's group through investment in PDS in November 2019. The details of the food and beverage business operation of the Company's group are as follows:

1) Food, Dessert and Beverage Restaurants and Cafes

1) Skoop Beach Cafe

Locations	<ul style="list-style-type: none"> - 1st Branch: 211 Moo1 Na Jomtien Soi4 Na Jomtien Subdistrict, Pattaya, Chon Buri 20250 - 2nd Branch: 122/210 Khao Takiap Road, Nong Kae, Hua Hin District, Prachuap Khiri Khan 77110
Brand	Skoop Beach Cafe
Type of Business	Food, Dessert and Beverage
Branch	2 Branches
Type of Service	<p>Skoop Beach Cafe represents a restaurant serving menus of food, dessert and beverage under the concept of 'chillaxation', aims to approach various target groups. At Skoop Beach Cafe, customers have options of an indoor or an outdoor seating area, either faces the beach front with a maximum service of up to 50 customers per branch.</p> <p>Skoop Beach Cafe comes with more than 20 menus on the list, put into categories as follow,</p> <ul style="list-style-type: none"> - Food menus consist of home-like dishes such as Mac&Cheese, Savory French Toast, Sweet Potato Truffle Fries etc. - Dessert menus include a Home made ice cream, Ice Cream Sandwich, Nutella French Toast, selection of Waffles etc. - Fancy Drinks such as Skoop Iced Tea, Shakes, Smoothies etc.
Business Strength	<ul style="list-style-type: none"> - The location facing beach front allowing customers to experience a relaxing atmosphere while enjoying the dessert and drink menus - A Home made ice cream that comes in numbers of flavor and design - A personalized option of dessert where customers can choose their preferences of bread and ice cream
Target Customers	Middle to upper-middle income customers ranging from high school students, college students, groups of working and retired people



2) KOF

Locations	<ul style="list-style-type: none"> - 1st Branch: SO Sofitel Bangkok G Floor 2 Sathorn Nueu Road, Bang Rak, Sathorn, Bangkok 10500 - 2nd Branch: J Avenue Thonglor, Sukhumvit 55, Wattana, Bangkok 10110
Brand	KOF
Type of Business	Beverage and dessert
Branch	2 Branches
Type of Service	<p>KOF operates a beverage and dessert business providing excellent service through its menu including coffee, other drink menus and dessert. Using the concept of “Grab & Go”, KOF makes use of spaces through modern contemporary design where customers can sit inside or outside the cafe with a maximum service of 20 customers per branch. This menu also comprises more than 20 categories of tasty selection as follow,</p> <ul style="list-style-type: none"> - Choices of beverage such as KOF Kone, Camo Latte, Marocchino and Belgian Chocolate - Dessert menus, for instance, Chocolate Canale and Croissant
Business Strengths	<ul style="list-style-type: none"> - Carefully brewed and made every cup of coffee by the premium quality, well-designed and custom-made coffee machine - Use a hand-picked selection of coffee beans and ingredients in making premium cups of coffee that meets the standard - Introduce the KOF Kone, where coffee is served in the cone, an innovative creation by KOF for customers who seek a new experience in drinking coffee
Target Customers	Middle to upper-middle income customers ranging from high school students, college students, groups of working and retired people

3) Gram Pancakes

Locations	<ul style="list-style-type: none"> - 1st Branch: Siam Paragon 991 Rama I Road, Pathum Wan District, Bangkok 10330 - 2nd Branch: 47/1 Set Siri Rd, Samsen Nai, Phaya Thai, Bangkok 10400 - 3rd Branch: CentralWorld Plaza 7th Floor, A706 room, Rama I Rd, Pathum Wan, Bangkok 10330 - 4th Branch: Don Muang International Airport 3rd Floor Terminal 2 (Domestic) 222 Vibhavadi Rangsit Road, Don Muang, Bangkok 10210 - 5th Branch: J Avenue Thonglor, Sukhumvit 55, Wattana, Bangkok 10110 - 6th Branch: de Marche' Project Soi 5 Nimmanhemin Road, Suthep Subdistrict, Muang Chiang Mai District, Chiang Mai (pop up store)
Brand	Gram Pancakes
Type of Business	Beverage and dessert
Branch	6 branches
Type of Service	Gram Pancake is a dessert and beverage cafe that offers wide ranges of dessert and beverage with a highlight of Japanese-style pancakes and a minimal design of decoration. This place becomes a new favourite cafe for leisure and instagrammable spot

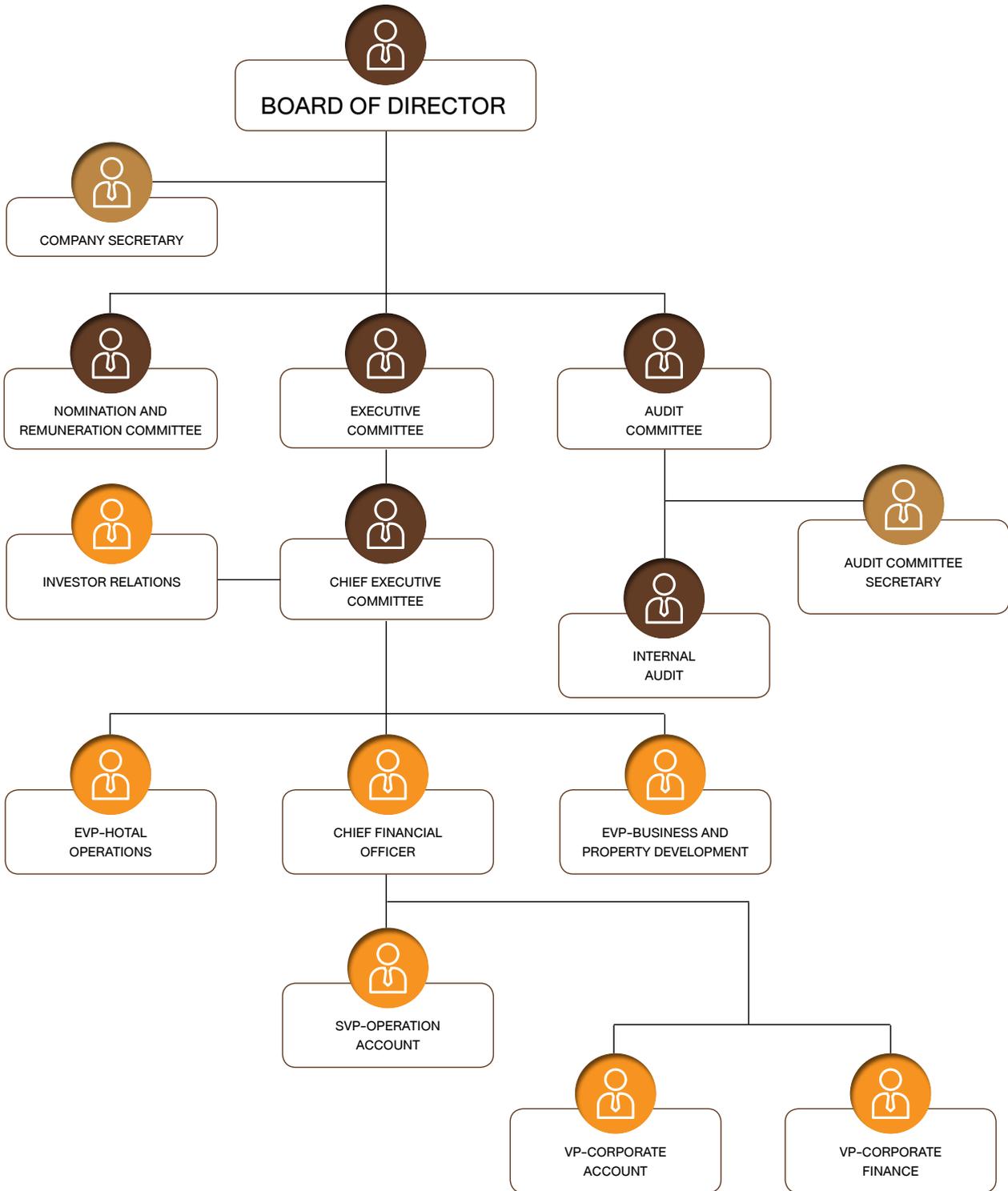
Business Strengths	<ul style="list-style-type: none"> - Premium Pancakes, a famous bouncy, souffle-like and warm pancake from Osaka presents a different texture by using 20 minute slow-baked technique and handpicked Japanese ingredients to maintain its premium quality, fresh-baked smell and exclusive taste for the customers - Premium To Go offers a to-go option for GRAM pancake fans where they can enjoy its warm bouncy Premium Pancakes with extreme fillings of Nama Milk Cream in the middle, available for a takeaway or through delivery service applications: Grabfood, Lineman and Foodpanda
Target Customers	Middle income customers ranging from high school students, college students, groups of working and retired people

4) Pablo Cheesetart

Locations	<ul style="list-style-type: none"> - 1st Branch: Siam Paragon 991 Rama I Road, Pathum Wan District, Bangkok 10330 - 2nd Branch: King Power Rang Nam Alley, Phaya Thai Road, Ratchathewi, Bangkok 10400 - 3rd Branch: Don Muang International Airport 3rd Floor Terminal 2 (Domestic) 222 Vibhavadi Rangsit Road, Don Muang, Bangkok 10210 - 4th Branch: de Marche' Project Soi 5 Nimmanhemin Road, Suthep Subdistrict, Muang Chiang Mai District, Chiang Mai (pop up store)
Brand	Pablo Cheesetart
Type of Business	Beverage and dessert
Branch	4 Branches
Type of Service	A dessert cafe runs under the name of "Pablo Cheese tart", offering selections of dessert and beverage. Its famous Cheesetart menu becomes unique by the taste and aromatic smell of cheese and seasonal menus for special occasions. Pablo also comes up with the concept of "Grab & Go" which requires less space for shops and more convenient for a pop-up kiosk for the events
Business Strengths	<ul style="list-style-type: none"> - A taste of an original Cheese tart from Osaka, Japan which provides a delicate melt-in-the-mouth texture, daily baked and always served warm for its best - A variety of menus including cheese tarts, cookies, wafers, beverages and ice creams with numbers of flavor
Target Customers	Middle income customers ranging from high school students, college students, groups of working and retired people



Management Structure



As of 31 December 2019, the Company's management structure consists of the board of directors and committees, being 4 sets in total, and management team as per the following details:

1. Board of Directors

Consists of 10 members, namely:

- | | | | |
|-----|---------------|------------------|--|
| 1. | Mr. Chai | Jroongtanapibarn | Chairman of Board/Independent Director |
| 2. | Mr. Verawat | Ongvasith | Vice Chairman of Board |
| 3. | Mr. Attapon | Chodchoy | Director/Independent Director |
| 4. | Mr. Niruj | Maneepun | Director/Independent Director |
| 5. | Mr. Trairak | Tengtrirat | Director/Independent Director |
| 6. | Mrs. Tosaporn | Angsuwarangsi | Director |
| 7. | Mrs. Napasorn | Soonthornmanokul | Director |
| 8. | Mr. Surasak | Wongkiatthaworn | Director |
| 9. | Mr. Kittisak | Sopchokchai | Director |
| 10. | Mr. Siriwat | Vongjarukorn | Director |

Authorized directors who can sign to bind the Company according to the Certification Document are 2 out of 5 of the following directors jointly signing with the Company's seal affixed: Mr. Verawat Ongvasith, Mrs. Tosaporn Angsuwarangsi, Mrs. Napasorn Soonthornmanokul, Mr. Surasak Wongkiatthaworn, and Mr. Kittisak Sopchokchai.

2. Audit Committee

Consists of 3 members, namely:

- | | | | |
|----|-------------|------------|--|
| 1. | Mr. Attapon | Chodchoy | Chairman of Audit Committee/Independent Director |
| 2. | Mr. Niruj | Maneepun | Audit Committee/Independent Director |
| 3. | Mr. Trairak | Tengtrirat | Audit Committee/Independent Director |

In addition, the audit committees meeting has approved to engage Mr. Joompoth Priratanakorn, a partner of DIA International Auditing Co., Ltd., for conducting internal audit of the Company as an outsource and is obliged to directly report to the audit committee every quarter.

3. Executive Committee

Consists of 4 members, namely:

- | | | | |
|----|---------------|------------------|---------------------------------|
| 1. | Mr. Verawat | Ongvasith | Chairman of Executive Committee |
| 2. | Mrs. Tosaporn | Angsuwarangsi | Executive Committee |
| 3. | Mrs. Napasorn | Soonthornmanokul | Executive Committee |
| 4. | Mr. Surasak | Wongkiatthaworn | Executive Committee |

4. Nomination and Remuneration Committee

Consists of 3 members, namely:

- | | | | |
|----|-------------|------------------|---|
| 1. | Mr. Chai | Jroongtanapibarn | Chairman of Nomination and Remuneration Committee |
| 2. | Mr. Attapon | Chodchoy | Nomination and Remuneration Committee |
| 3. | Mr. Siriwat | Vongjarukorn | Nomination and Remuneration Committee |

Board Meeting

Details of numbers of meetings and directors' participations during 2019 are as follows:

Name-Surname			Board of Directors	Audit Committee	Management Committee	Nomination and Remuneration Committee
1.	Mr. Chai	Jroongtanapibarn	8/9	-	-	1/1
2.	Mr. Verawat	Ongvasith	9/9	-	7/8	-
3.	Mr. Attapon	Chodchoy	7/9	4/4	-	1/1
4.	Mr. Niruj	Maneepun	7/9	3/4	-	-
5.	Mr. Trairak	Tengtrirat	4/9	4/4	-	-
6.	Mrs. Tosaporn	Angsuwarangsi	9/9	-	8/8	-
7.	Mrs. Napasorn	Soonthornmanokul	8/9	-	8/8	-
8.	Mr. Surasak	Wongkiatthaworn	9/9	-	8/8	-
9.	Mr. Kittisak	Sopchokchai	7/9	-	-	-
10.	Mr. Siriwat	Vongjarukorn	6/9	-	-	1/1

In this regard, directors who did not attend the board of directors meetings and sub-committees meetings had necessary causes and had already notified their absence in advance.

5. Management Team⁽¹⁾

Company Management team consists of:

- | | | | |
|----|---------------|-----------------|--|
| 1. | Mr. Verawat | Ongvasith | Chief Executive Officer/ Acting Executive Vice President of Business and Property Management |
| 2. | Mr. Surasak | Wongkiatthaworn | Executive Vice President of Hotel Operations |
| 3. | Mrs. Tosaporn | Angsuwarangsi | Chief Financial Officer |
| 4. | Ms. Ladda | Somsiripornchai | Senior Vice President of Operation Account |
| 5. | Ms. Theerata | Thornjaroensri | Vice President of Corporate Account |
| 6. | Mr. Varut | Tantiphipop | Vice President of Corporate Finance |

Remark ⁽¹⁾ only display the list of executives as per definition under the Notification of the Securities and Exchange Commission

6. Company Secretary

The board of directors resolved to appoint Ms. Theerata Thornjaroensri to be the Company's secretary since 10 March 2017. The Company's secretary appointed by the Board of Directors shall have the following responsibilities:

1. Provide basic information and advice to directors and executives regarding compliance with the law related to business operation, requirements, regulations and the Company's articles of association including monitor the operation to be duly complied as well as report on any significant changes of the law to directors and executives;
2. Monitor and ensure that relevant reports and information are disclosed in accordance with the regulations, notifications and requirements under the rules of the Stock Exchange of Thailand, the Securities and Exchange Commission and the Capital Market Supervisory Board;
3. Summarize report of securities holding and changes in securities holding of directors, managers and executives, their spouses or cohabitations, minors including any juristic person where such directors, managers, and executives, spouses or cohabitations, minors of directors, managers, and executives hold more than 30% of the right to vote of such juristic person at the board of directors meeting for acknowledgement every six months.
4. Monitor and organize the shareholders meeting and the board of directors meeting in compliance with the law, the articles of association, and other relevant rules including monitor to ensure the implementation of resolution of the shareholders and the board of directors of the Company.
5. Prepare and maintain the following important documents
 - (a) the register of directors;
 - (b) the register of shareholders;
 - (c) the notice of the board of directors meetings and minutes of the board of directors and sub-committees meetings;
 - (d) the notice of the shareholders meetings and minutes of the shareholders meetings; and
 - (e) the annual report of the Company.
6. Maintain the conflict of interest report and the independent certification letter reported by directors or executives.
7. Establish knowledge and understanding with respect to practice including encourage the Company to have good corporate governance.
8. Handle the board of directors' activities and other actions undertaken in compliance with the law and/or as per the regulation of the Office of the Capital Market Supervisory Board and/or as assigned by the Company's board of directors.

7. Remuneration of Directors and Executives

The Company has clearly and transparently fixed remuneration of the directors which correspond to the role and responsibility for operating the Company. Such remuneration has been approved by the nomination and remuneration committee by taking into consideration the best interest of the Company. The details of remuneration of directors and executives are as follows:

7.1 Monetary Remuneration

7.1.1 Remuneration of Directors

The 2019 Annual General Meeting of shareholders of the Company held on 28 March 2019 has approved the remuneration of directors for the year 2019 on a yearly basis, provided that the remuneration of the Company's directors and sub-committees shall have total limit of not exceed Baht 3,000,000 as per below details:

Position of Directors	Remuneration (Baht Per Year)	
	2018	2019
Chairman of the Board	360,000	420,000
Vice Chairman of the Board	180,000	210,000
Director	180,000	210,000
Chairman of Audit Committee	120,000	150,000
Audit Committee	60,000	90,000
Other Committees	-None-	-None-
- Chairman		
- Committees		

The details of remuneration of individual directors for the year 2019 are as follows:

Name of Directors	Position	2018 (Baht)	2019 (Baht)
1. Mr. Chai Jroongtanapibarn	Chairman of the Board/ Independent Director	360,000	420,000
2. Mr. Verawat Ongvasith	Vice Chairman of the Board	180,000	210,000
3. Mr. Attapon Chodchoy	Independent Director/ Chairman of Audit Committee	300,000	360,000
4. Mr. Niruj Maneepun	Independent Director/Audit Committee	240,000	300,000
5. Mr. Trairak Tengtrirat	Independent Director/Audit Committee	240,000	300,000
6. Mrs. Tosaporn Angsuwarangsi	Director	180,000	210,000
7. Mrs. Napasorn Soonthornmanokul	Director	180,000	210,000
8. Mr. Surasak Wongkiatthaworn	Director	180,000	210,000
9. Mr. Kittisak Sopchokchai	Director	180,000	210,000
10. Mr. Siriwat Vongjarukorn	Director	180,000	210,000
รวม		2,220,000	2,640,000

7.1.2. Remuneration of Executives

During 2019, the Company has paid monetary remuneration i.e. salary, bonus, and contribution to provident fund and social security to the executives in the amount of Baht 21.26 Million.

7.2 Other Remuneration

The directors and executives were entitled to receive certain welfare according to the welfare regulation of directors, executive directors and employees as approved by the shareholders meeting. During the year of 2019, welfare pertaining to meals and hotel rooms of the Company and subsidiaries in which the directors and executives have received with the total amount approximately Baht 0.36 Million.

8. Personnel

8.1 Number and Remuneration of Employee

As of 31 December 2019, the Company and subsidiaries have number of employees (excluding directors and executives as per management structure) separated by main departments as follows:

Department	Number
Hotel Operation	990
Restaurant and Beverage Operation	135
Real Estate and Business Development	9
Supporting Departments (Head Office)	60
Total	1,194

The Company and subsidiaries have paid remuneration to their employees in the form of salary, overtime, allowance, bonus and other remunerations such as provident fund, social security, payment with respect to meal and employee uniform and other welfares with total amount of Baht 483.16 Million.

8.2. Material Labor Dispute

-None-

8.3. The Company's Human Resources Development Policy

The Company aims to operate its business in accordance with good corporate governance, with transparency, fairness, responsibility for society, culture and environment together with strengthening and enhancing capability of the employees to become an expert in all aspects. The Company realizes that the employees are a valuable asset and significant resource for running the organization. As such, the Company puts an emphasis on the development of employees to become quality persons having virtue, adhering to honesty, responsibility for organization and society.

In addition, the Company also supports its employees to participate in corporate social responsibility in which the Company believes that development of employees to become a decent and capable person will encourage the sustainable growth of the organization. In this regard, the Company has developed the human resources work in order to support its business to be efficiently operated as follows:

1. Executive Development

- 1.1. The Company shall have "Managerial Competency" as a basis for developing its executives to have skill, knowledge, and capability to work successfully;
- 1.2. The Company shall arrange training course and guideline for other developments which is suitable and correspond to Managerial Competency for the Company's executives;
- 1.3. The Company shall arrange orientation for new executives in order to support executive to adjust themselves to their new role, responsibility and expectation of such new position properly; and
- 1.4. The Company shall encourage executives to share their work experiences to other Company's executives and employees so as to create positive learning environment and development within the organization.

2. Personnel Management

The Company shall select, support and manage employees who have skills, capabilities, ethics, and morality. The Company shall also encourage its employees to apply their skills and knowledge to the work for efficiency and effectiveness so as to the Company will achieve its determined goals and objectives. In order for the personnel management to be achieved, the Company has adopted the following policies as a guideline:

- 1) All employees shall be treated fairly with dignity as if they are important part of the Company;
- 2) The selection of employment for the position in the Company shall be managed in a fair manner by taking into consideration qualification, skills, knowledge, capabilities and other necessary qualifications. The employees shall be put in the right position or duty and shall be changed or replaced as appropriate on a case by case basis;
- 3) The Company is well aware that effective communication will lead to efficiency and good working relationships. Therefore, the Company shall encourage its employees to receive relevant information at an appropriate opportunity as much as possible;
- 4) The Company shall determine remuneration of employees in a fair manner according to working conditions and performance of the employees; and
- 5) The Company shall evaluate performance of every level of employees at least once a year to improve work efficiency and enhance key capabilities of each employee. In addition, the Company shall give advice and prepare personnel development plan based on the result of evaluation.

3. Personnel Development

The Company adopts the following policies to appropriately and continuously develop capabilities, skills, and knowledge of employees for the employees to have thinking skills, interpersonal skills, and work technique skills:

- 1) Provide a Training Plan for setting personnel development procedures of each department so that the employees will have knowledge, comprehension and subsequently perform the work correctly and properly in each position;
- 2) Provide External Training for developing capabilities, knowledge and expertise based on working condition by way of sending employees to the training program or seminar with external training institutions including study trips within the country and abroad;
- 3) Provide In-house Training for developing concepts, capabilities, knowledge and expertise to perform the work in compliance with the organization's goals and current state of competition; and
- 4) Provide On the Job Training to employees for developing their performance skills to be more efficiently.

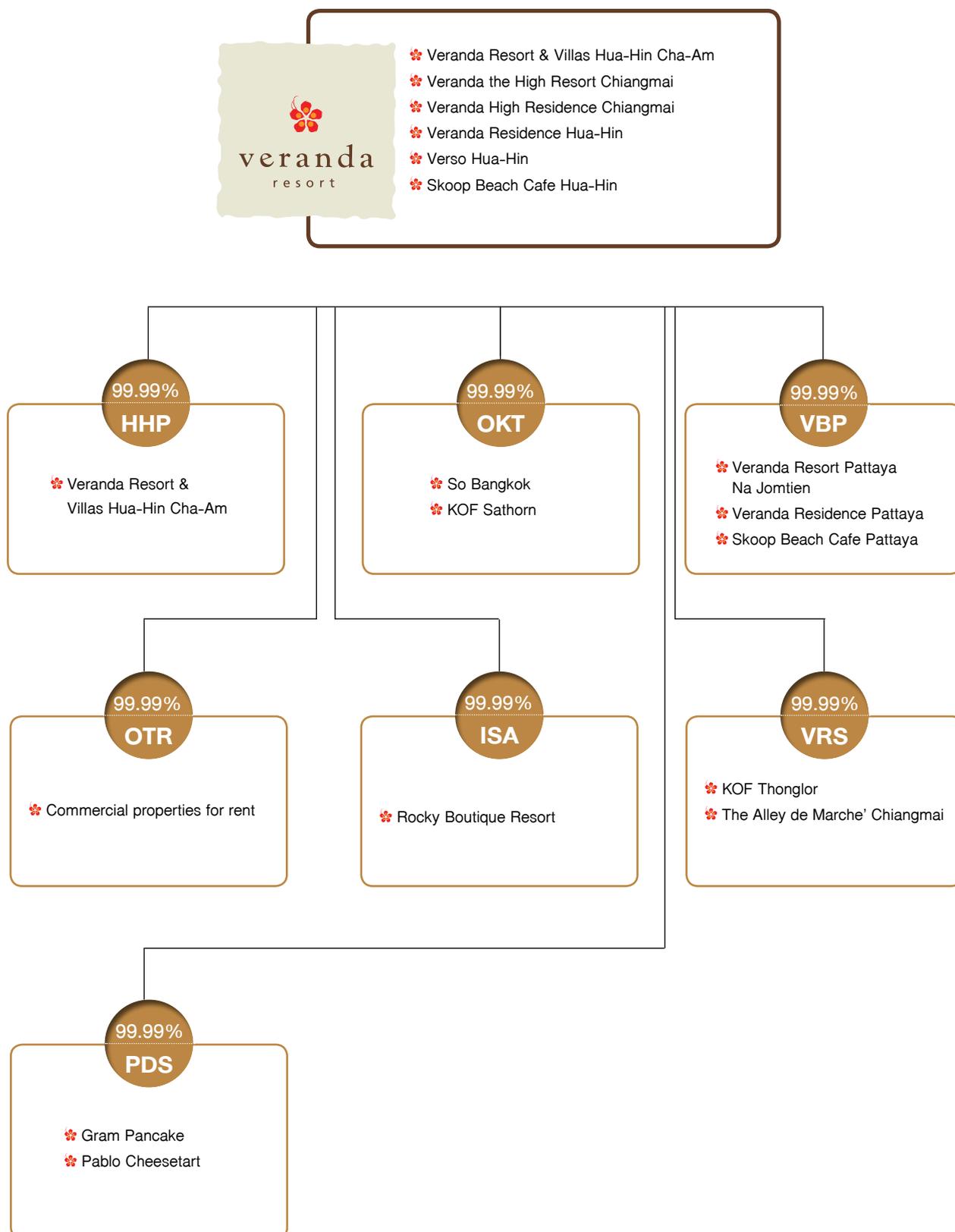
4. Human Resource and Succession Plan

The Company adopts the following policies in order to prepare human resource and succession plan for certain situations or changes that may occur for the purpose of establishing stability and maintain the Company's business to achieve its goals including mitigating loss which may be incurred:

- 1) Fix advance notice period of employees' resignation, provided that the notice shall be sent at least 30 days in advance in order for the Company to have enough time to recruit other personnel.
- 2) Determine competency of key positions or top-level positions as a guideline for selecting the suitable person to succeed to such vacant post.
- 3) Evaluate competency of each job and apply result of evaluation as a guideline to manage human resource plan for preparing of the future succession.
- 4) Prepare personnel development plan for succession as follows:
 - Arrange for internal training to enhance skills and knowledge of employees for efficient performance. Such plan shall correspond to the competency of the position to be filled.
 - Arrange for training with topic related to "Leadership" to prepare its employees for further promotion into supervisor and management position.

Shareholding structure

As of 31 December 2019, the company has 7 subsidiaries with the following shareholding structure



Major Shareholders

Top 10 Shareholders as of 31 December 2019

Major Shareholders	No. of Shares	%
Mr. Verawat Ongvasith	82,907,542	25.93
Hangjew Holding Pte. Ltd./	76,742,714	24.01
Mrs. Pentipa Ongvasith	11,057,436	3.46
Mrs. Tosaporn Angsuwarangsi	10,315,716	3.23
Mrs. Naphasorn Soonthornmanokul	8,094,036	2.53
Ms. Paradee Poolvaraluck	7,964,036	2.49
Mr. Kittisak Sopchokchai	7,869,626	2.46
Sureetriboon Holding Co.,Ltd.	6,785,504	2.12
Mr. Sakorn Suksriwong	5,726,928	1.79
Mrs. Mitthira Suksriwong	5,596,928	1.75

Shareholdings of the Board of Directors and Management

Shareholdings of the Board of Directors and Management as of 31 December 2019

Name	Position	No. of Shares	%
Mr.Chai Jroongtanapibarn	Chairman of the Board of Directors / Independent Director	150,000	0.05
Mr. Verawat Ongvasith	Vice chairman of Board / Chief Executive Officer	82,907,542	25.93
Mrs.Napasorn Soonthornmanokul	Director	8,094,036	2.53
Mrs. Tosaporn Angsuwarangsi	Director	10,315,716	3.23
Mr. Surasak Wongkiattavorn	Director	409,964	0.13
Mr. Kittisak Sopchokchai	Director	7,869,626	2.46
Mr. Siriwat Vongjarukorn	Director	3,168,524	0.99
Mr. Attapon Chodchoy	Chairman of Audit Committee / Independent Director	120,000	0.04
Mr. Niruj Maneepun	Audit Committee / Independent Director	100,000	0.03
Mr.Trairak Tengtrairat	Audit Committee / Independent Director	100,000	0.03
Ms.Ladda Somsiripornchai	Accounting Senior Director	50,000	0.02
Ms. Theerata Thornjaroensri	Vice-President Corporate Accounting / Company Secretary	22,100	0.01
Mr. Varut Tantiphipop	Vice-President Corporate Finance / Investor Relations	4,107,020	1.28

Corporate Governance

The Company recognizes the importance of good corporate governance, that is, it enhances the effectiveness of the Company's operations as well as contributes to the Company's sustainable growth. Hence, good corporate governance will bring maximum benefits to all related parties, including our employees, investors, shareholders, and other stakeholders. In light of this, the Board of Directors deems it fit that a good corporate governance policy be established to embrace significant principles such as the structure, role, duty, and responsibility of the Board of Directors, as well as principles of executive's management that should be transparent, clear, and subject to inspection. These principles shall guide the Company's management and reassure that the Company will operate with fairness and consider the benefits of shareholders and all stakeholders. The Company's corporate governance policy also adheres to and complies with the 2017 Principles of Good Corporate Governance of Listed Companies set by the Office of Securities and Exchange Commission as guidelines.

1. Corporate Governance Policy

In 2019, the Company's adherence and compliance with the Principles of Corporate Governance is as follows:

Principle 1: Roles and Responsibilities of the Board of Directors

Principle 1.1

The Board of Directors understands their roles and duties and recognizes their responsibilities as leaders who must supervise the Company's administration. The supervision consists of setting objectives and goals, strategy, operation policy, allocating important resources in order to meet such objectives and goals, as well as monitoring, assessing, and supervising the report on the Company's performance at least every 3 months.

Principle 1.2

The Board of Directors supervise the Company for a good corporate governance outcome that is, the ability to compete, good turnover with long-term impact taken into consideration, operating business ethically, recognition of rights of and having responsibility to shareholders and stakeholders, contribution to society, and ability to adapt under changing factors.

Principle 1.3

The Board of Directors recommends that the directors and executives perform their duties with care and loyalty. The Board of Directors also ensures that the operations comply with the laws, Articles of Association, resolutions of the shareholders' meeting of the Company, and the implemented policy or guidelines. In addition, the Board of Directors ensure that there is a procedure for approving important operations such as investment, operations that may have a significant impact on the Company, related parties transactions, acquisition and disposition of assets, and dividend distribution.

Principle 1.4

The Board of Directors recognizes the scope of their roles and responsibilities and has clearly assigned duties and responsibilities to the Chief Executive Officer and the Management. The Board of Directors also ensures that the Chief Executive Officer and the Management perform their duties, that the risk management and internal controls are effective and sufficient, and that the disclosure of financial and non-financial information is credible.

Principle 2: Setting the Main Objectives of the Company for Sustainability

Principle 2.1

The Board of Directors ensures the sustainability of the Company through the set objectives. These objectives are in line with the value proposition for the Company, customers, stakeholders, and society; the profitability and value proposition competition; and the sustainability of the Company under opportunities and risks which may affect the Company and stakeholders.

Principle 2.2

The Board of Directors ensure that the annual and/or mid-year objectives and strategies were in line with the main objectives of the Company by incorporating safely, suitable technology and with surrounding factors and acceptable risks taken into consideration.

Principle 3: Establishment of Efficient Board of Directors

Principle 3.1

The Board of Directors is responsible for establishing and reviewing the structure of the Board of Directors, in particular the size, composition, ratio of the independent directors that was suitable and necessary to meet the main objectives of the Company. In this regard, the Nomination and Remuneration Committee is appointed and assigned to ensure that the Company's Board of Directors and sub-committees consist of directors who must possess varied qualifications, including experience, ability, and characteristics so as to ensure that the Company has a competent Board of Directors. The Board of Directors also disclosed various policies regarding the composition of the Board of Directors and the information of directors such as age, education, experience, shareholding percentage, term of office, and position held in other listed companies, in the Company's annual report and website.

Principle 3.2

As of 31 December 2019, the Company's Board of Directors had 10 directors where 4 out of 10 were independent directors, and 4 directors were executive directors, other 6 directors were non-executive directors.

The Board of Directors elected a suitable person to be the chairman. This ensures that the Board of Directors' composition and operations are conducive to independent executive discretion. In addition, it was ensured that the chairman of the Board of Directors was not the same person who held the position of Chief Executive Officer so as to balance the power of both. It was also ensured that the roles and duties of the Board of Directors and sub-committees, including the number of meeting attendances in the past year and the report on the performance of each sub-committee were also disclosed.

The Company established the Nomination and Remuneration Committee to perform their duties under Principles 3.3 and 3.4. Most of the members and chairman of the Nomination and Remuneration Committee were independent directors.

Principle 3.3

The Board of Directors has the duty to supervise and ensure that the election of director nomination is transparent and clear in order to have the Nomination and Remuneration Committee with the following qualifications:

3.3.1 The Nomination and Remuneration Committee shall arrange a meeting to consider the criteria and methods for recruiting qualified persons to be directors. This ensured that the Board of Directors were efficient and experienced. The Nomination and Remuneration Committee also considered the person's profile and offered its opinions before nominating the person to the shareholder's meeting. Moreover, the Company shall sufficiently inform the shareholders of the profile of the nominated person for their consideration.

3.3.2 The Nomination and Remuneration Committee shall review the criteria and methods for recruiting qualified persons to be directors and propose them to the Board of Directors before recruitment. In the case that the Nomination and Remuneration Committee nominated a former director, the performance of such director shall also be considered.

3.3.3 In the case that the Board of Directors elects the advisor of the Nomination and Remuneration Committee, the profile, independency, and conflict of interest of the advisor shall be disclosed in the annual report.

Principle 3.4

In respect of the proposal of the Board of Directors' remuneration to the shareholders for approval, the Board of Directors, with recommendation from the Nomination and Remuneration Committee, may consider remuneration based on appropriateness, responsibility, as well as incentives in order for the Board of Directors to lead the Company to both short term and long term accomplishments.

Principle 3.5

The Board of Directors has the duty to supervise and ensure that all directors are responsible for performing their duties and managing their time. Each director must attend not less than half of the number of all Board of Directors' meetings held in that year, unless there was an emergency.

The Board of Directors' meeting must be held at least every 3 months. The date of the meeting shall be fixed prior and notified to each director in a notice to the meeting which shall be sent to the directors not less than 7 days before the meeting.

The Board of Directors shall organize a system to disclose and report on the position held by directors in other companies. In case the director or executive had direct or indirect conflict of interest in other business with the Company or may exploit the information of the Company, the Board of Directors must ensure sufficient preventive measures and inform the shareholders as deemed appropriate.

Principle 3.6

The Board of Directors has the duty to supervise and ensure that there was a system and a scope on the supervision of the policy implementation and operations of the subsidiaries and other businesses in which the Company significantly invested. This system and scope shall be consistent with the scale of each business. The Board of Directors must also ensure that the policy was well understood between the subsidiaries and other invested businesses.

The Board of Directors shall consider and set a policy for supervising the subsidiaries, including:

- (1) The appointment of persons to be directors, executives, or controlling parties in the subsidiaries shall performed by the Board of Directors. Exception is made in the case where the subsidiary is small and an operating arm of the Company. The Board of Directors may assign the appointment to the Chief Executive Officer.
- (2) Determining the duty and responsibility of the Company's representatives under (1) and ensuring that these representatives perform their duties in accordance with the policy of the subsidiaries. In the case that the subsidiaries had other investors, the Board of Directors may set a policy where the representatives must best perform their duties for the benefit of the subsidiaries and consistent with the policy of the parent company.
- (3) The subsidiaries' internal control that is appropriate and sufficient, and legal compliance of each transaction and relevant regulations.
- (4) Public disclosure of financial statements, performance, related party transactions, acquisition or disposition of assets, significant transactions, capital increases, capital reductions, dissolution of subsidiaries, etc.

Principle 3.7

The Board of Directors shall arrange a performance review of the whole Board of Directors that consists of performance review of each director to consider the performance and obstacle faced in each year so as to use the review to develop and improve the operations.

The Company requested the Board of Directors to perform their self assessments in 3 forms, namely (1) self-assessment of the whole Board of Directors, (2) self-assessment of each of the sub-committee, (3) self-assessment of each member of the sub-committee. The forms were complied with the example of self- assessment provided by the Stock Exchange of Thailand. The Company's secretary had compiled and reported the review to the Board of Directors.

Principle 3.8

The Board of Directors ensures that the Board of Directors and each director understand their role, responsibility, nature of business operation, and relevant law in relation to the business operation. The Board of Directors also supports all directors to consistently receive training and education on the duty of directors.

Principle 3.9

The Board of Directors ensured that the Board of Directors' operation was smooth, and that necessary information was accessible. The Board of Directors also ensures that the secretary of the Company is competent, experienced, and suitable for supporting the operation of the Board of Directors.

Principle 4: Recruitment and Development of High-Levelled Executives and Personnel Management**Principle 4.1**

The Board of Directors ensured that recruitment and development of the Chief Executive Officer and senior executives to have knowledge, skills, experience, and characteristics necessary for propelling the organization as to achieve its goal and for the consistency of operations.

Principle 4.2

The Board of Directors, with the recommendations of the Nomination and Remuneration Committee, ensured that an appropriate structure of remuneration and assessment were determined.

Principle 4.3

The Board of Directors understood the structure and relations of the shareholders which may impact on the management and operation of the Company.

Principle 4.4

The Board of Directors closely supervises the human resource management and improved personnel in order for them to have knowledge, skill, and experience. The Board of Directors also ensures appropriate incentives for the personnel and ensures that they receive fair treatment to maintain their loyalty. In addition, provident fund or other fund is ensured for all employees.

Principle 5: Operating Business with Responsibility**Principle 5.1**

The Board of Directors values and supports the business operation which gives value to the business together with benefitting the customers and related parties, and which has responsibility to the society and environment.

Principle 5.2

The Board of Directors ensures that the Management operates the business with responsibility to the society and environment by setting a Code of Ethics for Business Operation which includes:

- (1) **Responsibility to the employees and workers:** The Company complies with the law and relevant standards and treats the employees and workers fairly under human rights, namely fairly fixing wages and other benefits, providing welfare not less than what is required by law or more as appropriate, ensuring health care and safety in work, training, skill development, and providing opportunity for them to improve their skills in other fields.
- (2) **Responsibility to the customers:** The Company complies with the law and relevant standard and ensures the health, safety, fairness, confidentiality, and after service throughout the expiry of the goods, satisfaction assessment after sale to improve the goods and services, advertisement, and sale promotion, with responsibility to prevent any misunderstanding or exploitation.
- (3) **Responsibility to the business partners:** The Company has a system of procurement and fair conditions and clauses in agreement. The Company provides knowledge and training and improves the capacity in production and service to meet standards, informs and ensures human rights are complied with by its trading partners with regard to their employees, ensures that partners have responsibility to the society and environment. The Company also monitors and assesses partners' performance to sustainably develop the business between them.
- (4) **Responsibility to the community:** The Company uses its knowledge and experience in business to improve the projects which tangibly contribute to the community. The Company also monitors the progress and success in the long term.
- (5) **Responsibility to the environment:** The Company prevents, reduces, manages, and ensures that the Company does not adversely affect the environment, including controlling the use of material, energy, water, sustainable resources, release and elimination of waste from the business operation, etc.
- (6) **Fair competition:** The Company operates business with transparency and fair competition.
- (7) **Anti-corruption:** The Company complies with the law and relevant standards and set up an anti-corruption policy. In this regard, the Company may consider becoming a member of anti-corruption network and support other companies and business partners to set up an anti-corruption policy and becoming a member of such network.

Principle 5.3

The Board of Directors ensures that the Management manages the resources effectively to sustainably achieve the main objectives.

Principle 5.4

The Board of Directors had the scope of supervision and administration of organizational information technology which was consistent with the Company's need. The Company also ensured that the information technology was utilized to increase business opportunity, operation development, risk management, and administration and risk management of the information technology which included compliance with the law, regulation, rules, and standards related to the use of information technology, information security system which cover confidentiality, integrity, information availability, information exploitation prevention, Business Continuity Management, Incident Management, etc.

Principle 6: Risk Management and Internal Control

Principle 6.1

The Board of Directors ensures that the Company has risk management and internal control that contribute to the achievement of the objectives and that comply with the law and relevant standards.

Principle 6.2

The Board of Directors established the Audit Committee who can independently perform their duty and meets the qualifications imposed by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand and specified the duty of the Audit Committee in the charter of the Audit Committee. The Board of Directors also established internal audit which independently operates and is responsible for improving and assessing the effectiveness and sufficiency of the risk management and internal controls as well as reports to the Board of Directors and discloses the internal audit report in the annual report.

Principle 6.3

The Board of Directors monitored the elimination of conflict of interest that may occur between the Management and the Board of Directors or the shareholders, and prevented exploitation of assets, information, and opportunity of the Company, and prevented inappropriate transaction with persons related to the Company. To do so, the Company set out a guideline and practice to do the transaction which complies with procedure and disclosure duty prescribed by law and for the benefit of the Company and overall shareholders without intervention from directors or stakeholders in determination or in considering that agenda in a meeting.

Principle 6.4

The Board of Directors set up practical anti-corruption policy and practice which is applicable to all levels of organization and third parties.

Principle 6.5

The Board of Directors ensured that the Company has a system for receiving complaints on its website or annual report and takes action in case the clues are identified.

Principle 7: Uphold the Financial Creditability and Confidentiality

Principle 7.1

The Board of Directors ensured that financial reports and any disclosure of important information were carried out correctly, sufficiently, and punctually, as well as consistent with regulations, standards, and relevant practice. The Board of Directors also ensured that the responsible personnel were qualified, skilled, experienced, and sufficient in number. These personnel included chief financial officer, accountant, internal auditor, company secretary, and investor relation.

The Board of Directors ensured that information disclosure including financial statements, annual report, and 56-1 form sufficiently reflect the financial position and performance. The Board of Directors also supported the Company in preparing Management Discussion and Analysis (MD&A) to be used for the disclosure of information every quarter. The reasons being that, the investors shall receive the information and understand the change to the financial position and performance of the Company in each quarter apart from solely relying on the figures in the financial statements.

In the case that the disclosure of any information relates to any director specifically, only that director shall ensure the correct and adequate disclosure. For example, information of the shareholders of his group or disclosure in relation to shareholders' agreement of his group.

Principle 7.2

The Board of Directors monitored the liquidity and ability to repay debt together with the supervision of the Management who also assessed the Company's financial status and consistently reported to the Board of Directors. This is to collectively find solutions in the case where there is a problem with the liquidity and the ability to repay.

The approval of or proposal for approval by the shareholder's meeting of any transaction shall be considered by the Board of Directors that such transaction would not affect the liquidity or ability to repay.

Principle 7.3

In the case of financial problem or in the case that there is a possibility of financial problem, the Board of Directors shall make sure that the Company has a solution or other strategy to resolve the problem while also adhere to the rights of stakeholders.

Principle 7.4

The Board of Directors is in consideration of preparation of sustainability report as appropriate to disclose information regarding compliance with the law, code of ethics, anti-corruption policy, treatment to employees and stakeholders which included fair treatment, adherence to human rights, and social and environmental responsibility.

Principle 7.5

The Board of Directors ensured that the Management has investor relations who shall appropriately, equally, and punctually communicate with shareholders and other stakeholders such as investors and analysts.

Principle 7.6

The Board of Directors promoted the use of technology in disclosing information apart from the disclosure under the regulations of and by means set by the Securities and Exchange Commission. The disclosure shall be done in both Thai and English on the Company's website as well as be consistent and up to date.

Principle 8: Encourage Participation and Communication with Shareholders**Principle 8.1**

The Board of Directors ensured that the shareholders are able to participate in determining significant matters of the Company.

8.1.1 Ensuring that any important matters which are specified by the laws or which may impact on the direction of the operations, are considered and/or approved by the shareholders as well as incorporated in the agenda of shareholders' meeting.

8.1.2 Encouraging the participation of shareholders by advance informing the shareholders the following rules:

(1) Rules where the minority of shareholders may propose to add agenda prior to the date of meeting. The Board of Directors shall consider the additional agenda and inform the shareholders if the additional agenda is rejected.

(2) Rules where the minority of shareholders may nominate persons to be elected as directors.

8.1.3 Ensuring that notice of shareholders' meeting consists of correct detailed and sufficient for the exercise of shareholders' rights. Sending both Thai and English notice as well as relevant enclosures and publishing on the Company's website 14 days prior to the date of meeting.

8.1.5 Providing opportunity for shareholders to send in questions prior to the date of meeting which must adhere to rules which shall be published in the Company's website.

Principle 8.2

The Board of Directors ensured the smoothness, transparency, and efficiency of the shareholders' meeting and facilitated the exercise of shareholders' rights.

Date, time, and venue were fixed based on the convenience of shareholders and technology was also used in the meeting, in shareholders registration, in counting votes and showing results so the meeting was quick, accurate, and precise.

The duty of the chairman of the shareholders' meeting was to ensure that the meeting was held in compliance with the law, relevant regulations, and the Articles of Association of the Company. The chairman must organize the time for each agenda pursuant to the notice appropriately and allow the shareholders to express their opinions and raise questions in the Company's matters. For the shareholders to be able to participate in determining important matters, the directors as attendees and shareholders in the meeting must not support the unnotified additional agenda if not necessary, especially agendas that should be sufficiently studied before making decisions. Also, all directors and executives were encouraged to attend meetings so that shareholders can make inquiries in related matters.

The Board of Directors supported the use of ballots for important agenda and ensured there was independent scorer. The Board of Directors also ensured that disclosure of result on approved, disapproved and abstained votes in each agenda and the record thereof in the meeting's minutes.

Principle 8.3

The Board of Directors ensured that the disclosure of resolutions of shareholders' meeting was available on the next business day on the news system of the Stock Exchange of Thailand and on the Company's website. The copies of correct and complete minutes of the meeting were also submitted to the Stock Exchange of Thailand within 14 days from the date of meeting.

2. Sub-Committees

The Company's committees consist of 4 committees, namely the Board of Directors, Audit Committee, Executive Committee, and Nomination and Remuneration Committee, detailed as follows:

2.1 Board of Directors

Scope, Authorization, Duty, and Responsibility of the Board of Directors

- 1) Perform duty and comply with the law, objectives, Articles of Association, resolution of Board of Directors' meeting and shareholders' meeting, with responsibility, care, and honesty.
- 2) Specify the content of and approve vision, mission, business strategy, business direction, business policy, goal, guideline, operation plan, and budget of the Company and subsidiaries, as prepared by the Executive Committee and the Management.
- 3) Supervise the management and performance of the Executive Committee, Chairman of the Board of Directors, Chairman of Executive Committee, Management, or any persons assigned to perform duties to comply with the vision, mission, business strategy, business direction, business policy, goal, guideline, operation plan, and budget set by the Board of Directors.
- 4) Monitor the performance of the operations of the Company and subsidiaries so as to comply with the operation plan and budget of the Company.
- 5) Ensure that the Company and subsidiaries use suitable and efficient account system and set up sufficient and effective internal control system and internal audit, also assess the system on a regular basis for the effectiveness of the internal control system of the Company and subsidiaries.

- 6) Ensure the preparation of balance sheet, profit and loss statement as of the end of the Company's and subsidiaries' fiscal period and the certification thereof in order to propose them to the annual general meeting of shareholders for approval. Ensure the yearly submission of financial statement certified by auditor to the Stock Exchange of Thailand within a period prescribed by law. Ensure the preparation and submission of quarterly financial statement certified by auditor to the Stock Exchange of Thailand within a period prescribed by law.
- 7) Agree to the selection and nominate auditor and determine appropriate remuneration as proposed by the Nomination and Remuneration Committee before proposing to shareholders' meeting for approval.
- 8) Set up a written corporate governance policy and apply the policy effectively so it is trustworthy that the Company has equal responsibility towards all relevant parties.
- 9) Consider and approve appointment of persons who are qualified and do not have forbidden qualifications under the Public Limited Company Act B.E.2535 (1992) (as amended) , Securities and Exchange Act B.E.2535 (1992) (as amended) , relevant announcement, rules, and regulations, to hold position in the Company in the case of vacancy occurring in the board of directors otherwise than by rotation. Consider and approve appointment of directors to replace the directors resigned by rotation and determine director remuneration to propose to the shareholders' meeting for approval.
- 10) Set up sub-committees, including audit committee, executive committee, or other sub-committees and their authorities to assist and support the Board of Directors. Determine the remuneration for the sub-committees (not exceeding the amount approved by shareholders' meeting) .
- 11) Appoint and determine remuneration for chief executive officer and company secretary, authorize the chief executive officer to appoint executives as defined by the Securities and Exchange Commission or the Capital Market Supervisory Board and determine their remuneration.
- 12) Approve capital expenditures, operations, loans, credits from financial institution, and acting as guarantor, for the purpose of normal course of business of the Company, subsidiaries, and affiliates, and without limit, under the Company's Articles of Association and rules, relevant regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board.
- 13) Approve the related party transactions between the Company/subsidiaries and the related parties as specified in the Securities and Exchange Act B.E.2535 (1992) (as amended) and relevant regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board. Approve the principles regarding trade agreement with general trade conditions for transactions between the Company/subsidiaries and directors/executives/related parties, to set the scope of the Management operation under legal framework and relevant regulations.
- 14) Provide a channel for communication between groups of shareholders and supervise the disclosure of information to ensure the accuracy, clearness, transparency, credibility, and standard.
- 15) Appoint individuals to be directors or executives of subsidiaries pro rata to the shareholding proportion therein. Specific the authority, roles and responsibility of appointed directors and executives as well as the scope of use of discretion in voting in Board of Directors' meeting for important matters which need a prior consent from the Board of Directors and must comply with the Company's policy and the law. This includes disclosure of financial position, performance, related party transactions, acquisition and disposition of assets.
- 16) Approve the interim dividend payment.
- 17) Consider specifying and amending the name of directors who may sign to bind the Company.
- 18) Request professional opinion from external organization for making decision if necessary.
- 19) Ensure that the Company's operation is effective and protect the interest of all stakeholders.

- 20) Hold annual general meeting of shareholders within 4 months from the end of the Company's fiscal period.
- 21) Hold Board of Directors' meeting at least every 3 months.
- 22) Prepare annual report of the Board of Directors and the Board's responsibility in financial statements of the Company and subsidiaries to show the financial position and performance in the last year and propose to the shareholders' meeting for approval.
- 23) Assess the performance of the whole Board of Directors and each director to review the achievement, problems and obstacles each year to further develop the operations.
- 24) Supervise the Company's and subsidiaries' management and operation to comply with the Company's policies, securities laws, relevant announcement, rules, regulations of the Capital Market Supervisory Board, Office of Securities and Exchange Commission, and Stock Exchange of Thailand. For example, related party transactions and acquisition and disposition of significant assets to the extent not conflicting with other laws. Set up appropriate internal control system and sufficient internal audit.
- 25) The Board of Directors may authorize or assign any person to perform specific duties on their behalf. Such authorization or sub-authorization must conform with the power of attorney and/or comply with regulations, rules, order of the Board of Directors and/or the Company. The authorization must not in any way allow the Board of Directors or the authorized person to approve any transactions that he/she or likely be conflicted person (as defined in the announcement of the Securities and Exchange Commission and/or the Capital Market Supervisory Board and/or Stock Exchange of Thailand and/or relevant authority) or receive any benefits and/or conflict with the Company or subsidiaries. Exception is made in the case of approval of transactions consistent with policy or business principles approved by the shareholders' or Board of Directors' meeting and falling under the normal course of business pursuant to the announcement of the Securities and Exchange Commission and/or the Capital Market Supervisory Board and/or Stock Exchange of Thailand and/or relevant authority.

2.2 Audit Committee

Scope, Authorization, Duty, and Responsibility of the Audit Committee

- 1) Ensure that the Company has correct and sufficient financial report by collaborating with external auditors and executive responsible for preparing the quarterly and annual financial statement. The committee may recommend the auditor to review or verify any transactions deemed significant and necessary during the auditing.
- 2) Ensure that the Company has appropriate, sufficient, and effective internal control and internal audit system. Consider the independency of the internal audit agency and approve the appointment, transfer, and laying off of the chief of internal audit agency or other responsible agencies.
- 3) Ensure that the Company complies with the laws on securities and exchange, regulations of the Stock Exchange of Thailand, or laws related to the Company's business.
- 4) Consider, select, and nominate an independent person to become the Company's auditor and determine such person's remuneration based on their creditability, sufficiency of resource, the quantity of audited work of their firm, and experience.
- 5) Ensure that the related party transactions or transactions that may have conflict of interest are accurate, complete, and consistent with the laws and regulations of the Stock Exchange of Thailand so as to make sure that such transactions are appropriate and benefit the Company to the highest.
- 6) Prepare report on the result of the committee's governance and publish it on the Company's annual report. The report must be signed by the chairman of the committee and consist of at least the following:
 - (1) Opinion on the accuracy, completeness, and creditability of the Company's financial report;
 - (2) Opinion on the sufficiency of the internal control system of the Company;

- (3) Opinion on the compliance with the laws on securities and exchange, regulations of the Stock Exchange of Thailand, or laws related to the Company's business;
 - (4) Opinion on the suitability of auditor;
 - (5) Opinion on transactions that may have conflict of interest;
 - (6) The number of the committee's meetings and meeting attendance of each member;
 - (7) Opinion or overall remark based on the committee's duty perform in accordance with the Charter; and
 - (8) Other transactions that the committee deems fit to inform shareholders or investors within the scope of duty and responsibility assigned by the Board of Directors.
- 7) Perform other duties assigned by the Board of Directors with approval from the committee.
 - 8) During performing the duty, if the committee find or is suspicious of the following transactions or actions which may significantly affect the Company's financial position and performance, the committee must report to the Board of Directors to correct it within the period deemed fit by the committee. The committee is authorized to seek independent opinions from any professional advisor of which the fees will be responsibility of the Company when deemed necessary in order to accomplish their duty:
 - (1) Transactions with conflict of interest;
 - (2) Corruption or defects in internal control;
 - (3) Violation of laws on securities and exchange, regulations of the Stock Exchange of Thailand, or laws related to the Company's business.

If the Board of Directors or executives do not correct or amend such transactions within the abovementioned period, any member of the committee shall report such transaction to the Office of Securities and Exchange Commission or Stock Exchange of Thailand.

- 9) Review and propose amendment to scope, duty, and responsibility of the committee as appropriate.
- 10) Verify and discuss the significant risks of the Company with the Management. Monitor to ensure that the Management comply with the risk management policy of the Company.

In performing the above duties, the committee have direct responsibility to the Board of Directors. The Board of Directors still have responsibility in their operation to third parties.

The audit committee must supervise the Management and is responsible for the preparation of the Company's financial statement which shall be audited by external auditor. The audit committee and the Board of Directors jointly acknowledge that the Management, internal, and external auditor have more resources, time, and knowledge on accounting, auditing, internal control, and preparation of financial statement, than the audit committee. Therefore, the supervision of the committee does not specifically guarantee the financial statement and information proposed by the Company to the shareholders and other persons.

The Board of Directors are authorized to amend the definition and qualification of independent director and scope of duty and responsibility of the audit committee in order to comply with the responsibility of the audit committee and the regulations of the Office of Securities and Exchange Commission, Stock Exchange of Thailand, the Capital Market Supervisory Board and/or relevant laws.

The audit committee must consist of at least 3 independent directors who can independently use their discretion and read and understand the basics of a financial statement. At least one member of the audit committee must have expertise in accounting or related financial management under the relevant regulation of the Securities and Exchange Commission and the Stock Exchange of Thailand. The audit committee may directly contact the external auditor, internal audit agency, and the management department of the associate companies. The audit committee shall elect one member to be the chairman of the committee.

The audit committee shall appoint the chief of internal audit agency and appoint the person they deem qualified with knowledge, skill, and operational experience to be the secretary of the audit committee who shall support the committee's operation, call meetings, and other duties as assigned by the committee.

2.3 Executive Committee

Scope, Authorization, Duty, and Responsibility of the Executive Committee

- 1) Operate and administer the Company and subsidiaries in accordance with the objectives, Articles of Association, policy, regulation, rule, order, and resolution of the Board of Directors' meeting.
- 2) Set and ensure that a policy, direction, business strategy, goal and operation plan, financial goal, budget, human resource management, investment in expansion of business, and public relations of the Company and subsidiaries comply with the scope of approval from the Board of Directors. Supervise and ensure that the operation of the appointed administrators will achieve their goal by appropriately considering business factors to propose to the Board of Directors for approval. In the case of changed circumstances, the Executive Board shall reconsider the approved budget so that it is suitable for such circumstance.
- 3) Supervise, inspect, and monitor the operation of the Company to ensure that it is in accordance with the policy, business strategy, goal and operation plan, financial goal, and budget approved by the Board of Directors, and effective and contributive to the nature of business. Also advise and recommend top management regarding administrative matters.
- 4) Study the feasibility of new projects, consider and approve the Company's investment or joint investment with individuals, juristic persons, or other business entities in a form deemed fit by the Executive Committee to comply with the Company's objectives. Consider and approve the budget for such investment, entering into juristic act or contract, and/or any proceedings related to the matter to completion within the set budget and/or under the relevant laws and rules and/or the Company's Articles of Association.
- 5) Monitor the operation and progress of each invested project and report the result, problems, obstacles, and solutions to the Board of Directors.
- 6) Review and provide advice regarding dividend payment and report to the Board of Directors.
- 7) Consider and provide recommendation or opinion to the Board of Directors regarding any projects, proposals, or transactions related to the Company's operations. Consider choices of fund raising when necessary in case it exceeds the set limit and/or when relevant law and regulations and/or Articles of Association provide that it shall be approved by the shareholders' meeting or Board of Directors.
- 8) Approve financial transaction with financial institutions, including opening bank account, loan, credit, pledge, mortgage, guarantee. Approve purchase and registration of land pursuant to the Company's objectives for the benefit of the Company's operation, entering into an agreement, file application or proposal, contact, and transaction with government agencies to obtain rights for the Company, or take any related actions to completion within budget and/or under the relevant laws and rules or the Company's Articles of Association.
- 9) Consider and approve procedure, articles of association, management policy, and any operations binding on the Company.
- 10) Set up the corporate structure and the delegation of authorization.
- 11) Appoint and/or assign executive committee, director (s) , person (s) to act under the scope of authorization of the Executive Committee or authorize such person as deemed appropriate and within a period deemed fit. The Executive Committee may revoke or change the authorized person or the authorization as deemed appropriate. No authorization shall be given to person who may have conflict of interest with the operation.

- 12) Ensure that the executives, Management, or employees attend the Executive Committee's meeting or prepare and inform the information related to the agenda of the meeting.
- 13) Have the duty and responsibility pursuant to their authorization or under the policy of the Board of Directors from time to time.
- 14) Engage advisors or independent person to provide advice or recommendation as necessary.
- 15) Report to the Board of Directors on the operations proceeded under the scope, authorization, and duty of the Executive Committee, including other matters that should be report to the Board of Directors.
- 16) Consider and approve operational guideline and scope of responsibility of the Management to ensure that the operations proceed systematically.
- 17) Consider and approve transactions that are within the normal course of business of the Company or within the investment budget approved by the Board of Directors. The limit for each transaction shall be in accordance with the delegation of authorization table approved by the Board of Directors and not exceeding the annual budget approved by the Board of Directors. This shall also apply to related agreements made.

2.4 Nomination and Remuneration Committee

Scope, Authorization, Duty, and Responsibility of the Nomination and Remuneration Committee

Scope, Authorization, and Responsibility Regarding the Nomination of Directors

- 1) Consider and propose the structure, composition, and qualifications of the directors and sub-committees.
- 2) Consider the criteria and procedure for nominating persons suitable for the director position and chief executive officer in case of vacancy, or other positions as the Board of Directors assigned. The Committee shall propose the nomination to the Board of Directors' meeting or shareholders' meeting (whichever the case may be) for approval.
- 3) Nominate the directors to hold office in each committee.
- 4) Consider and set criteria for assessing the performance of the Executive Committee and propose to the Board of Directors for approval.
- 5) Assess the performance of the Chief Executive Officer and each sub-committee to review the result, problem, and obstacles in each year to improve the operations of the Company and propose to the Board of Directors for further consideration.

Scope, Authorization, and Responsibility Regarding the Remuneration

- 1) Propose the monetary and non-monetary remuneration for the Board of Directors, chief executive officer, and sub-committees, including other benefits appropriately and conform to the value of the Company created for the shareholders but too high that pursuance to short-term turnover. The remuneration shall propose to the Board of Directors' meeting for consent prior to propose to the shareholders' meeting for approval.
- 2) Disclose policy and rules on the remuneration that reflect the responsibility of each director, including the form and amount of the remuneration. The disclosed remuneration must also include the remuneration received as director of the subsidiaries.

2.5 Executives

Scope, Authorization, Duty, and Responsibility of Chief Executive Officer

- 1) Ensure the set up of the vision, business direction, policy, business strategy, goal, operational plan, and annual budget plan of the Company and subsidiaries to be proposed to the Executive Committee and/or the Board of Directors for approval.
- 2) Communicate the vision, business direction, policy, and strategy of the Company approved by the Board of Directors to the top management to prepare plan and operate the business.
- 3) Ensure that the operations are consistent with the operational plans, laws, regulations, rules of each relevant department and the Company, to achieve the expected financial and non-financial goals.
- 4) Review report and operational plans.
- 5) Approve payments within the budget, operational plan, or operation framework approved by the Executive Committee and/or Board of Directors, and pursuant to the authorization.
- 6) Ensure that the Company has appropriate internal control system according to the guideline provided by the Audit Committee and/or Board of Directors.
- 7) Ensure that the Company has appropriate risk management system according to the guideline provided by the Audit Committee and/or Board of Directors.
- 8) Seek business opportunity and new investment related to the main business of the Company and subsidiaries to increase the Company's revenue.
- 9) Supervise the overall human resource management of the Company.
- 10) Appoint executives as defined by the Securities and Exchange Commission or the Capital Market Supervisory Board, and determine remuneration for the executives.
- 11) Approve the appointment of advisors necessary for the operation of the Company to comply with the regulations of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand.
- 12) Represent the Company in public relations and in particular create a network and positive image of the Company both nationally and internationally.
- 13) Represent the Company in communicating with the shareholders.
- 14) Support the Board of Directors to provide channel to appropriately and consistently communicate with shareholders and disclose information with standard and transparency.
- 15) Sub-authorize or assign any person to perform specific duty on their behalf. Such sub-authorization must conform with the power of attorney and/or comply with regulations, rules, order specified by the Board of Directors and/or sub-committees and/or the Company. The authorization or sub-authorization must not in any way allow the Chief Executive Officer or the authorized person to approve any transactions that he/she or likely conflicted person (as defined in the announcement of the Securities and Exchange Commission and/or the Capital Market Supervisory Board and/or Stock Exchange of Thailand and/or relevant authority) or receive any benefits that conflict with the Company or subsidiaries. Exception is made in the case of approval of transaction consistent with policy or business principle approved by the shareholders' or Board of Directors' meeting and falling under the normal course of business pursuant to the announcement of the Securities and Exchange Commission and/or the Capital Market Supervisory Board and/or Stock Exchange of Thailand and/or relevant authority.
- 16) Perform other assignments from the the Board of Directors and/or sub-committees under the regulations and Article of Association of the Company, the securities laws, and relevant announcement and regulations of the Capital Market Supervisory Board, Office of Securities and Exchange Commission, and the Stock Exchange of Thailand.

3. Supervision on the Subsidiaries' Operation

The Company has the policy of investment and supervision on the subsidiaries' operations as follows:

Investment in subsidiaries policy

The Company's policy is to invest in subsidiaries which are compatible with the goal, vision, and strategy plan regarding the growth of the Company. Investment in subsidiaries contributes to the increase of the Company's turnover or profit. The Company also invests in companies with synergies to increase the Company's ability to compete and help the Company achieve its goal in becoming the leader in its main business. The Company and subsidiaries consider investing in additional business provided that such business has the potential to grow or benefits the business of associate company which will generate good income. Considering to invest, the Company will analyse the feasibility, the potential and risks with appropriate process of analysis. Investment must be approved by the Board of Directors' or shareholders' meeting (whichever case may be). The approval must be consistent with the relevant announcement of the Capital Market Supervisory Board and the Stock Exchange of Thailand.

Subsidiaries' governance policy

The Company set up the governance and management policy of subsidiaries with the purpose to set direct and indirect measures and mechanisms to supervise and manage the operation of the subsidiaries. The Company also ensures that the subsidiaries operate under the set measures and mechanism as if they are the Company's own department, and under the Company's policy, public limited company law, Civil and Commercial Code, securities law, relevant laws, announcement and regulations of the Capital Market Supervisory Board, Office of Securities and Exchange Commission, and the Stock Exchange of Thailand, to maintain the benefit of the investment in the subsidiaries. The detail is as follows:

- 1) The Company shall have its representative hold director position in each subsidiary in proportion to the shareholding of each subsidiary to supervise and ensure that the subsidiary's operation is consistent with the law, good corporate governance policy, and other policies of the Company, of which they must be considered and approved by the Board of Directors' meeting.
- 2) Any transactions or proceeding of the subsidiaries that may fall under the scope of the acquisition or disposition of assets pursuant to the the Acquisition of Disposition of Assets announcement, or the related party transactions pursuant to the Related Parties Transaction announcement, and that cause the duty to obtain prior approval from the Board of Directors' meeting or shareholders' meeting or relevant organization as required by the law, the subsidiaries must obtain such approval prior to make such transaction.

In addition, if the transaction made or incident caused the subsidiary oblige to disclose information to the Stock Exchange of Thailand pursuant to relevant regulations thereof, the authorized director of the subsidiary must inform the Management of the Company immediately when such transaction or incident is known.

- 3) The Board of Directors and executives of each subsidiary shall have scope of authorization and responsibility in accordance with the relevant laws e.g. disclosure of financial position and operational performance to the Company by mutatis mutandis relying on the relevant announcement of the Capital Market Supervisory Board and the Stock Exchange of Thailand, disclosure and submission of information on its interest with relate parties to inform the Board of Directors of the relation and transaction that may cause conflict of interest and to avoid making transaction that will cause conflict of interest.

- 4) The Company will set its operational plan as necessary to ensure that the subsidiaries disclose the operational performance and financial position. The Company will take necessary actions and supervise the subsidiaries to ensure that there is a disclosure system and internal control that is sufficient and appropriate.

In addition, the Company will closely monitor the performance and administration of the subsidiary and propose analysis, opinion, and recommendation to the Board of Directors of the Company and of each subsidiary for setting up policy and improving the business of the subsidiary.

4. Monitoring the Use of Internal Information

The Company has policy and methods to monitor and prevent directors, executive, or employees from using and exploiting the publicly undisclosed information as well as trading in securities as follows:

- 1) The Company will educate the directors, managers, executives, and auditor on the duty to prepare and disclose their Securities Holding Report and the holding of their spouse, cohabiting couple, minor children, and juristic person where directors, managers, executives including their spouse, cohabiting couple, and minor children collectively held more than 30% of the total voting rights of that juristic person, to the Securities and Exchange Commission pursuant to Section 59 and Section 275 of the Securities and Exchange Act B.E. 2535 as well as the amendments (the "Securities and Exchange Act"). This also applies to the Acquisition or Disposition of Asset Report pursuant to Section 246 and Section 298 of the Securities and Exchange Act.
- 2) The Company's directors, managers, and executives must always submit their Securities Holding Report and the holding of their spouse, cohabiting couple, minor children, and juristic person where directors, managers, executives including their spouse, cohabiting couple, and minor children collectively held more than 30% of the total voting rights of that juristic person, pursuant to the provided form to the Company's secretary before the submission to the Securities and Exchange Commission within 30 days from the date of being appointed as director and/or executive and once there is a change to the holding, or report such change to the holding within 3 days from the date of buying, selling, transferring, or receiving those securities. The company secretary must summarize the Securities Holding Report and the change to the holding and inform it to the Board of Directors' meeting every 6 months.
- 3) The directors, executives, those holding an executive position in accounting or finance that is higher than that or equivalent to the manager level and relevant officers which include the person assumed to know or possess the internal information pursuant to the Securities and Exchange Act who know the significant internal information which may impact on the change of price of securities, must withhold from buying, offering to buy or sell or persuade other persons to sell or offer to buy or sell the Company's securities whether directly or indirectly during the period before the disclosure of financial statement or the Company's status. The embargo period shall last until the Company has disclosed the information to the public. Throughout the embargo period, that is, 1 month before and until the date of disclosing the quarterly and annual performance of the Company, the Company shall notify the director and executive in writing to embargo for at least 1 month before publicly disclosing information and to wait at least 24 hours after the disclosure, as well as forbid them from disclosing the significant information to other persons by all means.
- 4) Prohibit the directors, executives, and employees of the Company and subsidiaries, including the person assumed to know or possess the internal information pursuant to the Securities and Exchange Act of the Company and subsidiaries which may impact on the change of price of securities and which has not been publicly disclosed, from using the internal information to buy, sell, offer to buy, offer to sell, persuade other person to buy, sell, offer to buy, offer to sell the Company's securities whether directly or indirectly and whether for their own or others' benefit, and from disclose such information to third parties and cause them to do so with or without benefits.

- 5) Directors, executives, employees, former directors, former executives, and former employees of the Company and subsidiaries must keep confidential the internal information of the Company and subsidiaries as well as confidential information of trade partner of the Company and subsidiaries and must not use such information for the benefit of other companies or disclose to their parties even with or without causing damage to the Company, subsidiaries, or trading partner.
- 6) Directors, executives, and employees of the Company and subsidiaries must not disclose the internal information of the Company and subsidiaries, use their position for exploitation, exploit or disclose to third parties the internal information known during the operation and undisclosed whether directly or indirectly and with or without benefits.
- 7) Directors, executives, and employees of the Company and subsidiaries must comply with the guideline regarding the use of internal information in the Securities and Exchange Act as well as relevant regulations.
- 8) The Company has disciplinary punishment for the executives and relevant officers for violating the rules regarding internal information, which includes written warning, cutting wages, temporary suspension without wages, or laying off. The punishment shall be based on the intention and severity of the violation.

5. Auditor Remuneration

As of 31 December 2019, the Company paid the audit fee to EY Office Limited in the total amount of THB 5.10 Million (excluding the annual audit fee of the PDS Holding Co., Ltd. which was a subsidiary on 21 November 2019) , consisting of audit fee for quarterly auditing, annual auditing, and out of pocket expense of THB 0.13 Million.



Corporate Social Responsibility Policy

The company runs business under good governance framework with transparency and validation, and it aims to develop business as well as to build balances into the economy, society, and environment. The company intends to stand out as a good corporate citizen. Sustainable, stable, and socially recognized as it can be within codes of ethics and good governance

As the company is aware of social responsibility, policies regarding social responsibility are determined in many areas.

1. Operating a fair business

The company has determined guidelines to take care of stakeholders as written in the company codes of conduct. By taking responsibility into account, the company cares for stakeholders who are from shareholders, employees, clients, business partners, contractors, communities, society to environment. The company also promotes free trade and fairness, avoiding actions that may cause conflicts of interest and intellectual property violations including all forms of anti-corruption in various topics as following:

(1) Supervision of business

The company is committed to conduct business properly with honesty, fairness, transparency, disclosure of important information which can be verified in regard to the benefits and impacts on shareholders, clients, business partners, employees and all interest parties as well as providing appropriate and fair dividends of benefits.

(2) Social responsibility

The company has an operational policy regarding Corporate Social Responsibility (CSR) under ethical principles for the fairness to all interested parties concerned as well as taking evidence of good governance to be a guideline in order to maintain a balance of operations in economic, community, social and the environmental aspects which will lead to the development of sustainable and successful business.

(3) Compliance with laws, rules and regulations

The company values laws, and regulations regarding the environment, hygiene and safety at local, national, and regional levels. Implementation of international business ethics is included by requiring directors, executive directors and employees to act within the laws' framework and regulations. No cooperation, support, or any other actions which infringe the rules of laws and regulations is a must.

(4) Supervision of performance in compliance with laws on intellectual property

The company does not support actions that are in violation with intellectual property by assigning executive directors and employees to follow the law's framework, rules and regulations. They must not be of witnesses, giving hands or any actions that are against the laws and any other regulations relevant to the intellectual property.

(5) Promoting the use of resources efficiently

Company promotes directors, executive directors and every level of employees in the organization to effectively, appropriately and adequately use of resources, maximize utilities, communicate, give knowledge, promote and create awareness among employees including to whom it may concern in order to manage uses of existing resources and make the most of them for the benefit of the organization.

2. Respect for human rights with equality

The company gives importance about respecting human rights with the need in creating the equality to both inside and outside of the organization. The company keeps monitoring and taking care of company business not to take part in both directly and indirectly in violations of personal liberty rights such as not supporting the forced labour used, protesting against child labour used, paying respect and treating all of the stakeholders with fairness based on human dignity. No discrimination is treated among company personnel. All is treated equally regardless of origin, ethnics, sex, complexion, religion, physical condition, family statuses or other status that are not directly involved with working performance, along with the promotion to monitor performance in accordance with terms of human rights in the organization. An urge is made to stimulate actions following principles of international standards of human rights under the responsibility of human right business covering subsidiaries, co-investors and partners.

3. Labor Justice Practice

The company policy is to provide every employee to stay together under happy working environment and to accept one another. Also, it is said to treat every level of employees as brotherhood; no exploitation among one another; taking care of employees. The company has managed in all levels of human resources to bring out maximum efficiency starting from personnel recruitment, human development, along with employee training, setting fair remuneration, and providing appropriate welfares. Aside from these, the company also promotes and supports for every employee to have a chance to make progress, to learn in each and every level of organization, to develop working skills as professionals based on appropriate environment. The policies are various as following:

(1) Employee Remuneration and Welfare

The company has payroll policy in terms of salary and/or bonus based on performance as deemed appropriate and fair in order to strengthen career security and progress. Many types of welfares are provided to employees in accordance with terms of laws such as social security. What is more than the legal limits is health and accident insurance for employees including any other subsidies such as a subsidy for employee's parents' Punnakij ceremony, etc.

(2) Development of Employee Knowledge Potential and Training

The company has a policy to promote personnel development by supporting employees to have knowledge development, ability, potentiality, good attitude, morality, ethics, and teamwork. Moreover, the company supports the organization development and human resource by focusing on working process that is of effectiveness, by setting rules and roles of duties clearly, determining ways to set optimized dividends, improving evaluating system and boosting employee's working capabilities.

(3) Safety and Hygiene Policy

The company sets a policy to support employees to work safely and hygienically in good working places where the company aims at accident prevention which may occur at full capacity and build safety awareness to the employees as well as giving knowledge via training and promoting employees to have good hygiene and avoid doing such things that might cause harm to personal hygiene, clients, and users together with caring of working places to be in good hygiene and always staying safe.

4. Responsibility for clients and consumers

The company realizes the importance of clients and consumers. That is to say, the company runs hotel and resort and/or condominium business. Its dedication can be seen from supreme quality, impressive service, unique design as well as the best function unit plan design to appreciate its clients and customers.

5. Environmental Care

The company gives value to risk analysis together with environmental and safety impacts in every step of operations. Resources and energy is used efficiently and saved in accordance with international standards. Regarding hotel and asset development projects, the company is meticulous about high quality and eco-friendly materials. Indoor energy saving equipment and architecture are cherished. Inverter air conditioners, LED bulbs, electricity-saving water heaters are the examples for saving electricity consumption in the long run.

6. Collaboration with Community or Society Development

The company conducts transactions beneficial to economy and society. The belief of being a good citizen and complying with rules and laws is always bonded within the organization. The company dedicates to develop, encourage and elevate quality of life in community and society where the company is located. As the company grows, the growth of community neighborhoods shall become.

The company holds a policy in taking care and bonding with neighbors. Community activities are regularly supported to the maximum benefit, properness, and sustainability of the community. Company employees support and participate in community activities consistently.

7. Reporting Social and Environmental Information

The company discloses information regarding its performance in social responsibility to the benefit of stakeholders. The information covers transactional, environmental, safety, and social aspects. Reporting is disclosed accurately via many channels of communications so that stakeholders can easily access to the information.

Corporate Social Responsibility activities



◀ 8 November 2019

Veranda Resort and Villas Hua-Hin Cha-am brings staff to visit the Energy for Environment Center and join the conservation program “Two hands return life to nature” by jointly planting mangrove forests at the Sirindhorn International Environmental Park

11 January 2019 ▶

Veranda Resort and Villas Hua-Hin Cha-am management and employees jointly donated and organized activities and share happiness for younger people then provide lunch for the children and the personnel of school of Blind and Defective Children Education, Cha-Am District, Phetchaburi Province



◀ 6 March 2019

Veranda Resort Pattaya Na Jomtien conducts coral planting activities at Nam Sai Beach, Sattahip District



◀ 23 May 2019

Veranda Resort Pattaya Na Jomtien planted tree seedlings at Bang Phra Seedlings Breeding Center, Chonburi.

19 September 2019 ▶

Veranda Resort Chiang Mai Joins CSR Walk for Freedom Activity. Walking for Freedom Campaign to show the work of everyone in Chiang who is fighting human trafficking around the world with different steps @ Chiang Mai University Art Gallery



Anti-Corruption Policy



The Company operates business with transparency and realizes the importance of anti-corruption in all forms by operating the business legally and beneficially to the society, supporting employees to work with morality and be good citizens. The Company has set the anti-corruption policy in order to be a guideline of preventing from and resisting against the Company's corruption more clearly by creating a corporate culture for everyone to recognize the danger of corruption, creating correct values and increasing confidence among all stakeholders so as to effectively fight against corruption as summarized below:

Anti-Corruption

1. The directors, executives, employees at all levels of the Company and its subsidiaries must not engage with all forms of corruption both directly and indirectly. Bribery and undue exploitation in various forms, such as requesting, accepting or offering assets including any other benefits with government officials or any other persons doing business with the Company for the benefit of others or creating business opportunities for the Company are prohibited either.
2. The Company has a policy to comply with laws and standards in accordance with anti-corruption in Thailand and in all countries where its representatives are doing business on behalf of the Company.
3. This policy extends to agents, contractors, or anyone acting on behalf of the Company and its subsidiaries.
4. If the directors, executives and employees take any actions that violate or do not comply with this policy whether directly or indirectly, they will be disciplined under disciplinary procedures in accordance with the regulations stipulated by the Company or punishable by law. However, the Company's personnel and its subsidiaries must understand and comply with the anti-corruption policy in every step of the operation. If seeing actions that are against this policy, it is a must to inform the supervisor or the department/responsible persons immediately.
5. Supervisors who ignore the violation of their subordinates or whose subordinates do not comply with this policy or who are aware of the said act, but fail to manage, fix or report clues will be taken disciplinary actions in accordance with the regulations set by the Company.
6. Agents or contractors of the Company who violate this policy will be terminated their contracts with the Company.
7. The Company will not punish, demote, or cause negative impact to any directors, executives and employees who deny corruption although the said denial would cause the Company to lose business opportunity.

Responsibility

1. The Board of Directors of the Company are doing their duties and taking their responsibilities to set policies and to supervise an efficient anti-corruption system in order to ensure that the management teams recognize the importance of combating corruption and instilling such values into the culture of the organization.
2. The Audit Committee has a duty and responsibility to review the financial and accounting report systems, the internal control system, the internal audit system, and the risk management system to ensure that they meet the international standards, precision, modernity, and efficiency.
3. Management team has a duty and responsibility to establish a system for promotion, support anti-corruption policies, communicate with personnel at all levels, as well as reconsider, review, and amend systems and measures to be in consistent with changes and periodically assess risks towards corruption so as to identify high-risk incidents and find appropriate preventive and corrective measures.
4. Internal auditors have a duty and responsibility to inspect and review the operations whether they run correctly and in compliance with the policy, guidelines, operational authority, regulations and laws in order to ensure that those control systems are appropriate and concise to resist against anti-corruption and report to the Audit Committee.

Exchanging Gifts, Entertaining and Hospitality Activities

1. Since the Company recognizes the importance of establishing good business relationships with various suppliers, this policy does not prohibit any action which is transparent, appearing a normal part of the business that laws, regulations, local customs or trade practice allow to do so such as entertainment, hospitality activities, giving or accepting gifts on special occasions as appropriately and reasonably along with business ethics guidelines.

2. Entertaining, banquet, giving or accepting gifts on special occasions can be done when
 - (1) they are not acting to induce to do or not to do any actions inappropriately, influencing business decisions or resulting in unfair benefits
 - (2) they are not violating this policy, the ethics policy regarding corporate operations or any related laws
 - (3) giving or receiving gifts is done on behalf of the Company, not in the name of a person as an individual.
 - (4) they are acting appropriately upon deserving occasions, customary and traditional practices such as exchanging gifts at the New Year's party.
 - (5) Exchange of gifts has been done openly.
 - (6) Hospitality activities can be done as necessary and with reasonable expenses, without extravagance or with unreasonable frequency.

Political Assistance

1. The political assistance is a financial assistance or other things given to political parties and politicians including loans, donations of money and property as well as various services.
2. The Company has a neutral political policy. There is no policy to assist in politics or to take side in any political parties.
3. Directors, executives and employees of the Company and its subsidiaries have right and freedom according to the constitution and related laws to participate in political activities such as election vote, referendum, etc. The directors, executives and employees of the Company must not use assets, resources or working hours of the Company to provide services on behalf of the Company or claim the Company name in supporting political activities or do any actions that may cause an understanding that the Company is getting involved or supporting any parties.

Charitable Donations and Financial Support

1. Charitable donations can only be made in accordance with the Company's charitable policy and the Company's practices without claiming benefits from recipients of donations.
2. Financial support (Sponsorship) is different from charitable donations as it is a means of Publicizing the business Operations of the Company.
3. Directors, executives and employees of the Company and its subsidiaries must be careful not to allow charitable donations and financial support to conceal bribery. The charitable donations and sponsors must go through a transparent consideration process and in accordance with relevant laws or regulations by writing to state the purpose of donations for charity and support along with other supporting documents to the authority for approval at each level.

Complaints

1. Complaints and reports of corruption are the duty of personnel at all levels of the Company and its subsidiaries to report the clues of corruption by anonymous through the methods and channels as follows.

(1) By E-mail, contact the Secretary of the Audit Committee or the Chairman of the Audit Committee, E-mail : auditcom@verandaresort.com or Chief Executive Officer
E-mail: verawat@verandaresort.com.

(2) By mail, Contact the Secretary of the Audit Committee or the Chairman of the Audit Committee or Chief Executive Officer at :

Veranda Resort Public Company Limited
555 Rasa Tower Unit 2701-2704, 27th Floor,
Phahonyothin Road, Chatuchak Subdistrict,
Chatuchak District, Bangkok 10900
Telephone: (66) 2 513 3003

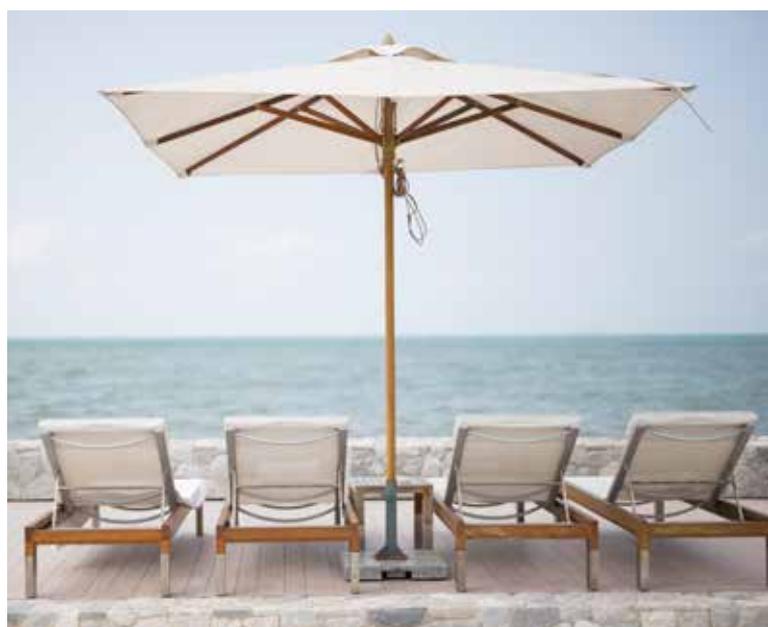
2. Directors, executives and employees of the Company and all its subsidiaries have a duty to cooperate in the investigation of corruption.

Communications and Training

1. The Company will arrange to communicate the anti-corruption policy to departments at all levels in the Company and its subsidiaries through various channels such as the training of the Company's personnel and subsidiaries periodically to be aware of various forms of corruption, the risk of being involved in corruption and methods of reporting clues for the concerned parties to know and to implement the policy. The said training will be a part of the training for new employees of the Company.
2. If directors, executives and employees have any questions regarding this policy or any anti-corruption measures, they can inquire at the Audit Committee Secretary, E-mail: auditcom@verandaresort.com .

Penalties

Any person who does anything intentionally that does not comply with this policy including behaviors that are bullying, intimidating or discriminating with unrighteous means to the complainant or clues or persons involved in the complaint or clues in accordance with this policy due to the complaint or to report clues to the offense shall be disciplined and must be responsible to indemnify the Company or those affected by the said actions including civil and criminal liability or any other relevant laws.



Internal Control and Risk Management

The Company's Board of Directors has assigned the Audit Committee composed of three independent directors to review the Company's internal control and internal audit systems, as well as to justify independency of internal auditor to assure the appropriateness and the adequacy of the Company's internal control system, to reduce risks or damages which may occur and to achieve the Company's goals and objectives.

The Company hired DIA Audit Company Limited, with the head of the internal audit team, Mr. Joompoth Priratanakorn, who has knowledge, ability and experience in internal audit, as the Company's internal auditor. The internal auditor has assisted the Audit Committee in evaluating the internal control system, assess the overall risk and audit the internal control system, and prepare audit reports with recommendations from his findings.

In the year 2019 the Audit Committee had four meetings with the internal auditor and reported the audit results to the Company's Board of Directors at the Board meetings. The internal auditor quarterly reviewed internal control system according to the audit plan approved by the Audit Committee. The audits covered both the corporate level and activity levels which were summarized as follows:

1. Organizational and Environmental Controls

- The Company has established a good internal control environment. The Company's Board of Directors set business goals clearly and had meetings with the executives in order to determine the operation plans of the Company and its subsidiaries, to review the goals with consideration of past results, economic and various risk factors including specifying vision, strategies and budget planning to ensure that operations were in line with the set goals.

- The Company's organizational structure was properly designed to ensure the efficiency of management and to support good internal control system and appropriate approval levels.
- The Company has defined business ethics and communicated to all employees to ensure they perform with honesty and morality including imposing penalties if violations or non-compliance against ethical requirements occur. Moreover, the Company launched a policy regarding good corporate governance to create fairness for all parties involved.

2. Risk Management Control

The Company has established a risk management process in order to control and reduce risks that may occur from both internal and external factors by establishing a risk management team consisting of senior management of each department. They are responsible for managing risks to an acceptable level and suitable for the current situation. Regular meetings were held to gather, analyze and assess business risks in order to set measures to reduce such risks as well as following up and overseeing the implementation of appropriate measures.

3. Managerial Control of Operations

The Company has set policies and procedures that specify the scope of duties and approval limit of the management at each level clearly. There was a segregation of duties. Any transactions with related entities or individuals were stipulated under reasonable terms and conditions complying with normal trade conditions conducted with external parties. The related party transactions have been submitted to the Audit Committee for consideration and providing its opinions before proposing to the Board of Directors or shareholders for approvals before they were transacted. The approvals have been made by nonpartisan persons with consideration to the best interests of the Company and shareholders.

4. Information System and Communication Control

The Company has managed the information system to cover operations at corporate level and operational level. Systematic development has been carried out continuously in order to provide accurate and updated information. Information security and data collection have been well organized to ensure that the operations and information used in management were complete, accurate, sufficient and timely including communicating to relevant parties fast and efficiently.

5. Monitoring Activities Control

The Audit Committee is responsible for monitoring and evaluating the internal control system. The internal auditor is responsible for reviewing and evaluating the internal control according to the annual audit plan approved by the Audit Committee. The Audit Committee had meetings with the executives, internal auditors and external auditors concerning internal controls every quarter to consider defects and recommendations as well as monitoring for corrections within an appropriate period. In the year 2019, according to the internal auditor's report, the Company and its subsidiaries had an efficient internal control. No significant risk was found.



Related Party Transactions

Transactions with related parties in the year 2019 are as follows.

Person/Juristic Person might have conflicts of interests	Relationship	Types of transactions	2019 (Million Baht)	Rationale of related transactions
VC Land Company Limited	Common directors/executives/major shareholders	building space rental service	2.73	Rent approximately 316.89 baht per square meter which is comparable to nearby office rent.
Vichai Trading (1983) Company Limited	director/shareholder is director and major shareholder in this company.	revenue from hotel operations	0.17	Normal business transactions with 10 percent discount which is comparable to that offered by the company to other major customers.
Vichai Trading (1983) Company Limited	director/shareholder is director and major shareholder in this company.	purchase of assets	1.28	Purchase of equipment and upgrade sound system. The cost is comparable with other distributors or service providers. Terms of payment are normal business conditions.
Suretribun Holding Company Limited	director/shareholder is director and major shareholder in this company.	revenue from sale of condominium unit	8.25	Normal business transactions with 15.0 percent discount from the set price which is comparable that offered by the company to other major customers.
Siam Paragon Retail Company Limited	Common director	rent and space service charge	1.46	Normal business transactions on a contract signed before being a subsidiary of the company and continue to the end of contract.
		advance deposit, rent and space service charge	5.08	
Siam Future Development Public Company Limited	directors/executive/major shareholder are directors in this company.	rent and space service charge	1.63	Normal business transactions with 5.0 percent discount from the set price which is comparable that offered by the company to other major customers.
		revenue from hotel operations	0.67	
Major Cineplex Group Public Company Limited	directors/executive/major shareholder are directors/executive in this company.	revenue from hotel operations	0.23	Transactions are run through normal business practices with discount offer at 5.0 percent from the set price which can be comparable with that offered by the company to other external customers.
Mrs. Paradee Poolvorulak	shareholder/sibling of directors, executives and major shareholders	reservation deposit, down payment of condominium units	7.00	Normal business transactions with 15.0 percent discount from the set price which is comparable that offered by the company to other major customers.

Person/Juristic Person might have conflicts of interests	Relationship	Types of transactions	2019 (Million Baht)	Rationale of related transactions
Miss Nicha Angsuwarangsi	daughter of director, executive, majority shareholders	reservation deposit, down payment of condominium units	2.24	Normal business transactions with 20.0 percent discount from the set price which is comparable that offered by the company to other major customers.
Miss Sirada Soonthornmanokul	daughter of director, shareholder	reservation deposit, down payment of condominium units	2.06	Normal business transactions with 20.0 percent discount from the set price which is comparable that offered by the company to other major customers.
Mrs. Siriporn Maneeapan	Spouse of independent director	reservation deposit, down payment of condominium units	3.77	Normal business transactions with 20.0 percent discount from the set price which is comparable that offered by the company to other major customers.
Mr. Thitikorn Sopchokchai	son who reaches legal age of directors, shareholders	reservation deposit, down payment of condominium units	1.90	Normal business transactions with 20.0 percent discount from the set price which is comparable that offered by the company to other major customers.

Report of The Audit Committee

The Audit Committee appointed by the Company's Board of Directors consists of three independent directors with combined skills and expertise in accounting, finance, laws and management. All members possess adequate qualifications as required by the Securities and Exchange Commission, Thailand and The Stock Exchange of Thailand. Its members include Mr. Attapon Chodchoy as Chairman of the Audit Committee, Mr. Trairak Tengtrirat and Mr. Niruj Maneepun as members of the Audit Committee.

The Audit Committee has carried out its work and expressed its opinions independently within the scope of duties and responsibilities specified in the Audit Committee Charter. In 2019 the audit committee convened four meetings with the Company's executives, internal auditors and the auditors. The attendance of meetings by each committee members was as follows:

Name	Position	Attendance
1. Mr. Attapon Chodchoy	Chairman	4
2. Mr. Trairak Tengtrirat	Member	4
3. Mr. Niruj Maneepun	Member	3

The Audit Committee's meetings in the year 2019 are summarized below:

- Financial Report:** The Audit Committee has reviewed quarterly and annually separate and consolidated financial statements of the Company and its subsidiaries for 2019, together with giving remarks and recommendations, to assure that the preparation of these financial statements and the disclosure in the notes to financial statements are accurate, complete and reliable aligned with the generally accepted accounting standards. The audit committee concurred with the auditors that the said financial reports present fairly and were accurate in all material respects and in accordance with Thai Financial Reporting Standards
- Connected Transactions or Transactions That May Cause Conflict of Interest:** The Audit Committee has reviewed the disclosure of related party transactions conducted among the Company and its related companies or related individuals to ensure that the Company's connected transactions have been done based on reasonability, normal business practice and the best interest of the Company's business. The Audit Committee had the opinion that the connected transactions among the Company and its group were adequately and correctly disclosed. Those transactions were executed pursuant to normal business practice following the Stock Exchange of Thailand's requirement.
- Internal Control System:** The Audit Committee has reviewed the effectiveness and adequacy of the Company's internal control system from internal audit reports together with the executives every quarter. The Audit Committee also consistently monitored results pertaining to the recommendations in the audit reports in the aspects of internal control and information technology system of the Company to ensure that the Company's business operation has suitable and efficient internal control system. The Audit Committee had the opinion that the Company's internal control was sufficient and no significant deficiency found.
- Legal Compliance:** The Audit Committee has reviewed the Company's compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission as well as other relevant laws related to the Company's business. The Audit Committee concluded that there was no issue regarding the non-compliance with the relevant laws and regulations.

5. **Nomination and Appointment of the Auditor and Annual Audit Fee:** The Audit Committee took into consideration the nomination and appointment of the auditor based on the assessment of reliability, independence in auditing, competency and the reasonable audit fee. The Audit Committee proposed to the Company's Board of Director to appoint EY Office Company Limited as the Company's auditor for the year 2019.
6. **Risk Management:** The Audit Committee reviewed the adequacy and suitability of risk management based on the internal audit report. The Company had set up the Risk Management Committee considering the likelihood of the risk occurring and the potential impact to the Company's business if the risk occurred and finding solutions to prevent risks and minimizing impacts at acceptable levels. The Audit Committee concluded that the Company's risk management processes were appropriate and sufficient for its operation and constantly improved to respond to the current situation.

In summary, the Audit Committee performed its duties with knowledge, competence, prudence and independent opinion throughout the working period, by adhering to the principles of accuracy and transparency for the benefit of all stakeholders equally.



(Mr. Attapon Chodchoy)

Chairman of the audit committee



Report of the Nomination and Remuneration Committee

The Board of Directors of Veranda Resort Public Company Limited (“the Company”) has appointed the Nomination and Remuneration Committee which comprises three directors, more than half of its members are independent directors.

In 2019 the Nomination and Remuneration Committee held a meeting once when all committee members were presented to nominate directors in replacement of those who are retired by rotation so as to propose to the Board of Directors and the 2019 Annual General Meeting. This year there were four directors retired by rotation. They all are competent, experienced, and versed to advantage business operation of the company. The Board of Director’s meeting therefore agreed to propose all retired directors to be re-elected for another term. The 2019 Annual General Meeting has approved as proposed.

In addition, the committee has considered the remuneration for the Board of Directors, sub-committee, and Chief Executive Officer for the year 2019 to be appropriate. This is to encourage and motivate the directors to work with the Company. The value of the remuneration shall be comparable with that of the same businesses, and it shall not be paid more than the performance carried out by each director.

Nomination criteria of the directors to take positions in the Nomination and Remuneration Committee proceeds transparent to build confidence to shareholders and all of stakeholders, which are disclosed in the Annual Report along with the remuneration of the Board of directors, sub-committee, and executives.

For the 2020 Annual General Meeting of Shareholders, the company grants opportunity to shareholders to nominate candidates for the position of directors. However, none of the shareholders nominate any candidates to be appointed as directors.



(Mr. Chai Jroongtanapibarn)

Chairman of The Nomination and Remuneration Committee

The Report of The Board of Director's Responsibilities for Financial Reporting

The Board of Directors realizes the responsibilities for the Company's financial statements and the adequacy of disclosures in notes to financial statements, including financial information stated in the annual report. Therefore, the Board has supervised the Company to establish the accounting policies and the effective internal control system and thoroughly to ensure that financial statements are prepared in accordance with applicable financial reporting standards.

In this regard, the Board of Directors has appointed the audit committee which comprises of three independent directors to review accounting policies, financial statements having been audited and given unqualified audit's opinion from independent certified public accountants, adequacy of internal control system through internal audit reports which were prepared by the internal auditor appointed by the audit committee and the Board of Directors, including disclosure of related parties transactions. The audit committee reviewed and gave the opinions on the above-mentioned matters as shown in the audit committee report in this annual report.

The Board of Directors is of the opinion that the overall internal control is in satisfactory level, enable to make sure that the financial statements of the company and its subsidiaries as of 31 December 2019 presented fairly financial position and their financial performance in accordance with Thai Financial Reporting Standards.



(Mr. Chai Jroongtanapibarn)

Chairman of the Board of Directors

Management Discussion and Analysis

Tourism industry overview

A total number of 39.80 million foreign tourists visiting Thailand in 2019, representing 4.24% growth rate from 2018, which is decrease compared to CAGR during 2015-2019 at 7.39% mainly due to the number of Chinese tourists dropped as a result of boat incident in Phuket. However, Asian tourist markets are still growing such as Malaysian, South Korean, Japanese and Indian

Spending of foreign tourists visiting Thailand in 2019 was 1.93 trillion baht, growing from 2018 which was 1.88 trillion baht or representing 3.05% growth rate, which is a decrease compared to CAGR Between 2015-2019 at 7.33%. This slower growth rate is due to the strengthening of Thai Baht that fluctuate around 30.00-30.50 baht per dollar, which affects purchasing power and the decision to visit Thailand, especially visitors from Europe and America

Development in 2019

The company invested in the food and beverage business by acquiring all shares of PDS Holding Company Limited, which owns mater franchise agreement of “Gram Pancakes” and “Pablo Cheesetart” brands in the 4th quarter of 2019. This investment is in accordance with the company’s business expansion strategy by increase the recurring income and the proportion of the food and beverage businesses revenues. In addition, the Group Has made the deposit for land to develop hotel and residence project in Phuket, which currently on the process of designing and preparing to request necessary licenses. The project expects to operate and begin the transfer of ownership in the year 2022.

Revenue Structure

The Group’s revenue includes revenue from hotel operations, revenue from property development operations, Revenue from sales of food and beverage, Revenue from management service, interest income and other incomes. In 2019, 71.68% of revenue was from hotel operations.

In 2019, the group’s total revenue decreased from 2,431.31 THB mm in 2018 to 1,746.90 THB mm, or representing a decrease rate of 28.15%, mainly due to the decrease in revenue from property development operations from 1,053.20 THB mm in 2018 to 370.55 THB mm in 2019 due to the number of ownership transfers of Veranda Residence Pattaya project decreased.



In this regard, the total revenue structure for 2018 and 2019 can be summarized as follows

Revenue	For the year ended December 31			
	2018		2019	
	THB mm	%	THB mm	%
Revenue from hotel operations	1,313.61	54.03	1,252.20	71.68
Revenue from property development operations	1,053.20	43.32	370.55	21.21
Revenue from sales of food and beverage	20.53	0.84	44.83	2.57
Revenue from management service	19.23	0.79	28.77	1.65
Interest income	0.16	0.01	0.37	0.02
Other income	24.58	1.01	50.18	2.87
Total Revenue	2,431.31	100.00	1,746.90	100.00

Revenue from hotel operations

Details of revenue from hotel operations for 2018 and 2019 can be summarized as follows

	unit	For the year ended December 31	
		2018	2019
Number of operating hotels	of	5	5
Number of rooms	room	637	637
Occupancy rate	%	69.92	67.77
Average daily room rate	Baht/room/night	4,292	4,320
Revenue Per Available Room	Baht/room/night	3,001	2,928
Revenue from hotel operations			
Room revenues	THB mm	697.77	680.68
Food and beverage revenues	THB mm	430.60	405.83
Revenue from other service	THB mm	185.25	165.70
Revenue from hotel operations	THB mm	1,313.61	1,252.20

Revenue from hotel operations decreased from 1,313.61 THB mm in 2018 to 1,252.2 THB mm in 2019, representing a decrease rate of 4.67%, which is the same trend as the industry. The decreased of revenue was from the lower Occupancy rate (OCC) of 2.2% due to the strengthening of the Thai Baht and increased competition, with OCC mainly reduced from wholesales FIT customers. Revenue from food and beverages and conferences decreased as well due to decreasing in room revenues. However, the Average daily room rate (ADR) increased by 0.7% as a result of growth in direct website and OTA booking channels.

Revenue from property development operations

The Group has revenue from property development operations through sales of residential projects in the low rise and high-rise categories and will recognize revenue when the transfer of ownership of units to the buyer, and after the company receive payment from the buyer completely, including revenue from the sale of furniture in addition to the units stipulated in the purchase and sale agreement.

Details of revenue recognition from property development operations classified by project for 2018 and 2019 can be summarized as follows

Residential project	Transfer status according to project value for the year ended December 31		
	2018	2019	Balance not yet transferred which are units that have been sold and in the process of selling
	THB mm	THB mm	THB mm
Veranda Hi Residence Chiang Mai	-	36.13	69.95
Veranda Residence Pattaya	1,053.20	334.42	155.31
Veranda Residence Hua-Hin	-	-	2,461.65
Revenue from property development operations	1,053.20	370.55	2,734.41

Details show the status of transfers according to the value of residential condominium projects for the 2018 and 2019

Residential project	The proportion of the transfer value of the project.			
	For the year ended December 31			
	Project value	2018	2019	Balance not yet transferred
THB mm	%	%	%	
Veranda Hi Residence Chiang Mai	198.25	-	18.12	35.28
Veranda Residence Pattaya	1921.79	54.8	17.40	8.08
Veranda Residence Hua-Hin	2,461.65	-	-	100.00

For the year 2019, Revenue from property development operations equal to 370.55 THB mm, decreased from 1,053.20 THB mm in 2018, or representing a decrease rate of 64.82%, mainly due to the majority of revenue has been recognized in 2018, which accumulated 239 units, or representing 73.97% of the total project value. As of 2019, the group has transferred 66 additional units or transferred cumulative of 91.15% of the total project value. Veranda Residence Hua-Hin will begin in the 1st quarter of 2020.

Other income

For the year 2019 Group's other income increased from 24.58 THB mm in 2018 to 50.18 THB mm in 2019, or representing increased rate of 104.15% mainly due to the income from deduction of construction cost and construction management fee income.

Cost of sales

Cost of sales	For the yearended December 31			
	2018		2019	
	THB mm	% of cost of sales	THB mm	% of cost of sales
Cost of hotel operations	820.26	52.82	797.26	70.97
Costs of property development operations	705.81	45.45	271.54	24.17
Cost of sales of food and beverage	13.73	0.88	37.60	3.35
Cost of management service	13.19	0.85	16.95	1.51
Total cost of sales	1,552.98	100.00	1,123.35	100.0

the year 2019, Total cost of sales decreased from 1,123.35 THB mm in 2018 to 1,552.98 THB mm in 2019. The lower cost of sales was from the decreased in cost of property development operations from 705.81 THB mm in 2018 to 271.54 THB mm in 2019 due to the 175 units transferred of Veranda Residence Pattaya in 2018 comparing with 66 units transferred of Veranda Residence Pattaya and 3 units transferred of Veranda High Residence Chiang Mai.

Gross profit and gross margin

Gross profit and gross profit classified by business type	unit	สำหรับปี สิ้นสุดวันที่ 31 ธันวาคม	
		2018	2019
Gross profit			
Hotel operations	ล้านบาท	493.36	454.95
Property development operations	ล้านบาท	347.39	99.00
Other	ล้านบาท	12.84	19.04
Gross profit	ล้านบาท	853.59	573.00
Gross margin			
Hotel operations	ร้อยละ	37.56	36.33
Property development operations	ร้อยละ	32.98	26.72
Other	ร้อยละ	32.30	25.87
Gross profit margin	ร้อยละ	35.47	33.77

Gross profit for the year 2018 and the year 2019 of 853.59 THB mm and 573.00 THB mm respectively, representing a gross profit margin of 35.47% and 33.77% respectively.

Gross profit from hotel operations in 2019 decreased from 493.36 THB mm in 2018 to 454.95 THB mm in 2019 or representing decrease rate of 7.78% due to the decrease in occupancy rates in hotel operations.

In the year 2019, gross profit of property development operations decreased from 347.39 THB mm in 2018 to 99.00 THB mm in 2019 due to the lower transfer of property development business.

Selling expenses and administrative expenses

	For the year ended December 31	
	2018	2019
	THB mm	THB mm
Selling expenses	227.59	201.65
Selling expenses to total revenue (%)	9.36	11.54
Administrative expenses	252.99	255.84
Administrative expenses per total revenue (%)	10.41	14.65

For the year 2019 Selling expenses decreased from 227.59 THB mm in 2018 to 201.65 THB mm in 2019 or representing decrease rate of 11.40% was mainly due to the expenses relating to the transferred units of Veranda Residence Pattaya decreased in accordance with the number of units transferred.

For the year 2019 Administrative expenses increased from 252.99 THB mm in 2018 to 255.84 THB mm in 2019 or representing increase rate of 1.13% mainly due to the adjustment of employee salaries, register fees and service fees which increased after being listed on the Stock Exchange of Thailand.

There are also One-Time expenses include : 1) the expense of employee benefits increased in the 2nd quarter of 2019 of 1.25 THB mm as a result of the adoption of the Labor Protection Act (vol. the 7) Act 2019, which sets compensation rates from 300 days to 400 days 2) Office rents, which began recording as an expense during the renovation of 1.6 THB mm 3) The advisor fee of the investment in PDS holding co., Ltd. and others amount of 1.54 THB mm and the income tax expense from the t additional tax assessment for 2017 and 2018 for 4.93 THB mm.

Financial expenses

The financial expenses for the year 2018 and 2019 are 110.86 THB mm and 69.71 THB mm respectively or representing rate of 4.56% and 3.99% of total revenue, which resulted as decrease in loans from financial institutions from 2,337.85 THB mm in 2018 to 2,221.07 THB mm in 2019 and also negotiated for lower interested rates after being listed on the Stock Exchange of Thailand.

Net profit and net profit margin

	unit	For the year ended December 31	
		2018	2019
Net profit	THB mm	235.78	83.20
Net profit margin	%	9.70	4.76

Profit for the year 2018 year and 2019 are 235.78 THB mm and 83.20 THB mm respectively or representing net profit margin of 9.7% and 4.76%. for the year 2019. The Company's net profit for the period is 83.20 THB mm, representing a net profit margin of 4.76%. The lower Net Profit was mainly due to a decrease in number of units transferred in property development business while the hotel operations revenue has slightly decreased.



Financial Statement

Asset

As of 31 December 2019, the company had total assets of 5,453.62 THB mm increased from 4,781.37 THB mm in 2018, or representing a growth rate of 14.06%. The main assets of the company consisted of cash and cash equivalents, Trade and other receivables, property development costs, advance payment for construction, other current assets, property plant and equipment, leasehold rights, goodwill and deferred tax assets

In 2019, the increase in total assets This was due primarily to the increase in the cost of property development through the progress in the construction of Veranda Residences Hua-Hin and also invested in the food and beverage business with the purchase of all the shares of PDS Holdings Co., Ltd at 110.00 THB mm.

Liabilities

As of 31 December 2019, total liabilities are 3,364.88 THB mm, decreased from 3,440.77 in 2018 or representing decrease rate of 2.21%. The majority of the Group's debt consisted of both short term and long term loan from financial institutions, trade and other payables and advance received from customers The decreased in total liabilities was mainly from the repayment of loans from financial institutions after the capital increase by the initial public offering of additional ordinary shares and also from operating cash flow.

Shareholder's equity

As of 31 December 2019, total equity increased from 1,340.60 THB mm in 2018 to 2,088.74 THB mm as of December 31,2019 or representing a growth rate of 55.81% mainly due the initial public offering of additional ordinary shares and increasing of the retained earnings of the company.

Liquidity and financial structure

Liquidity

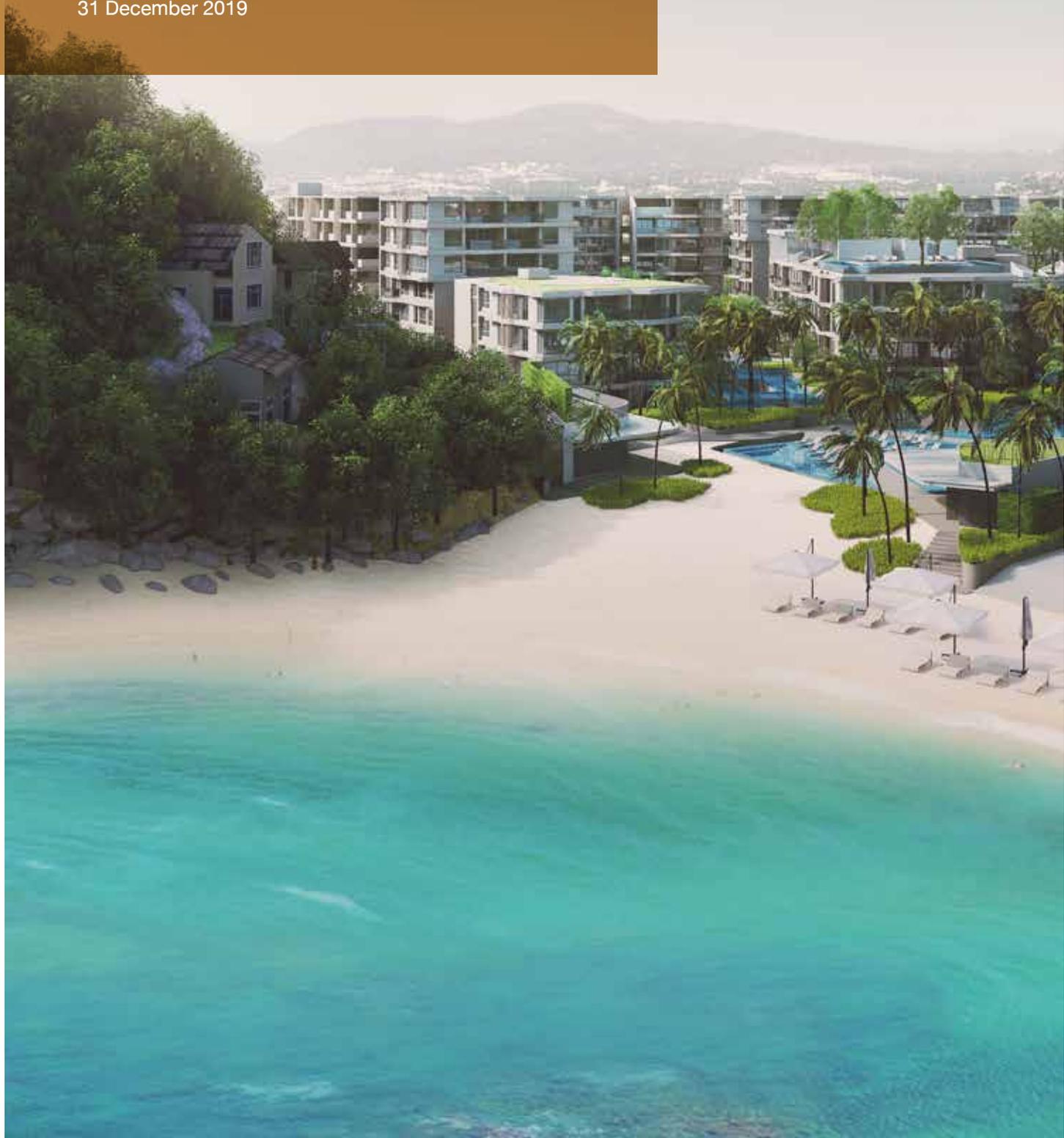
As at December 31, 2019 The Company's current ratio decreased from 1.12 times to 0.92 times compared to the previous year The ratio decreased mainly due to the increased in current proportion of long-term loans under property development business from of 261.30 THB mm as of 31 December, 2018 to 1,112.95 THB mm as of 31 December, 2019 ,which is in line with plans to transfer the Veranda Residence Hua-Hin Q1 2020.

Financial structure

As at December 31 2019, The Company D/E ratio is 1.61 times and IBD/E Ratio is 1.06. decreased from the end of the year 2018 at 2.57 times and 1.80 times respectively due to the repayment of long-term loans from financial institutions after the capital increase by the initial public offering of additional ordinary shares and operating cash flow.

Report and consolidated financial statements

Veranda Resort Public Company Limited and its subsidiaries
31 December 2019



Independent Auditor's Report

To the Shareholders of Veranda Resort Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Veranda Resort Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Veranda Resort Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Veranda Resort Public Company Limited and its subsidiaries and of Veranda Resort Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Revenue recognition from hotel operations

The Group recognises revenue as discussed in the Note 4.1 to the consolidated financial statements.

Revenue from hotel operations are significant accounts in the financial statements. The revenue is derived from recurring daily transactions and the amounts recorded directly impact the Group's annual profit and loss. Moreover, the Group has numerous customers in various categories with whom different commercial terms and conditions are applied. I have therefore focused on audit of revenue recognition from hotel operations.

I have examined the revenue recognition of the Group including:

- Assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Compliance with loan covenants in loan agreements from financial institution

As discussed in the Note 22 to the consolidated financial statements, the Group has significant loan balances, the balance of loan from financial institutions represented 66% of total liabilities in consolidated financial statements, comprising a number of loan agreement from financial institution. Each stipulates certain covenants. If the Group is unable to comply with those covenants, this may affect the call of loans from financial institution by the lenders as well as the reclassification of the liabilities from non-current liabilities to current liabilities.

I have examined the compliance with loan covenants in loan agreements from financial institution including:

- Understanding of the process of the management's monitoring of compliance with the covenants stipulated in the borrowing agreements and checked compliance with both non-financial and financial covenants, including whether financial ratios were in line with those stipulated in the borrowing agreements.
- Checking the waiver letter from the financial institution.
- Reviewing the disclosures made with respect to covenants in the notes to the financial statements.

Acquisition of investment in subsidiary

As discussed in the Note 2.2 to the consolidated financial statements, in November 2019 the Company acquired shares of PDS Holding Company Limited ("PDS"). As at 31 December 2019, the Company provisionally recorded the acquisition using a best estimate of the values of the assets acquired and liabilities assumed, determined by applying the acquisition method. The Company will complete the recording of the acquisition within 2020, and the amount recorded as at 31 December 2019 may change. I have focused on this business acquisition since it is material to the financial statements as a whole. The management needed to exercise substantial judgment to determine the assumptions used as a basis for provisional recognition of the acquisition, a risk with respect to the recognition of the assets acquired and liabilities assumed, including initial difference on the acquisition.

I have examined the acquisition of investment in subsidiary including:

- Reviewing the terms and conditions of the sale and purchase agreement.
- Inquiring with management as to the nature and objectives of the acquisition in order to assess whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised: 2017) Business Combinations.

- Checking the consideration value of the acquisition against supporting documents and related payments.
- Assessing whether it reflected the fair value of the consideration transferred and did not include the acquisition-related costs.
- Evaluating the method and assumptions that the management used in determining the provisionally recognised value of the acquisition by making enquiries of responsible executives.
- Testing the calculation and considered the reason for the initial difference on acquisition recognised from the business combination
- Reviewed the disclosures related to the business combination in the notes to financial statements.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

I am responsible for the audit resulting in this independent auditor's report.



Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

EY Office Limited

Bangkok: 25 February 2020

Statement of financial position

As at 31 December 2019

Veranda Resort Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Assets					
Current assets					
Cash and cash equivalents	8	88,222,720	68,291,859	54,671,479	21,411,767
Current investment	9	124,532,649	306,568	124,385,930	13,438
Trade and other receivables	7, 10	55,060,399	54,490,378	21,742,337	36,175,510
Inventories	11	22,042,984	16,963,402	3,753,347	3,702,762
Property development cost	12	1,537,049,743	1,098,081,252	1,430,561,438	744,194,067
Advance payment for construction		57,981,848	106,939,634	56,437,881	96,316,754
Cost to obtain contracts	6	42,747,418	-	39,764,990	-
Other current assets	7, 13	33,203,730	38,376,756	8,280,699	384,137
Total current assets		1,960,841,491	1,383,449,849	1,739,598,101	902,198,435
Non-current assets					
Restricted deposit at financial institution		263,182	61,741	62,291	61,741
Long-term loans to subsidiaries	7	-	-	537,702,777	368,146,379
Investments in subsidiaries	14	-	-	1,483,069,594	1,396,785,183
Investment property	15	12,500,000	12,500,000	12,500,000	12,500,000
Property, plant and equipment	16	3,177,700,213	3,185,200,706	764,064,504	679,777,469
Intangible assets	17	36,150,471	19,383,618	5,358,957	6,240,336
Leasehold rights	18	89,383,395	93,714,496	-	-
Goodwill	19	31,449,737	31,449,737	-	-
Excess of acquisition cost over net asset value (negative balance) attributable to the Company's investment	2.2	76,787,549	-	-	-
Deferred tax assets	30	41,735,627	37,178,145	24,434,890	19,806,926
Other non-current assets		26,803,365	18,434,479	17,042,229	7,925,802
Total non-current assets		3,492,773,539	3,397,922,922	2,844,235,242	2,491,243,836
Total assets		5,453,615,030	4,781,372,771	4,583,833,343	3,393,442,271

The accompanying notes are an integral part of the financial statements.

Statement of financial position (continued)

As at 31 December 2019

Veranda Resort Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	20	324,396	76,525,153	318,469	67,969,011
Trade and other payables	7, 21	369,320,421	380,500,286	234,141,517	129,323,987
Current portion of long-term loans from financial institutions	22	1,112,952,609	261,296,381	936,952,609	105,296,381
Current portion of finance lease liabilities	23	1,988,767	1,707,288	1,361,607	1,109,177
Current portion of deferred revenue from leasehold rights	24	7,805,320	7,805,320	-	-
Income tax payable		2,399,884	8,448,513	-	-
Advance received from customers	7	601,735,275	486,272,861	533,691,025	363,769,863
Other current liabilities		41,067,859	14,494,362	8,447,891	3,832,925
Total current liabilities		2,137,594,531	1,237,050,164	1,714,913,118	671,301,344
Non-current liabilities					
Rental deposit		3,669,003	3,669,003	-	-
Long-term loans from financial institutions					
- net of current portion	22	1,104,003,737	2,076,557,828	344,203,737	940,757,828
Long-term loans from subsidiary	7	-	-	-	3,850,000
Finance lease liabilities - net of current portion	23	1,801,917	2,150,829	1,168,639	1,821,217
Deferred revenue from leasehold rights					
- net of current portion	24	8,305,320	16,110,640	-	-
Provision for long-term employee benefits	25	17,900,946	11,953,400	9,949,520	7,114,640
Deferred tax liabilities	30	56,266,485	56,717,420	-	-
Other non-current liabilities		35,334,964	36,562,028	10,082,213	267,500
Total non-current liabilities		1,227,282,372	2,203,721,148	365,404,109	953,811,185
Total liabilities		3,364,876,903	3,440,771,312	2,080,317,227	1,625,112,529

The accompanying notes are an integral part of the financial statements.

Statement of financial position (continued)

As at 31 December 2019

Veranda Resort Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Shareholders' equity					
Share capital	26				
Registered					
350,000,000 ordinary shares of Baht 5 each		1,750,000,000	1,750,000,000	1,750,000,000	1,750,000,000
Issued and fully paid-up					
319,681,672 ordinary shares of Baht 5 each (31 December 2018: 244,681,672 ordinary shares of Baht 5 each)		1,598,408,360	1,223,408,360	1,598,408,360	1,223,408,360
Share premium		819,968,299	464,904,627	819,968,299	464,904,627
Share discount on business combination under common control		(120,629,995)	(120,629,995)	-	-
Capital deficit from change in shareholding in subsidiaries		(471,467,670)	(471,467,670)	-	-
Retained earnings					
Appropriated - statutory reserve	27	11,905,000	6,571,685	11,905,000	6,571,685
Unappropriated		250,547,620	237,803,375	73,233,529	73,444,367
Other components of shareholders' equity		6,513	11,077	928	703
Total shareholders' equity		2,088,738,127	1,340,601,459	2,503,516,116	1,768,329,742
Total liabilities and shareholders' equity		5,453,615,030	4,781,372,771	4,583,833,343	3,393,442,271
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Statement of comprehensive income

For the year ended 31 December 2019

Veranda Resort Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenue					
Revenue from hotel operations	7	1,252,204,451	1,313,614,465	259,867,796	283,539,258
Revenue from management service	7	28,765,746	19,230,045	30,126,930	33,406,142
Revenue from sales of real estate	7	370,549,320	1,053,195,084	36,128,286	-
Revenue from sales of food and beverage		44,827,542	20,528,810	6,181,136	5,310,306
Interest income	7	369,319	162,135	20,887,810	20,845,201
Dividend income	7	-	-	77,974,179	70,008,996
Other income	7	50,180,766	24,576,489	25,747,777	24,966,125
Total revenue		1,746,897,144	2,431,307,028	456,913,914	438,076,028
Expenses					
Cost of hotel operations	7	797,256,264	820,258,749	166,839,943	174,711,057
Cost of management service	7	16,950,146	13,189,896	5,564,699	5,526,402
Cost of sales of real estate		271,541,081	705,806,215	26,789,544	-
Cost of sales of food and beverage	7	37,600,597	13,727,086	4,243,278	3,795,135
Selling expenses	7	201,649,106	227,587,547	63,632,148	62,224,508
Administrative expenses	7	255,837,700	252,987,061	105,797,927	94,671,854
Total expenses		1,580,834,894	2,033,556,554	372,867,539	340,928,956
Profit before finance costs and income tax revenue (expenses)		166,062,250	397,750,474	84,046,375	97,147,072
Finance costs	7	(69,708,935)	(110,864,179)	(20,418,704)	(33,816,590)
Profit before income tax revenue (expenses)		96,353,315	286,886,295	63,627,671	63,330,482
Income tax revenue (expenses)	30	(13,160,845)	(51,111,230)	11,571,418	5,738,309
Profit for the year		83,192,470	235,775,065	75,199,089	69,068,791
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain on change in value of available-for-sale investments					
- net of income tax		(4,564)	2,499	225	160
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(4,564)	2,499	225	160
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income tax	25	(1,511,262)	-	(735,094)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(1,511,262)	-	(735,094)	-
Other comprehensive income for the year		(1,515,826)	2,499	(734,869)	160
Total comprehensive income for the year		81,676,644	235,777,564	74,464,220	69,068,951

The accompanying notes are an integral part of the financial statements.

Statement of comprehensive income (continued)

For the year ended 31 December 2019

Veranda Resort Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit attributable to:					
Equity holders of the Company		83,192,470	235,775,065	75,199,089	69,068,791
		<u>83,192,470</u>	<u>235,775,065</u>	<u>75,199,089</u>	<u>69,068,791</u>
Total comprehensive income attributable to:					
Equity holders of the Company		81,676,644	235,777,564	74,464,220	69,068,951
		<u>81,676,644</u>	<u>235,777,564</u>	<u>74,464,220</u>	<u>69,068,951</u>
Earnings per share					
31					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.28	0.96	0.25	0.28
		<u>0.28</u>	<u>0.96</u>	<u>0.25</u>	<u>0.28</u>
Weighted average number of ordinary shares (thousand shares)		295,435	244,682	295,435	244,682
		<u>295,435</u>	<u>244,682</u>	<u>295,435</u>	<u>244,682</u>

The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity

For the year ended 31 December 2019

Veranda Resort Public Company Limited and its subsidiaries

(Unit: Baht)

Consolidated financial statements										
Equity attributable to the owners of the Company										
	Note	Equity attributable to the owners of the Company				Other components of shareholders' equity				Total shareholders' equity
		Issued and fully paid-up share capital	Share premium	Share discount on business combination under common control	Capital deficit from change in shareholding in subsidiaries	Retained earnings		Surplus on changes in value of available-for-sale investments	Total other components of shareholders' equity	
						Appropriated	Unappropriated			
Balance as at 1 January 2018		1,223,408,360	464,904,627	(120,629,995)	(471,467,670)	-	59,983,146	8,578	8,578	1,156,207,046
Profit for the year		-	-	-	-	-	235,775,065	-	-	235,775,065
Other comprehensive income for the year		-	-	-	-	-	-	2,499	2,499	2,499
Total comprehensive income for the year		-	-	-	-	-	235,775,065	2,499	2,499	235,777,564
Appropriated - statutory reserve		-	-	-	-	6,571,685	(6,571,685)	-	-	-
Dividend paid	35	-	-	-	-	-	(51,383,151)	-	-	(51,383,151)
Balance as at 31 December 2018		<u>1,223,408,360</u>	<u>464,904,627</u>	<u>(120,629,995)</u>	<u>(471,467,670)</u>	<u>6,571,685</u>	<u>237,803,375</u>	<u>11,077</u>	<u>11,077</u>	<u>1,340,601,459</u>
Balance as at 1 January 2019		1,223,408,360	464,904,627	(120,629,995)	(471,467,670)	6,571,685	237,803,375	11,077	11,077	1,340,601,459
Cumulative effects of changes in accounting policies due to the adoption of new financial report standard	6	-	-	-	-	-	37,939,246	-	-	37,939,246
Profit for the year		-	-	-	-	-	83,192,470	-	-	83,192,470
Other comprehensive income for the year		-	-	-	-	-	(1,511,262)	(4,564)	(4,564)	(1,515,826)
Total comprehensive income for the year		-	-	-	-	-	81,681,208	(4,564)	(4,564)	81,676,644
Increase in share capital	26	375,000,000	-	-	-	-	-	-	-	375,000,000
Increase in share premium	26	-	355,063,672	-	-	-	-	-	-	355,063,672
Appropriated - statutory reserve	27	-	-	-	-	5,333,315	(5,333,315)	-	-	-
Dividend paid	35	-	-	-	-	-	(101,542,894)	-	-	(101,542,894)
Balance as at 31 December 2019		<u>1,598,408,360</u>	<u>819,968,299</u>	<u>(120,629,995)</u>	<u>(471,467,670)</u>	<u>11,905,000</u>	<u>250,547,620</u>	<u>6,513</u>	<u>6,513</u>	<u>2,088,738,127</u>

The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

Veranda Resort Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Separate financial statements							
		Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			
				Appropriated	Unappropriated	Other comprehensive income		Total other components of shareholders' equity	Total shareholders' equity
						Surplus			
						on changes in value of available-for-sale investments			
Balance as at 1 January 2018		1,223,408,360	464,904,627	-	62,330,412	543	543	1,750,643,942	
Profit for the year		-	-	-	69,068,791	-	-	69,068,791	
Other comprehensive income for the year		-	-	-	-	160	160	160	
Total comprehensive income for the year		-	-	-	69,068,791	160	160	69,068,951	
Appropriated - statutory reserve		-	-	6,571,685	(6,571,685)	-	-	-	
Dividend paid	35	-	-	-	(51,383,151)	-	-	(51,383,151)	
Balance as at 31 December 2018		<u>1,223,408,360</u>	<u>464,904,627</u>	<u>6,571,685</u>	<u>73,444,367</u>	<u>703</u>	<u>703</u>	<u>1,768,329,742</u>	
Balance as at 1 January 2019		1,223,408,360	464,904,627	6,571,685	73,444,367	703	703	1,768,329,742	
Cumulative effects of changes in accounting policies due to the adoption of new financial report standard	6	-	-	-	32,201,376	-	-	32,201,376	
Profit for the year		-	-	-	75,199,089	-	-	75,199,089	
Other comprehensive income for the year		-	-	-	(735,094)	225	225	(734,869)	
Total comprehensive income for the year		-	-	-	74,463,995	225	225	74,464,220	
Increase in share capital	26	375,000,000	-	-	-	-	-	375,000,000	
Increase in share premium	26	-	355,063,672	-	-	-	-	355,063,672	
Appropriated - statutory reserve	27	-	-	5,333,315	(5,333,315)	-	-	-	
Dividend paid	35	-	-	-	(101,542,894)	-	-	(101,542,894)	
Balance as at 31 December 2019		<u>1,598,408,360</u>	<u>819,968,299</u>	<u>11,905,000</u>	<u>73,233,529</u>	<u>928</u>	<u>928</u>	<u>2,503,516,116</u>	
		-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	

The accompanying notes are an integral part of the financial statements.

Cash flow statement

For the year ended 31 December 2019

Veranda Resort Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax revenue (expenses)	96,353,315	286,886,295	63,627,671	63,330,482
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	217,651,344	209,964,720	50,310,344	48,429,035
Bad debt and doubtful accounts	299,645	1,695,212	311,405	1,831,099
Reversal of provision for long-term employee benefits	-	(565,000)	-	(565,000)
Reversal of allowance for diminution in value of property development cost	(2,289,068)	-	(2,289,068)	-
Loss on diminution in value of inventories	17,605	-	-	-
Write-off withholding tax deducted at source	967,604	320,650	-	-
Transfer of deferred income to revenue	(7,805,320)	(7,805,320)	-	-
Temporary difference from rental income	220,029	(234,874)	12,000	64,632
Temporary difference from operating lease	2,656,019	1,187,173	1,432,213	68,406
Temporary difference from service agreements	20,648	(240)	-	-
Loss (gain) on sales of assets	(771,644)	2,191,822	(410,204)	(330,651)
Loss on write-off assets	1,885,332	755,184	621,714	151,721
Gain on sales of current investments	(2,376,049)	-	(2,368,401)	-
Loss on impairment of investment	-	-	-	825,000
Loss on impairment of goodwill	-	2,390,000	-	-
Gain on change in fair value of current investment	(423,774)	-	(423,774)	-
Transfer of property development cost to cost of sales	273,830,151	705,806,215	29,078,612	-
Long-term employee benefits expense	3,568,818	2,074,227	1,916,011	974,596
Interest income	(369,319)	(162,135)	(20,887,810)	(20,845,201)
Dividend income	-	-	(77,974,179)	(70,008,996)
Finance cost	69,708,935	110,864,179	20,418,704	33,816,590
Profit from operating activities before changes in operating assets and liabilities	653,144,271	1,315,368,108	63,375,238	57,741,713
Decrease (increase) in operating assets				
Trade and other receivables	6,302,147	9,971,075	2,138,329	15,207,270
Inventories	(99,241)	3,221,863	(50,585)	352,738
Property development cost	(693,788,229)	(133,671,481)	(692,374,138)	(141,865,066)
Advance payment for construction	48,957,786	(83,027,807)	39,878,873	(96,316,754)
Cost of obtain contracts	61,055	-	(4,128,855)	-
Other current assets	6,065,828	11,457,026	(7,896,562)	2,285,229
Other non-current assets	(1,594,425)	2,898,042	(7,255,968)	324,436
Increase (decrease) in operating liabilities				
Trade and other payables	(50,469,668)	(116,057,137)	94,765,402	46,488,399
Advance received from customers	124,078,075	(35,058,179)	179,200,499	189,246,662
Other current liabilities	17,741,791	827,492	(2,971,903)	89,729
Other non-current liabilities	(15,739,496)	13,638,082	382,500	-
Cash flows from (used in) operating activities	94,659,894	989,567,084	(334,937,170)	73,554,356
Cash paid for interest expenses	(100,734,033)	(136,107,163)	(53,113,233)	(52,944,450)
Cash received from withholding tax deducted at source	1,002,392	-	-	-
Cash paid for income tax	(26,312,294)	(22,736,983)	(1,860,456)	(1,869,684)
Net cash flows from (used in) operating activities	(31,384,041)	830,722,938	(389,910,859)	18,740,222

The accompanying notes are an integral part of the financial statements.

Cash flow statement (continued)

For the year ended 31 December 2019

Veranda Resort Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Increase in restricted deposit at financial institution	(1,441)	(545)	(550)	(545)
Proceeds from sales of current investment	402,616,280	-	402,467,008	-
Cash paid for acquisition of current investment	(524,047,100)	-	(524,047,100)	-
Cash paid for long-term loans to subsidiaries	-	-	(393,711,565)	(112,000,000)
Cash received from long-term loans to subsidiaries	-	-	224,155,167	152,950,000
Cash paid for acquisition of investment in subsidiary	(17,700,145)	-	(30,484,411)	-
Proceeds from increase in share capital of subsidiaries	-	-	(44,000,000)	-
Cash received from interest income	369,319	162,135	32,859,249	23,351,000
Dividend income	-	-	77,974,179	70,008,996
Cash paid for acquisition of property, plant and equipment	(154,384,952)	(58,169,823)	(112,664,465)	(19,215,192)
Cash paid for acquisition of intangible assets	(3,151,690)	(970,322)	(315,925)	(322,422)
Cash paid for acquisition of leasehold right	-	(1,810,797)	-	-
Proceeds from disposal of equipment	832,560	1,987,679	534,599	863,346
Proceeds from disposal of intangible assets	-	42,000	-	42,000
Net cash flows from (used in) investing activities	(295,467,169)	(58,759,673)	(367,233,814)	115,677,183
Cash flows from financing activities				
Decrease in bank overdraft and short-term loans				
from financial institutions	(76,200,757)	(104,866,618)	(67,650,542)	(46,326,799)
Repayment of short-term loan from unrelated party	(10,000,000)	-	-	-
Cash received from long-term loans from subsidiary	-	-	25,800,000	8,800,000
Repayment of long-term loan from subsidiary	-	-	(29,650,000)	(62,000,000)
Cash received from long-term loans from financial institutions	370,000,000	134,485,000	370,000,000	134,485,000
Repayment of long-term loans from financial institutions	(491,540,000)	(741,410,876)	(135,540,000)	(100,740,000)
Repayment of long-term loan from unrelated parties	(72,231,588)	-	-	-
Repayment of finance lease liabilities	(1,766,362)	(1,736,812)	(1,075,851)	(1,032,098)
Cash paid for financial service fee	-	(1,792,000)	-	(1,792,000)
Cash received from additional ordinary shares	750,000,000	-	750,000,000	-
Cash paid for additional ordinary shares expenses	(19,936,328)	-	(19,936,328)	-
Dividend paid	(101,542,894)	(51,383,151)	(101,542,894)	(51,383,151)
Net cash flows from (used in) financing activities	346,782,071	(766,704,457)	790,404,385	(119,989,048)
Net increase in cash and cash equivalents	19,930,861	5,258,808	33,259,712	14,428,357
Cash and cash equivalents at beginning of year	68,291,859	63,033,051	21,411,767	6,983,410
Cash and cash equivalents at end of year (Note 8)	88,222,720	68,291,859	54,671,479	21,411,767
	-	-	-	-
Supplemental cash flows information				
Non-cash items				
Increase in other payables from purchase of assets	12,191,139	1,209,377	11,936,128	5,295,097
Purchase of assets under finance lease agreement	1,550,703	-	675,703	-
Finance cost recorded as property, plant and equipment	2,273,548	2,389,855	2,273,548	2,389,855
Finance cost recorded as property development cost	27,379,118	24,881,907	27,379,118	20,952,017
Transfer equipment to intangible assets	-	4,662	-	-
Transfer property development cost to property, plant and equipment	10,657,774	1,682,589	6,596,340	1,682,589
Increase (decrease) on change in fair value of available-for-sale investments	(4,564)	2,499	225	160

The accompanying notes are an integral part of the financial statements.

Notes to consolidated financial statements

For the year ended 31 December 2019

Veranda Resort Public Company Limited and its subsidiaries

1. General information

Veranda Resort Public Company Limited (“the Company”) is a limited company incorporated and domiciled in Thailand. The Company is principally engaged in the hotel business (Veranda Resort and Spa Hotel) and property development. The registered office of the Company is at 555 Rasa Tower Unit 2701 - 2704 Floor 27, Phaholothin Road, Chatuchak, Bangkok. There are 3 branches; the first branch located at 737/12 Mung Talay Road, Cha-Am, Petchaburi Province, the second branch located at 192 Moo 2, Ban pong, Hang dong, Chiang Mai Province, and the third branch located at 122/210 Nong Kae, Hua Hin, Prachuabkhirikhun Province.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Veranda Resort Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			(%)	(%)
Huahin Pool Suite Co., Ltd.	Hotel operations	Thailand	99.99	99.99
Oak Tree Co., Ltd.	Hotel operations	Thailand	99.99	99.99
Oak Tree Realty Co., Ltd.	Rental properties and human resource outsourcing service	Thailand	99.99	99.98
Veranda Cuisine Co., Ltd.	Food and beverage sales	Thailand	99.99	99.99
The isa Resort Co., Ltd.	Hotel operations	Thailand	99.99	99.99

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019 (%)	2018 (%)
Veranda Beach Pattaya Co., Ltd.	Hotel operations and Property development	Thailand	99.99	99.99
PDS Holding Co., Ltd. (Being subsidiary on 21 November 2019)	Food and beverage sales	Thailand	99.99	-

On 17 September 2019, a meeting of the Company's Board of Director approved to invest in PDS Holding Company Limited ("PDS") totaling 202,966 shares (equivalent to 99.99% of the total issued share capital of PDS), at the value of Baht 42.28 million including the transaction cost amounting to Baht 1.1 million. The Company and the sellers have entered into the Share Purchase Agreement on 21 November 2019.

Under the share purchase agreement, the Company agreed to pay a total of Baht 106.9 million to the seller. The amount consists of the share price of Baht 30.2 million and the assignment of claims on outstanding liabilities of PDS Holding Company Limited amounted of Baht 76.7 million. Moreover, under the agreement, the Company has a special agreement to pay consideration of Baht 11 million to one of the sellers, the Director of PDS at present. This transaction is presented under "Contingent consideration liability"

Details of net book value of identifiable net assets and liabilities of PDS Holding Company Limited as of the acquisition date are as follows:

	(Unit: Thousand Baht)
Cash and cash equivalents	13,484
Trade and other receivables	7,172
Inventories	4,998
Other current assets	893
Restricted deposit at financial institution	200
Building and equipment	22,450
Intangible assets	17,873
Deferred tax assets	9,296
Other non-current assets	5,690
Trade and other payables	(29,113)
Short-term loan from related company	(10,000)
Finance lease liabilities	(148)
Advance received from customers	(3,243)
Other current liabilities	(1,175)
Long-term loan from related parties	(72,232)
Provision for long-term employee benefits	(492)
Other non-current liabilities	(1,256)
Net asset value	(35,603)
Equity of the Company (%)	99.99

(Unit: Thousand Baht)

Net asset value attributable to the Company's investment	(35,603)
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Add: Difference between purchase consideration transferred and net asset value of the subsidiary	76,787
Purchase consideration transferred	<u>41,184</u>

(Unit: Thousand Baht)

Purchase consideration transferred

Cash paid for acquisition of shares	30,184
Contingent consideration liability	11,000
Purchase consideration transferred	<u>41,184</u>

(Unit: Thousand Baht)

Cash paid for acquisition of investment in the subsidiary	30,184
Cash paid in purchase consideration transferred-in during the year	1,000
Less: Cash and cash equivalents of the subsidiary	<u>(13,484)</u>
Total cash paid for purchase of investment in subsidiary	<u>17,700</u>

In order to adjust the provisional values recognised and allocate costs of the business acquisition to the identifiable items, it could be completed within the period of twelve months from the acquisition date allowed under Thai Financial Reporting Standard 3 (revised 2018) Business Combinations. The Company recorded the excess of the purchase consideration transferred for the acquisition of PDS Holding Co., Ltd. over its net asset value attributable to the Company's investment as a separate item in the consolidated statement of financial position under the caption of "Excess of acquisition cost over net asset value attributable to the Company's investment".

- b) The Company is deemed to have control over an investee or the subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that significantly affect the amount of its returns.
- c) The subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.

- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current period

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Group adopted TFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2019, and the comparative information was not restated. The Group elects to apply the following practical expedients.

- Not restate completed contracts as at 1 January 2019 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy;

The cumulative effect of the change is described in Note 6.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group expects the adoption of these accounting standards to result in the following adjustments.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

4. Significant accounting policies

4.1 Revenue recognition

(a) Revenue from hotel operations

Revenue from hotel operations mainly comprises room sales, food and beverage sales and revenue from other related services. Revenue is recognised at a point in time when services have been rendered. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.

(b) Revenue from sales of real estate

Revenue from sales of land and houses and residential condominium units are recognised at the point in time when control of the real estate is transferred to the customer, generally upon transfer of the legal. Revenue from sales of real estate is measured at the amount of the consideration received after deducting discounts and considerations payable to the customer. The terms of payment are in accordance with the payment schedule specified in the customer contract. Considerations received before transferring control of the real estate to the customer are presented under the caption of “Advances received from customers” in the statement of financial position.

(c) Revenue from sale food and beverage

Sales from restaurant operations are recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Sales from restaurant operations represent the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.

(d) Management fee income

Management fee income is recognised at a point in time upon completion of the service. Management fee income is the invoiced value, excluding value added tax, of rendered services.

(e) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

(f) Dividends income

Dividends income is recognised when the right to receive the dividends is established.

4.2 Cost of property development operations

Cost of land and houses sold and cost of residential condominium unit sold consist of cost of land, land improvement, design fees, public utilities, construction and direct related interest and other related cost.

In determining the cost of land and houses sold and cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land and houses sold and residential condominium units sold recognised in profit and loss on the basis of the salable area.

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

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Investments

- a) Investment in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in subsidiaries is accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.5 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.6 Inventories

Inventories are valued at the lower of cost under the weighted average method and net realisable value.

4.7 Property development cost

Land and construction in progress are stated at the lower of cost or net realisable value. The calculation of cost value is summarised below.

Land	-	Cost of land is recognised under weighted average method, separating by project.
Property under construction	-	Property under construction consists of construction cost, utilities and directly related interest cost. The construction cost and utilities recognised on the incurred actual costs.

The Group recognised losses on diminution in value of project (if any) in profit or loss.

Costs to obtain contracts

The Group recognises a commission paid to obtain a customer contract as an asset and amortises it to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of the consideration that the entity expects to receive less direct costs.

4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.9 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement and exterior design work	5 - 20 years
Building and building improvements	5 - 30 years
Tools and equipment	5 -20 years
Furniture and fixtures	5 -20 years
Motor vehicles	5 and 10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation/construction.

The Group derecognised an item of property, plant and equipment upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.11 Intangible assets and amortisation

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 and 10 years
Trademarks	25 years
Franchise	3 - 20 years

4.12 Leasehold rights

Leasehold rights are stated at cost less any accumulated amortisation and allowance for diminution in value (if any). Leasehold rights are amortised as expenses in the income statements on a straight-line basis over the lease term.

4.13 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.14 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.15 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.16 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.17 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.18 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognizes restructuring - related costs.

4.19 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.20 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Revenue from contracts with customers

Identification of performance obligations

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

Determination of timing of revenue recognition

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Group recognises revenue over time in the following circumstances:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

Determination of transaction price

In determining transaction price, the management is required to use judgement in estimating the variable consideration. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold. The Group include any amount of variable consideration in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

The Group recognises deferred tax assets for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Allowance for cost of property development for sale

The Group considers the reduction of property development for sale. When found that the fair value is significant decrease. Management considers adjusted value of property development for sale to be recoverable amount. However, the significant and reduction value is depend on discretion of the management.

Leases

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Costs to obtain contracts

The recognition of costs incurred to obtain a contract as an asset requires management to use judgement regarding whether such costs are the incremental costs of obtaining a contract with a customer as well as what amortisation method should be used.

Property plant and equipment/Depreciation

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

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

Post-employment benefits under defined benefit plan

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current period, the Group has adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2019. Therefore, the comparative information was not restated.

The effect of the changes in accounting policies due to the adoption of TFRS 15 on the beginning balance of retained earnings for 2019 comprises:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Impact on retained earnings as at 1 January 2019		
Cost to obtain contracts	42,808	35,636
Provision for utilisation of gift voucher	3,693	3,693
Related tax expenses	(8,562)	(7,128)
Total	37,939	32,201

The amounts of adjustments affecting the statements of financial position as at 31 December 2019 and the statements of comprehensive income for the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of financial position			
Assets			
Cost to obtain contracts	-	42,747	42,747
Other current assets	33,390	(186)	33,204
Deferred tax assets	51,646	(9,910)	41,736
Total assets		32,651	
Liabilities			
Advance received from customers	610,964	(9,229)	601,735
Other current liabilities	38,395	2,673	41,068
Total liabilities		(6,556)	

(Unit: Thousand Baht)

	Consolidated financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Shareholders' equity			
Retained earnings - unappropriated	211,341	39,207	250,548
Total shareholders' equity		39,207	
Total liabilities and shareholders' equity		32,651	

(Unit: Thousand Baht)

	Consolidated financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of comprehensive income			
For the year ended 31 December 2019			
Profit or loss:			
Revenue from hotel operations	1,250,491	1,713	1,252,204
Revenue from property development operations	370,954	(405)	370,549
Other income	50,156	25	50,181
Selling expenses	202,933	(1,284)	201,649
Income tax expenses	11,812	1,349	13,161
Profit for the year		1,268	
Attributable to:			
Profit attributable to equity holders of the Company	81,924	1,268	83,192
Earnings per share (Baht):			
Basic earnings per share	0.28	-	0.28

(Unit: Thousand Baht)

	Separate financial statements		
	Previous accounting policy	Increase (decrease)	IFRS 15
Statement of financial position			
Assets			
Cost to obtain contracts	-	39,765	39,765
Other current assets	8,467	(186)	8,281
Deferred tax assets	33,748	(9,313)	24,435
Total assets		30,266	
Liabilities			
Advance received from customers	542,920	(9,229)	533,691
Other current liabilities	5,775	2,673	8,448
Total liabilities		(6,556)	
Shareholders' equity			
Retained earnings - unappropriated	36,412	36,822	73,234
Total shareholder's equity		36,822	
Total liabilities and shareholders' equity		30,266	

(Unit: Thousand Baht)

	Separate financial statements		
	Previous accounting policy	Increase (decrease)	IFRS 15
Statement of comprehensive income			
For the year ended 31 December 2019			
Profit or loss:			
Revenue from hotel operations	258,155	1,713	259,868
Other income	25,723	25	25,748
Selling expenses	68,702	(5,070)	63,632
Income tax expenses	13,758	(2,187)	11,571
Profit for the year		4,621	
Attributable to:			
Profit attributable to equity holders of the Company	70,578	4,621	75,199
Earnings per share (Baht):			
Basic earnings per share	0.24	0.01	0.25

The nature of these adjustments are described below:

- Commission paid to obtain a contract - The management of the Group has determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Group immediately recorded commission as selling expenses when the transaction occurred.
- Promotion expenses specified in the contracts with customers are given to customers when they have entered into the purchase agreement and complete installment as stipulated in the agreement or register the transfer of houses or condominium units, including consideration paid to customers and providing gift vouchers for hotel accommodations.

Consideration paid to customers - The Group paid registration fee for the transfer of houses or condominium units or paid common area fee to the juristic person of house projects or condominium projects on behalf of customers when the customers register the transfer of houses or condominium units.

Providing gift vouchers for hotel accommodations - The Company offered gift vouchers for using hotel accommodations of the Group when the installment payments for the condominium units reach the amount specified by the Company. Customers are entitled to stay in the designated hotels of the Group within 1 year from the date that customers receive the gift vouchers.

The management of the Group has considered that these transactions are consideration paid to customers. Therefore, they should be recorded as net offsetting with revenue from property sales, not selling expenses as previously recorded.

Movement in cost to obtain contracts with customers during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	-	-
Addition from retain earning adjustment	42,808	35,636
Addition during the period	11,698	5,101
Record as selling expenses during the period	(11,759)	(972)
Balance as at 31 December 2019	<u>42,747</u>	<u>39,765</u>

7. Related party transactions

Relationships between the Group and related parties are as follow:

Name of related parties	Relationship
Huahin Pool Suite Company Limited	Subsidiary
Oak Tree Company Limited	Subsidiary
Oak Tree Realty Company Limited	Subsidiary
The isa Resort Company Limited	Subsidiary
Veranda Cuisine Company Limited	Subsidiary
Veranda Beach Pattaya Company Limited	Subsidiary
PDS Holding Company Limited ⁽¹⁾	Subsidiary
Vivat Construction Company Limited ⁽²⁾	Common shareholders and directors
VBK Consultant Company Limited	Common shareholders and directors
VC Land Company Limited	Common shareholders and directors
988 Plus Company Limited	Common shareholders and directors
Audio Engineering Service Company Limited	Common shareholders and directors
Major Cineplex Group Public Company Limited	Common shareholders and directors
MFEC Public Company Limited	Common shareholders and directors
Panjaluck Pasuk Company Limited	Common shareholders and directors
Sureetriboon Holding Company Limited	Common shareholders and directors
Vichai Trading (1983) Company Limited	Common shareholders and directors
Siam Future Development Public Company Limited	Common directors
Siam Paragon Development Company Limited	Common directors
Siam Paragon Retail Company Limited	Common directors
Related person	Director, executive officer and related person with director and executive officer

⁽¹⁾ Being subsidiary on 21 November 2019

⁽²⁾ Vivat Construction Company Limited was the Company's related company until 28 May 2018 (because the common shareholders and directors sold all investment to unrelated party)

During the year, the Group had significant business transactions with related parties. Such transactions, which are summarise below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2019	2018	2019	2018	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Management service fee	-	-	22.0	25.1	Contract price
Interest income	-	-	20.7	20.8	4.5% - 6.5% per annum (2018: 5% - 6.5% per annum)
Dividend income	-	-	78.0	70.0	As declared
Other income	-	-	16.3	21.0	Contract price
Selling expenses	-	-	-	1.0	Agreed upon basis
Administrative expense	-	-	0.2	-	Agreed upon basis
Finance costs	-	-	0.1	2.6	5.25% per annum
<u>Transactions with related companies</u>					
Revenue from hotel operations	1.1	2.3	0.5	0.9	Agreed upon basis
Revenue from property development operation	8.3	-	8.3	-	Contract price
Other income	-	0.5	-	0.1	Agreed upon basis
Cost of management service	0.1	-	0.1	-	Contract price
Cost of hotel operation	-	0.2	-	-	Agreed upon basis
Cost of sales of food and beverage	2.9	0.5	-	-	Contract price
Administrative expenses	2.9	3.2	2.7	3.1	Contract price
Project management fee	-	1.8	-	1.8	Contract price
Purchase of assets	1.3	-	-	-	Agreed upon basis
<u>Transaction with related parties</u>					
Revenue from hotel operations	0.1	-	0.1	-	Agreed upon basis
Revenue from property development operations	-	8.6	-	-	Contract price
Cost of management service	0.8	0.7	0.2	0.2	Contract price

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade and other receivables - related parties (Note 10)</u>				
Subsidiaries	-	-	8,344	19,995
Related company	5,084	-	-	-
Total trade and other receivables - related parties	<u>5,084</u>	<u>-</u>	<u>8,344</u>	<u>19,995</u>
<u>Other current assets - related parties</u>				
Related companies	706	-	175	-
Total other current assets - related parties	<u>706</u>	<u>-</u>	<u>175</u>	<u>-</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Other non-current assets - related parties</u>				
Related companies	2,178	455	-	-
Total other non-current assets - related parties	2,178	455	-	-
<u>Trade and other payables - related parties (Note 21)</u>				
Subsidiaries	-	-	6,025	8,879
Directors of the Group	2,222	1,579	1,922	1,462
Related companies	2,337	260	266	244
Related person	-	510	-	-
Total trade and other payables - related parties	4,559	2,349	8,213	10,585
<u>Advance received from customers - related parties</u>				
Related person	16,959	11,285	16,959	11,285
Total advance received from customers - related parties	16,959	11,285	16,959	11,285

Long-term loans to subsidiaries

Long-term loans to subsidiaries are unsecured loans, which bear interests between 4.5 and 6.5 percent per annum and due at call. However, the Company reclassified this loan as long-term loan since the Company has no intention to call for a repayment of such loan from the subsidiaries within 12 months after the end of the reporting period.

As at 31 December 2019 and 2018, the balance of long-term loans to subsidiaries and the movement are as follows:

(Unit: Thousand Baht)

Loans to subsidiaries	Separate financial statements			
	Balance as at 1 January 2019	Increase during the year	Decrease during the year	Balance as at 31 December 2019
Huahin Pool Suite Company Limited	52,150	1,500	(42,200)	11,450
Oak Tree Realty Company Limited	19,524	150	(2,674)	17,000
The isa Resort Company Limited	69,370	-	(6,370)	63,000
Veranda Cuisine Company Limited	2,000	17,500	-	19,500
Veranda Beach Pattaya Company Limited	225,102	85,600	(163,402)	147,300
Oak Tree Company Limited	-	202,209	(9,509)	192,700
PDS Holding Company Limited	-	86,753	-	86,753
Total loans to subsidiaries	368,146	393,712	(224,155)	537,703

Long-term loans from subsidiary

Long-term loans from subsidiary are unsecured loans, which bear interests at rate 5.25 percent per annum and due at call. However, the Company reclassified this loan as long-term loan from subsidiary since the subsidiary has no intention to call for a repayment of such loan from the Company within 12 months after the end of the reporting period.

As at 31 December 2019 and 2018, the balance of long term loans from subsidiary and the movement are as follows:

(Unit: Thousand Baht)

Loans from subsidiary	Separate financial statements			
	Balance as at 1 January 2019	Increase during the year	Decrease during the year	Balance as at 31 December 2019
Oak Tree Company Limited	3,850	25,800	(29,650)	-

Directors and management's benefits

During the year ended 31 December 2019 and 2018, the Group had employee benefit expenses to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	23,904	21,408	22,014	19,518
Post-employment benefits	952	324	875	284
Total	24,856	21,732	22,889	19,802

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	2,839	3,329	1,052	1,231
Bank deposits	85,384	64,963	53,619	20,181
Total	88,223	68,292	54,671	21,412

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.1 and 0.5 percent per annum (2018: between 0.1 and 0.375 percent per annum).

9. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trading securities</u>				
Investment Unit - Cost	123,948	-	123,948	-
Add: Unrealised gain from change in value of investments	424	-	424	-
Investment Unit - Fair value	124,372	-	124,372	-
<u>Available-for-sale</u>				
Investment Unit - Cost	155	296	13	12
Add: Unrealised gain from change in value of investments	6	11	1	1
Investment Unit - Fair value	161	307	14	13
Total	124,533	307	124,386	13

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	1	-	-	-
Past due				
Up to 3 months	5,083	-	4	4
Total trade receivables - related parties	5,084	-	4	4
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	28,735	12,615	6,285	3,849
Past due				
Up to 3 months	7,277	26,325	1,179	4,507
3 - 6 months	238	713	125	378
6 - 12 months	41	482	39	482
Over 12 months	190	1,279	108	1,279
Total	36,481	41,414	7,736	10,495
Less: Allowance for doubtful debts	(101)	(844)	(71)	(803)
Total trade receivables - unrelated parties, net	36,380	40,570	7,665	9,692
Total trade receivables - net	41,464	40,570	7,669	9,696

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Other receivables			
Interest receivable - related parties	-	-	3,968	15,940
Accrued income - related parties	-	-	72	894
Accrued income - unrelated parties	2,219	1,780	2,219	1,780
Other receivables - related parties	-	-	4,300	3,157
Other receivables - unrelated parties	11,377	12,140	3,514	4,709
Total other receivables	13,596	13,920	14,073	26,480
Total trade and other receivables - net	55,060	54,490	21,742	36,176

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Food and beverages	13,066	11,822	(18)	-	13,048	11,822
Finished goods and supplies	8,995	5,141	-	-	8,995	5,141
Total	22,061	16,963	(18)	-	22,043	16,963

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Food and beverages	2,363	2,438	-	-	2,363	2,438
Finished goods and supplies	1,390	1,265	-	-	1,390	1,265
Total	3,753	3,703	-	-	3,753	3,703

12. Property development cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land	421,583	440,069	415,197	418,114
Building	171,637	424,472	75,192	105,124
Property under construction	857,188	167,745	857,188	167,745
Cost of borrowing	95,298	77,526	91,640	64,942
Total	1,545,706	1,109,812	1,439,217	755,925
Less: Allowance for diminution in value of property development cost	(8,656)	(11,731)	(8,656)	(11,731)
Property development cost - net	1,537,050	1,098,081	1,430,561	744,194

The Group has mortgaged the property development cost amounting to approximately Baht 1,464 million (2018: Baht 994 million) (the Company only: Baht 1,357 million, 2018: Baht 640 million) to secure credit facilities received from financial institutions.

The property development cost has been financed with a loan from a financial institution. The Group has borrowing costs amounting to Baht 27 million which were capitalised during the year ended 31 December 2019 (2018: Baht 25 million) (the Company only: Baht 27 million, 2018: Baht 21 million). The weighted average rate of 4.45 percent has been used to determine the amount of borrowing costs eligible for capitalization (2018: 5.05 percent) (the Company only: 4.45 percent 2018: 5.05 percent).

Movements in the allowance for loss on diminution in value of property development cost during the year ended 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated/separate	
	financial statements	
	2019	2018
Balance as at beginning of year	11,731	11,737
Transferred to property, plant and equipment	(786)	(6)
Reversal as a result of sales during the year	(2,289)	-
Balance as at end of year	8,656	11,731

13. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Withholding tax deducted at source	309	-	-	-
Refundable VAT	27,067	33,456	6,923	-
Others	5,828	4,921	1,358	384
Total	33,204	38,377	8,281	384

14. Investments in subsidiaries

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend income	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Thousand Baht)	(Thousand Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Huahn Pool Suite Company Limited	50,000	10,000	99.99	99.99	49,999	9,999	2,200	-
Oak Tree Company Limited	600,000	600,000	99.99	99.99	819,430	819,430	-	2,000
Oak Tree Realty Company Limited	5,000	1,000	99.99	99.98	6,944	2,944	860	-
Veranda Cuisine Company Limited	5,000	5,000	99.99	99.99	5,000	5,000	-	-
The isa Resort Company Limited	14,000	14,000	99.99	99.99	291,438	291,438	5,314	9,509
Veranda Beach Pattaya Company Limited	300,000	300,000	99.99	99.99	282,642	282,642	69,600	58,500
PDS Holding Company Limited	20,297	-	99.99	-	42,284	-	-	-
Total Investments in subsidiaries					1,497,737	1,411,453	77,974	70,009
Less : Allowance for impairment of investments					(14,668)	(14,668)		
Total Investments in subsidiaries - net					1,483,069	1,396,785		

Increase of share capital of subsidiaries

During the current year, Huahn Pool Suite Company Limited (“HHP”) and Oak Tree Realty Company Limited (“OTR”), increased the registered share capital as detailed below:

Company's name	Date of approval the share capital increase by the		Date of registration of increase of share capital at the Ministry of Commerce	Par value (Baht per share)	Paid up share capital (Thousand Baht)		
	Extraordinary Meeting of subsidiaries	General Meeting of subsidiaries			Old	Increase	New
HHP	6 December 2019		12 December 2019	100	10,000	40,000	50,000
OTR	19 December 2019		20 December 2019	100	1,000	4,000	5,000

The Company has already paid the subscription in relation to its shareholding percentage of HHP and OTR amounting to Baht 40 million and Baht 4 million, respectively, on 6 and 23 December 2019.

15. Investment property

(Unit: Thousand Baht)

	Consolidated/ separate financial statements	
	2019	2018
Land	12,500	12,500

Fair value of land as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated/ separate financial statements	
	2019	2018
Land	12,500	12,500

Fair value was determined by the independent professional appraiser using the market approach.

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Land improvements and exterior design work	Buildings and building improvements	Tools and equipment	Furniture and fixtures	Motor vehicles	Assets under construction	Total
Cost								
1 January 2018	748,800	93,998	2,582,309	211,011	878,581	30,467	21,041	4,566,207
Addition	-	843	13,680	22,309	5,038	625	19,275	61,770
Disposals/write-off	-	-	(13,200)	(7,294)	(641)	(467)	-	(21,602)
Transfer in (out)	-	557	1,848	671	759	-	(3,835)	-
Transfer asset type	-	-	1,510	(3,145)	3,215	98	-	1,678
31 December 2018	748,800	95,398	2,586,147	223,552	886,952	30,723	36,481	4,608,053
Increase from purchase of investment	-	-	11,415	9,132	1,637	266	-	22,450
Addition	25,296	602	32,039	24,187	12,744	1,924	73,609	170,401
Disposals/write-off	-	-	(8,042)	(9,221)	(5,293)	(2,428)	(62)	(25,046)
Transfer in (out)	-	704	9,933	-	687	-	(11,324)	-
Transfer asset type	2,077	-	8,416	-	165	-	-	10,658
31 December 2019	776,173	96,704	2,639,908	247,650	896,892	30,485	98,704	4,786,516
Accumulated depreciation:								
1 January 2018	-	19,092	742,675	134,458	322,106	18,307	-	1,236,638
Depreciation for the year	-	5,777	106,245	22,021	65,296	3,541	-	202,880
Depreciation on disposals/write-off	-	-	(9,549)	(6,574)	(421)	(122)	-	(16,666)
31 December 2018	-	24,869	839,371	149,905	386,981	21,726	-	1,422,852
Depreciation for the year	-	5,786	108,593	27,032	65,099	3,168	-	209,678
Depreciation on disposals/write-off	-	-	(7,921)	(8,166)	(5,199)	(2,428)	-	(23,714)
31 December 2019	-	30,655	940,043	168,771	446,881	22,466	-	1,608,816

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Land improvements and exterior design work	Buildings and building improvements	Tools and equipment	Furniture and fixtures	Motor vehicles	Assets under construction	Total
Net book value:								
31 December 2018	748,800	70,529	1,746,776	73,647	499,971	8,997	36,481	3,185,201
31 December 2019	776,173	66,049	1,699,865	78,879	450,011	8,019	98,704	3,177,700
Depreciation for the year								
2018 (Baht 185 million included in cost of hotel business, cost of sales of food and beverage and the balance in administrative expenses)								202,880
2019 (Baht 194 million included in cost of hotel business, cost of sales of food and beverage and the balance in administrative expenses)								209,678

(Unit: Thousand Baht)

Separate financial statements

	Land	Land improvements and exterior design work	Buildings and building improvements	Tools and equipment	Furniture and fixtures	Motor vehicles	Assets under construction	Total
Cost								
1 January 2018	245,912	16,630	579,409	62,357	165,142	19,547	19,600	1,108,597
Addition	-	285	3,473	4,808	1,810	22	16,503	26,901
Disposals/write-off	-	-	(154)	(1,301)	(93)	(467)	-	(2,015)
Transfer in (out)	-	381	40	-	47	-	(468)	-
Transfer asset type	-	-	1,460	222	-	-	-	1,682
31 December 2018	245,912	17,296	584,228	66,086	166,906	19,102	35,635	1,135,165
Addition	25,296	390	19,083	6,527	4,523	549	71,183	127,551
Disposals/write-off	-	-	(7,626)	(4,262)	(1,870)	(1,167)	-	(14,925)
Transfer in (out)	-	66	9,580	-	374	-	(10,020)	-
Transfer asset type	2,077	-	4,519	-	-	-	-	6,596
31 December 2019	273,285	17,752	609,784	68,351	169,933	18,484	96,798	1,254,387
Accumulated depreciation:								
1 January 2018	-	9,334	266,185	41,637	80,419	11,860	-	409,435
Depreciation for the year	-	1,059	24,306	6,249	13,521	2,147	-	47,282
Depreciation on disposals/write-off	-	-	(7)	(1,113)	(88)	(122)	-	(1,330)
31 December 2018	-	10,393	290,484	46,773	93,852	13,885	-	455,387
Depreciation for the year	-	935	26,156	7,036	13,127	1,860	-	49,114
Depreciation on disposals/write-off	-	-	(7,498)	(3,698)	(1,816)	(1,167)	-	(14,179)
31 December 2019	-	11,328	309,142	50,111	105,163	14,578	-	490,322

(Unit: Thousand Baht)

Separate financial statements

	Land	Land improvements and exterior design work	Buildings and building improvements	Tools and equipment	Furniture and fixtures	Motor vehicles	Assets under construction	Total
Net book value:								
31 December 2018	245,912	6,903	293,744	19,313	73,054	5,217	35,635	679,778
31 December 2019	273,285	6,424	300,642	18,240	64,770	3,906	96,798	764,065
Depreciation for the year								
2018 (Baht 38 million included in cost of hotel business, cost of sales of food and beverage and the balance in administrative expenses)								47,282
2019 (Baht 38 million included in cost of hotel business, cost of sales of food and beverage and the balance in administrative expenses)								49,114

The Company capitalised borrowing costs amounting to Baht 2.3 million during the year ended 31 December 2019 (2018: Baht 2.4 million). The weighted average rate of 4.54% (2018: 5.05%) has been used to determine the amount of borrowing costs eligible for capitalization.

As at 31 December 2019, the Group had motor vehicles and equipment with net book value of Baht 5.4 million (2018: Baht 4.9 million) (the Company only: Baht 3.1 million, 2018: Baht 3.5 million) which were acquired under finance lease agreements.

As at 31 December 2019, the Group has certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 386 million (2018: Baht 397 million) (the Company only: Baht 240 million, 2018: Baht 244 million).

The Group has mortgaged their property, plant and equipment amounting to approximately Baht 2,458 million (2018: Baht 2,534 million) as collateral against credit facilities received from financial institutions (the Company only: Baht 456 million, 2018: Baht 415 million).

17. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements	
	Computer software	Trademark	Franchise	Total	Computer software	Total
As at 31 December 2019:						
Cost	27,174	9,846	1,000	38,020	10,498	10,498
Increase from acquisition of investment	3,450	-	14,423	17,873	-	-
Total	30,624	9,846	15,423	55,893	10,498	10,498
Less: Accumulated amortisation	(16,766)	(2,663)	(314)	(19,743)	(5,139)	(5,139)
Net book value	13,858	7,183	15,109	36,150	5,359	5,359
As at 31 December 2018:						
Cost	26,157	9,359	-	35,516	10,183	10,183
Less: Accumulated amortisation	(13,897)	(2,236)	-	(16,133)	(3,943)	(3,943)
Net book value	12,260	7,123	-	19,383	6,240	6,240

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	19,383	21,351	6,240	7,107
Acquisition during the year	3,152	970	316	321
Increase from acquisition of investment	17,873	-	-	-
Amortisation for the year	(3,642)	(2,902)	(1,196)	(1,147)
Write-off/disposals during the year - net	(616)	(41)	(1)	(41)
Transferred-in intangible assets from equipment	-	5	-	-
Net book value at end of year	<u>36,150</u>	<u>19,383</u>	<u>5,359</u>	<u>6,240</u>

18. Leasehold rights

	(Unit: Thousand Baht)
	Consolidated financial statements
Cost	
As at 1 January 2018	128,008
Additions	1,810
As at 31 December 2018	<u>129,818</u>
As at 31 December 2019	<u>129,818</u>
Accumulated amortisation	
As at 1 January 2018	31,921
Amortisation for the year	4,183
As at 31 December 2018	<u>36,104</u>
Amortisation for the year	4,331
As at 31 December 2019	<u>40,435</u>
Net book value	
As at 31 December 2018	<u>93,714</u>
As at 31 December 2019	<u>89,383</u>

- (1) A subsidiary entered into the land lease agreement with third party for the period of 32 years effective since 1 November 2009 until 31 October 2041. It had to pay for leasehold rights amounted Baht 128 million, and the rental payment was made by monthly basis, started from 1 November 2009 onwards.
- (2) A subsidiary entered into the land lease agreement with the related company, the land lease agreement is for the period of 3 years effective since 29 June 2018 until 28 June 2021. It had to pay for leasehold rights amounted Baht 1.8 million, and the rental payment was made by monthly basis, started from 29 June 2018 onwards.
- (3) A subsidiary have pledged leasehold right with a net book value of Baht 89.0 million (31 December 2018: Baht 92.1 million) as collateral against credit facilities of bank overdrafts, short-term loans, long-term loans and bank guarantee received from commercial banks, as described in Note 20, 22 and 34.4 to the financial statements.

19. Goodwill

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2019	2018
The isa Resort Company Limited	44,950	44,950
Less: Allowance for diminution in value of goodwill	(13,500)	(13,500)
Total	<u>31,450</u>	<u>31,450</u>

20. Bank overdrafts and short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2019	2018	2019	2018	2019	2018
Bank overdrafts	MOR	MOR	324	11,525	318	2,969
Short-term loans from financial institutions	-	MLR-1.0 and MRR	-	65,000	-	65,000
Total			<u>324</u>	<u>76,525</u>	<u>318</u>	<u>67,969</u>

Bank overdrafts and short-term loans from financial institutions of the Group are secured by the mortgage of the Group's investment property and land with structures thereon (as described in Notes 15 and 16 to the financial statements, respectively) and pledge of its subsidiary leasehold rights (as described in Note 18 to the financial statements) and also guaranteed by certain directors of the Group.

21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade payables - related parties	15	260	810	1,460
Trade payables - unrelated parties	211,801	173,285	153,316	70,672
Other payables - related parties	712	261	5,627	4,522
Other payables - unrelated parties	68,795	79,951	35,848	8,775
Accrued interest expenses - related parties	-	-	-	2,995
Accrued interest expenses - unrelated parties	5,794	7,809	2,310	2,998
Accrued expenses - related parties	3,832	1,828	1,776	1,608
Accrued expenses - unrelated parties	63,272	100,044	20,391	20,012
Dividend payable	-	14,154	-	14,154
Payables for purchase of assets - unrelated parties	15,099	2,908	14,064	2,128
Total trade and other payables	369,320	380,500	234,142	129,324

22. Long-term loans

Loan	Credit facilities (Million Baht)	Repayment schedule	(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
			2019	2018	2019	2018
1.	223.5	Monthly installments as from April 2015 - March 2022	108,800	140,600	108,800	140,600
2.	140	Monthly installments as from July 2015 - June 2022	54,830	74,870	54,830	74,870
3.	100	Monthly installments as from June 2017 - September 2025	69,000	81,000	69,000	81,000
4.	75	Monthly installments as from July 2017 - June 2024	55,500	64,500	55,500	64,500
5.	280	Monthly installments as from December 2015 - November 2023	130,400	193,100	130,400	193,100
6.	1,150	Monthly installments as from January 2013 - September 2022	476,800	790,800	-	-
7.	550	Monthly installments as from November 2017 - October 2027	459,000	501,000	-	-
8.	330	Monthly interest payment, principal repayment of 75% of the selling price and not less than Baht 93,750 per square meter.	330,000	330,000	330,000	330,000
9.	770	Monthly interest payment, principal repayment of 75% of the selling price and not less than Baht 93,750 per square meter.	496,370	126,370	496,370	126,370

			(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
Loan	Credit facilities (Million Baht)	Repayment schedule	2019	2018	2019	2018
10.	30	Monthly installments as from November 2020 - October 2030	30,000	30,000	30,000	30,000
11.	126	Monthly installments as from April 2021 - March 2031	8,115	8,115	8,115	8,115
Total			2,218,815	2,340,355	1,283,015	1,048,555
Less: Deferred front-end fee			(1,859)	(2,501)	(1,859)	(2,501)
Total			2,216,956	2,337,854	1,281,156	1,046,054
Less: Current portion			(1,112,953)	(261,296)	(936,953)	(105,296)
Long-term loans, net of current portion			1,104,003	2,076,558	344,203	940,758

Movements of the long-term loans account during the year ended 31 December 2019 are summarised below.

			(Unit: Thousand Baht)	
			Consolidated	Separate
			financial statements	financial statements
Balance as at 1 January 2019			2,337,854	1,046,054
Add: Additional borrowings			370,000	370,000
Less: Repayments			(491,540)	(135,540)
Add: Amortisation of front - end fee			642	642
Balance as at 31 December 2019			2,216,956	1,281,156

Long-term loans from financial institutions bear interest rates at MLR minus the rate as stipulated in each contract (MLR - 1.85 to MLR).

The loans are secured by the mortgage of property development cost, investment property, and land and construction thereon of the Group included pledge of its subsidiary leasehold rights as described in Note 12, 15, 16 and 18 to the financial statements, respectively. In addition, loans are secured by the pledge of some of subsidiaries' shares which held by the Company and also guaranteed by certain directors of the Group.

Some of the loan agreements contain several covenants which, among other things, require the Group to maintain debt-to-equity ratio and debt service coverage ratio, and the obtaining of consent letter from the banks before the Company and its subsidiary provide loan facility to their directors, shareholders and subsidiary companies, including paying dividend to the shareholders during the loan agreement period. Nevertheless, the subsidiaries cannot maintain debt-to-equity ratio and some other conditions. However, on 24 December 2019 and 27 December 2019, the subsidiaries were granted a waiver by the banks for such non-compliance.

As at 31 December 2019, the long-term credit facilities of the Company which have not been drawn down amounted to Baht 392 million (2018: Baht 762 million).

23. Finance lease liabilities

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2019	2018
Finance lease liabilities	4,087	4,187
Less: Deferred interest expenses	(296)	(329)
Total	3,791	3,858
Less: Current portion	(1,989)	(1,707)
Finance lease liabilities - net of current portion	<u>1,802</u>	<u>2,151</u>

	(Unit: Thousand Baht)	
	Separate	
	financial statements	
	2019	2018
Finance lease liabilities	2,698	3,212
Less: Deferred interest expenses	(167)	(282)
Total	2,531	2,930
Less: Current portion	(1,362)	(1,109)
Finance lease liabilities - net of current portion	<u>1,169</u>	<u>1,821</u>

The Group has entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2019			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	2,184	1,903	-	4,087
Deferred interest expenses	(195)	(101)	-	(296)
Present value of future minimum lease payments	<u>1,989</u>	<u>1,802</u>	<u>-</u>	<u>3,791</u>

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2018			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	1,918	2,269	-	4,187
Deferred interest expenses	(211)	(118)	-	(329)
Present value of future minimum lease payments	<u>1,707</u>	<u>2,151</u>	<u>-</u>	<u>3,858</u>

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2019			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	1,482	1,216	-	2,698
Deferred interest expenses	(120)	(47)	-	(167)
Present value of future minimum lease payments	<u>1,362</u>	<u>1,169</u>	<u>-</u>	<u>2,531</u>

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2018			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	1,285	1,927	-	3,212
Deferred interest expenses	(176)	(106)	-	(282)
Present value of future minimum lease payments	1,109	1,821	-	2,930

24. Deferred revenue from leasehold rights

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2019	2018
Deferred revenue from leasehold rights	23,915	31,720
Less: Realisation as revenue during the year	(7,805)	(7,805)
Balance	16,110	23,915
Less: Current portion	(7,805)	(7,805)
Deferred revenue from leasehold rights - net of current portion	8,305	16,110

(1) In 2009, a subsidiary had entered into the space rental and service agreement with a bank for the period of 10 years, effective since 1 January 2012, and is renewable up to 31 October 2039. The subsidiary has received the rental and service guarantee deposits totaling Baht 1.2 million.

(2) In 2011, a subsidiary had entered into the space rental agreement with a non-related company for the period of 10 years and 3 months, started since the day the Company delivered the rental spaces to the tenant. The subsidiary has received the rental guarantee deposits totaling Baht 2.0 million.

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provision for long-term employee benefits at beginning of year	11,953	10,444	7,115	6,705
Included in profit or loss:				
Current service cost	1,981	1,823	905	829
Interest cost	336	251	187	146
Past service costs	1,252	-	824	-
Included in other comprehensive income:				
Actuarial losses arising from financial assumptions changes	1,887	-	919	-
Increase from purchase of investment	492	-	-	-
Reversal of provision for long-term employee benefits	-	(565)	-	(565)
Provision for long-term employee benefits at end of year	17,901	11,953	9,950	7,115

The Group expects to pay Baht 1.7 million of long-term employee benefits during the next year (the Company only: Baht 1.3 million) (2018: Baht 1.3 million, the Company only: Baht 1.3 million).

As at 31 December 2019 and 2018, the weighted average duration of the liabilities for long-term employee benefit of the Group is 12 years.

Significant actuarial assumptions are summarised below:

	(Unit: % per annum)			
	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
Discount rate	1.71 and 2.09	2.81	1.71	2.81
Salary increase rate	5.00 and 6.00	6.00	6.00	6.00
Turnover rate (Depending on age range)	1.91 - 28.65	7.16 - 28.65	7.16 - 28.65	7.16 - 28.65

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)						
Consolidated financial statements						
	Discount rate		Salary increase rate		Turnover rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%	Increase 20%	Decrease 20%
As at 31 December 2019	(1.7)	1.7	1.8	(1.6)	(3.3)	4.8
As at 31 December 2018	(1.0)	1.2	1.2	(1.1)	(2.2)	3.2

(Unit: Million Baht)						
Separate financial statements						
	Discount rate		Salary increase rate		Turnover rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%	Increase 20%	Decrease 20%
As at 31 December 2019	(0.8)	0.7	0.8	(0.7)	(1.5)	2.0
As at 31 December 2018	(0.5)	0.6	0.6	(0.5)	(1.1)	1.5

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 1.25 million (The Company only: Baht 0.82 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

26. Share capital

During 24 - 26 April 2019, the Company offered 75 million of additional ordinary shares, which par value of Baht 5, at a price of Baht 10 per share to the initial public offering and the directors, executives, and employees of the Company amounting to Baht 750 million. The Company received full settlement of the additional share capital on 29 April 2019. The Company registered the increase in its paid-up capital with the Ministry of Commerce on 30 April 2019. Moreover, direct costs attributable to the share offering amounting to Baht 19.94 million are presented as a deduction from the premium on ordinary shares.

The Stock Exchange of Thailand (SET) has approved the listing of the ordinary shares of the Company as securities on the SET, was traded on 3 May 2019.

Reconciliation of share capital

	Consolidated and Separate financial statements				
	Par value	Share capital		Paid-up registered of share capital	
	(Baht per share)	Shares	Amount (Baht)	Shares	Amount (Baht)
	At the beginning of the year	5	350,000,000	1,750,000,000	244,681,672
Increase in registered ordinary shares during the year					
- increase in share capital	5	-	-	75,000,000	375,000,000
At the end of the year		350,000,000	1,750,000,000	319,681,672	1,598,408,360

27. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

28. Revenue from contracts with customers

28.1 Disaggregated revenue information

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Type of goods or service:				
Revenue from hotel operations	1,252,204	1,313,614	259,868	283,539
Revenue from management service	28,766	19,230	30,127	33,406
Revenue from property development operations	370,549	1,053,195	36,128	-
Revenue from sale of food and beverage	44,828	20,529	6,181	5,310
Total revenue from contracts with customers	1,696,347	2,406,568	332,304	322,255
Timing of revenue recognition:				
Revenue recognised at a point in time	1,692,865	2,402,935	309,382	296,012
Revenue recognised overtime	3,482	3,633	22,922	26,243
Total revenue from contracts with customers	1,696,347	2,406,568	332,304	322,255

Set out below is a reconciliation of the revenue from contracts with customers with the amounts disclosed in Note 32 relating to the segment information:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
External customer	1,696,347	2,406,568	310,324	296,784
Inter-segment	23,108	27,232	21,980	25,471
	<u>1,719,455</u>	<u>2,433,800</u>	<u>332,304</u>	<u>322,255</u>
Adjustments and eliminations	(23,108)	(27,232)	-	-
Total revenue from contracts with customers	<u>1,696,347</u>	<u>2,406,568</u>	<u>332,304</u>	<u>322,255</u>

28.2 Revenue recognised in relation to contract balances

During the current year, the Group recognised revenue that was included in advance received from customers at the beginning of the year amounting to Baht 129.2 million (the Company only: Baht 24.2 million).

28.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, revenue totalling Baht 2,063.6 million (the Company only: Baht 1,979.9 million) is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unfinished (or partially unfinished). The Group expects to satisfy these the performance obligations within 2 years.

29. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Purchase of land and payments of construction cost	721,174	165,058	719,753	161,128
Changes in land and property development cost	(449,633)	540,748	(692,964)	(161,128)
Salaries and wages and other employee benefits	504,423	494,349	151,054	140,468
Depreciation expenses	209,678	202,880	49,114	47,282
Amortisation expenses	7,973	7,085	1,196	1,147

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Rental expenses from operating lease agreements	20,868	11,407	6,453	2,828
Repair and maintenance	22,956	22,818	5,999	8,004
Water supply and electricity	60,942	58,463	16,119	17,411
Supplies	43,583	39,872	7,784	9,193
Consulting fee	5,079	7,397	1,761	4,784
Credit card fee	17,881	18,101	5,149	5,531
Management fees and franchise fees	30,425	42,222	4,729	4,992
Commission	72,574	59,902	15,037	19,394
Selling and marketing expense	60,123	99,566	18,189	14,826
Cost of foods and beverage	150,429	152,040	28,441	31,240
Provision for impairment of investment	-	-	-	825
Provision for impairment of goodwill	-	2,390	-	-

30. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	17,059	28,177	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,898)	22,934	(11,571)	(5,738)
Income tax expense (revenue) reported in profit or loss	13,161	51,111	(11,571)	(5,738)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax on actuarial loss for post				
- employment benefits plan	376	-	184	-

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit before tax	96,353	286,886	63,628	63,330
Applicable tax rate	Exemption - 20%	Exemption - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	19,457	57,196	12,726	12,666
Effects of:				
Exempted income	-	-	(15,595)	(14,002)
Non-deductible expenses	963	873	492	676
Additional expense deductions allowed	(8,719)	(8,735)	(5,470)	(5,424)
Unused tax loss	2,240	1,507	-	-
Others	(780)	270	(3,724)	346
Total	(6,296)	(6,085)	(24,297)	(18,404)
Income tax expenses (revenue) reported in profit or loss	13,161	51,111	(11,571)	(5,738)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	20	169	14	161
Allowance for diminution in value of property development cost	1,214	1,829	1,214	1,829
Provision for long-term employee benefits	3,196	2,383	1,990	1,423
Deferred rental expense	3,520	3,000	286	-
Deferred interest expenses	1,299	1,417	647	593
Unused tax loss	31,803	26,166	28,358	16,151
Long term provision for decommissioning cost	-	54	-	54
Provision for guarantee	1,838	4,381	195	-
Assets/liabilities under finance leases	68	113	68	113
Revenue/deferred rental income	265	-	-	-
Increase from purchase of investment	9,269	-	-	-
Total	52,519	39,512	32,772	20,324
Deferred tax liabilities				
Accumulated depreciation - building	1,850	1,539	-	-
Revenue/deferred rental income	14	117	14	17
Deferred financial service fees	370	500	370	500
Cost to obtain contracts	8,549	-	7,953	-
Surplus on revaluation of asset	56,267	56,895	-	-
Total	67,050	59,051	8,337	517
Deferred tax assets (liabilities), net	(14,531)	(19,539)	24,435	19,807

As at 31 December 2019, a subsidiary has deductible temporary differences and unused tax losses totaling Baht 37 million (2018: Baht 22 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

31. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holder of the Company (not including other comprehensive income) by the weighted average number of ordinary shares issue during the year.

Earnings per share were computed as follows:

		Consolidated financial statements					
		Weighted average				Earnings	
Profit for the year		number of ordinary shares				per share	
2019	2018	2019	2018	2019	2018		
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)		
Basic earnings per share							
Profit attributable to equity holders of the Company		83,192	235,775	295,435	244,682	0.28	0.96
		Separate financial statements					
		Weighted average				Earnings	
Profit for the year		number of ordinary shares				per share	
2019	2018	2019	2018	2019	2018		
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)		
Basic earnings per share							
Profit attributable to equity holders of the Company		75,199	69,069	295,435	244,682	0.25	0.28

32. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and services and have four reportable segments as follows:

- Hotel business segment relates to hotel and restaurant operations.
- Property development segment relates to property development sales.
- Food and beverage segment related to restaurant, bakery and beverage.
- Other business segments related to management service and rental and service from lands and buildings which managements manage for lease.

The following table present assets information regarding the Group's operating segments as at 31 December 2019.

(Unit: Million Baht)

	Hotel	Property development	Food and beverage	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Segment total assets							
Increase (decrease) of non-current assets (other than financial instruments, deferred tax assets)	(40)	-	131	-	91	-	91

(Unit: Million Baht)

For the year ended 31 December 2018

	Hotel	Property development	Food and beverage	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	1,314	1,053	20	33	2,420	-	2,420
Inter - segment revenue	2	-	-	36	38	(38)	-
	<u>1,316</u>	<u>1,053</u>	<u>20</u>	<u>69</u>	<u>2,458</u>	<u>(38)</u>	<u>2,420</u>
Selling and marketing expense	(103)	(85)	-	-	(188)	20	(168)
Commission	(39)	(21)	-	-	(60)	-	(60)
Finance cost	(129)	(4)	-	(1)	(134)	23	(111)
Depreciation and amortisation	(203)	(3)	(2)	-	(208)	(2)	(210)
Loss on diminution in value of investment	(1)	-	-	-	(1)	1	-
Loss on diminution in value of goodwill	-	-	-	-	-	(2)	(2)
Segment profit	215	234	6	55	510	2	512
Unallocated revenue and expenses:							
Other income							11
Other expense							(236)
Income tax expense							(51)
Profit for the year							<u><u>236</u></u>

The following table present assets information regarding the Group's operating segments as at 31 December 2018.

(Unit: Million Baht)

	Hotel	Property development	Food and beverage	Others	Total reportable segments	Adjustments and eliminations	Consolidated
Segment total assets							
Increase (decrease) of non-current assets (other than financial instruments, deferred tax assets)	(154)	-	-	-	(154)	-	(154)

Geographic information

The Group operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

For the year 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

33. Provident fund

The Group and its employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The Group and employees of each company contribute to the funds monthly at the rate of 2 and 5 percent of basic salary. The funds, which are managed by Bangkok Capital Asset Management Company Limited and Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 2.9 million (2018: Baht 3.5 million) were recognised as expenses (the Company only: Baht 0.9 million, 2018: Baht 0.9 million).

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2019, the Group had capital commitments of approximately Baht 224 million (2018: Baht 813 million), relating to the construction of hotel buildings and condominium.

34.2 Operating lease commitments

The Group has entered into lease agreements in respect of land, office building space and equipment. The terms of the agreements are between 1 and 32 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payable within:				
Up to 1 year	36	19	10	3
Over 1 and up to 5 years	61	30	17	-
Over 5 years	111	116	-	-

34.3 Operating lease commitments

- a) The Group has entered into operating several agreements with certain company for operating the subsidiary's hotel and providing the services from room booking, marketing and promotion activities to the Group. In consideration of such services, the Group is committed to pay remuneration at the rates, terms and basis specified in the agreements. The management fees for the year 2019 amounting to approximately Baht 54.5 million (2018: Baht 61.1 million) (The Company only: Baht 12.5 million, 2018: Baht 12.8 million).
- b) Subsidiaries have entered into a franchise agreements with third parties in order to obtain rights to operate food restaurants and beverage. According to the agreement, the subsidiaries are committed to pay franchise fees as stipulated in the agreement. Furthermore, subsidiaries have to pay royalty fees based on a percentage of sales when they start to operate business and have to comply with certain terms and conditions. Royalty fees based on a percentage of sales for the year 2019 amounting to Baht 1.3 million.

34.4 Guarantees

As at 31 December 2019, the Group has bank guarantees amounting to Baht 8.1 million (2018: Baht 7.4 million) (the Company only: Baht 2.0 million, 2018: Baht 2.0 million) issued on behalf of the Group, mainly provided for the usage of electricity.

34.5 Litigation

During the year 2019, the Company received a letter from Phetchaburi Administrative Court notifying the Company, as an interpleader, to enter in a legal case between an individual and its parties ("the plaintiff") and the Director-General of the Department of Lands and 2 other parties ("the defendant"). The Company has purchased many plots of land located at Khao Takiab District, Hua Hin District, Prachuap Khiri Khan. After receiving the ownership of the land, the Company found that that the villagers nearby the land, led by the plaintiff had previously sued the Department of Lands and the Director-General of the Department of Lands as defendant on the grounds that the defendant unlawfully issued land title deeds, blocking a path to access the beach and the defendant moved the pins of land which was a thoroughfare for the villagers. The Supreme Court had dismissed the case on 1 December 2016.

The Prachuap Khiri Khan Provincial Land Office, Hua Hin Branch, in collaboration with the Regional Harbor Office, Prachuap Khiri Khan Branch, and Hua Hin Municipality Office, had inspected the said area and viewed favorably that the Company's land did not block the public beachfront thoroughfare. The plaintiff might be based on a misconception.

The case, however, is currently under consideration by the Administrative Court. The Company's management and its legal counsel believe that the result of this case will be no effect to the Company.

35. Dividend

Dividends	Approved by	Total dividends	Dividend per share	Number of shares
		(Million Baht)	(Baht per share)	(Thousand shares)
Final dividends for 2018	Annual General Meeting of the shareholders on 28 March 2019	70.96	0.29	244,682
Interim dividends for 2019	Board of Directors' meeting on 10 April 2019	30.58	0.125	244,682
Total dividends for 2019		101.54		
Interim dividends for 2018	Board of Directors' meeting on 14 November 2018	51.38	0.21	244,682
Total dividends for 2018		51.38		

36. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Fund	-	124	-	124
Property plant and equipment - land and buildings	-	-	395	395
Assets for which fair value are disclosed				
Investment property	-	-	13	13

(Unit: Million Baht)

Consolidated Financial Statements

As at 31 December 2018

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Property plant and equipment – land and buildings	-	-	379	379
Assets for which fair value are disclosed				
Investment property	-	-	13	13

(Unit: Million Baht)

Separate Financial Statements

As at 31 December 2019

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Fund	-	124	-	124
Assets for which fair value are disclosed				
Investment property	-	-	13	13

(Unit: Million Baht)

Separate Financial Statements

As at 31 December 2018

	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment property	-	-	13	13

37. Financial instruments

37.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other accounts receivable, loans to, short-term loans, trade and other payables and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivable. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statement of financial position.

Interest rate risk

The Group exposures to interest rate risk relates primarily to its cash at banks, bank overdrafts and long-term borrowings. Most of the Group financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date (if this occurs before the maturity date).

(Unit: Million Baht)

	Consolidated financial statement						Effective interest rate (% per annum)
	As at 31 December 2019						
	Fixed interest rates			Floating	Non- interest	Total	
Within 1 year	1-5 years	Over 5 years	interest rate	bearing			
Financial assets							
Cash and cash equivalent	-	-	-	85	3	88	0.1 – 0.5
Current investments	-	-	-	-	124	124	-
Trade and other receivables	-	-	-	-	55	55	-
	-	-	-	85	182	267	

(Unit: Million Baht)

Consolidated financial statement							
As at 31 December 2019							
Fixed interest rates						Effective interest rate (% per annum)	
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total		
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	369	369	-
Long-term loans from financial institutions	-	-	-	2,217	-	2,217	MLR - 1.85 to MLR
Finance leases liabilities	2	2	-	-	-	4	4.0 - 7.7
	2	2	-	2,217	369	2,590	

(Unit: Million Baht)

Separate Financial Statements							
As at 31 December 2019							
Fixed interest rates						Effective interest rate (% per annum)	
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total		
<u>Financial assets</u>							
Cash and cash equivalent	-	-	-	54	1	55	0.1 – 0.375
Current investments	-	-	-	-	124	124	-
Trade and other receivables	-	-	-	-	22	22	-
Long-term loans to subsidiaries	-	538	-	-	-	538	4.5 – 6.5
	-	538	-	54	147	739	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	234	234	-
Long-term loans from financial institutions	-	-	-	1,281	-	1,281	MLR - 1.85 to MLR
Finance leases liabilities	1	1	-	-	-	2	4.0 - 7.7
	1	1	-	1,281	234	1,517	

(Unit: Million Baht)

Consolidated financial statement							
As at 31 December 2018							
Fixed interest rates						Effective interest rate (% per annum)	
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total		
<u>Financial assets</u>							
Cash and cash equivalent	-	-	-	44	24	68	0.1 - 0.375
Trade and other receivables	-	-	-	-	54	54	-
	-	-	-	44	78	122	

(Unit: Million Baht)

Consolidated financial statement							
As at 31 December 2018							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate	
							(% per annum)
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	77	-	77	MOR, MLR-1 and MRR
Trade and other payables	-	-	-	-	380	380	-
Long-term loans from financial institutions	-	-	-	2,338	-	2,338	MLR - 1.85 to MLR
Finance leases liabilities	2	2	-	-	-	4	4.6 - 7.7
	2	2	-	2,415	380	2,799	

(Unit: Million Baht)

Separate Financial Statements							
As at 31 December 2018							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate	
							(% per annum)
Financial assets							
Cash and cash equivalent	-	-	-	18	3	21	0.1 - 0.375
Trade and other receivables	-	-	-	-	36	36	-
Long-term loans to subsidiaries	-	368	-	-	-	368	5.0 - 6.5
	-	368	-	18	39	425	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	68	-	68	MOR, MLR-1 and MRR
Trade and other payables	-	-	-	-	129	129	-
Long-term loans from financial institutions	-	-	-	1,046	-	1,046	MLR - 1.85 to MLR
Finance leases liabilities	1	2	-	-	-	3	4.6 - 7.7
	1	2	-	1,114	129	1,246	

37.2 Fair values of financial instruments

Since the majority of the Group financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other receivables, trade and other payables and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- b) For equity securities, their fair value is generally derived from quoted market prices.
- c) For long-term loans with fix rate of interest, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

38. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 1.61:1 (2018: 2.57:1) and the Company's was 0.83:1 (2018: 0.92:1).

39. Event after the reporting period

- On 23 December 2019, the Board of Director Meeting No.9/2562 passed a resolution to approve the total value of the land purchasing Baht 507 million from unrelated party. On 7 January 2020, the Company has entered into the land purchase agreement and made the payment deposit of Baht 60 million.
- On 25 February 2020, the Board of Director Meeting No.1/2563 passed a resolution to propose to the Annual General Meeting of the Company's shareholders to approve the appropriation of statutory reserve amounting to Baht 5.33 million and to approve a dividend payment at a rate of Baht 0.20 per share from the operating result for the year ended 31 December 2019 or a total of Baht 63.94 million.

40. Reclassification

The Group had reclassified certain amounts in the statement of financial statements to conform the current year's classification as follows:

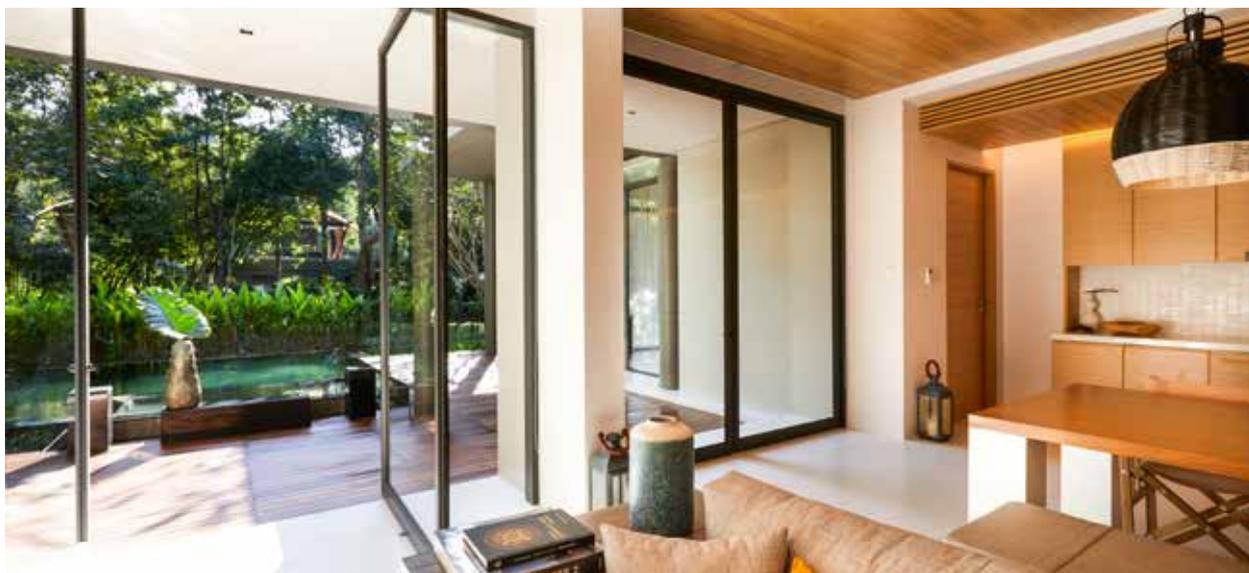
	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As previously		As previously	
As at 31 December 2018	As reclassified	reported	As reclassified	reported
Other current assets	38,377	54,641	384	8,087
Other non-current assets	18,434	2,170	7,926	223
For the year 2018				
Other income	24,576	24,571	24,966	24,961
Cost of hotel operations	820,259	821,540	174,711	176,234
Cost of sales of food and beverage	13,727	14,545	3,795	3,792
Selling expenses	227,587	210,128	62,224	44,702
Administrative expenses	252,987	268,342	94,672	110,669

The above reclassifications have no effect to profit or shareholder's equity in the report.

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2020.

Risk Factors



The company takes into consideration the essence of risk management which arises from both inside and outside the organization. The company's management shall implement risk management policies to the least effects to the company. The company possesses a risk control system with reference to COSO (The Committee of Sponsoring of the Treadway Commission) to direct policies, processes, and procedures of risk management such as risk from business operation, finance, and management factors.

RISKS ASSOCIATED WITH BUSINESS OPERATIONS

Risks associated with investment in hotel and residential projects

The company group is facing risks from investing in both current developing projects and future hotel and residential projects. Such risk includes capital adequacy, political uncertainty, demand and supply fluctuation etc. In regards to the above-mentioned factors, negative business operation, financial status, company cash flow may be affected.

However, the company group follows investment procedure before investing in new projects. The company group shall study its feasibility starting from potential land acquisition that match target group with beautiful natural surroundings and close to tourist attractions. The company group shall employ an international property development consultant such as CBRE Thailand Company Limited which shall join the company group to do researches on the property development market, land acquisition, competitive studies, including project design and functionality. The company group also performs financial feasibility and secure sources of capital before land acquisition. Moreover, the company group shall evaluate external factors such as economic status, industry condition, government policies that might impact development of new projects in order to reduce risks

Risks associated with land acquisition for hotel and residential projects

The company group has no interest to acquire land that is not ready to develop due to its financial capital burden or risks of its possibility of declining value in the future. Hence, the company group may risk inability of land acquisition for futures hotel and residential projects as intended. As most of the company's hotel and residential projects are located in tourist cities and attraction areas, there might be competition of land purchase among other entrepreneurs, or risks caused by increasing value of the potential pieces of land. Consequently, the development cost for hotel and residential projects may increase over the budget, and may affect financial status and performance in the future.

The company group carefully plans land acquisition corresponding with development time frame of hotel and residential projects that is in compliance with development policies. The company group shall monitor and research for potential land continually. The company sets policies towards land acquisition to be potential for development, convenient transportation, good utility system and suitable with our target group. Furthermore, the company group shall study nearby land in order to compare use to land and appropriate land price.

Risks associated with delay of project development and quality of contractors

The company group like most of the entrepreneurs in property development industry shall hire only a few contractors to construct each project, resulting in risks of construction delays or quality of work does not meet construction standards. The cost of construction may be higher which can affect financial status financial performance in the future.

However, the company group is selecting contractors by bidding process as stated in policies. Contractors shall propose quotations on construction cost, labor cost, and construction material cost. The company group shall select constructor who meet qualification criteria of the company

comprising of experience, quality standard and financial status in order to make sure that each project construction is standardized, in relation to designs, and complete within time frame. Moreover, the construction contract for each project requires contractors to pay fine to the company group who is the owner of the project in case of project delay.

Risks associated with supply over demand during certain period of time

Hotel and tourism industry as well as property development industry are considered as highly competitive industries. Both Thai and foreign tourists have many preferences regarding room designs and function, resulting in higher competition among price, quality and various services. If the company group cannot stay competitive advantage, the company's performance may be affected negatively.

In order to mitigate such risk, the company always perform project feasibility including marketing feasibility, design analysis, financial analysis and appropriate source of funding. The company focuses on our unique design under the concept of modern contemporary in order for each property become competitive advantage.

Risks associated with adjustments of rules, regulations and law which might affect business operations of the company group

Adjustment of rules, regulations and law concerning property development business of hotel and residential is a factor affecting business operations of the company group in terms of costs and expenses to run its projects in pursuant to the modified ones.

However, the company group shall execute measures of study and pursue modification of related rules, regulations, law which may occur consistently. The departments concerned such as management and accounting are well prepared for any variations which may occur in the future to ensure that the company group will not be significantly affected by such legal adjustments relating to the company's business operations, and it can shift its business operation in accordance with such changes.

Risks associated with economic fluctuation, political uncertainty and natural disaster

In running hotel and property development businesses, the company group may have effects on economic fluctuation, political uncertainty and natural disaster. All are influencing factors acting upon consumer's reliability towards economic situation, and consumer's spending. These directly impact hotel and property development businesses and may have negative effects on financial status and business operations of the company group.

However, hotel and residential projects of the company group are located in big cities or tourist sightseeing places across Thailand which has a diverse target market group of customers. In case such external factors occur such as natural disaster or political unrest, customers are able to use service from hotels within the company group in different location. Management shall keep track such changes in order to implement appropriate plans and adapt strategies of the hotel and residential projects accordingly so that the business operation may run as smooth as possible.

FINANCIAL RISKS

Risks associated with loans, loan interest rate fluctuations, and interest coverage ratio

As of December 31, 2019, the company has total liability of 3,364.87 million baht from which is interest bearing debt at 2,221.07 million baht accounted for 66.0% of total liability. Thus, interest bearing debt to equity ratio and debt to Equity ratio equals to 1.61 and 1.06 times respectively.

However, such ratios are still on the appropriate level. The company consistently monitors interest rate movement and also measures to examine financial ratios to be on the proper level.

Risks associated with the fact that the company may not be able to or may choose not to pay dividends.

The company's ability to pay dividends depends on results of financial performance of the company group. Such performance relies on the success of business operations, including several factors such as competition, financial, and legal factors. Some of those factors are beyond the control of the company group. In addition, the company's board of directors may give suggestions to minimize or cancel dividend payment for any defined periods of time in compliance with prospective business growth plan of the company, including capital need for investment or any other factors as deem appropriate.

Besides, Public Limited Companies Act and the company's regulations require that the company group shall not be able to pay dividends, should it have accumulated deficit although it generates net profits in that year. In addition, should the company earn net profits in any year, retained earnings must be allocated as reserved capital not less than 5 percent of annual net profit when being deducted by the sum of historical accumulated deficit until total reserved capital equals to 10 percent of the company's registered capital. Therefore, if the company cannot earn sufficient profit, or it sees any other appropriate options, no dividends shall be paid. However, the company has policy to pay dividends to shareholders at the rate no less than 40 percent of net profit from separated financial statements after being deducted by corporate income tax and by all types of reserve money stated in the law and regulations of the company.

RISKS ASSOCIATED WITH MANAGEMENT

Risks associated with major groups of shareholders holding over 50 percent of shares

On the day of closing the register of shareholders as of 31 December 2019, Mr. Verawat Ongvasith's group holds the company's shares at 63.03 percent of paid-up capital which means that Mr. Verawat Ongvasith's group can control resolutions of the meeting such as the appointment of the board of directors or any resolutions requiring majority votes of shareholder's meetings. In addition, participants in Mr. Verawat Ongvasith's group are titled as directors and company executives, therefore, Mr. Verawat Ongvasith's group are the major shareholders controlling business operations as well.

The company has resolved management framework so that business operations shall be transparent, justified and clearly counterbalanced in management operations. The company clearly defines purviews of the audit committee, the nomination and remuneration committee and the executive directors, along with appointing independent outsiders to join the board of directors totaling 4 out of 10 people to examine, balance powers of authorities when decision is made; to give opinions and concur in any listicles before presenting to the shareholder's meeting for their consent later.

Risks associated with loss of personnel in the board of directors

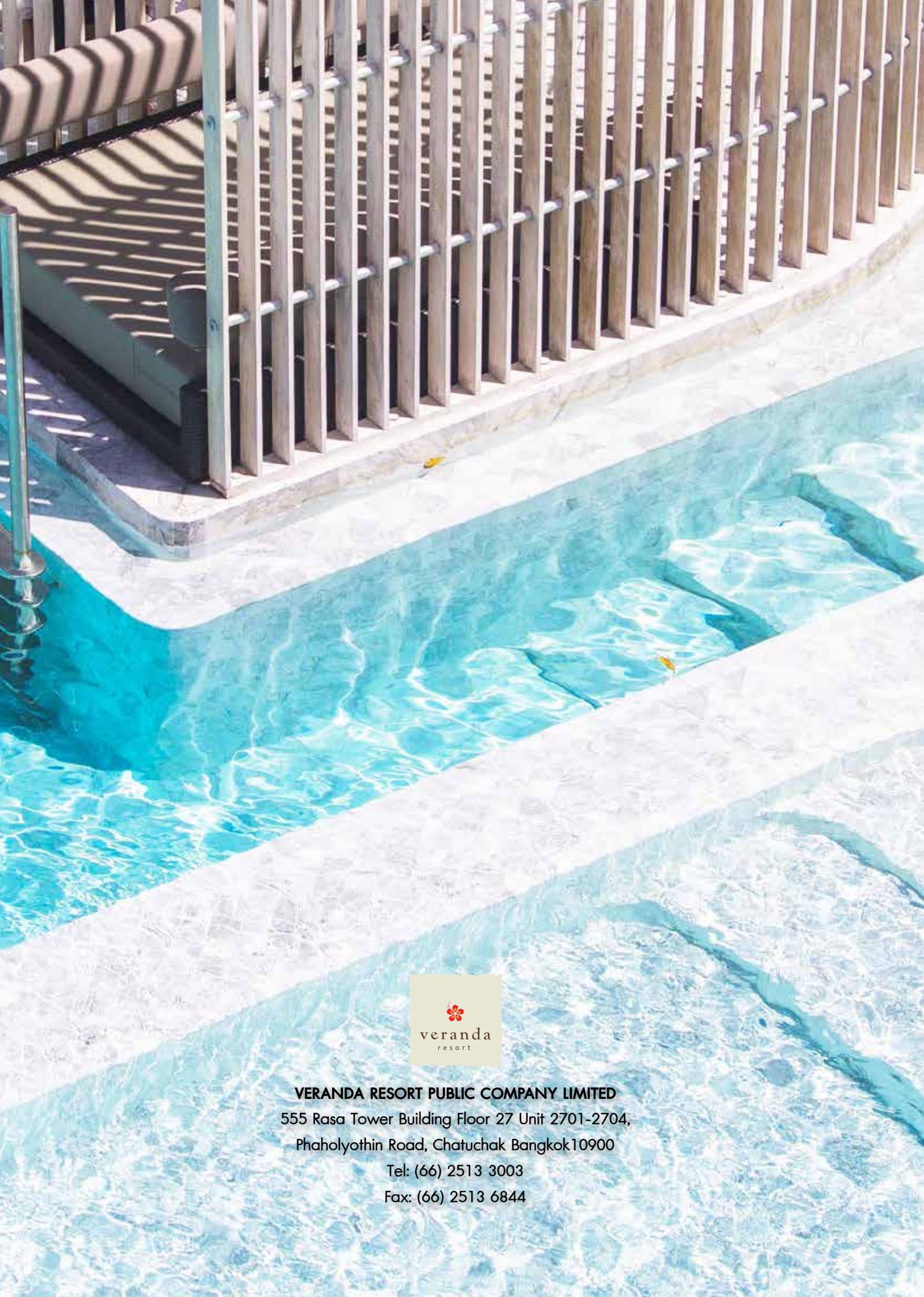
The Board of Directors has expertise in hotel and residential industry for over 15 years since the company was founded. The success of the company's projects in the past reflected the performance of business operation carried out by the prudent management of the boards of directors in land acquisition, feasibility analysis, and project designs. Should the personnel of board of directors are gone or inadequate or leaving the jobs, the company may have negative effects on business operations, business opportunities, and business performances.

However, succession plans are implemented to prevent such losses including additional recruitment for management staffing is resolved in accordance with business operations and expansion in the future. Staff training, or any other workshops to develop knowledge, competency, and experience are to be held so that business operations shall resume smoothly and efficiently in case any of such losses may incur.



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VERANDA RESORT PUBLIC COMPANY LIMITED

555 Rasa Tower Building Floor 27 Unit 2701-2704,
Phaholyothin Road, Chatuchak Bangkok10900

Tel: (66) 2513 3003

Fax: (66) 2513 6844