

Chewathai Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2019

Independent Auditor's Report

To the Shareholders of Chewathai Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Chewathai 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 Chewathai 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 Chewathai Public Company Limited and its subsidiaries and of Chewathai 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 Group 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.

Recognition of revenue from sale of real estate

The Group recognised revenue from sale of real estate according to accounting policy, as disclosed in Note 5.1 to the financial statements. Revenue from sale of real estate is a significant amount in relation to total revenue of the Group. In addition, the Group has entered into agreements with a large number of customers and there are a variety of conditions in these agreements, pertaining to matters such as sale promotions and discounts to boost sales. I have therefore focused on the audit of the actually occurring and timing of revenue recognition.

I have examined the recognition of revenue from sale of real estate of the Group by

- Assessing the Group's IT system and its significant internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the designed control, and with special consideration of the internal controls which respond to the above risks.
- Examining sale transactions during the year with agreements and supporting documents for actual sale of real estate transactions occurring during the year and near the end of the accounting period, 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.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sale transactions throughout the period, particularly for accounting entries made through journal vouchers.

Value of land and real estate development costs

Estimating the net realisable value of land and real estate development costs, as disclosed in Notes 5.5 and 10 to the consolidated financial statements, is an area of management judgement, regarding to the estimation of provision for diminution in the value of long outstanding projects and under developing projects. This requires detailed analysis of the nature of projects, competitive environment and economic circumstances. There is a risk with respect to the amount of provision set aside for diminution in the value of land and real estate development costs.

I have examined value of land and real estate development costs by

- Gaining an understanding the internal controls of the Group relevant to the determination of provision for diminution in the value of land and real estate development costs by making enquiry of responsible executives and gaining an understanding of the designed controls.
- Gaining an understanding of the basis applied in determining the provision for diminution in value of land and real estate development costs, and reviewing the consistency of the application of that basis.
- Comparing the developing periods, sales periods and projects movements to identify projects with indicators of lower than normal turnover.
- Comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of land and real estate development costs for each project.
- Comparing gross profit margin of sales transactions occurring during the year to identify projects that indicate net realisable value of land and real estate development costs lower than costs.
- Gaining an understanding of and assessed the significant assumptions and approaches applied by management or an independent appraiser in preparing estimates of net realisable value of projects that there were indicators of lower turnover or net realisable value lower than land and real estate development costs.

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.

Rungrana Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

EY Office Limited

Bangkok: 14 February 2020

Chewathai Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | Note | 2019 | 2018 | 2019 | 2018 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 8 | 35,935,771 | 506,941,487 | 30,416,530 | 366,969,325 |
| Trade and other receivables | 7, 9 | 11,949,996 | 17,813,988 | 21,056,325 | 18,820,885 |
| Short-term loans to related parties | 7 | 36,000,000 | 55,000,000 | 36,000,000 | 55,000,000 |
| Land and real estate development costs | 10 | 5,680,326,213 | 3,161,830,940 | 5,288,966,009 | 3,132,547,181 |
| Advance for construction work | | 18,703,990 | 2,108,978 | 18,703,990 | 2,108,978 |
| Deposit for purchase of land | | 29,665,000 | 246,987,955 | 29,665,000 | 246,987,955 |
| Cost to obtain contracts with customers | 11 | 940,862 | - | 940,862 | - |
| Other current assets | 12 | 38,497,469 | 30,214,200 | 34,881,003 | 24,339,428 |
| Total current assets | | 5,852,019,301 | 4,020,897,548 | 5,460,629,719 | 3,846,773,752 |
| Non-current assets | | | | | |
| Restricted bank deposits | 13 | 28,343,527 | 20,323,310 | 28,343,527 | 20,323,310 |
| Long-term loans to related party | 7 | 131,577,891 | 34,000,000 | 329,077,891 | 34,000,000 |
| Investment in subsidiaries | 14 | - | - | 68,593,941 | 68,593,941 |
| Investments in joint ventures | 15 | 40,366,814 | 39,701,670 | 42,000,000 | 42,000,000 |
| Investment in associate | 16 | 18,949,032 | 24,661,435 | 25,000,000 | 25,000,000 |
| Investment properties | 17 | 277,701,241 | 290,770,383 | 277,701,241 | 290,770,383 |
| Property, plant and equipment | 18 | 20,148,440 | 17,101,118 | 16,532,279 | 13,320,479 |
| Intangible assets | 19 | 13,006,509 | 7,117,254 | 12,856,338 | 7,117,254 |
| Deferred tax assets | 32 | 14,022,573 | 1,839,539 | 13,927,756 | 1,174,179 |
| Other non-current assets | | 8,174,660 | 8,973,741 | 6,238,827 | 7,371,946 |
| Total non-current assets | | 552,290,687 | 444,488,450 | 820,271,800 | 509,671,492 |
| Total assets | | 6,404,309,988 | 4,465,385,998 | 6,280,901,519 | 4,356,445,244 |

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

Chewathai Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|---|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | Note | 2019 | 2018 | 2019 | 2018 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts | 20 | 51,239,047 | - | 41,240,435 | - |
| Trade and other payables | 7, 21 | 287,682,203 | 143,492,999 | 284,870,628 | 144,696,378 |
| Retention payables | | 81,704,860 | 32,325,328 | 79,169,506 | 32,207,948 |
| Current portion of long-term loans from financial institutions | 22 | 1,682,000,830 | 405,717,329 | 1,682,000,830 | 405,717,329 |
| Current portion of debentures | 23 | 1,693,782,628 | - | 1,693,782,628 | - |
| Income tax payable | | - | 16,826,602 | - | 14,013,118 |
| Deposits and advance received from customers | | 61,530,666 | 21,751,180 | 51,337,666 | 21,639,892 |
| Short-term provisions | 24 | 2,206,977 | 3,526,798 | 2,080,827 | 200,000 |
| Other current liabilities | | 8,691,205 | 6,721,505 | 8,532,056 | 6,693,510 |
| Total current liabilities | | 3,868,838,416 | 630,361,741 | 3,843,014,576 | 625,168,175 |
| Non-current liabilities | | | | | |
| Long-term loans from financial institutions, net of current portion | 22 | 297,047,244 | 300,834,018 | 297,047,244 | 300,834,018 |
| Debentures, net of current portion | 23 | 482,613,190 | 1,683,651,370 | 482,613,190 | 1,683,651,370 |
| Provision for long-term employee benefits | 25 | 11,423,761 | 5,670,896 | 11,423,761 | 5,670,896 |
| Long-term provisions | 24 | 1,593,714 | - | 1,245,779 | - |
| Deferred tax liabilities | 32 | 2,347,967 | 3,278,916 | 2,347,967 | 3,278,916 |
| Total non-current liabilities | | 795,025,876 | 1,993,435,200 | 794,677,941 | 1,993,435,200 |
| Total liabilities | | 4,663,864,292 | 2,623,796,941 | 4,637,692,517 | 2,618,603,375 |

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

Chewathai Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Shareholders' equity | | | | | |
| Share capital | 26 | | | | |
| Registered | | | | | |
| 2,307,692,307 ordinary shares of Baht 1 each | | 2,307,692,307 | 2,307,692,307 | 2,307,692,307 | 2,307,692,307 |
| Issued and paid-up | | | | | |
| 1,275,027,883 ordinary shares of Baht 1 each | | | | | |
| (31 December 2018: 1,275,027,183 ordinary shares of Baht 1 each) | | 1,275,027,883 | 1,275,027,183 | 1,275,027,883 | 1,275,027,183 |
| Premium on ordinary shares | | 214,482,296 | 214,481,771 | 214,482,296 | 214,481,771 |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | 29 | | | | |
| - the Company | | 23,942,846 | 23,942,846 | 23,942,846 | 23,942,846 |
| - subsidiary | | 8,126,384 | 8,126,384 | - | - |
| Unappropriated | | 218,866,287 | 320,010,873 | 129,755,977 | 224,390,069 |
| Total shareholders' equity | | 1,740,445,696 | 1,841,589,057 | 1,643,209,002 | 1,737,841,869 |
| Total liabilities and shareholders' equity | | 6,404,309,988 | 4,465,385,998 | 6,280,901,519 | 4,356,445,244 |
| | | - | - | - | - |

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

Directors

Chewathai Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|---|------|--|----------------------|--------------------------------------|----------------------|
| | Note | 2019 | 2018 | 2019 | 2018 |
| Profit or loss: | | | | | |
| Revenues | | | | | |
| Revenue from sale of real estate | 30 | 1,113,892,575 | 2,621,600,416 | 1,022,103,685 | 2,354,252,416 |
| Rental income | | 25,317,933 | 20,445,356 | 25,317,933 | 20,445,356 |
| Other income | | | | | |
| Interest income | | 6,611,837 | 4,442,252 | 8,351,973 | 4,422,296 |
| Others | | 8,545,122 | 29,855,072 | 10,261,976 | 34,113,495 |
| Total revenues | | 1,154,367,467 | 2,676,343,096 | 1,066,035,567 | 2,413,233,563 |
| Expenses | | | | | |
| Cost of real estate sold | | 821,176,521 | 1,838,729,434 | 744,478,043 | 1,649,407,281 |
| Cost of rental | | 13,069,142 | 12,252,722 | 13,069,142 | 12,252,722 |
| Selling expenses | | 194,329,348 | 258,839,658 | 184,753,678 | 229,986,764 |
| Administrative expenses | | 165,817,451 | 185,314,460 | 162,867,007 | 174,340,590 |
| Total expenses | | 1,194,392,462 | 2,295,136,274 | 1,105,167,870 | 2,065,987,357 |
| Profit (loss) before share of profit (loss) from investments | | | | | |
| in joint ventures and associate, finance costs and | | | | | |
| income tax expenses | | (40,024,995) | 381,206,822 | (39,132,303) | 347,246,206 |
| Share of profit (loss) from investments | | | | | |
| in joint ventures | 15.2 | 665,144 | (1,271,836) | - | - |
| Share of loss from investment | | | | | |
| in associate | 16.3 | (5,712,403) | (88,565) | - | - |
| Profit (loss) before finance costs and | | | | | |
| income tax expenses | | (45,072,254) | 379,846,421 | (39,132,303) | 347,246,206 |
| Finance costs | | (22,742,685) | (46,094,992) | (22,742,685) | (45,363,218) |
| Profit (loss) before income tax expenses | | (67,814,939) | 333,751,429 | (61,874,988) | 301,882,988 |
| Income tax revenues (expenses) | 32 | 12,750,444 | (68,938,222) | 13,320,987 | (61,386,819) |
| Profit (loss) for the year | | (55,064,495) | 264,813,207 | (48,554,001) | 240,496,169 |
| Other comprehensive income: | | | | | |
| <i>Other comprehensive income not to be reclassified</i> | | | | | |
| <i>to profit or loss in subsequent periods</i> | | | | | |
| Actuarial gain (loss) - net of income tax | 25 | (1,568,046) | 232,652 | (1,568,046) | 232,652 |
| Other comprehensive income not to be reclassified | | | | | |
| to profit or loss in subsequent periods - net of | | | | | |
| income tax | | (1,568,046) | 232,652 | (1,568,046) | 232,652 |
| Other comprehensive income for the year | | (1,568,046) | 232,652 | (1,568,046) | 232,652 |
| Total comprehensive income for the year | | (56,632,541) | 265,045,859 | (50,122,047) | 240,728,821 |
| Earnings per share | 34 | | | | |
| Basic earnings per share | | | | | |
| Profit (loss) attributable to equity holders of the Company | | (0.04) | 0.24 | (0.04) | 0.22 |

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

Chewathai Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

| | Consolidated financial statements | | | | | |
|--|-----------------------------------|-----------------|----------------------------------|------------|-------------------|---------------|
| | Issued and | | Retained earnings | | | |
| | paid-up | Premium on | Appropriated - statutory reserve | | Unappropriated | |
| | share capital | ordinary shares | The Company | Subsidiary | retained earnings | Total |
| Balance as at 1 January 2018 | 750,000,000 | 144,381,400 | 11,918,038 | 8,126,384 | 194,843,671 | 1,109,269,493 |
| Profit for the year | - | - | - | - | 264,813,207 | 264,813,207 |
| Other comprehensive income for the year | - | - | - | - | 232,652 | 232,652 |
| Total comprehensive income for the year | - | - | - | - | 265,045,859 | 265,045,859 |
| Unappropriated retain earnings transferred | | | | | | |
| to statutory reserve (Note 29) | - | - | 12,024,808 | - | (12,024,808) | - |
| Issurance of new shares (Note 26) | 467,335,804 | 70,100,371 | - | - | - | 537,436,175 |
| Stock dividend (Note 37) | 57,691,379 | - | - | - | (57,691,379) | - |
| Dividend payment (Note 37) | - | - | - | - | (70,162,470) | (70,162,470) |
| Balance as at 31 December 2018 | 1,275,027,183 | 214,481,771 | 23,942,846 | 8,126,384 | 320,010,873 | 1,841,589,057 |
| Balance as at 1 January 2019 | 1,275,027,183 | 214,481,771 | 23,942,846 | 8,126,384 | 320,010,873 | 1,841,589,057 |
| Cumulative effects of the change | | | | | | |
| in accounting policies due to | | | | | | |
| the adoption of new financial | | | | | | |
| reporting standard (Note 4) | - | - | - | - | 113,892 | 113,892 |
| Loss for the year | - | - | - | - | (55,064,495) | (55,064,495) |
| Other comprehensive income for the year | - | - | - | - | (1,568,046) | (1,568,046) |
| Total comprehensive income for the year | - | - | - | - | (56,632,541) | (56,632,541) |
| Converted warrants to | | | | | | |
| share capital (Note 26) | 700 | 525 | - | - | - | 1,225 |
| Dividend payment (Note 37) | - | - | - | - | (44,625,937) | (44,625,937) |
| Balance as at 31 December 2019 | 1,275,027,883 | 214,482,296 | 23,942,846 | 8,126,384 | 218,866,287 | 1,740,445,696 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |

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

Chewathai Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2019

(Unit: Baht)

| | Separate financial statements | | | | |
|--|--|-------------------------------|-------------------------------------|-------------------------------------|----------------------|
| | Issued and paid-up share capital | Premium on ordinary shares | Retained earnings | | Total |
| | | | Appropriated - statutory reserve | Unappropriated retained earnings | |
| Balance as at 1 January 2018 | 750,000,000 | 144,381,400 | 11,918,038 | 123,539,905 | 1,029,839,343 |
| Profit for the year | - | - | - | 240,496,169 | 240,496,169 |
| Other comprehensive income for the year | - | - | - | 232,652 | 232,652 |
| Total comprehensive income for the year | - | - | - | 240,728,821 | 240,728,821 |
| Unappropriated retained earnings | | | | | |
| transferred to statutory reserve (Note 29) | - | - | 12,024,808 | (12,024,808) | - |
| Issuance of new shares (Note 26) | 467,335,804 | 70,100,371 | - | - | 537,436,175 |
| Stock dividend (Note 37) | 57,691,379 | - | - | (57,691,379) | - |
| Dividend payment (Note 37) | - | - | - | (70,162,470) | (70,162,470) |
| Balance as at 31 December 2018 | <u>1,275,027,183</u> | <u>214,481,771</u> | <u>23,942,846</u> | <u>224,390,069</u> | <u>1,737,841,869</u> |
| Balance as at 1 January 2019 | 1,275,027,183 | 214,481,771 | 23,942,846 | 224,390,069 | 1,737,841,869 |
| Cumulative effects of the change | | | | | |
| in accounting policies due to | | | | | |
| the adoption of new financial | | | | | |
| reporting standard (Note 4) | - | - | - | 113,892 | 113,892 |
| Loss for the year | - | - | - | (48,554,001) | (48,554,001) |
| Other comprehensive income for the year | - | - | - | (1,568,046) | (1,568,046) |
| Total comprehensive income for the year | - | - | - | (50,122,047) | (50,122,047) |
| Converted warrants to | | | | | |
| share capital (Note 26) | 700 | 525 | - | - | 1,225 |
| Dividend payment (Note 37) | - | - | - | (44,625,937) | (44,625,937) |
| Balance as at 31 December 2019 | <u>1,275,027,883</u> | <u>214,482,296</u> | <u>23,942,846</u> | <u>129,755,977</u> | <u>1,643,209,002</u> |
| | - | - | - | - | - |
| | - | - | - | - | - |

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

Chewathai Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------------|--------------------------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash flows from operating activities | | | | |
| Profit (loss) before tax | (67,814,939) | 333,751,429 | (61,874,988) | 301,882,988 |
| Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities: | | | | |
| Decrease in land and real estate development costs | | | | |
| as a result of transfer to cost of sales | 810,006,536 | 1,832,352,449 | 734,693,644 | 1,643,030,295 |
| Depreciation and amortisation | 27,460,098 | 15,986,635 | 27,008,905 | 15,772,069 |
| Amortisation of transaction costs of issuing debentures | 12,312,852 | 5,490,459 | 12,312,852 | 5,490,459 |
| Amortisation of financial fees | 812,069 | 496,302 | 812,069 | 496,302 |
| Write-off of withholding tax deducted at source | - | 20,150 | - | 20,150 |
| Loss on disposals and write-off of equipment | 40,231 | 400,502 | 40,231 | 394,073 |
| Share of loss (profit) from investments in joint ventures | (665,144) | 1,271,836 | - | - |
| Share of loss from investment in associate | 5,712,403 | 88,565 | - | - |
| Provision for long-term employee benefits | 3,792,807 | 1,368,647 | 3,792,807 | 1,368,647 |
| Provision for maintenance expenses (reversal) | 1,358,172 | 2,182,283 | 2,408,103 | (1,406,186) |
| Provision for compensation for housing estate juristic persons | 1,593,714 | - | 1,245,779 | - |
| Interest income | (6,611,837) | (4,442,252) | (8,351,973) | (4,422,296) |
| Interest expenses | 7,235,157 | 40,108,231 | 7,235,157 | 39,376,457 |
| Profit from operating activities before change in operating assets and liabilities | 795,232,119 | 2,229,075,236 | 719,322,586 | 2,002,002,958 |
| Operating assets decrease (increase) | | | | |
| Trade and other receivables | | | | |
| - Related parties | 10,729,823 | 538,706 | 4,454,228 | (619,367) |
| - Others | 1,171,308 | (1,841,115) | 1,137,309 | (2,233,480) |
| Advances to related party | - | - | - | 13,810,663 |
| Land and real estate development costs | (3,133,785,910) | (1,965,565,573) | (2,699,113,903) | (1,965,565,573) |
| Advance for construction work | (16,595,012) | 11,224,626 | (16,595,012) | 11,224,626 |
| Deposit for purchase of land | 217,322,955 | (200,795,955) | 217,322,955 | (200,795,955) |
| Other current assets | 3,541,773 | (3,735,757) | 60,382 | (7,829,058) |
| Other non-current assets | 799,081 | (4,125,371) | 1,133,119 | (4,381,371) |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | | | | |
| - Related parties | 601,723 | (1,246,648) | 1,327,256 | 1,387,216 |
| - Others | 142,798,753 | (202,986,372) | 137,990,604 | (196,655,277) |
| Retention payables | 49,379,532 | (54,694,836) | 46,961,558 | (54,677,566) |
| Deposits and advance received from customers | 39,779,486 | (170,426,246) | 29,697,774 | (170,331,036) |
| Short-term provisions | (2,677,993) | (261,671) | (527,276) | - |
| Other current liabilities | 1,969,700 | 2,815,087 | 1,838,546 | 2,843,498 |
| Cash flows used in operating activities | (1,889,732,662) | (362,025,889) | (1,554,989,874) | (571,819,722) |
| Cash paid for income tax | (29,450,140) | (57,120,492) | (25,413,571) | (49,647,395) |
| Net cash flows used in operating activities | (1,919,182,802) | (419,146,381) | (1,580,403,445) | (621,467,117) |

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

Chewathai Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--|---------------------|--------------------------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash flows from investing activities | | | | |
| Increase in restricted bank deposits | (8,020,217) | (20,323,310) | (8,020,217) | (20,323,310) |
| Decrease (increase) in loans to related parties | (78,577,891) | 13,000,000 | (276,077,891) | 13,000,000 |
| Cash paid for investment in associate | - | (24,750,000) | - | (24,750,000) |
| Proceed from sales of equipment | - | 94,400 | - | 94,400 |
| Cash paid for purchase of equipment | (16,448,600) | (7,883,537) | (16,167,078) | (7,596,527) |
| Cash paid for purchase of computer software | (6,919,164) | (3,296,200) | (6,763,800) | (3,296,200) |
| Cash received from interest income | 574,697 | 3,301,032 | 524,996 | 37,222,818 |
| Net cash flows used in investing activities | (109,391,175) | (39,857,615) | (306,503,990) | (5,648,819) |
| Cash flows from financing activities | | | | |
| Increase (decrease) in short-term loans and overdraft | | | | |
| from financial institutions | 51,239,047 | (465,000,000) | 41,240,435 | (465,000,000) |
| Decrease in short-term loans from related party | - | (18,506,105) | - | - |
| Cash paid for repayment of long-term loans from related parties | - | (252,318,925) | - | (252,318,925) |
| Cash received from drawdown of long-term loans | | | | |
| from financial institutions | 1,670,492,456 | 1,276,009,755 | 1,633,982,596 | 1,276,009,755 |
| Cash paid for repayment of long-term loans from financial institutions | (398,807,797) | (1,562,148,673) | (362,297,938) | (1,523,023,173) |
| Proceeds from issuance of debentures | 486,000,000 | 1,698,500,000 | 486,000,000 | 1,698,500,000 |
| Cash paid for repayment of debentures | - | (170,000,000) | - | (170,000,000) |
| Cash paid for transaction costs of issuing debentures | (5,568,404) | (20,243,683) | (5,568,404) | (20,243,683) |
| Cash paid for financial fees | - | (1,308,371) | - | (1,308,371) |
| Proceed from increase in share capital | 1,225 | 537,436,175 | 1,225 | 537,436,175 |
| Dividend paid | (44,625,937) | (70,162,470) | (44,625,937) | (70,162,470) |
| Cash paid for interest expenses | (201,162,329) | (112,735,136) | (198,377,337) | (111,489,684) |
| Net cash flows from financing activities | 1,557,568,261 | 839,522,567 | 1,550,354,640 | 898,399,624 |
| Net increase (decrease) in cash and cash equivalents | (471,005,716) | 380,518,571 | (336,552,795) | 271,283,688 |
| Cash and cash equivalents at beginning of year | 506,941,487 | 126,422,916 | 366,969,325 | 95,685,637 |
| Cash and cash equivalents at end of year (Note 8) | 35,935,771 | 506,941,487 | 30,416,530 | 366,969,325 |
| | - | - | - | - |
| Supplemental cash flow information | | | | |
| Non-cash items | | | | |
| Interest expenses recorded as land and | | | | |
| real estate development costs | 194,715,900 | 79,397,383 | 191,998,569 | 79,397,383 |
| Transfer from land and real estate development costs | | | | |
| to property, plant and equipment | - | 3,399,347 | - | - |
| Transfer from land and real estate development costs | | | | |
| to investment properties | - | 45,845,123 | - | 45,845,123 |
| Stock dividend | - | 57,691,379 | - | 57,691,379 |
| Actuarial gain (loss) | (1,960,058) | 290,815 | (1,960,058) | 290,815 |

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

Chewathai Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2019

1. General information

Chewathai Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Chartchewa Company Limited, which was incorporated in Thailand. The Company is principally engaged in the development of properties for sales and rent. The registered office of the Company is at 1168/80 Lumpini Tower, 27th Floor, Unit D, Rama IV Road, Tungmahamek, Sathorn, Bangkok.

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 Chewathai Public Company Limited (“the Company”) and the following subsidiary companies (“the Subsidiaries”):

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|---|-------------------------|-----------------------------|-------------------------------|------------------------|
| | | | <u>2019</u> Percent | <u>2018</u> Percent |
| <u>Held by the Company</u> | | | | |
| Chewathai Interchange Limited | Real estate development | Thailand | 100 | 100 |
| <u>Held by subsidiary company</u> | | | | |
| Chewathai Home Office Limited (100 percent held by Chewathai Interchange Limited) | Real estate development | Thailand | 100 | - |

During the current year, the change in the structure of subsidiaries are as follows:

In May 2019, Chewathai Interchange Limited, which is the Company's 100% owned subsidiary, acquired 100% of share capital of Chewathai Home Office Limited (formerly known as "Thaicorp Capital Company Limited"). The subsidiary has determined the acquisition of such company in accordance with Thai Financial Reporting Standard No. 3 (revised 2018) and has considered that this acquisition is, in substance, an asset acquisition. The subsidiary recorded this acquisition at purchase price as specified in the share purchase agreement. Net value of assets acquired and liabilities assumed from such company as at the acquisition date in the consolidated financial statements of Chewathai Public Company Limited are as follows:

(Unit: Thousand Baht)

Net assets acquired and liabilities assumed as at acquisition date

| | |
|--|-----------------------|
| Cash | 18 |
| Land and real estate development costs | 420,565 |
| Other current assets | 698 |
| Equipment | 274 |
| Deposit | 405 |
| Bank overdrafts | (8,756) |
| Deposits and advance received from customers | (9,566) |
| Other current liabilities | (2,507) |
| Retention payables | (6,042) |
| Long-term loans from financial institution | (36,510) |
| Net value at purchase price | <u><u>358,579</u></u> |

- b) The Company is deemed to have control over an investee or 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 affect the amount of its returns.
- c) 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 have been eliminated from the consolidated financial statements.

- 2.3 The separate financial statements present investments in subsidiaries, joint ventures and associate under the cost method.

3. New financial reporting standards

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

During the period, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years 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 Company's and its subsidiaries' 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 identified in accordance with the previous accounting policy;

The cumulative effect of the change is described in Note 4.

(b) Financial reporting standards that will become 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 |
|--------|-------------------------------------|

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 believes that adoption of these standards will not have any significant impact on the financial statements.

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 Group plans to adopt TFRS 16 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 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 17.01 million (the Company only: approximately Baht 17.01 million) and the Group's liabilities by approximately Baht 17.01 million (the Company only: approximately Baht 17.01 million).

4. 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 year, 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 | | |
| Costs to obtain contracts with customers | 142 | 142 |
| Related tax | (28) | (28) |
| Total | 114 | 114 |

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 | TFRS 15 |
| Statement of financial position | | | |
| Assets | | | |
| Cost to obtain contracts with customers | - | 941 | 941 |
| Total assets | - | 941 | 941 |
| Liabilities | | | |
| Deferred tax liabilities | 2,160 | 188 | 2,348 |
| Total liabilities | 2,160 | 188 | 2,348 |
| Shareholders' equity | | | |
| Retained earnings - unappropriated | 218,113 | 753 | 218,866 |
| Total shareholders' equity | 218,113 | 753 | 218,866 |
| Total liabilities and shareholders' equity | 220,273 | 941 | 221,214 |

(Unit: Thousand Baht)

Consolidated financial statements

| | Previous accounting policy | Increase (decrease) | TFRS 15 |
|--|-------------------------------|------------------------|-----------|
| Statement of comprehensive income | | | |
| Profit or loss: | | | |
| Revenue from sale of real estate | 1,128,126 | (14,233) | 1,113,893 |
| Cost of real estate sold | 813,257 | 7,920 | 821,177 |
| Selling expenses | 217,281 | (22,952) | 194,329 |
| Income tax revenues | 12,910 | (160) | 12,750 |
| Loss for the year | (55,704) | (640) | (55,064) |
| Loss per share (Baht) | | | |
| Basic loss per share | (0.04) | - | (0.04) |

(Unit: Thousand Baht)

Separate financial statements

| | Previous accounting policy | Increase | TFRS 15 |
|---|-------------------------------|------------|----------------|
| Statement of financial position | | | |
| Assets | | | |
| Cost to obtain contracts with customers | - | 941 | 941 |
| Total assets | - | 941 | 941 |
| Liabilities | | | |
| Deferred tax liabilities | 2,160 | 188 | 2,348 |
| Total liabilities | 2,160 | 188 | 2,348 |
| Shareholders' equity | | | |
| Retained earnings - unappropriated | 129,003 | 753 | 129,756 |
| Total shareholders' equity | 129,003 | 753 | 129,756 |
| Total liabilities and shareholders' equity | 131,163 | 941 | 132,104 |

(Unit: Thousand Baht)

Separate financial statements

| | Previous accounting policy | Increase (decrease) | TFRS 15 |
|--|-------------------------------|------------------------|-----------|
| Statement of comprehensive income | | | |
| Profit or loss: | | | |
| Revenue from sale of real estate | 1,035,727 | (13,623) | 1,022,104 |
| Cost of real estate sold | 737,303 | 7,175 | 744,478 |
| Selling expenses | 206,351 | (21,597) | 184,754 |
| Income tax revenues | 13,481 | (160) | 13,321 |
| Loss for the year | (49,194) | (640) | (48,554) |
| Loss per share (Baht) | | | |
| Basic loss per share | (0.04) | - | (0.04) |

The nature of these adjustments are described below:

- Commission paid to obtain a customer contract - 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 register the transfer of houses or condominium units, including free of charge items or consideration paid to customers.
 - a) Provision for items without charge such as furniture and fixtures - The Group offer free of charge items to customers when the customers register the transfer of houses or condominium units. The management of the Group has considered that the free of charge items are component parts of houses or condominium units, which are the main performance obligations under the contracts. Therefore, the Group is to record these costs as costs of real estate sold, not selling expenses as previously recorded.
 - b) 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. 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 sale of real estate, not selling expenses as previously recorded.

5. Significant accounting policies

5.1 Revenue recognition

Revenue from sale of real estate

Revenue from sale of real estate are recognised at the point in time when control of the asset is transferred to the customer, generally upon registration of the transfer of land and houses and residential condominium units. Revenue is measured at the amount of the consideration received after deducting discounts and expenses the Group paid on behalf of the customers. Terms of payment are in accordance with the installment period specified in the contract made with the customers. The amount of consideration which the Group received from the customers before the control of the

asset has been transferred to the customers is presented under the caption of “Advance received from customers” in the statement of financial position.

Rental income

Rental income from factory is recognised on a straight-line basis over the lease term.

Interest income

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

Dividends

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

5.2 Cost of real estate sold

In determining the costs 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 allocated on the basis of the saleable area.

Cost of real estate sold includes cost of free of charge items which the Group delivers to customers as specified in the contract made with the customers such as furniture and fixtures. The Group has considered that the free of charge items are component parts of houses or condominium units, which are the main performance obligations under the contracts.

Selling expenses, such as specific business tax and ownership transfer fee are recognised as expenses when land and houses or residential condominium units are sold.

5.3 Cash and cash equivalents

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

5.4 Trade and other receivables

Trade and other receivables 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.

5.5 Land and real estate development costs

Land and real estate development costs are valued at the lower of cost and net realisable value. Cost consists of cost of land, land improvement, design fees, public utilities, construction, interest expenses capitalised as project costs and other related cost actually incurred, and provision for real estate development costs.

The Group recognise loss on diminution in value of projects (if any) in profit or loss.

5.6 Cost to obtain a contract with customers

The Group recognises commission paid to obtain a customer contract as an asset and recognises it as 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 consideration that the entity expects to receive less direct costs.

5.7 Investments

- a) Investments in joint ventures and associate are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiary, joint ventures and associate are accounted for in the separate financial statements using the cost method.

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

5.8 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).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income. No depreciation is provided on land.

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.

5.9 Property, plant and equipment and 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:

| | |
|--|----------------|
| Buildings and lease building improvement | 20 and 5 years |
| Furniture, fixtures and office equipment | 3 and 5 years |
| Sales office and mock-up room | 1 to 5 years |

Depreciation is included in determining income. No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised 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.

5.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset or development of the projects 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.

To the extent that funds are borrowed specifically for the development of projects, interest costs are presented as the actual borrowing costs less any investment income from the temporary investment of those borrowings (if any). To the extent that funds are borrowed and used for the general purposes, the interest costs are determined by applying a capitalisation rate to the expenditures on that project. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the year, other than borrowings made for specific purposes.

5.11 Intangible assets

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 a systematic 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 least 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 | 3 and 10 years |

5.12 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.

5.13 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 and 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 shorter of the useful life of the asset and the lease period.

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.

5.14 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the investment properties, property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.15 Employee benefits

Short-term employee benefits

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

Employee Joint Investment Program (EJIP)

The Company has established an Employee Joint Investment Program (EJIP). The program is monthly contributed by eligible employees and by the Company to EJIP participant. The details of the program are as described in Note 28 to the financial statements. The Company's contributions are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company 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 defined benefit plans 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 Company recognised restructuring - related costs.

5.16 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.

5.17 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 reduces 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.

5.18 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 measures 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 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.

6. 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:

Allowance for loss on diminution in value of land and real estate development costs

The Group determines loss on diminution in value of land and real estate development costs when there has been a significant decline in fair value. The management determines the diminution in value of land and real estate development costs based on net realisable value. The determination of what is significant and the diminution in value requires the management to exercise judgement.

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.

Deferred tax assets

Deferred tax assets are recognised 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.

Post-employment benefits under defined benefit plans

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.

Investment properties, buildings and equipment/Depreciation

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

Provision for maintenance expenses of houses and condominium units

In determining provision for maintenance expenses of houses and condominium units, the management has to exercise judgement to estimate the maintenance expenses of houses and condominium units expected to be incurred based on experiences of actual expenses claimed in the past and currently available information related to the cost of various types of maintenance work.

Classification of long-term loans

In determining the classification of current portion of long-term loans from banks, the management has to exercise judgement to estimate the redemption of collateral and repayment of loans in accordance the terms and conditions specified in each loan contract.

Project development costs estimation

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

Compensation for housing estate juristic persons

The Group estimates the compensation for housing estate juristic persons by using the rate specified by the regulator and the judgement of management regarding the budgeted public utilities costs as a basis for the calculation.

Litigation

The Group has contingent liabilities as a result of litigation. The Group'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.

7. Related party transactions

The relationships between the Company, subsidiaries, joint ventures, associate and its related parties are summarised below.

| Name of related parties | Relationship |
|--|---|
| Chartchewa Company Limited | Major shareholder |
| Chewathai Interchange Limited | Subsidiary |
| Chewathai Home Office Limited (formerly known as “Thaicorp Capital Company Limited”) | Subsidiary (100 percent held by Chewathai Interchange Limited) |
| Chewathai Hup Soon Limited | Joint venture |
| Chewa Heart Company Limited | Joint venture |
| Kamala Senior Living Company Limited | Associate |
| Global Environmental Technology Company Limited | Common director |
| Thaisri Insurance Public Company Limited | Common director |
| Amata Water Company Limited | Common director |
| Amata City Company Limited | Common director |
| Amata Facility Services Company Limited | Common director |

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

| (Unit: Million Baht) | | | | | |
|--|--------------------------------------|------|----------------------------------|------|---|
| | Consolidated financial statements | | Separate financial statements | | Transfer pricing policy |
| | 2019 | 2018 | 2019 | 2018 | |
| <u>Transactions with subsidiary</u> (eliminated from the consolidated financial statements) | | | | | |
| Management fee income | - | - | 2.24 | 5.61 | Contract price |
| Interest income | - | - | 1.79 | 0.02 | 1.50% p.a. (2018: 5.46% p.a.) |
| <u>Transactions with joint ventures</u> | | | | | |
| Management fee income | 0.24 | 0.84 | 0.24 | 0.84 | Contract price |
| Interest income | 3.41 | 1.59 | 3.41 | 1.59 | 5.15% and 5.00% p.a. (2018: 5.15% p.a.) |
| <u>Transactions with associate</u> | | | | | |
| Interest income | 2.78 | 2.61 | 2.78 | 2.61 | 5.00% p.a. |
| <u>Transactions with related companies</u> | | | | | |
| Other administrative expenses | 4.82 | 3.24 | 4.82 | 3.21 | Contract price and market price |
| Interest expenses | - | 3.25 | - | 3.05 | 4.00% and 5.25% p.a. |

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

| (Unit: Thousand Baht) | | | | |
|--|-----------------------------------|--------|-------------------------------|--------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| <u>Other receivables - related parties (Note 9)</u> | | | | |
| Subsidiaries | - | - | 9,256 | 1,191 |
| Joint ventures | 5,000 | 12,314 | 5,000 | 12,314 |
| Associate | 3,574 | 793 | 3,574 | 793 |
| Related companies (related by common director) | - | 10 | - | 10 |
| Total other receivables - related parties | 8,574 | 13,117 | 17,830 | 14,308 |
| <u>Short-term loans to related party</u> | | | | |
| Joint venture | 36,000 | 55,000 | 36,000 | 55,000 |
| Total short-term loans to related party | 36,000 | 55,000 | 36,000 | 55,000 |
| <u>Long-term loans to related parties</u> | | | | |
| Subsidiary | - | - | 197,500 | - |
| Joint venture | 67,578 | - | 67,578 | - |
| Associate | 64,000 | 34,000 | 64,000 | 34,000 |
| Total long-term loans to related parties | 131,578 | 34,000 | 329,078 | 34,000 |

Loans to subsidiary are unsecured loans, carrying interest at the fixed rate. The loans are repayable when borrower has sufficient cash flow. As at 31 December 2019, the Company has presented such loan as long-term loans because the Company believed that the subsidiary had no sufficient cash flow for repayment of the loan to the Company within next 12 months.

Loans to joint venture are unsecured loans, carrying interest at the fixed rate. The loans are repayable at call and when borrower has sufficient cash flow. As at 31 December 2019, the Company has presented loan amounting to Baht 67.58 million as long-term loans because the Company believed that the joint venture had no sufficient cash flow for repayment of the loan to the Company within next 12 months.

Loans to associate are unsecured loans, carrying interest at the fixed rate. The loans are repayable at call. As at 31 December 2019, the Company has no intention to call for such loans from the associate within next 12 months. So, the Company presented such loans as long-term loans.

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------|-------------------------------|-------|
| | 2019 | 2018 | 2019 | 2018 |
| <u>Other payables - related parties (Note 21)</u> | | | | |
| Subsidiary | - | - | 3,433 | 2,708 |
| Joint ventures | - | 4 | - | 4 |
| Related companies (related by common director) | 622 | 16 | 622 | 16 |
| Total other payables - related parties | 622 | 20 | 4,055 | 2,728 |

Loans to related parties

As at 31 December 2019 and 2018, the balance of loans to related parties and the movements are as follows.

(Unit: Thousand Baht)

| Company | Consolidated financial statements | | | |
|---|-----------------------------------|------------------------|------------------------|------------------------------|
| | Balance as at 31 December | Increase during the | Decrease during the | Balance as at 31 December |
| | 2018 | year | year | 2019 |
| Chewa Heart Company Limited | 55,000 | 60,578 | (12,000) | 103,578 |
| Kamala Senior Living Company Limited | 34,000 | 30,000 | - | 64,000 |
| Total | 89,000 | 90,578 | (12,000) | 167,578 |

(Unit: Thousand Baht)

| Company | Separate financial statements | | | |
|---|-------------------------------|------------------------|------------------------|------------------------------|
| | Balance as at 31 December | Increase during the | Decrease during the | Balance as at 31 December |
| | 2018 | year | year | 2019 |
| Chewa Heart Company Limited | 55,000 | 60,578 | (12,000) | 103,578 |
| Kamala Senior Living Company Limited | 34,000 | 30,000 | - | 64,000 |
| Chewathai Interchange Limited | - | 224,600 | (27,100) | 197,500 |
| Total | 89,000 | 315,178 | (39,100) | 365,078 |

Directors and management's benefits

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

| | (Unit: Million Baht) | |
|------------------------------|---------------------------|-------|
| | Consolidated and separate | |
| | financial statements | |
| | 2019 | 2018 |
| Short-term employee benefits | 33.18 | 31.75 |
| Post-employment benefits | 2.40 | 1.51 |
| Total | 35.58 | 33.26 |

8. Cash and cash equivalents

| | (Unit: Thousand Baht) | | | |
|---------------|-----------------------|---------|----------------------|---------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Cash | 316 | 365 | 270 | 325 |
| Bank deposits | 35,620 | 506,576 | 30,147 | 366,644 |
| Total | 35,936 | 506,941 | 30,417 | 366,969 |

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.1% and 0.6% per annum (2018: between 0.1 % and 0.6% per annum).

9. Trade and other receivables

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| <u>Trade accounts receivable - unrelated parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | - | - | - | - |
| Past due | | | | |
| Up to 3 months | 1,796 | 319 | 1,796 | 319 |
| 3 - 6 months | - | 6 | - | 6 |
| Total | 1,796 | 325 | 1,796 | 325 |
| Less: Allowance for doubtful debts | - | - | - | - |
| Total trade accounts receivable - unrelated parties, net | 1,796 | 325 | 1,796 | 325 |

| | Consolidated | | (Unit: Thousand Baht) | |
|--|----------------------|--------|-----------------------|--------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| <u>Other receivables</u> | | | | |
| Other receivables - related parties | 313 | 10,786 | 7,780 | 10,977 |
| Other receivables - unrelated parties | 732 | 3,375 | 582 | 3,191 |
| Accrued income - related party | - | 257 | - | 1,257 |
| Interest receivables - related parties | 8,261 | 2,074 | 10,050 | 2,074 |
| Interest receivables - unrelated parties | 848 | 997 | 848 | 997 |
| Total other receivables | 10,154 | 17,489 | 19,260 | 18,496 |
| Total trade and other receivables - net | 11,950 | 17,814 | 21,056 | 18,821 |

10. Land and real estate development costs

| | Consolidated | | (Unit: Thousand Baht) | |
|--|----------------------|-------------|-----------------------|-------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Land | 5,329,049 | 3,700,736 | 4,854,470 | 3,409,929 |
| Construction and design expenses | 6,874,673 | 5,405,227 | 5,246,801 | 4,028,005 |
| Interest capitalised as cost | 587,672 | 392,956 | 522,008 | 330,009 |
| Other costs | 157,054 | 121,027 | 148,015 | 112,237 |
| Total | 12,948,448 | 9,619,946 | 10,771,294 | 7,880,180 |
| Less: Accumulated cost transferred | | | | |
| to cost of sales | (7,218,878) | (6,408,871) | (5,436,483) | (4,701,788) |
| Less: Transfer to investment properties | (45,845) | (45,845) | (45,845) | (45,845) |
| Less: Transfer to property, plant | | | | |
| and equipment | (3,399) | (3,399) | - | - |
| Land and real estate development costs - net | 5,680,326 | 3,161,831 | 5,288,966 | 3,132,547 |

During the years, the Group included borrowing costs in cost of land and construction in progress. These were determined by applying a capitalisation rate which is the weighted average of the financial charges on total borrowings as follows.

| | Consolidated | | Separate | |
|---|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Borrowing costs included in cost of land | | | | |
| and construction in progress (Million Baht) | 195 | 79 | 192 | 79 |
| Capitalisation rate (%) | 4.10 - 7.25 | 4.28 - 5.45 | 4.10 - 5.00 | 4.28 - 5.45 |

As at 31 December 2019 and 2018, the Group has mortgaged land and construction thereon of projects to secure bank overdrafts and long-term loans from financial institutions of the Company and the subsidiary. The net book values are as follows.

| | (Unit: Million Baht) | | | |
|---|----------------------|-------|----------------------|-------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Net book value of mortgaged land and construction thereon | 4,894 | 1,895 | 4,535 | 1,895 |

11. Costs to obtain a contract with customer

| | (Unit: Thousand Baht) |
|---|--|
| | Consolidated and Separate financial statements |
| Balance as at 1 January 2019 | - |
| Increase due to the adjustment to retained earnings | 142 |
| Addition during the year | 6,071 |
| Amortisation as selling expenses during the year | (5,272) |
| Balance as at 31 December 2019 | 941 |

12. Other current assets

| | (Unit: Thousand Baht) | | | |
|----------------------------|-----------------------|--------|----------------------|--------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Refundable withholding tax | 22,035 | 9,412 | 20,812 | 9,412 |
| Prepaid expenses | 4,899 | 16,500 | 2,657 | 10,786 |
| Deferred revenue | 2,695 | 734 | 2,695 | 734 |
| Others | 8,868 | 3,568 | 8,717 | 3,408 |
| Total | 38,497 | 30,214 | 34,881 | 24,340 |

13. Restricted bank deposit

These represent saving deposits pledged with the banks to secure the arrangement and maintenance of public utilities or land improvement of the Company's real estate projects.

14. Investment in subsidiaries

Details of investment in subsidiaries as presented in separate financial statements are as follows:

| Company | Paid-up capital | | Shareholding percentage | | Cost | | (Unit: Thousand Baht) Dividend received during the year | |
|--|-----------------|---------|-------------------------|------|--------|--------|--|------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | | | (%) | (%) | | | | |
| Chewathai Interchange Limited and its subsidiary | 100,000 | 100,000 | 100 | 100 | 68,594 | 68,594 | - | - |
| Total | | | | | 68,594 | 68,594 | - | - |

On 16 May 2019, Chewathai Interchange Limited, which is the Company's 100% owned subsidiary, acquired 1.35 million ordinary shares, or 100% of share capital of Chewathai Home Office Limited (formerly known as "Thaicorp Capital Company Limited") in an amount of Baht 359 million as described in Note 2.2.

15. Investments in joint ventures

15.1 Details of investments in joint ventures:

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

| Joint venture | Nature of business | Shareholding percentage | | Cost | | (Unit: Thousand Baht) Consolidated financial statements | | Separate financial statements | |
|-----------------------------|-----------------------------|-------------------------|------|--------|--------|--|--------|---|--------|
| | | 2019 | 2018 | 2019 | 2018 | Carrying amounts based on equity method | | Carrying amounts based on cost method - net | |
| | | (%) | (%) | | | 2019 | 2018 | 2019 | 2018 |
| Chewathai Hup Soon Limited | Sale and rent of properties | 50 | 50 | 7,000 | 7,000 | 8,734 | 6,823 | 7,000 | 7,000 |
| Chewa Heart Company Limited | Real estate development | 70 | 70 | 35,000 | 35,000 | 31,633 | 32,879 | 35,000 | 35,000 |
| Total | | | | 42,000 | 42,000 | 40,367 | 39,702 | 42,000 | 42,000 |

15.2 Share of comprehensive income

During the years, the Company recognised its share of comprehensive income from investments in joint ventures in the consolidated financial statements as follows:

(Unit: Thousand Baht)

| Joint ventures | Consolidated financial statements | | | |
|-----------------------------|-----------------------------------|---------|---------------------------|------|
| | Share of profit (loss) from | | Share of other | |
| | investments in joint ventures | | comprehensive income | |
| | during the year | | from investments in joint | |
| | 2019 | 2018 | 2019 | 2018 |
| Chewathai Hup Soon Limited | 1,911 | 244 | - | - |
| Chewa Heart Company Limited | (1,246) | (1,516) | - | - |
| Total | 665 | (1,272) | - | - |

During the years 2019 and 2018, there is no dividend income from joint ventures.

15.3 Summarised financial information about material joint ventures

Summarised information about financial position

(Unit: Million Baht)

| | Chewathai Hup Soon Limited | | Chewa Heart Company Limited | |
|--|----------------------------|--------------|-----------------------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash and cash equivalents | 3.65 | 27.25 | 3.33 | 2.91 |
| Current assets | 6.91 | 19.20 | 294.69 | 215.31 |
| Non-current assets | 7.78 | 8.31 | 1.07 | 0.84 |
| Short-term loans | - | - | (36.00) | (131.00) |
| Current portion of long - term loans | - | - | (91.12) | (26.14) |
| Long-term loans | - | - | (102.41) | - |
| Current liabilities | (0.88) | (41.12) | (24.37) | (14.95) |
| Net assets | 17.46 | 13.64 | 45.19 | 46.97 |
| Shareholding percentage (%) | 50% | 50% | 70% | 70% |
| Carrying amounts of joint ventures based on equity method | 8.73 | 6.82 | 31.63 | 32.88 |

Summarised information about comprehensive income

(Unit: Million Baht)

| | For the year ended 31 December | | | |
|-------------------------------------|--------------------------------|--------|-----------------------------|--------|
| | Chewathai Hup Soon Limited | | Chewa Heart Company Limited | |
| | 2019 | 2018 | 2019 | 2018 |
| Revenue | 20.04 | 9.36 | 0.01 | 0.01 |
| Cost of sales | (12.80) | (6.65) | - | - |
| Selling and administrative expenses | (2.32) | (1.98) | (1.79) | (2.18) |
| Income tax expenses | (1.09) | (0.24) | - | - |
| Profit (loss) for the year | 3.83 | 0.49 | (1.78) | (2.17) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | 3.83 | 0.49 | (1.78) | (2.17) |

16. Investment in associate

16.1 Details of associate:

| (Unit: Thousand Baht) | | | | | | | | | | |
|--------------------------------|-------------------------|--------------------------|-------------------------|------|--------|--------|------------------------|------------|------------------------|--------|
| Company's name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | | Consolidated | | Separate | |
| | | | | | | | financial | statements | financial statements | |
| | | | | | | | Carrying amounts based | | Carrying amounts based | |
| | | | | | | | on equity method | | on cost method - net | |
| | | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | | | (%) | (%) | | | | | | |
| Kamala Senior Living Co., Ltd. | Real estate development | Thailand | 25 | 25 | 25,000 | 25,000 | 18,949 | 24,661 | 25,000 | 25,000 |
| Total | | | | | 25,000 | 25,000 | 18,949 | 24,661 | 25,000 | 25,000 |

16.2 Significant changes in investment in associate

In April 2018, Kamala Senior Living Company Limited which is the Company's 25% owned associate, increased its registered share capital from Baht 1 million to Baht 100 million by issuing new ordinary shares of 9,900,000 shares of Baht 10 each and fully called up. The Company paid for the capital increase in proportion to the amount of Baht 24.75 million to the associate on 24 April 2018. The associate registered its increase in share capital to the Ministry of Commerce on 27 April 2018. Consequently, carrying amount of investment in associate based on cost method was Baht 25 million.

16.3 Share of comprehensive income

During the years, the Company has recognised its share of loss from investment in associate company in the consolidated financial statements as follows:

(Unit: Thousand Baht)

| Associate | Consolidated financial statements | | | |
|-----------------------------------|--|-------------|---|----------|
| | Share of loss from investment in associate during the year | | Share of other comprehensive income from investment in associate during the year | |
| | 2019 | 2018 | 2019 | 2018 |
| Kamala Senior Living Co., Ltd. | (5,712) | (89) | - | - |
| Total | (5,712) | (89) | - | - |

During the years 2019 and 2018, there is no dividend income from the associate.

16.4 Summarised financial information about material associate

Summarised information about financial position

(Unit: Million Baht)

| | Kamala Senior Living Co., Ltd. | |
|---|--------------------------------|--------------|
| | 2019 | 2018 |
| Current assets | 21.18 | 25.14 |
| Non-current assets | 516.96 | 383.83 |
| Current liabilities | (10.17) | (171.15) |
| Non-current liabilities | (452.18) | (139.17) |
| Net assets | 75.79 | 98.65 |
| Shareholding percentage (%) | 25% | 25% |
| Carrying amounts of associate based on equity method | 18.95 | 24.66 |

Summarised information about comprehensive income

| | (Unit: Million Baht) | |
|----------------------------|--------------------------------|--------|
| | For the year ended | |
| | 31 December | |
| | Kamala Senior Living Co., Ltd. | |
| | 2019 | 2018 |
| Revenue | 0.03 | - |
| Administrative expenses | (22.88) | (0.31) |
| Loss for the year | (22.85) | (0.31) |
| Other comprehensive income | - | - |
| Total comprehensive income | (22.85) | (0.31) |

17. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

| | (Unit: Thousand Baht) | | | |
|--------------------------------|--|----------------|-------------|----------|
| | Consolidated and separate financial statements | | | |
| | | Condominium | | |
| | Factory for rent | units for rent | Vacant land | Total |
| 31 December 2019: | | | | |
| Cost | 262,042 | 45,845 | 38,698 | 346,585 |
| Less: Accumulated depreciation | (65,116) | (3,768) | - | (68,884) |
| Net book value | 196,926 | 42,077 | 38,698 | 277,701 |
| 31 December 2018: | | | | |
| Cost | 262,042 | 45,845 | 38,698 | 346,585 |
| Less: Accumulated depreciation | (54,339) | (1,476) | - | (55,815) |
| Net book value | 207,703 | 44,369 | 38,698 | 290,770 |

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

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | | |
|---------------------------------------|--|----------------|-------------|----------|
| | Condominium | | | Total |
| | Factory for rent | units for rent | Vacant land | |
| Net book value as at 1 January 2018 | 218,480 | - | 38,698 | 257,178 |
| Transfer from land and real estate | | | | |
| development costs | - | 45,845 | - | 45,845 |
| Depreciation charged | (10,777) | (1,476) | - | (12,253) |
| Net book value as at 31 December 2018 | 207,703 | 44,369 | 38,698 | 290,770 |
| Depreciation charged | (10,777) | (2,292) | - | (13,069) |
| Net book value as at 31 December 2019 | 196,926 | 42,077 | 38,698 | 277,701 |

The fair value of the investment properties as at 31 December 2019 and 2018 stated below:

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | |
|----------------------------|--|---------|
| | 2019 | 2018 |
| Factory for rent | 369,720 | 366,204 |
| Condominium units for rent | 59,965 | 61,280 |
| Vacant land | 47,950 | 42,620 |

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the vacant land has been determined based on market price, while that of the factory held for rent and condominium units for rent have been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in rental rates.

The Company has pledged investment properties amounting to approximately Baht 197 million (2018: Baht 246 million) as collateral against credit facilities received from financial institutions, as described in Note 22.

18. Property, plant and equipment

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|---|--|---|-------------------------------------|---------|
| | Buildings and leased building improvement | Furniture, fixtures and office equipment | Sales office and mock-up room | Total |
| Cost | | | | |
| 1 January 2018 | 4,570 | 10,002 | 6,766 | 21,338 |
| Additions | 264 | 6,001 | 1,618 | 7,883 |
| Transfer from land and real estate development costs | 3,399 | - | - | 3,399 |
| Disposals and write-off | (11) | (485) | (892) | (1,388) |
| 31 December 2018 | 8,222 | 15,518 | 7,492 | 31,232 |
| Additions | 366 | 4,540 | 11,543 | 16,449 |
| Write-off | - | (1) | (291) | (292) |
| 31 December 2019 | 8,588 | 20,057 | 18,744 | 47,389 |
| Accumulated depreciation | | | | |
| 1 January 2018 | 2,394 | 6,752 | 2,666 | 11,812 |
| Depreciation for the year | 159 | 1,878 | 1,174 | 3,211 |
| Depreciation on disposals and write-off | (1) | (349) | (542) | (892) |
| 31 December 2018 | 2,552 | 8,281 | 3,298 | 14,131 |
| Depreciation for the year | 319 | 3,276 | 9,766 | 13,361 |
| Depreciation on write-off | - | (1) | (250) | (251) |
| 31 December 2019 | 2,871 | 11,556 | 12,814 | 27,241 |
| Net book value | | | | |
| 31 December 2018 | 5,670 | 7,237 | 4,194 | 17,101 |
| 31 December 2019 | 5,717 | 8,501 | 5,930 | 20,148 |
| Depreciation for the year | | | | |
| 2018 (included in selling and administrative expenses) | | | | 3,211 |
| 2019 (included in selling and administrative expenses) | | | | 13,361 |

(Unit: Thousand Baht)

| Separate financial statements | | | | | |
|--|-------|---|---|-------------------------------------|---------|
| | Land | Buildings and leased building improvement | Furniture, fixtures and office equipment | Sales office and mock-up room | Total |
| Cost | | | | | |
| 1 January 2018 | 3,184 | 4,382 | 8,341 | 6,451 | 22,358 |
| Additions | - | - | 5,978 | 1,618 | 7,596 |
| Disposals and write-off | - | (11) | (461) | (892) | (1,364) |
| 31 December 2018 | 3,184 | 4,371 | 13,858 | 7,177 | 28,590 |
| Additions | - | 366 | 4,259 | 11,543 | 16,168 |
| Write-off | - | - | (1) | (291) | (292) |
| 31 December 2019 | 3,184 | 4,737 | 18,116 | 18,429 | 44,466 |
| Accumulated depreciation | | | | | |
| 1 January 2018 | - | 2,205 | 5,337 | 2,422 | 9,964 |
| Depreciation for the year | - | 131 | 1,755 | 1,111 | 2,997 |
| Depreciation on disposals and write-off | - | (1) | (332) | (542) | (875) |
| 31 December 2018 | - | 2,335 | 6,760 | 2,991 | 12,086 |
| Depreciation for the year | - | 136 | 3,022 | 9,757 | 12,915 |
| Depreciation on write-off | - | - | (1) | (250) | (251) |
| 31 December 2019 | - | 2,471 | 9,781 | 12,498 | 24,750 |
| Allowance for impairment loss | | | | | |
| 1 January 2018 | 3,184 | - | - | - | 3,184 |
| Increase during the year | - | - | - | - | - |
| 31 December 2018 | 3,184 | - | - | - | 3,184 |
| Increase during the year | - | - | - | - | - |
| 31 December 2019 | 3,184 | - | - | - | 3,184 |
| Net book value | | | | | |
| 31 December 2018 | - | 2,036 | 7,098 | 4,186 | 13,320 |
| 31 December 2019 | - | 2,266 | 8,335 | 5,931 | 16,532 |
| Depreciation for the year | | | | | |
| 2018 (included in selling and administrative expenses) | | | | | 2,997 |
| 2019 (included in selling and administrative expenses) | | | | | 12,915 |

As at 31 December 2019 and 2018, certain items of equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets were as follows:

| | (Unit : Million Baht) | | | |
|---|-----------------------|------|----------------------|------|
| | Consolidated | | Separated | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Equipment were fully depreciated but are still in use | 10.09 | 7.53 | 8.01 | 6.29 |

19. Intangible assets

The net book value of computer software as at 31 December 2019 and 2018 is presented below.

| | (Unit: Thousand Baht) | | | |
|--------------------------------|-----------------------|---------|----------------------|---------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Cost | 15,353 | 8,434 | 15,198 | 8,434 |
| Less: Accumulated amortisation | (2,346) | (1,317) | (2,342) | (1,317) |
| Net book value | 13,007 | 7,117 | 12,856 | 7,117 |

A reconciliation of the net book value of computer software 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 | 7,117 | 4,343 | 7,117 | 4,343 |
| Acquisition of computer software | 6,919 | 3,296 | 6,764 | 3,296 |
| Amortisation | (1,029) | (522) | (1,025) | (522) |
| Net book value at end of year | 13,007 | 7,117 | 12,856 | 7,117 |

20. Bank overdrafts

| | Interest rate (percent per annum) | (Unit: Thousand Baht) | | | |
|-----------------|--------------------------------------|-----------------------|------|----------------------|------|
| | | Consolidated | | Separate | |
| | | financial statements | | financial statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| Bank overdrafts | MOR | 51,239 | - | 41,240 | - |

Bank overdrafts are secured by the Company and the subsidiary's land and constructions thereon of real estate projects.

21. Trade and other payables

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|---------|----------------------|---------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade accounts payable - unrelated parties | 241,553 | 72,548 | 239,942 | 72,536 |
| Accrued expenses - unrelated parties | 15,525 | 49,654 | 15,201 | 49,339 |
| Other payables - related parties | 622 | 20 | 4,055 | 2,728 |
| Other payables - unrelated parties | 29,982 | 21,271 | 25,673 | 20,093 |
| Total trade and other payables | 287,682 | 143,493 | 284,871 | 144,696 |

22. Long-term loans from financial institutions

| Loan | Facility amount (Million Baht) | Interest rate (% p.a.) | Repayment schedule | (Unit: Thousand Baht) | |
|------|-----------------------------------|---------------------------|---|---------------------------|--------|
| | | | | Consolidated and Separate | |
| | | | | financial statements | |
| | | | | 2019 | 2018 |
| 1. | 507 | MLR-1.25 | Repayment of principal upon redemption of residential condominium unit of the project sold at the rate of 70% of the selling price and not less than amount as stated in the agreement and within 4 years | 188,869 | 67,000 |
| 2. | 315 | MLR-1.40 | Repayment of principal upon redemption of residential condominium unit of the project sold at the rate of 70% of the selling price and not less than amount as stated in the agreement and within 4 years | 47,658 | 93,700 |

| (Unit: Thousand Baht) | | | | | |
|-----------------------|-----------------------------------|--|---|---|---------|
| Loan | Facility amount (Million Baht) | Interest rate (% p.a.) | Repayment schedule | Consolidated and Separate financial statements | |
| | | | | 2019 | 2018 |
| 3. | 531 | MLR-2.00 | Repayment of principal upon redemption of residential condominium unit of the project sold at the rate of 90% of the selling price and not less than amount as stated in the agreement and within 2 years | - | 81,071 |
| 4. | 387 | MLR-1.75 | Repayment of principal upon redemption of residential condominium unit of the project sold at the rate of 70% of the selling price and not less than amount as stated in the agreement and within 66 months | 86,257 | 106,200 |
| 5. | 197 | MLR-2.00 | Repayment of principal upon redemption of residential condominium unit of the project sold at the rate of 75% of the selling price and not less than amount as stated in the agreement and within 30 months | 48,200 | 48,200 |
| 6. | 814 | MLR-2.85 | Repayment of principal upon redemption of residential condominium unit of the project sold at the rate of 70% of the selling price and not less than amount as stated in the agreement and within 60 months | 282,030 | 282,030 |
| 7. | 200 | MLR-1.38 | Repayment of principal and interest within 10 years from the first draw down date | 187,348 | 29,162 |
| 8. | 885 | Year 1-2: MLR-2.15 and thereafter MLR-1.90 | Repayment of principal upon redemption of residential condominium unit of the project sold at the rate of 70% of the selling price and not less than amount as stated in the agreement and within 60 months | 253,743 | - |
| 9. | 457 | MLR-2.125 | Repayment of principal upon redemption of residential condominium unit of the project sold at the rate of 70% of the selling price and not less than amount as stated in the agreement and within 36 months | 184,193 | - |
| 10. | 702 | MLR-1.90% | Repayment of principal upon redemption of house of the project sold at the rate of 70% of the selling price and not less than amount as stated in the agreement and within 48 months | 403,247 | - |

| (Unit: Thousand Baht) | | | | | |
|--|-----------------------------------|---------------------------|--|---------------------------|-----------|
| | | | | Consolidated and Separate | |
| | | | | financial statements | |
| Loan | Facility amount (Million Baht) | Interest rate (% p.a.) | Repayment schedule | 2019 | 2018 |
| 11. | 419 | MLR-2.85% | Repayment of principal upon redemption of house of the project sold at the rate of 70% of the selling price and not less than amount as stated in the agreement and within 48 months | 151,293 | - |
| 12. | 418 | MLR-2.35% | Repayment of principal upon redemption of house of the project sold at the rate of 70% of the selling price and not less than amount as stated in the agreement and within 60 months | 145,940 | - |
| Total | | | | 1,979,048 | 707,363 |
| Less: Deferred financial fees | | | | - | (812) |
| Net | | | | 1,979,048 | 706,551 |
| Less: Current portion | | | | (1,682,001) | (405,717) |
| Long-term loans - net of current portion | | | | 297,047 | 300,834 |

Movement of the long-term loan account during the year ended 31 December 2019 are summarised below:

| (Unit: Thousand Baht) | | |
|--------------------------------|--------------------------------------|----------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Balance as at 1 January 2019 | 706,551 | 706,551 |
| Add: Additional borrowings | 1,670,493 | 1,633,983 |
| Amortisation of financial fees | 812 | 812 |
| Less: Repayment | (398,808) | (362,298) |
| Balance as at 31 December 2019 | 1,979,048 | 1,979,048 |

The loans are secured by the mortgage of the Company's land and construction thereon of real estate projects and investment properties.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt to equity ratio and debt service coverage ratio at the rate prescribed in the agreements and maintain the shareholding percentage of major shareholders. As at 31 December 2019, the Company has been unable to maintain some financial ratios covenanted under the loan agreements (unrelated to principal and interest payment). For the purpose of reporting under Thai Financial Reporting Standards, the Company has presented the outstanding balances of such

loans amounting to Baht 1,116.58 million as at 31 December 2019 as current liabilities in the statement of financial position. On 13 February 2020, the Company has already received waiver letter for not complying with such covenants from the bank.

As at 31 December 2019, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 2,939 million (2018: Baht 1,743 million).

23. Debentures

Details of approval to issue the debenture of the Company are as follows:

| | |
|--------------------|---|
| Approved by | The Annual General Meeting of Shareholders of the Company held on 2 April 2019 |
| Amount | Revolving amount of Baht 4,500 million or the equivalent in any other currencies |
| Term | Specify at each time |
| Type | Any types of debentures such as unsecured and/or secured |
| Method of issuance | Public offering and/or private placement and/or institutional investors in Thailand or offshore |

As at 31 December 2019, the Company has unissued debentures under the above mentioned approval totaling Baht 2,316 million. (2018: Baht 1,302 million).

The outstanding balance of debentures as at 31 December 2019 and 2018 are detailed below.

| | | | | | Consolidated and separate financial statements | | | |
|---|----------------------------|---------|-------------|------------------|--|------------------|---------------------------|------------------|
| | | | | | Number of debenture (Shares) | | Amount (Thousand Baht) | |
| No. | Interest rate per annum | Age | Repayment | Maturity | 2019 | 2018 | 2019 | 2018 |
| <u>Unsubordinated and unsecured debentures</u> | | | | | | | | |
| No. 1/2018 | Fixed rate 6.25% | 2 years | At maturity | 17 January 2020 | 498,500 | 498,500 | 498,500 | 498,500 |
| No. 2/2018 | Fixed rate 6.00% | 2 years | At maturity | 7 September 2020 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| No. 1/2019 | Fixed rate 5.90% | 2 years | At maturity | 21 March 2021 | 486,000 | - | 486,000 | - |
| | | | | | <u>2,184,500</u> | <u>1,698,500</u> | <u>2,184,500</u> | <u>1,698,500</u> |
| Less: Unamortised portion of deferred transaction costs | | | | | | | (8,104) | (14,849) |
| Total debentures | | | | | | | 2,176,396 | 1,683,651 |
| Less: Current portion | | | | | | | (1,693,783) | - |
| Total debentures - net of current portion | | | | | | | <u>482,613</u> | <u>1,683,651</u> |

Movements in the debentures during the year ended 31 December 2019 are summarised below.

| | (Unit: Thousand Baht) |
|---|--|
| | Consolidated and separate financial statements |
| Balance as at 1 January 2019 | 1,683,651 |
| Add: Issue of new debenture during the period | 486,000 |
| Amortisation of deferred transaction costs | 12,313 |
| Less: Transaction costs for issuance of debenture | (5,568) |
| Balance as at 31 December 2019 | 2,176,396 |

Prospectus contains certain covenants and restrictions regarding the maintenance of certain financial ratios, dividend payments and formal reporting when the significant events occurred such as a legal case, loan default.

24. Short-term provisions

| | (Unit: Thousand Baht) | |
|--------------------------|------------------------------------|--|
| | Consolidated financial statements | |
| | Short-term provisions | Long-term provisions |
| | After-sale maintenance expenses | Compensation for housing estate juristic persons |
| As at 1 January 2018 | 1,606 | - |
| Increase during the year | 5,538 | - |
| Utilised | (261) | - |
| Reversal of provisions | (3,356) | - |
| As at 31 December 2018 | 3,527 | - |
| Increase during the year | 3,145 | 1,594 |
| Utilised | (2,678) | - |
| Reversal of provisions | (1,787) | - |
| As at 31 December 2019 | 2,207 | 1,594 |

| | (Unit: Thousand Baht) | |
|--------------------------|---------------------------------|--|
| | Separate financial statements | |
| | Short-term provisions | Long-term provisions |
| | After-sale maintenance expenses | Compensation for housing estate juristic persons |
| As at 1 January 2018 | 1,606 | - |
| Increase during the year | 200 | - |
| Utilised | - | - |
| Reversal of provisions | (1,606) | - |
| As at 31 December 2018 | 200 | - |
| Increase during the year | 2,671 | 1,246 |
| Utilised | (527) | - |
| Reversal of provisions | (263) | - |
| As at 31 December 2019 | 2,081 | 1,246 |

25. Provision for long-term employee benefits

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

| | (Unit: Thousand Baht) | |
|--|--|-------|
| | Consolidated and separate financial statements | |
| | 2019 | 2018 |
| Provision for long-term employee benefits | | |
| at beginning of year | 5,671 | 4,593 |
| Included in profit or loss: | | |
| Current service cost | 2,075 | 1,211 |
| Interest cost | 231 | 158 |
| Past service cost | 1,487 | - |
| Included in other comprehensive income: | | |
| Actuarial loss (gain) arising from | | |
| Demographic assumptions changes | - | 98 |
| Financial assumptions changes | 1,960 | (181) |
| Experience adjustments | - | (208) |
| Provision for long-term employee benefits | | |
| at end of year | 11,424 | 5,671 |

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 Company has additional long-term employee benefit liabilities of Baht 1.49 million as a result. The Company reflects the effects of the change by recognising past service costs as expenses in the income statement of the current year.

As at 31 December 2019 and 2018, the Company does not expect to pay of long-term employee benefits during the next year.

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 20 years (2018: 20 years).

Significant actuarial assumptions are summarised below:

| | (Unit: % per annum) | |
|----------------------|--|---------------|
| | Consolidated and separate financial statements | |
| | 2019 | 2018 |
| Discount rate | 1.91 | 3.26 |
| Salary increase rate | 7.00 and 9.00 | 7.00 and 9.00 |
| Turnover rate | 0 - 30 | 0 - 30 |

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 and separate financial statements | | | |
| | As at 31 December 2019 | | As at 31 December 2018 | |
| | Increase | Decrease | Increase | Decrease |
| | 1% | 1% | 1% | 1% |
| Discount rate | (1.40) | 1.69 | (0.87) | 1.05 |
| Salary increase rate | 1.71 | (1.44) | 1.00 | (0.84) |

(Unit: Million Baht)

| | Consolidated and separate financial statements | | | |
|---------------|--|----------|------------------------|----------|
| | As at 31 December 2019 | | As at 31 December 2018 | |
| | Increase | Decrease | Increase | Decrease |
| | 20% | 20% | 20% | 20% |
| Turnover rate | (1.80) | 2.37 | (1.04) | 1.35 |

26. Share capital

The increase in share capital of the Company during the year 2019 resulting from exercising of warrants are summarised below.

| Date of exercised | Type of warrant | Number of exercised warrants (Unit) | Ordinary shares issued for exercised warrants (Shares) | Exercise price (Baht per share) | Date of registration of share capital with the Ministry of Commerce | Date of the Stock Exchange of Thailand approved ordinary shares as listed securities |
|---|-----------------|--|---|------------------------------------|---|--|
| 27 November 2019 (a final exercise date) | CHEWA-W1 | 700 | 700 | 1.75 | 4 December 2019 | 16 December 2019 |

On 3 April 2018, the Annual General Meeting of the shareholders approved the resolution relating to share capital of the Company as the following:

1. Approved an increase in the Company's registered share capital from Baht 750,000,000 to Baht 2,307,692,307 by issuing Baht 1,557,692,307 of additional ordinary shares (1,557,692,307 shares of Baht 1 each) to support the distribution of the stock dividend, offer the new ordinary shares to its existing shareholders and reserve for the issuance of warrants. The Company registered the change of its registered share capital with the Ministry of Commerce on 26 April 2018.
2. Approved a resolution to pay a dividend from operating results of 2017 to the Company's shareholders, comprising a cash dividend and stock dividend totaling Baht 0.08547 per share, as detailed below:
 - a) A cash dividend of Baht 0.008547 per share.
 - b) A stock dividend distributed at a rate of 1 dividend share for every 13 existing shares. The dividend shall be converted as dividend payment at Baht 0.076923 per share, totaling 57,691,379 shares.

The payment of dividend have been made on 2 May 2018. The Company registered the increase in its issued and paid-up share capital as a result of the stock dividend to the Ministry of Commerce on 2 May 2018. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 7 May 2018.

3. Approved an increase in the registered capital by issuing an additional not exceed 750,000,000 ordinary shares with a par value of Baht 1 each, to be allocated to the existing shareholders proportionate to their respective shareholding (Rights Offering) at a ratio of 1 existing ordinary share exercise to 1 new ordinary share at Baht 1.15 per share. In case there are remaining ordinary shares from rights offering, it shall be allocated and offered to investors as a private placement. During 7 May 2018 to 11 May 2018, the Company offered and allocated the newly-issued ordinary shares totaling 467,335,804 shares to existing shareholders of the Company. The Company registered the increase in its issued and paid-up share capital to the Ministry of Commerce on 17 May 2018. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 22 May 2018.

Reconciliation of number of ordinary shares

| | | (Unit: Shares) | |
|--|----------------------|--------------------------------|------|
| | | For the year ended 31 December | |
| | | 2019 | 2018 |
| <u>Registered share capital</u> | | | |
| Number of ordinary shares as at 1 January | 2,307,692,307 | 750,000,000 | |
| Increase in share capital during the year | - | 1,557,692,307 | |
| Number of ordinary shares as at 31 December | <u>2,307,692,307</u> | <u>2,307,692,307</u> | |
| <u>Issued and paid-up share capital</u> | | | |
| Number of ordinary shares as at 1 January | 1,275,027,183 | 750,000,000 | |
| Increase from stock dividend | - | 57,691,379 | |
| Increase in share capital during the year | - | 467,335,804 | |
| Increased due to exercise of warrants | 700 | - | |
| Number of ordinary shares as at 31 December | <u>1,275,027,883</u> | <u>1,275,027,183</u> | |

27. Warrants

On 28 May 2018, the Company issued free of charge warrants No.1 (CHEWA-W1) for the existing shareholders that subscribed and received the right offering of the increase share capital in a ratio of 1 warrant for every 1 subscribed share. The warrants, which are securities listed on the Stock Exchange of Thailand, was traded on 6 June 2018. Detail of warrants are as follows:

| | |
|-----------------|--|
| Type | : Named certificate and transferable |
| Term | : 1 year and 6 months from the issue date |
| Expiry date | : 27 November 2019 |
| Exercise price | : Baht 1.75 per share (Subject to change under adjustment of exercise price section) |
| Exercise ratio | : 1 ordinary share per warrant |
| Exercise period | : Warrants can be exercised on 28 December 2018, 28 June 2019 and 27 November 2019 |

During the year, movement of the warrant of the Company are as follows:

| Number of warrants outstanding as at 1 January 2019 | Number of warrants issued during the year | Number of warrants exercised during the year | Number of warrants expired during the year | Number of warrants outstanding as at 31 December 2019 |
|---|---|--|--|---|
| (Units) | (Units) | (Units) | (Units) | (Units) |
| 467,335,804 | - | (700) | (467,335,104) | - |

28. The Employee Joint Investment Program (EJIP)

The significant details of the Employee Joint Investment Program (EJIP) 3 project are as follow:

| | |
|----------------------------------|---|
| The Company eligible under EJIP: | Chewathai Public Company Limited |
| The Period of EJIP: | <ul style="list-style-type: none">- Project 1: 26 January 2018 to 25 January 2022, with a total duration of 4 years.- Project 2: 26 December 2018 to 25 December 2022, with a total duration of 4 years.- Project 3: 26 December 2019 to 25 December 2023 with a total duration of 4 years. |

| | |
|--|--|
| Eligible employees under EJIP: | Management level from Assistant Vice President and above who will pass the probation within 25 January 2018 for project 1, 31 December 2018 for project 2 and 31 December 2019 for project 3 on the voluntary basis; directors and advisors of the Company are not entitled for this program. |
| EJIP arrangement: | The Company will make deduction from the payroll of eligible employees who voluntarily join the EJIP, at the rate 5% of the salary of each month. The Company will contribute 100% of the amount contributed by EJIP participants on a monthly basis. |
| EJIP buying schedule: | Monthly basis. |
| Conditions for holding the securities: | <ul style="list-style-type: none"> - After 1 year period enabled to sell 20% of cumulative and contributed shares in the first year. - After 2 year period enabled to sell 20% of cumulative and contributed shares in the first year and 40% in the second year. - After 3 year period enabled to sell 20% of cumulative and contributed shares in the first year, 20% in the second year and 60% in the third year. - After 4 year period enable to sell 100% of the balance shares in EJIP account. |
| EJIP program manager: | Phillip Securities Public Company Limited |

On 26 January 2018, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC).

During the year 2019, the Company contributed Baht 1.81 million to the program (2018: Baht 0.95 million).

29. 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% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

According to the Thai Civil and Commercial Code, the subsidiary is required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the subsidiary pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment.

30. Revenue from contracts with customers

30.1 Disaggregated revenue information

| | (Unit: Thousand Baht) | | | |
|---|------------------------|-----------|--------------------|-----------|
| | Consolidated financial | | Separate financial | |
| | statements | | statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Type of goods: | | | | |
| Revenue from sales of houses, townhomes and home office | 437,541 | 243,686 | 381,917 | 243,686 |
| Revenue from sales of condominium | 676,352 | 2,377,914 | 640,187 | 2,110,566 |
| Total revenue from contracts with customers | 1,113,893 | 2,621,600 | 1,022,104 | 2,354,252 |

30.2 Revenue recognised in relation to contract balances

As at 31 December 2019, the Group recognised revenue that was included in advance received from customers at the beginning of the year amounting to Baht 10.01 million (the Company only: Baht 9.95 million).

30.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, revenue aggregating to Baht 1,486 million (the Company only: Baht 1,429 million) is expected to be recognised in the future relating to performance obligations that are unfinished of contracts with customers. The Group expects to complete the performance obligations within 2 years.

31. Expenses by nature

Significant expenses classified by nature are as follows:

| | (Unit: Million Baht) | | | |
|--|----------------------|-------|----------------------|-------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Purchase of land and payment of construction in progress during year | 3,328 | 2,045 | 2,891 | 2,045 |
| Changes in land, constructions in progress and land held for development | (2,518) | (164) | (2,157) | (356) |
| Salaries and wages and other employee benefits | 134 | 137 | 134 | 137 |
| Depreciation and amortisation | 28 | 16 | 27 | 16 |
| Rental expenses from operating lease agreements | 14 | 10 | 14 | 10 |

32. 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 | - | 66,493 | - | 58,243 |
| Deferred tax: | | | | |
| Relating to origination and reversal of | | | | |
| temporary differences | (12,750) | 2,445 | (13,321) | 3,144 |
| Income tax expenses (revenue) reported | | | | |
| in profit or loss | <u>(12,750)</u> | <u>68,938</u> | <u>(13,321)</u> | <u>61,387</u> |

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 relating to actuarial loss | | | | |
| (gain) | 392 | (58) | 392 | (58) |
| | <u>392</u> | <u>(58)</u> | <u>392</u> | <u>(58)</u> |

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 (loss) before tax | (67,815) | 333,751 | (61,875) | 301,883 |
| Applicable tax rate | 0% and 20% | 0% and 20% | 0% and 20% | 0% and 20% |
| Accounting profit (loss) before tax multiplied by income tax rate | (13,563) | 66,750 | (12,375) | 60,377 |
| Effects of: | | | | |
| Change in value of investments accounted for the equity method | 1,009 | 272 | - | - |
| Non-deductible expenses | 180 | 2,159 | 170 | 2,105 |
| Additional expense deductions allowed | (252) | (753) | (252) | (753) |
| Items treated as revenue under the revenue code | - | 422 | - | 422 |
| Others | (124) | 88 | (864) | (764) |
| Total | 813 | 2,188 | (946) | 1,010 |
| Income tax expense (revenue) reported in profit or loss | (12,750) | 68,938 | (13,321) | 61,387 |

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

| | (Unit: Thousand Baht) | | | |
|--|-----------------------------------|-------|-------------------------------|-------|
| | Statements of financial position | | | |
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Deferred tax assets | | | | |
| Accumulated depreciation - sale office | 1,309 | - | 1,309 | - |
| Provision for long-term employee benefits | 2,285 | 1,134 | 2,285 | 1,134 |
| Provision for maintenance expenses | 441 | 706 | 415 | 40 |
| Provision for compensation for housing estate juristic persons | 318 | - | 249 | - |
| Unused tax loss | 9,670 | - | 9,670 | - |
| Total | 14,023 | 1,840 | 13,928 | 1,174 |
| Deferred tax liabilities | | | | |
| Deferred costs to obtain contracts with customers | 188 | - | 188 | - |
| Rental income from factory | 539 | 147 | 539 | 147 |
| Deferred financial fees | 1,621 | 3,132 | 1,621 | 3,132 |
| Total | 2,348 | 3,279 | 2,348 | 3,279 |

As at 31 December 2019, the subsidiaries have unused tax losses totaling Baht 19.31 million (2018: nil), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of unused tax losses.

The unused tax losses which deterred tax assets have not been recognised, amounting to Baht 19.31 million will expire by 2024.

33. Promotional privileges

The Company has received promotional privileges from the Board of Investment for industrial factory, pursuant to the investment promotion certificate No. 1251(2)/2557 issued on 25 February 2014 and the investment promotion certificate No. 58-2088-0-00-1-0 issued on 25 August 2015. Subject to certain imposed conditions, the privileges include the followings.

- Exemption from corporate income tax on net profit derived from the promoted operations for a period of 8 years commencing from the date the promoted operations begin generating revenues but not exceeding 100% of investments, excluding land and working capital.
- Exemption from corporate income tax on dividends paid to shareholders from the income of the promoted operations during corporate income tax exemption period.
- A fifty percent reduction of corporate income tax on net profit from the promoted operations, for a period of 5 years after the tax-exemption period ends.
- Double deduction from taxable income of transportation, electricity and water supply costs for a period of 10 years from the date of the first revenue derived from promoted operations.
- Deduction of twenty-five percent of investment related to infrastructure installation or construction. The deduction is additional to normal depreciation.
- Permission to take out or remit abroad the money in foreign currency.

The Company's operating revenues for the years ended 31 December 2019 and 2018, divided between promoted and non-promoted operations, are summarised below.

| | (Unit: Thousand Baht) | | | |
|------------------------------------|-----------------------|--------|-------------------------|-----------|
| | Promoted operations | | Non-promoted operations | |
| | 2019 | 2018 | 2019 | 2018 |
| Domestic sales | | | | |
| • Revenue from sale of real estate | - | - | 1,022,104 | 2,354,252 |
| • Rental income | 25,318 | 20,445 | - | - |

34. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic earnings per share.

| | Consolidated | | Separate | |
|--|----------------------|-----------|----------------------|-----------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Profit (loss) for the year (Thousand Baht) | (55,064) | 264,813 | (48,554) | 240,496 |
| Weighted average number of ordinary | | | | |
| shares (Thousand shares) | 1,275,027 | 1,100,897 | 1,275,027 | 1,100,897 |
| Earnings (loss) per share (Baht per share) | (0.04) | 0.24 | (0.04) | 0.22 |

However, there is no calculation of diluted earnings per share from warrants for the period ended 27 November 2019 (a final exercise date) since the aggregated amounts of the exercise price of warrants was higher than the average market price of the Company's ordinary shares.

33. 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. The chief operating decision maker has been identified as board of directors.

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

- Real estate business segment which is land and houses and residence condominium projects for sale.
- Rental business segment which is factory for rent.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company's and its subsidiary's operating segments for the year ended 31 December 2019 and 2018, respectively.

(Unit: Million Baht)

| | For the year ended 31 December 2019 | | | | |
|---|-------------------------------------|--------------------|---------------------------------|------------------------------------|--------------|
| | Real estate business | Rental business | Total reportable segments | Adjustments and eliminations | Consolidated |
| Revenue from external customers | 1,114 | 25 | 1,139 | - | 1,139 |
| Inter-segment revenue | - | - | - | - | - |
| Total revenues | 1,114 | 25 | 1,139 | - | 1,139 |
| Segment gross profit | 293 | 12 | 305 | - | 305 |
| Other income | 15 | - | 15 | - | 15 |
| Finance costs | (23) | - | (23) | - | (23) |
| Depreciation and amortisation | (14) | - | (14) | - | (14) |
| Interest in the profit or loss of joint ventures and associate accounted for by the equity method | (5) | - | (5) | - | (5) |
| Other expenses | (339) | (7) | (346) | - | (346) |
| Segment profit (loss) | (73) | 5 | (68) | - | (68) |
| Non allocate income and expenses | | | | | |
| Income tax revenue | | | | | 13 |
| Loss for the year | | | | | (55) |

(Unit: Million Baht)

For the year ended 31 December 2018

| | Real estate business | Rental business | Total reportable segments | Adjustments and eliminations | Consolidated |
|---|-------------------------|--------------------|---------------------------------|------------------------------------|--------------|
| Revenue from external customers | 2,622 | 20 | 2,642 | - | 2,642 |
| Inter-segment revenue | - | - | - | - | - |
| Total revenues | 2,622 | 20 | 2,642 | - | 2,642 |
| Segment gross profit | 783 | 8 | 791 | - | 791 |
| Other income | 34 | - | 34 | - | 34 |
| Finance costs | (43) | (3) | (46) | - | (46) |
| Depreciation and amortisation | (4) | - | (4) | - | (4) |
| Interest in the profit or loss of joint ventures and associate accounted for by the equity method | (1) | - | (1) | - | (1) |
| Other expenses | (437) | (3) | (440) | - | (440) |
| Segment profit | 332 | 2 | 334 | - | 334 |
| Non allocate income and expenses | | | | | |
| Income tax expenses | | | | | (69) |
| Profit for the year | | | | | 265 |

The following tables present total assets information regarding the Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

(Unit: Million Baht)

As at 31 December 2019

| | Real estate business | Rental business | Total reportable segments | Unallocated assets | Consolidated |
|---|-------------------------|--------------------|---------------------------------|-----------------------|--------------|
| Segment total assets | 5,790 | 278 | 6,068 | 336 | 6,404 |
| Investment in joint ventures and associate accounted for by the equity method | 59 | - | 59 | - | 59 |
| Additions to non- current assets other than financial instruments and deferred tax assets | (5) | (13) | (18) | 16 | (2) |

(Unit: Million Baht)

| As at 31 December 2018 | | | | | |
|---|-------------------------|--------------------|---------------------------------|-----------------------|--------------|
| | Real estate business | Rental business | Total reportable segments | Unallocated assets | Consolidated |
| Segment total assets | 3,475 | 291 | 3,766 | 699 | 4,465 |
| Investment in joint ventures and associate accounted for by the equity method | 64 | - | 64 | - | 64 |
| Additions to non- current assets other than financial instruments and deferred tax assets | 23 | 34 | 57 | 35 | 92 |

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.

Major customers

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

36. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent and 7 percent of basic salary. The fund, which is managed by Krungsri 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 4.3 million (2018: Baht 3.2 million) were recognised as expenses.

37. Dividends

| Dividends | Approved by | Total dividends (Million Baht) | Dividend per share (Baht) |
|---------------------------|--|-----------------------------------|------------------------------|
| Stock dividends for 2017 | Annual General Meeting of the shareholders on 3 April 2018 | 57.69 | 0.077 |
| Final dividends for 2017 | Annual General Meeting of the shareholders on 3 April 2018 | 6.41 | 0.009 |
| Interim dividend for 2018 | Board of Directors' Meeting on 8 August 2018 | 63.75 | 0.050 |
| Total for 2018 | | 127.85 | 0.136 |
| Final dividends for 2018 | Annual General Meeting of the shareholders on 2 April 2019 | 44.63 | 0.035 |
| Total for 2019 | | 44.63 | 0.035 |

38. Commitments and contingent liabilities

38.1 Capital commitments

As at 31 December 2018, the Company had capital commitments of approximately Baht 6.8 million, relating to purchase computer software (2019: Nil).

38.2 Commitments for purchase of land and construction work

As at 31 December 2019 and 2018, the Company had the following outstanding commitments in respect of agreements to purchase of land and construction of projects.

| | | | | |
|---|--------------------------------------|------|----------------------------------|------|
| | (Unit: Million Baht) | | | |
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Construction contracts | 1,433 | 551 | 1,418 | 551 |
| Agreements to purchase land for development of future projects | 224 | 700 | 224 | 700 |

38.3 Operating lease commitments

The Group has entered into several lease agreements in respect of office building space, motor vehicles and equipment. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2019 and 2018, the Group had commitments under these operating lease contracts as follows:

| (Unit: Million Baht) | | |
|--|------|------|
| Consolidated and separate financial statements | | |
| | 2019 | 2018 |
| Payable: | | |
| In up to 1 year | 5 | 3 |
| In over 1 and up to 5 years | 5 | 3 |

38.4 Guarantee

As at 31 December 2019 and 2018, there were outstanding bank guarantees issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business as follows:

| (Unit: Million Baht) | | | | |
|--------------------------------------|----------------------|------|--------------------|------|
| | Consolidated | | Separate financial | |
| | financial statements | | statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Letter of guarantees for arrangement | | | | |
| and maintenance of public utilities | 307 | 67 | 286 | 67 |
| Letter of guarantee to guarantee | | | | |
| payment due to creditor | 1 | - | 1 | - |

38.5 Litigation

- 1) In December 2016, individuals, as a plaintiff, sued the Company and a subsidiary, as a defendant, demanding the subsidiary to revoke their title and legal act over the land for public use purposes or to register servitude to allow the plaintiff to use the land, and to demolish the structures thereon. Subsequently, in October 2019, the Company, the subsidiary and plaintiff signed a settlement agreement to settle the dispute in relation to this case whereby the Company is to demolish the structures thereon and register servitude to allow the plaintiff to make use of the land. The Court of First Instance has rendered its judgement as per the settlement agreement. Currently, the Company has already demolished the structures thereon and the subsidiary is under the process of registering servitude.

In addition, in September and December 2017, individuals filed 2 additional lawsuits against the Company and the subsidiary, demanding compensatory damages of Baht 0.6 million. The lawsuit is currently in the judicial process. However, the management believes that there will be no material impacts to the Company and the subsidiary.

- 2) In October 2019, the Company was sued in a civil lawsuit, relating to allegations of breaches of agreement to purchase and to sell, for compensation of Baht 0.11 million. Currently, the case is under the process of the Court of First Instance and the mediation process. However, the management believes that there will be no material impacts to the Company.

39. Fair value hierarchy

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

| | | | | (Unit: Million Baht) |
|---|---------|---------|-------|----------------------|
| Consolidated and separate financial statements | | | | |
| As at 31 December 2019 | | | | |
| Level 1 | Level 2 | Level 3 | Total | |
| Assets for which fair value are disclosed | | | | |
| Investment properties | - | - | 478 | 478 |
| Liabilities for which fair value are disclosed | | | | |
| Debentures | - | 2,184 | - | 2,184 |

(Unit: Million Baht)

| | Consolidated and separate financial statements | | | |
|---|--|---------|---------|-------|
| | As at 31 December 2018 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets for which fair value are disclosed | | | | |
| Investment properties | - | - | 470 | 470 |
| Liabilities for which fair value are disclosed | | | | |
| Debentures | - | 1,702 | - | 1,702 |

40. Financial instruments

40.1 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 receivables, loans, short-term loans 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 receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. 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's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, debentures and long-term borrowings. Most of the Group's 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 statements as at 31 December 2019

| | Fixed interest rates | | | | Non- | | |
|--|----------------------|-------|---------|---------------|----------|-------|---------------|
| | Within | 1-5 | Over | Floating | interest | | Effective |
| | 1 year | years | 5 years | interest rate | bearing | Total | interest rate |
| | | | | | | | (% per annum) |
| <u>Financial Assets</u> | | | | | | | |
| Cash and cash equivalents | - | - | - | 36 | - | 36 | Note 8 |
| Trade and other receivables | - | - | - | - | 12 | 12 | - |
| Loans to related parties | 36 | 132 | - | - | - | 168 | Note 7 |
| Advance for construction work | - | - | - | - | 19 | 19 | - |
| Restricted bank deposits | - | - | - | 28 | - | 28 | Note 13 |
| | 36 | 132 | - | 64 | 31 | 263 | |
| <u>Financial Liabilities</u> | | | | | | | |
| Bank overdrafts | - | - | - | 51 | - | 51 | Note 20 |
| Trade and other payables | - | - | - | - | 288 | 288 | - |
| Retention payables | - | - | - | - | 82 | 82 | - |
| Long-term loans from financial institutions | - | - | - | 1,979 | - | 1,979 | Note 22 |
| Debentures | 1,694 | 482 | - | - | - | 2,176 | Note 23 |
| Deposits and advance received from customers | - | - | - | - | 62 | 62 | - |
| | 1,694 | 482 | - | 2,030 | 432 | 4,638 | |

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018

| | Fixed interest rates | | | | Non- | | Effective |
|--|----------------------|-------|---------|---------------|----------|-------|---------------|
| | Within | 1-5 | Over | Floating | interest | | interest rate |
| | 1 year | years | 5 years | interest rate | bearing | Total | (% per annum) |
| <u>Financial Assets</u> | | | | | | | |
| Cash and cash equivalents | - | - | - | 506 | 1 | 507 | Note 8 |
| Trade and other receivables | - | - | - | - | 18 | 18 | - |
| Loans to related parties | 55 | 34 | - | - | - | 89 | Note 7 |
| Advance for construction work | - | - | - | - | 2 | 2 | - |
| Restricted bank deposits | - | - | - | 20 | - | 20 | Note 13 |
| | 55 | 34 | - | 526 | 21 | 636 | |
| <u>Financial Liabilities</u> | | | | | | | |
| Trade and other payables | - | - | - | - | 143 | 143 | - |
| Retention payables | - | - | - | - | 32 | 32 | - |
| Long-term loans from financial institutions | - | - | - | 707 | - | 707 | Note 22 |
| Debentures | - | 1,684 | - | - | - | 1,684 | Note 23 |
| Deposits and advance received from customers | - | - | - | - | 22 | 22 | - |
| | - | 1,684 | - | 707 | 197 | 2,588 | |

(Unit: Million Baht)

Separate financial statements as at 31 December 2019

| | Fixed interest rates | | | Non- interest bearing | Total | Effective interest rate (% per annum) |
|--|----------------------|--------------|-----------------|-----------------------------|--------------|---|
| | Within 1 year | 1-5 years | Over 5 years | | | |
| Financial Assets | | | | | | |
| Cash and cash equivalents | - | - | - | 30 | 30 | Note 8 |
| Trade and other receivables | - | - | - | - | 21 | - |
| Loans to related parties | 96 | 269 | - | - | 365 | Note 7 |
| Advance for construction work | - | - | - | - | 19 | - |
| Restricted bank deposits | - | - | - | 28 | 28 | Note 13 |
| | <u>96</u> | <u>269</u> | <u>-</u> | <u>58</u> | <u>463</u> | |
| Financial Liabilities | | | | | | |
| Bank overdrafts | - | - | - | 41 | 41 | Note 20 |
| Trade and other payables | - | - | - | - | 285 | - |
| Retention payables | - | - | - | - | 79 | - |
| Long-term loans from financial institutions | - | - | - | 1,979 | 1,979 | Note 22 |
| Debentures | 1,694 | 482 | - | - | 2,176 | Note 23 |
| Deposits and advance received from customers | - | - | - | - | 51 | - |
| | <u>1,694</u> | <u>482</u> | <u>-</u> | <u>2,020</u> | <u>4,611</u> | |

(Unit: Million Baht)

Separate financial statements as at 31 December 2018

| | Fixed interest rates | | | Non- interest bearing | Total | Effective interest rate (% per annum) |
|--|----------------------|--------------|-----------------|-----------------------------|--------------|---|
| | Within 1 year | 1-5 years | Over 5 years | | | |
| Financial Assets | | | | | | |
| Cash and cash equivalents | - | - | - | 366 | 367 | Note 8 |
| Trade and other receivables | - | - | - | - | 19 | - |
| Loans to related parties | 55 | 34 | - | - | 89 | Note 7 |
| Advance for construction work | - | - | - | - | 2 | - |
| Restricted bank deposits | - | - | - | 20 | 20 | Note 13 |
| | <u>55</u> | <u>34</u> | <u>-</u> | <u>386</u> | <u>497</u> | |
| Financial Liabilities | | | | | | |
| Trade and other payables | - | - | - | - | 145 | - |
| Retention payables | - | - | - | - | 32 | - |
| Long-term loans from financial institutions | - | - | - | 707 | 707 | Note 22 |
| Debentures | - | 1,684 | - | - | 1,684 | Note 23 |
| Deposits and advance received from customers | - | - | - | - | 22 | - |
| | <u>-</u> | <u>1,684</u> | <u>-</u> | <u>707</u> | <u>2,590</u> | |

Foreign currency risk

As at 31 December 2019 and 2018, the Group has no balances of financial assets and liabilities denominated in foreign currency.

40.2 Fair values of financial instruments

Since the majority of the Group's 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 carrying value and estimated fair value of long-term financial liabilities as at 31 December 2019 and 2018 are presented below.

| | (Unit: Million Baht) | | | |
|------------------------------|--|------------|------------------------|------------|
| | Consolidated and separate financial statements | | | |
| | As at 31 December 2019 | | As at 31 December 2018 | |
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial liabilities | | | | |
| Debentures | 2,185 | 2,184 | 1,699 | 1,702 |

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

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans to, accounts payable and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- For fixed rate debentures and long-term loans, 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.
- For debentures and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.

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

41. Capital management

The primary objective of the Group'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 2.7:1 (2018: 1.4:1) and the Company's was 2.8:1 (2018: 1.5:1).

42. Subsequent events after reporting period

42.1 On 15 January 2020, the Company issued unsubordinated, unsecured and with representation debenture as follow:

| No. | Interest rate per annum | Age | Repayment | Maturity | Number of debenture (shares) | Amount (Thousand Baht) |
|--------|----------------------------|---------|-------------|-----------------|------------------------------------|------------------------------|
| 1/2020 | Fixed rate 6.75 | 2 years | At maturity | 15 January 2022 | 379,200 | 379,200 |

On 15 January 2020, the Company received Baht 379.20 million on this issued debenture.

42.1 On 6 January 2020, the Company entered into a loan agreement amounting to Baht 300 million with a financial institution. The Company has mortgaged the project's land as collateral against the credit facilities received from financial institution. The loan is repayable within December 2021.

43. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 14 February 2020.