

CSR

รายงานประจำปี 2562

ANNUAL REPORT 2019



บริษัท เทพธานีกรีฑา จำกัด (มหาชน)

CITY SPORTS & RECREATION PUBLIC COMPANY LIMITED

ENGLISH TRANSLATION OF 2019
Annual Report of City Sports & Recreation Plc.

LETTER OF BOARD OF DIRECTORS

In the year 2019, the company still received good response from members like in the past. However, the problem from the overall economy that has been slowing down for many years caused some golf activities to be reduced and there were many price competitions. As for Navatanee Golf Course, we did not have a competition policy and we still focused on the quality of the course and services to support members who are the main customers. Therefore, it caused some effects from the decreasing of number of golfers, however, the overall picture of the operation was going well.

The company had a total income of Baht 176.72 million which slightly increased comparing to last year resulted from the decreasing of other income. Total expenses were Baht 114.96 million which increased Baht 6.55 million which mainly from the cost of sales and the setting of deferred income tax, resulting in increased total expenses. Net profit after tax was Baht 49.61 million which decreased from the last year by Baht 3.40 million, earnings per share of Baht 2.42.

In the year 2020, Navatanee Golf Course is moving towards the 50th Anniversary which is regarded as the pride of the company in accordance with the company policy to focus on the quality and maintain the standard of the course continuously. Board of Directors, chief executives and operational staff members would like to take this opportunity to thank you all shareholders participated in supporting the business. In addition to operating a golf course under good corporate governance principles, our business also helped to support the environment for the community at the same time for a long time.

(Mrs. Maevadi Navapan)

Chairman

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of City Sports & Recreation Public Company consists of 3 independent directors, namely; Mr. Chackchai Panichapat, General Paiboon Kanchanapiboon and Mr.Punn Kasemsup, which Mr. Chackchai Panichapat is the person who has adequate expertise and experience to review the reliability of this Company's financial statements.

The Committee had performed its duties as the Charter of the Audit Committee which approved by the Board of Directors of the Company, summarized as follows:

1. To review with certified public accountant to ensure that the Company prepares its financial statements in accordance with generally accepted accounting standards that it is accurate, adequate, reliable and enough disclosure. In the year 2019, the certified public accountant reported the financial statements without any conditions.
2. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are reasonable and get the highest benefit of the Company.
3. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or other unit in charge of an internal audit. To review the Company's internal control system with certified public accountant to ensure that the Company has sufficient internal control system. During the year, the Internal Audit found that the Company had complied with the operating system. And the Company's internal control systems are appropriate.
4. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations and the laws relating to the Company's business. To supervise the internal audit in accordance with the annual audit plan. The Audit Committee found that the Company had sufficient internal control system and compliance with the law on securities and exchange, the Exchange's regulations and the laws relating to the Company's business.
5. To consider, select and nominate an independent person to be the Company's auditor and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
6. To prepare and to disclose in the Company's annual report, an audit committee's report which consist of the information at least as the Notification of the Stock Exchange of Thailand.

The Audit Committee has performed duties in accordance with the charter of the Audit Committee with independence knowledge and experience of the business. And emphasize the internal control and risk management. In order to make the company has good corporate governance and add value to the company. It also protects the interests of shareholders and other stakeholders of the company.

During 2019, the Committee held 5 meetings with the internal auditor, the management and other units of the Company and the Committee held a meeting with the internal auditor without the management and other units of the Company which meetings were held with the Company's audit as follows:

The Audit Committee Member The number of Meeting Attendance/Total Meeting

- | | | |
|----|--------------------------------|-----|
| 1. | Mr. Chackchai Panichapat | 5/5 |
| 2. | General Paiboon Kanchanapiboon | 5/5 |
| 3. | Mr. Punn Kasemsup | 5/5 |

(Mr. Chackchai Panichapat)

Chairman of the Audit Committee

1. Policy and Nature of Business

The City Sports and Recreation Public Company Limited was established in 1970 with registered capital of Bt20 million by Mr. Sukum Navapan, Chief Executive Officer of Navatane Group. The objective was to build Navatane Golf Course, an 18-hole and 72-par golf course on the area of 400 rai. The golf course was designed by one of the world-renowned golf course designers named Robert Trent Jones, Jr. Navatane Golf Course was renowned for the Thailand's first world-class private golf course that was designed by a foreign world-class designer. Officially opened in 1973, Navatane Golf Course was honored by the International Golf Federation to host the 23rd Golf World Cup in 1975, which aimed to reflect an 'exclusive golf course' image while sustaining its international standards to ensure the highest satisfaction to all clients varying in families, regular members and their clients who mostly were notable people in trading business and high-profile society. For the quality services provided by the golf course, the company had allocated the most convenient time for the golfers to play a complete round of 18 holes within 4 hours regardless of the number of golfers in each game, particularly during the weekends and holidays. Regularly, the company was committed to stringent policies and effective management methods, which not only helped maintain the company's long-standing reputation but also sustained good corporate governance substantially.

The company had no business subsidiaries and affiliates as well as hidden relationship with any major shareholders. Over the past three years, there was no major change in structural management or shareholder notification.

2. Nature of business: Revenue structure

Navatane Golf Course's major business was to provide a quality golf course and other premium facility services consisting of golf cart, golf store, caddy, locker room and restaurant. Opening for service from 5.30 am to 6pm (time is changeable due to the weather condition of each season), the golf course was committed to providing quality services in accordance with international standards focusing mainly on families and clients of regular members. The sports club equipped with a wide variety of sports facilities and recreational services including swimming pool, gym, tennis court, badminton court, sauna, stream. The sports club, which located adjacent to the golf course, is beautiful and modern. Aside from the increasing services, the existence of the modern sports club could also boost greater image and revenue for the company.

The company's major revenue came from golf course service (green fee), membership fee, entrance fee and transfer of membership, green fee, golf cart rental, restaurant, sports club, interest and dividend, which could be concluded for over the past three years as follows.

Unit : Thousand baht

| Items | 2019 | | 2018 | | 2017 | |
|--|---------|-------|---------|-------|---------|-------|
| | Revenue | % | Revenue | % | Revenue | % |
| Revenue from golf course services | | | | | | |
| Green Fee | 61,231 | 34.65 | 62,253 | 35.31 | 61,139 | 34.28 |
| Membership Due | 38,909 | 22.02 | 39,140 | 22.20 | 38,785 | 21.75 |
| Revenue from Rental of Golf Cart | 26,977 | 15.26 | 26,171 | 14.85 | 25,074 | 14.06 |
| Revenue from Pro Shop | 1,359 | 0.77 | - | - | - | - |
| Others | 3,876 | 2.19 | 4,272 | 2.42 | 3,851 | 2.16 |
| Revenue from Golf Course Service | 132,352 | 74.89 | 131,836 | 74.78 | 128,849 | 72.25 |
| Restaurant Income | 27,425 | 15.52 | 27,477 | 15.59 | 29,358 | 16.46 |
| Services Sport Club Income | 5,529 | 3.13 | 6,783 | 3.85 | 6,008 | 3.37 |
| Dividend Income | 1,105 | 0.63 | 1,042 | 0.59 | 1,509 | 0.84 |
| Interest Income | 6,633 | 3.75 | 6,723 | 3.81 | 6,698 | 3.76 |
| Gain from trading securities valuations | 557 | 0.32 | 133 | 0.08 | 719 | 0.40 |
| Gain from selling of property, plant and equipment | 2,037 | 1.15 | 566 | 0.32 | 3,868 | 2.17 |
| Others | 1,080 | 0.61 | 1,723 | 0.98 | 1,335 | 0.75 |
| Total Revenues | 176,718 | 100 | 176,283 | 100 | 178,344 | 100 |

2.1 Characteristics of products and services (referring to revenue structure)

The golf course service which is identified by the revenue structure is related to business operation. The obstacles are generally caused by the weather, economic and politics which will influence through operation more or less depends on the location and types of client. Navatanee golf course is mostly affected by these obstacles. In term of the weather, the course is affected in rainy season. If during few days of deluged rain, the players cannot play golf, it unfortunately decreases revenue from green fee. However, rainy season in Bangkok would not be impacted to our service since it is short raining period and quite good drainage. For the relating revenue structure composed of golf course fee (Green fee), membership fee, golf cart rental, pro shop revenue, restaurant revenue, Sport club revenue, income from interest and dividend, and other incomes. The result of the past 2 years is as follows:

1. Revenue received from field maintenance fee (green fee). This depended on the number of golfers which could be varied by seasons. The golf course business generally faced a short slump in the rainy season. However, in order to boost sales, the company had issued an introduction letter to its members to recommend services available at the golf course to other clients, in which members were not required to accompany those clients, particularly on weekdays. This marketing strategy provided convenience for

members while stimulating sales of green fee. Non-members of the golf course were considered as targeted golfers who were required to pay for green fee (spouse and children of a member aged between 15-21 years old).

2. Revenue received from membership fee. Members would not have to pay for green fee. However, members were required to pay a monthly fee charged by a 6-month term in advance or twice a year which ensured a certain amount of payment.
3. Revenue received from golf cart rental. More than 90% of all golfers preferred to rely on golf cart service.
4. Revenue received from Pro Shop
5. Revenue received from restaurant business. A majority of clients were golfers. Several clients brought their guests to the restaurant to enjoy a fine dining. Meanwhile, some clients were those who dwelled in the Navatane Village.
6. Revenue received from sports club business was committed to pursuing similar management policies of Navatane Golf Course.
7. Revenue received from interest and dividend.
8. Other revenues came from golf membership registrars, transfer of membership and entrance fee.

2.2 Marketing and competition

Due to the economic slowdown in the past few years, it affected some groups of golfer to decrease their frequency of golf round including other activities about golf in order to reduce their expenses. As a result of that, there were pricing competitions to attract golfers' attention to increase frequency of golf round by reducing green fee or special green fee rate, also all fees included with an accommodation. That made more choices for golfers.

Navatane Golf Course had focused mainly on sales and marketing via members, families of members and guests of members, who mostly possessed residences in Thailand. In 2019, the overall number of golfers had decreased 1.76%. Navatane Golf Course intended to maintain the standard of the course as the international standard as the past years. The company has had complete confidence in our reputation for a long-lasting golf course among foreign and domestic golfers with the superbly maintained golf courses, the quality of services as well as the golfers' convenience and comfort will be our confident standpoints of services. In particular, a limitation on the number of golfers can play a round of 18 holes within time limit of 4 hours, while many other golf courses in Bangkok and boundaries may spend about 5-6 hours, and the convenient location for traveling will make Navatane Golf Course be the golf course that the golfers feel confident as in the past. Moreover, the sport club facilities could promote services for members and reputation of Navatane Golf Course. In the past year, the number of sport clubs annual memberships had increased continuously. Monthly memberships are an optional for clients who interested to apply for sport clubs memberships and there were many people interested to apply for a monthly memberships. The

restaurant has finished renovation with modern, convenient and beautiful design which suitable to be the venue for banquet party and organize a seminar either big or small event.

For business competition, Navatane Golf Course had placed a great emphasis on serving its members. Consequently, the same old groups of clients were expected. Clients varied from high-ranking Japanese executives to Thai business entrepreneurs. Apart from the notable corporate image, the golf course was also competitive in its existing locations which were easily accessible. Noticeably, clients had continued to support business operations of the golf course. It was needless to say that Navatane Golf Course had no certain policy to compete with other business rivals even though a few golf course providers aimed to participate in the business combat, providing golf services and other facilities in a similar way.

For the past year, the company was set to continue the implementation of original marketing strategy while maintaining Navatane Golf Course's notable corporate image which reflected market dominance as follows.

1. Navatane Golf Course was renowned for the first-ever golf course in Thailand that was honored by the International Golf Federation to host the 23rd Golf World Cup in 1975. In addition, according to the US-based magazine named Golf Digest, June 1999 issue, Navatane Golf Course was ranked first among 255 golf courses in Thailand for its quality services. By the end of 2004, the golf course was ranked first in Thailand, ranked second in ASEAN and ranked fourteenth in Asia (including Australia and New Zealand) for the best golf course, which was sponsored by Deutsche Bank. The golf course ranking was published in Asia's Top 50 Golf Courses magazine accordingly.
2. The golf course was designed by Robert Trent Jones, Jr., an American golf course designer with world-class talents. This helped boost greater image and reputation for Navatane Golf Course.
3. This was considered as a long-established golf course in Thailand that focused mainly on environmental concerns by promoting the conservation of plants. Navatane Golf Course was serenely surrounded by a large number of perennial plants. The tropical perennial plants could enhance natural beauty and helped reduce pollution in the location and communities nearby.
4. For the nature of services, Navatane Golf Course had shifted its clear focus to boosting an image of 'exclusive golf course', facilitating all members, with several services offered to their families and guests as well. Meanwhile, clients could be more comfortable to spend a full four-hour period for playing golf up to 18 holes, where some courses might take about 5-6 hours.
5. The beautiful and modern golf course was designed to serve competition challenges while maintaining the international standard quality. The company completely finished the renovation of 18 holes by the end of 1996. The original designer had reiterated his intention to maintain the golf course's uniqueness of being the host of the 23rd Golf World Cup in 1975 while maximizing convenience and modernization with the use of golf carts. It was agreeable that modern golfers preferred to use golf carts.
6. Navatane Golf Course was situated in the heart of the city, thanks to the rapid development and expansion of Bangkok. The golf course was easily accessible from several routes including Sukhumvit,

Ploenchit, Rama IV and Silom by driving up the Rama IX Bridge, running across Srinakarin Road to the motorway (Bangkok-Chonburi). Reaching the outer ring road, it was required to turn left to Bangpa-in. After passing the Thap Chang toll gate, go straight through Seri Thai Road (next to Ramkhamhaeng Road) about 250 meters, Navatane Golf Course was located on the right hand side (Seri Thai 59 Road). It took about 30 minutes from the aforementioned locations. The convenient access from the golf course to Suvarnabhumi Airport via Bangna-Trad Road and the motorway required only 20 minutes, which encouraged golfers to visit the golf course more comfortably and conveniently.

- 7 Navatane Golf Course was the sole Thai golf course approved to be listed on the Stock Exchange of Thailand.

2.3 Allocation of products and services

The quality of the golf course was the most significant factor that golfers would take into consideration. However, other quality services were also expected to satisfy customers. As Navatane Golf Course had introduced its business operations for long times and existing clients remained unchanged, mostly were business entrepreneurs and high-ranking executives, the golf course could maintain customer database to fully understand those targeted clients well. To highly satisfy the customers, the quality service had been divided into two major categories as follows.

1. Golf Course. Responsible staff was categorized in two sections.

- 1.1 Golf course maintenance. The golf course would always remain in good quality, suitable for playing in accordance with the international standards. The company had provided training programs for responsible staff while being able to employ technical experts to offer particular tips in maintaining the quality of the golf course. The company had completed the renovation of the entire 18 holes since 1996 while sustaining the most unique image of being the host of the 23rd Golf World Cup in 1975. Aside from the beautiful design and the challenging aspect of golf competition, the company had also added the modern use of golf carts into its quality services. This helped increase the revenue for the golf course.

- 1.2 Quality services for golfers. Quality services included the booking of group practice sessions, the support of golf bag and equipment, the preparation of golf cart and caddy, together with other special cares when golfers were present at the golf course. Agreeably, the most dominant feature of the golf course was to encourage golfers to play up to 18 holes within a 4-hour period.

2. Quality services available at the sports club and restaurant. The company had assigned Architect 49 Company Limited to design all restaurant areas based on the old structure. Since the restaurant was last renovated in 1988, therefore, some areas are not enough for accommodating customers especially on Saturday, Sunday and holidays. The restaurant has finished renovation in March 2019 with beautiful, spacious and modern design surrounding by nature. It is suitable to be the venue for organizing golf tournament either big or small tournament because the restaurant area can be divided to section and

organize a seminar either big or small event. Also, the restaurant can be the venue for banquet party which can accommodate clients in many occasions. For sport clubs, the policy to serve clients is the same as the golf course which to promote services for members and reputation of Navatanee Golf Course.

2.4 Work on progress (none)

3. Risk Factors

Navatanee golf course has been running a golf course business for long times. That always ensured the financial stability. Also, the company was listed on the Stock Exchange of Thailand since 1989. The major shareholders are Thais without associates or subsidiaries. This has facilitated business operations and has resulted in a dividend payment for paying to shareholders since the operating result of the year 1988. Risk factors that might affect the company can be classified accordingly.

3.1 Possible risks that might cause impact to the company's revenue

Revenues of the golf course business generally depended on several significant circumstances including popularity of golf, time for each group practice session, weather conditions, locations, economic aspects and political situations.

In 2019, due to the continuous economic slowdown, the number of golfers decreased by 1.76% while total revenue from golf course services increased by Baht 0.52 million or 0.39% comparing to the year 2018.

3.2 Risk factors that may impact the operation.

To maintain international standards in the quality of the course, the golf course operation has to order imported fertilizers and chemical supplies, which may be affected by the foreign currency exchange rate. In addition, there are a small number of dealers in Thailand who set the fertilizer and chemical supply prices by themselves rather than depending on market mechanism. In 2019, the operating costs included: cost of golf course services 37.38 million Baht; cost of sales in the restaurant 24.40 million Baht; cost of sports club service 8.32 million Baht and the cost of sales and administration 44.86 million Baht. The total costs increased from the previous year by 6.55 million Baht.

3.3 Liquidity management

The company had developed effective liquidity management by relying on the financial adequacy while making use of the remaining capital in the bond market, which guaranteed higher returns comparing to other local commercial banks. The company also generated an investment in debentures and open-end fund market which provided returns in the form of dividends. To reduce investment risks, the company had wisely developed its financial planning by monitoring the directions of financial markets.

3.4 Administrative and management risk

At December 30, 2019, the group of Mr. Sukum Navapan, the shareholder and the related person pursuant to the section 258 hold 15,344,865 company's shares or equivalent to 74.85 % of the total

shares sold. Mr. Sukum Navapan's group can control most approvals in the shareholders meeting, for example remuneration of directors or asking for other approvals which need to be voted by majority of the shareholders. Except, the approvals which the laws or the company's rules fixed to get vote amount of 3 from 4 parts in the shareholders meeting or any others which the group of Mr. Sukum Navapan and the related persons get benefit involved, in compliance with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, they will never have gotten right of any votes.

3.5 Taxation risks

As announced by the Land and Building Tax Act which will be enforced from 1st January 2020, the government has delayed Land and Building Tax collection from April to August 2020. It is expected that the golf course will be in a group that will be received a ladder tax relief.

4. General Information and others information

4.1 General information

Registered Office

The City Sports and Recreation Public Company Limited Address 22 Navatane Rd., Kannayao, Bangkok, 10230. Registration no. 0107536000552 (Previous no. Bor Mor Chor 129) Telephone 0-2376-1818, 0-2376-1034-5 Fax 0-2376-1685 website: www.navatane.com, E-Mail : info@navatane.com

Registered share capital

20,500,000 ordinary shares of Baht 10 each, in total amount of Baht 205,000,000 has issued and paid-up share capital

Share Registrar

Thailand Securities Depository Co., Ltd. No. 93, Ratchadapisek Road, Dindaeng, Bangkok 10400
Telephone : 0-2009-9999 Facsimile : 0-2009-9991

Certified Public Accountants

CWPP Co., Ltd. subsidiaried Mr. Cherdsakul Aonmongkol, authorized no. 7195, audit fee 440,000 baht with no other payments.

Advisor or manager of management contract

Dusit Princess Srinakarin (Dusit Thani Group) Address at 583 Srinakarin Road, Nongbond, Pravej, Bangkok 10250 Telephone : 0-2721-8400 Facsimile : 0-2721-8432

4.2 Others information

-none-

5. Shareholding and management structure

The major shareholders structure on the 4th April 2019 (Closing date of annual general meeting of shareholders of the year 2019 registration)

| Names | number of shares | % |
|--|------------------|-------|
| 1. Mr. Sukum Navapan and related persons under Section 258 | 15,344,865 | 74.85 |
| 2. Mr. Phornprasert Karnjanajaree | 602,000 | 2.94 |
| 3. Mr. Sukuma Jayananda (included his spouse and children) | 541,432 | 2.64 |
| 4. Miss Siripetch Thaveewong | 233,400 | 1.13 |
| 5. Uahwattanasakul Co., Ltd. | 199,998 | 0.98 |
| 6. Mr. Chatree Sophonpanich | 141,750 | 0.69 |
| 7. Mr. Jaya Jayananda (included his spouse) | 134,000 | 0.65 |
| 8. Miss Pawarissara Osathanugrah | 128,000 | 0.62 |
| 9. Miss Pawarapa Osathanugrah | 126,399 | 0.62 |
| 10. Mr. Taweesak Jayananda | 121,000 | 0.59 |

Mr. Sukum Navapan was the founder of the company and was considered as the largest shareholder since the company had been established. However, the company had no deal in issuing securities or administrative management.

6. Dividend policy

The company has the policy of dividend higher and equivalent to 60% of the net profit. The board of director would consider and propose to the Shareholder Meeting to approve. The dividends of the past 5 years are as below:

| Year | 2019 | 2018 | 2017 | 2016 | 2015 |
|----------------------------|-------|-------|-------|-------|-------|
| Earnings per share | 2.42 | 2.59 | 3.35 | 2.99 | 3.39 |
| Dividend per share | 1.60 | 1.70 | 2.02 | 1.80 | 2.04 |
| Dividend payment ratio (%) | 66.12 | 65.64 | 60.22 | 60.20 | 60.18 |

7. Management Structure

In 2019, management structure consisting of Board of Director, The Audit Committee, The nomination and Remuneration Committee and management team.

7.1 Names of Directors

| | |
|--------------------------|---|
| 1. Mr. Sukum Navapan | Chairman/CEO (Died on 21 st December 2019) |
| 2. Mr. Nibhond Charanvas | Director (Terminated the term in April 2019) |
| 3. Mrs. Maevadi Navapan | Director |

| | |
|--------------------------------|---|
| 4. Mr. Chackchai Panichapat | Director |
| 5. Gen. Paiboon Kanchanapiboon | Director |
| 6. Mr. Wiboon Khusakul | Director |
| 7. Mr. Punn Kasemsup | Director |
| 8. Mr. Kittidej Charusathiara | Director |
| 9. Mr. Jaya Jayananda | Director |
| 10. Miss Saovanit Navapan | Director (Entered the term since 25 th April 2019) |
| 11. Mr. Sukuma Jayananda | Managing Director |

Term given to the directors: in every 3 years and they can be re-appointed (details were shown page 32-43)

Authorized directors related to the company is Mr. Sukum Navapan who signed and stamped the significant company brand or other two directors co-signed and stamped the significant company brand.

Duties and responsibilities of directors

According to the company regulation, the board of directors has authorization and duty to perform the responsibility in with the laws, the objectives, the regulation and the articles as well as the resolutions of the shareholders' meetings, join the opportunity to propose the agenda of the company business, manage and power the operation side followed through efficiently the meeting agenda. The meeting has arranged in one-year term in advance and at least 3 months a time. All of the board of directors usually participated the meeting all the time excluding on their necessary & respective works. In the year 2019, there were 5 directors meetings and an annual general meeting of shareholders as follows:

| Board member | Board meeting Attendance | |
|--|--------------------------|-------------|
| | Director | Shareholder |
| Mr. Sukum Navapan (Died on 21 st December 2019) | 3 | 1 |
| Mr. Nibhond Charanvas (Terminated the term in April 2019) | - | - |
| Mrs. Maevadi Navapan | 5 | 1 |
| Mr. Chackchai Panichapat | 5 | 1 |
| Gen. Paiboon Kanchanapiboon | 5 | 1 |
| Mr. Wiboon Khusakul | 4 | 1 |
| Mr. Punn Kasemsup | 5 | 1 |
| Mr. Kittidej Charusathiara | 2 | - |
| Mr. Jaya Jayananda | 5 | 1 |
| Miss Saovanit Navapan (Entered the term since 25 th April 2019) | 3 | - |
| Mr. Sukuma Jayananda | 5 | 1 |

7.2 The executive board of directors

- | | |
|-------------------------|--|
| 1. Mr. Sukum Navapan | CEO (Died on 21 st December 2019) |
| 2. Mrs. Maevadi Navapan | Executive Director |
| 3. Mr. Sukuma Jayananda | Managing Director |

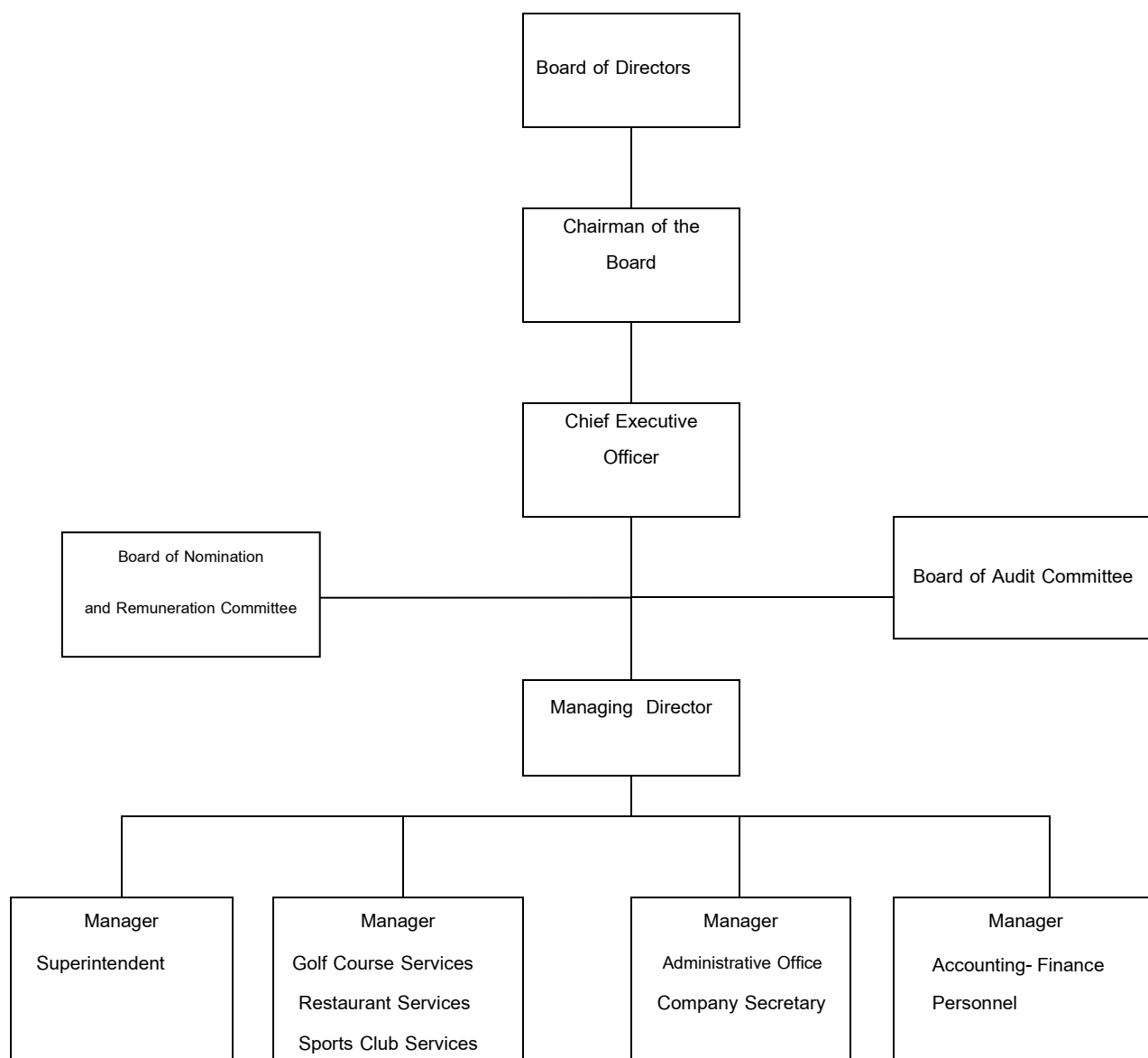
Duties: to process jobs according to the board of directors' assignment, for example, planning, operating the business and nominating the management etc... the majority of the budget approved for the operation is for the course maintenance & improvement up to the international quality standard. The annual capital expenditure always has been set by the former year necessary except the urgent items beyond what are mentioned needed to be implement immediately and will be controlled and monitored by the managing director. And if the budget is not enough and need to spend more, it must seek approval from the Executive Committee. Some cases related and needed to get approval from the shareholders' meeting, the executive Committee will consider and appropriate to propose to the board of Directors meeting. The audit committee will oversee the duties assigned to be the next step. The executive directors' meeting has not been planned since the current business operation has directed up to the specific quantitative purposes and the management has arranged the report which always is sent to the Executive Board of Directors.

Term of the positions: the position held in the term of the company's directors.

Management team

- | | |
|----------------------------------|--|
| 1. Mr. Sukuma Jayananda | Managing Director |
| 2. Mrs. Patcharaporn Jultothai | Administrative Manager/Company Secretary |
| 3. Mrs. Chutima Soonthornmonthol | Financial Manager |

Organization Chart (as of 31/12/2019)



7.3 The company secretary

The board of directors meeting No.1/2008 on the 6th March 2008 has appointed Mrs. Patcharaporn Julothai, Administrative Manager, as a company secretary in order to look after the directors' activities, coordinate all to follow the board's policy, to advise the directors regarding the basis of the company, rules and regulations. The report on the acquisition and disposition of securities and the report on the stakes of directors and executives were required. The company was also required to arrange board meetings as well as shareholder meetings in accordance with the laws and regulations approved by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) including the disclosure of 56-1 agenda and annual report and to communicate among the shareholders, minutes taken, follow up the meeting issues.

And the Board Meeting No. 3/2011 on 28 July 2011 has assigned as the secretary of the board in order to comply with the duties. (additional information page 44)

7.4 Director and Management's remuneration

1. Monetary remuneration

The board of directors receives the directors' remuneration for attending the meeting and the directors' pension from the shareholders' approval only, as the following detail:

Meeting allowance / directors' remuneration

| | |
|--------------------------------|---|
| 1. Director | Meeting allowances at 10,000 Baht/meeting |
| 2. Member of audit committee | Meeting allowances at 12,000 Baht/meeting |
| 3. Chairman of audit committee | Meeting allowances at 15,000 Baht/meeting |
| 4. Chairman | Meeting allowances at 20,000 Baht/meeting |

The directors' pension

The 2019 shareholders meeting approved the directors' pensions at amount of 550,000 Baht. In 2019, the board of directors received the remuneration and pension as follows:

| Board member | Meeting allowance / remuneration |
|--|----------------------------------|
| 1. Mr. Sukum Navapan (Died on 21 st December 2019) | 160,000 |
| 2. Mr. Nibhond Charanvas (Terminated the term in April 2019) | 50,000 |
| 3. Mrs. Maevadi Navapan | 100,000 |
| 4. Mr. Chackchai Panichapat | 125,000 |
| 5. Gen. Paiboon Kanchanapiboon | 110,000 |
| 6. Mr. Wiboon Khusakul | 90,000 |
| 7. Mr. Punn Kasemsup | 110,000 |
| 8. Mr. Kittidej Charusathiara | 70,000 |
| 9. Mr. Jaya Jayananda | 100,000 |
| 10. Miss Saovanit Navapan (Entered the term since 25 th April 2019) | 30,000 |
| 11. Mr. Sukuma Jayananda | 100,000 |

In 2019, the management's remuneration paid as the salary & bonus at total amount of 9,614,949 Baht and estimate that the year 2020 will be similar amount.

2. Others pension - none -

7.5 Human resources

It is the company policy to restrict the staff number being compatible with the job description of each field. For the purpose of efficient operation in 2019, the company has totally 164 staff, 5 fields of work, they are management / administration and the company secretary, finance and accounting / personnel, course maintenance, golf course services/club house services / restaurant services / and sports club, with the remuneration paid as the salary, bonus, intensive and social security and others such as uniform, food and accommodation allowance as appropriate depending on the job. There is no significant staff movement during 3 years and no critical conflict of labor issue.

Training

As the golf course is the service business, we need the staff who have golf knowledge and experience, including as well as the important service in clubhouse consisting of golf course services/club house services/restaurant services and sports club. According to the policy of maintaining the golf course and service standard, each field of work has to get the related competent manager who looks after the business to achieve in every year target and policy. The company has encouraged all sections to participate in proposing their opinion for business operation and in training about the golf course and the service including ethnics as below

1. Golf course maintenance. The golf course would always remain in good quality, suitable for playing in accordance with the international standards. The company had provided training programs for responsible staff while being able to employ technical experts to offer particular tips in maintaining the quality of the golf course with routine work of our staff.

2. Quality services for golfers. Quality services included golf services/club house services/restaurant services/locker room and sports club which are beautiful and modern aiming for the highest satisfaction of the clients.

8. Good Governance

8.1 Good Governance Policy

Shareholders: right and equitable treatment

In 2019, The company has organized the meetings as follows:

The company has organized the shareholders general meeting on 25th April 2019 at the company office. 8 from 10 directors of the board of directors joined the meeting and 35 shareholders, which are included proxies, joined the meeting at the amount of 16,795,661 shares or 81.93% decreasing 1.44% comparing to 2018. The company published the invitation letter on the company website www.navatanee.com on 25th March 2019 and sent to the shareholders at post on 10th April 2019. Besides, the minutes of the shareholders' annual general meeting was exposed on the company website on 8th May 2019.

The company has sent out the invitation letter to all the shareholders including information and documents for each agenda to be considered in advance. Those of documents are specified for information

or for approval with the board of directors' opinion and suggestion. However, this invitation letter including information and documents for each agenda as same as the one which was sent to shareholders at post. Besides, the minutes has been promptly submitted to the Stock Exchange of Thailand and the Ministry of Commerce within the specified period, and has been exposed on the company website 1 month in advance.

Right and equitable treatment

For an option of the shareholders, the company allowed the shareholders either send other persons or choose independent director as a proxy to attend the meeting. In 2019, The company organized Annual General Meeting of Shareholders as follows:

Shareholders general meeting, 18 shareholders give proxy to Audit director and managing director or equivalent to 579,346 shares or 3.50% of the total attending.

In the 2020 Annual General Meeting of Shareholders, The company gave opportunity to the minor shareholders to propose their requirement for the agenda and nominate the directors. The preparation of the Annual General Meeting of Shareholders offers opportunity to the minor shareholders to propose their requirement for putting on the list of agenda and to nominate the directors in company with procedure, principle and how to propose it. The shareholders can suggest the requests at info@navatane.com or facsimile or registered mail to the company as former year. The time to propose from on the 15th January 2020 to 15th February 2020, which the company has informed these following topics and details to the Stock Exchange of Thailand.

Rules of Stakeholders

The company has always reviewed the policy of good corporate governance in order to look after the right for the stakeholder groups regarding to the ethnic principles and advised regulations. In 2015, the business was in good operation, stability and the problem didn't affect to any groups since the golf course has been operated than 40 years and the management operated business according to the policy which always response the interest throughout the stakeholders, separated as follows.

□ The shareholders: the company has operated according to the board of directors' policy with open & above-board management, loyal financial & accounting system, the satisfied benefit comparing to the similar businesses and good dividend paid to the shareholder for several years continually.

• Employees the Company has focused on the importance of every line staff to have skills and be safe during the use of tools and machinery, and conserve plant species, water conditions, and environmental conditions. Service work provides facilities to customers at various points such as the front desk, locker room, ticket room and restaurant. The company does not discriminate and segregate in religion, male and female receive reasonable remuneration and welfare according to their position, as well as other possible ethical training to cultivate discipline to act in compliance with regulations as a good employee in order to use as a

guideline for both themselves and others. In addition, the company also hired a physical impairment by giving the same return as a regular employee.

- Customers: to maximize the satisfaction by maintaining the highest standards of the golf course to be in line with the international standard, and to remain the leading golf course of the country. Most of the members are business owners and top executives who have financial stability, but also golfers who understand the rules of being a good golfer. This is one of the reasons that makes the golfers both in Thailand and overseas trust and have confidence in Navatane Golf Course continuously.

- Partners The Company has a code of conduct and is operating the business in the framework of laws and rules regularly and rigorously, and does not use any method to be outside the rules because Navatane Golf Course has been in transparent operation and maintains the image of the golf course all the time. For the selection of partners, the company selects the business partners who have been dealing with the company for a long time because of high quality and reasonable price, with the base from the previous year. However, the company always checks the prices for comparison regularly, and has the internal auditors monitor the process and purchasing procedures. For golf competition, Navatane Golf Course has no policy to compete with other golf courses because the company's policy is to service members who are mostly the same group of customers.

- Community Society and Environment: The Company has a policy and commitment to the conservation and preservation of plant species before the construction of any golf course. Making Navatane Golf Course is full of thousands of plants and trees and is one of the unique of Navatane Golf Course. In addition, apart from making the areas around the golf course and Navatane village shady from large and multiple varieties of flowers, it is also a large source of fresh air, which is very rare to find nowadays, and spreads to neighboring communities as well. It also benefits the habitat and the supply chain due to the environmentally friendly operation of the company since the beginning of its business operations. As a result, a lot of animals, aquatic life, and birds are living in the area, looking for food in both the golf course and the lake due to the abundance of life, plus the fact that the company has made it a priority to avoid the use of chemicals, and to use fertilizers made from natural raw materials instead. This commitment to environmental stewardship is the pride of the founder, company committee and employees because the business does not only focus on reputation in the country and overseas in terms of golf courses, but also commits to a management policy which is strongly focused on the environment and will be adhered to such policy at all time. Moreover, the company wants Navatane Golf Course to be not only a golf course, but a place of recreation and relaxation for all visitors as well.

- Governments and agencies concerned: Strictly comply with all legal requirements, as well as Tax Management and Accounting Management, a support of a golf charity competition, competition among the customers and the promotion of various activities, as appropriate.

Information disclosure and transparency

The company has disclosed the information according to all regulations and conditions of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, i.e. the directors' approval which impacted to the shareholders, the shareholders meeting's approval, each quarter of financial statement, and all directors and management are required to report the changes of stock holding to the Office of the Securities and Exchange Commission etc....

Leadership and vision

The board of directors is composed of the directors who have vision, knowledge, competence and experience on business operation regarding independent decision, internal control, internal audit, and who follow up the operation for the company & the shareholders' benefit. The management has a duty of the business operation to achieve the policy and to report the operation result to the board of directors

Business ethnics

The company's policy is to maintain the first class Thailand golf course and to concentrate on the stakeholders about the ethnic principles and advised regulations for directors, management staff and owners' regulation (the persons who hold the company shares at high figure and may affect to the decision of the directors/ management/ staff) in order to be the responsibility direction and frame, and to review usually those mentioned regulation.

Balance of power for the board of directors

In 2019, the company has 4 independent directors from total 10 directors. From the remaining of 6 directors, 3 directors are management directors and 3 directors are not management directors. This is make it counter balanced and independent in giving an opinion and an efficient performance.

Aggregation or Segregation of Positions

The chairman of the board of directors is the chairman of the executive board and the main shareholder. For the chairman of the audit committee is not concerned in the management position and is independent enough to perform according to the duty and responsibility.

Conflict of interests

In order to avoid the benefit conflict, the board of directors looks carefully after the risky occasions of benefit conflict or the audit committee, who are independent, will always investigate and manage in the relative incidents of the policy setup according the regulation of the Stock Exchange of Thailand.

Board of directors' self-evaluation

The board of directors meeting No.1/2020, the chairman of the audit committee proposed to the meeting about the directors' self-evaluation to bring the result as information for work as usual.

Audit committees' opinion

The audit committees' who are the system and internal audit controller, are the approver an audit plan and appraise internal systems appropriated and corresponded with the settled objectives and directions and reported to the board of directors meeting. In the year 2019, they had a meeting with the Auditor without any management in order to have information regarding the financial statement for the year 2019. The Auditor conducted with generally accepted auditing standards and present fairly, in all material respects and also the Internal Auditor.

Quality of audited financial statement

The company financial statement was considered and approved by the Board of Director on 26th February 2020 and the financial auditors who is certified from the Securities and Exchange Commission and the Stock Exchange of Thailand is the CWWP Co., Ltd. by Mr. Cherdsakul Aonmongkol, Certified Public Accountant no. 7195 who signs for approval before spreading out to the related organizations. In 2019 the company financial statement has been undoubted, managed and revealed the appropriated and trustful financial information, and enough internal control system. The auditors signed for approval without any notices and the directors, the management or the staff didn't' bring any financial information without faithfulness for their own benefit, their family and relatives or others according to their handbooks, and the internal auditors always follow it up and check it over.

The investor relations

In 2019, the company arranged a responsible officer to interested persons for communication with the investors to a certain extent, and also had to regularly disseminate diverse and important information which might affect the company's stock price to the investors according to the requirement of the Stock Exchange of Thailand, i.e. the financial statement report, resolution of the Board of Directors, resolution of the general meeting of shareholders, etc. In order to be more practical and convenient to the shareholders as usual, the company had given an opportunity to shareholders to be able to send their inquiries via company's website at info@navatanee.com.

8.2 Committee

1. Audit committee

According to the rules of the Stock Exchange of Thailand, the board of directors has appointed the audit committee in order to take care of finance, internal system and business organization achieving the

targets by Mr. Chakchai Panichapat, chairman of the audit committee, having sufficient knowledge and experience to audit the credibility of the budget. In 2019, they were 5 meetings as follows:

| Board member | Rank | Meeting Attendance |
|---|------------------------|--------------------|
| Mr. Chackchai Panichapat | Chairman | 5/5 |
| Mr. Nibhond Charanvas (Terminated the term in April 2019) | Audit Committee Member | - |
| Gen. Paiboon Kanchanapiboon | Audit Committee Member | 5/5 |
| Mr. Punn Kasemsup | Audit Committee Member | 5/5 |

The 1st and 2nd members were appointed on December 23, 1999.

The 3rd member was appointed on March 17, 2005 to replace those who retired.

The 4th member was appointed on July 25, 2013.

As the audit committee's definition is the procedure according to the Notification of The Capital Market Supervisory Board Re: the qualification and the performance of the audit committee B.E. 2008.

Term given to the directors: In every 3 years and they can be re-appointed. There are 3 audit committees who have worked in this position more than 9 years. However, the nature and performance of business that has been continuous and earnest make the board of directors believes that the Audit Committee remains free to work within the scope of its mandate. The following duties effective from 27th February 2014.

- (1) To review the Company's financial reporting process to ensure that it is accurate and adequate;
- (2) To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other until in charge of an internal audit;
- (3) To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
- (4) To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year ;
- (5) To review the Connected Transactions, or the transactions that may lead to conflicts of interests, To ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
- (6) To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,

- (e) an opinion on the transactions that may lead to conflicts of interests,
 - (f) the number of the audit committee meetings, and the attendance of such meetings by
Each committee member,
 - (g) an opinion or overview comment received by the audit committee from its
performance of duties in accordance with the charter, and
 - (h) other transactions which, according to the audit committee's opinion, should be
known to the shareholders and general investors, subject to the scope of duties and
responsibilities assigned by the Company's board of directors; and
- (7) after the audit committee has acknowledged the case that the auditor found the suspicion of the managing director or person who authorized in the management of the company commit a crime against the Securities and Exchange Act. The audit committee must verify and report the initial result of the inspection to the Securities and Exchange Commission and the auditor within 30 days from the date of notification from the auditor.
- (8) To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

2. Nomination committee and remuneration

Due to a flat and uncomplicated administrative structure and the nature of a sports business, the Board of Directors is comprised of representatives of shareholders, and some are from honorary directors who kindly accept the invitation as directors due to trust and confidence in the administration of the golf course business for a very long time. They have brought knowledge, ability, experience and ethical judgment to help the administration of the golf course progress without expecting remuneration. The Board of Directors will have a joint preliminary consideration before presenting in the shareholders' meeting for consideration. However, when the Nomination and Remuneration Committee is established, the election of directors, therefore, will be proposed names to the Nomination and Remuneration Committee for consideration before proposing to the Board of Directors for consideration and give opinions in the shareholders' meeting as the next step.

In 2019, the Nomination and Remuneration Committee held a meeting to consider the appointment of new directors to replace those who completed their terms by rotation and proposed opinions to the Committee for presenting in the shareholder's meeting for approval of the appointment and to consider the remuneration for the company's directors each year. The Board Nomination and Remuneration Committee consists of three independent directors as follows:

| Board member | Rank |
|--------------------------------|---|
| 1. Gen. Paiboon Kanchanapiboon | Chairman of Nomination committee and remuneration |
| 2. Mr. Chackchai Panichapat | Board member |
| 3. Mr. Punn Kasemsup | Board member |

Term given to the direct: The position held in the term of the company's directors.

8.3 Nomination of directors and management

1. Director

Referring to the company regulations, the board of directors may have been appointed from the externals who are not the shareholders and that appointment will be approved by the shareholders meeting according to principles and procedures.

Composition and election of board directors

1. The board of directors is minimum 5 persons and there are directors not lower than a half amount of total directors in the kingdom of Thailand. For the purpose of business operation, the directors can be appointed from outsource who are not our shareholders.

2. The shareholder meeting will vote the directors according to this regulation and methodology

- (1) Offering one share-one vote
- (2) Each shareholder has one share per vote on no. (1) and each shareholder use all votes (no split) in appointing one or more person to be a director.
- (3) The candidates are ranked in descending order from the highest score of votes to the lowest, and are appointed as directors in that order until those positions are filled.

Where the votes for candidates are tied, or cause the exceeded number of directors, the Chairman has the casting vote.

2. Chief Executive Officer:

To appoint a chief executive officer, the company would consider work experience and the ability to manage responsible works. If the expected officer in the field was unavailable, the company would agree to consider the outsider candidate, with the emphasis on his/her work experience and expertise to carry out any assigned works. Previously, high-ranking executives included Chief Executive Officers Mr. Sukum Navapan and Mrs. Maevadi Navapan, who were not selected by the nomination and remuneration committee as they were founders of the company and being considered as the Board of Directors before the nomination and remuneration committee was appointed. Meanwhile, an executive could pave the way to becoming an assistant managing director before being promoted to the position of managing director. The Board of Directors would propose to the nomination and remuneration committee to be approved accordingly. Compulsorily, any member of the committee should not commit the crime over the past ten years.

3. The Nominating of Independent Director

In the year 2019, there were 4 independent directors altogether from 10 directors and 4 independent directors have no stocks which were stronger than the definition. (In order to follow the Notification of The Capital Market Supervisory Board B.E. 2008, announced on 20th February 2009)

(A) Holding shares not over one percent of the total shares with voting right of the company holding company, subsidiary, affiliation, major shareholder or authorized person of the company , however, it includes shareholding by related persons of the independent director also.

(B) Not being or has been a director with management participation employees, consultant with regular salary or authorized person of the company, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or of authorized person of the company, except relieved from aforesaid characteristic at not less than two years before submitting permission to the Office. However, the prohibited characteristics do not include an independent director who has been a governmental officer or an advisor of a government authority, which is the major shareholder of the company or the authorized person of the company.

(C) Not being person by blood related or registration by law in the manner of being father or mother, spouse, brotherhood and offspring including spouse of the offspring of the management, major shareholder, authorized person or person designated to be management or authorized person of the company for license or subsidiary.

(D) Do not have or has been in business relation with the applicant, company's parent, holding company, subsidiary, affiliation, major shareholder or authorized person of the company, in the manner that may obstruct the independent exercise of discretion including in not being or has been a significant shareholder or authorized person of the person with business relation with the company, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, except relieved from aforesaid characteristics at not less than two years before the date of submission for permission from the Office.

The business relation in paragraph one includes trade transactions in normal business, rent or lease on items related to asset or service or in giving or receiving financial assistance through acceptance or lending, guarantee, granting asset as debt security including similar behavior resulting in the applicant or contract party with debt burden to be settled with another party from 3% of net tangible asset of the applicant or from twenty million baht up, as which amount is lower. However, the debt burden calculation shall be in value calculation on related items as announced by the Securities Exchange Commission on Rules of Related Items, by mutatis mutandis. But the consideration of such debt burden shall include debt burdens incurred at one previous year before the date of business relation with the same person.

(E) Not being or has been auditor of the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant and shall not be significant shareholder, authorized person or partner of auditing office with the auditor of the applicant, holding company, subsidiary, affiliation,

major shareholder or authorized person of the applicant in attachment, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.

(F) Not being or has been any professional provider which includes legal consulting or financial consulting with service fee over two million baht a year from the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, and not being a significant shareholder, authorized person or partner of the professional provider, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.

(G) Not being a director appointed to be agent of the director of the applicant, major shareholder or shareholder with relation with the major shareholder.

(H) Not operating similar or significant competitive business to the business of the applicant or subsidiary or not being significant partner in the partnership or directorship with management participation on employees, consultant with regular salary or holding shares over one percent of the total shares with voting right in other company, operating business similar or competing with business of the applicant or subsidiary.

(I) Not having other characteristics that will hinder free independent opinion in relation with the operation of the applicant.

After the appointment to be independent director with the characteristics as stated in paragraph one (a) to (i), the independent director may be assigned from the committee to make decision on the business operation of the applicant, holding company, subsidiary, affiliation, subsidiary of same level, major shareholder or authorized person of the applicant under the method of collective decision.

The name lists of the Independent Directors are:

1. Mr. Chackchai Panichapat
2. Gen. Paiboon Kanchanapiboon
3. Mr. Punn Kasemsup
4. Mr. Wiboon Khusakul

8.4 Corporate Governance subsidiary -none-

8.5 Insider Benefit

As the preventive measures in dishonestly using internal data for yourself and oneself benefits. The company has prepared the ethics handbook for directors, management and staff which are reviewed every year before and after the 2019 financial statement through the public. Nothing founded that using the data is for any side's benefit .

8.6 Audit fee

In the year 2019, the audit fee is 440,000 Baht as follows.

The CWWP Co., Ltd. subsidiaried Mr. Cherdsakul Aonmongkol , Certified Public Accountant No. 7195, is the company auditor and no interests, relations, connections with the company / the management / the major shareholders.

8.7 Compliant with principles of good corporate governance and other issues (include in Item 8)

9. Social responsibility

With business stability and long-standing reputation as a top legendary golf course of the country, reputed clients and other people involved in the industry had always put their trusts in Navatanee Golf Course. Regarding the golf course's well-adopted policies and second-to-none management styles, major social responsibilities were mainly taken alongside the business operations which generated positive contributions to the society and the community, with the effective development of organizational management and other related business sectors as follows.

1. Business ethics

Admittedly, a majority of Navatanee Golf Course's members were local business entrepreneurs and senior Japanese executives who operated businesses in Thailand. These people had high loyalty in the golf course's quality services. With prominent image and competitive location, Navatanee Golf Course had no certain policy to compete with other golf course rivals and would never rely on price adjustment to conquer other competitors in the industry. During weekends and holidays, members would generally bring their guests for a group practice session. Navatanee Golf Course had been building a long-lasting rapport with its members and other clients as always.

2. Anti-corruption procedures

The course has simple scope of business operation that our business had been committed to providing the highest service satisfaction to all clients; members, business partner, outsider or government official in which the business can easily be examined in accordance with the rules and regulations. As most of the employed workforces were assigned to provide quality services, they were not involved in any business or financial transactions. The company has put together a monitoring system that makes it easy to examine. Annual expenses are based on previous years as the main consideration. According that it is easy to observe and follow up. For most office employees, they have been working for a long time and always have good record. The company does not need to rely on or support from any group. Above all, the company never offered support to any conduct of corruption no matter how it was related to organizational or individual concerns.

The company has joined the Collective Action Coalition against Corruption in the year 2015 which in the same year the company has changed the external auditor. As a result of that, the external auditor did

not ready to be an auditor for reviewing the self-evaluation form. And, the company did not find another person to be an auditor. However, in the year 2019, we found that the internal auditor can be an auditor for reviewing the self-evaluation form which the company is in progress of consulting with the internal auditor.

3. Respect for human rights

The company has no problem with those who involved in the business operation because the company has been operating this business for a long time. Navatanee Golf Course pays attention to human rights, no matter those people are involved with the company or any social status they are. For instance, group of clients and their related person in every social status will receive the same service as mutual understanding. As a result of that, the course gained good reputation including people who lived nearby the course. No human right issue had ever been occurred within the company. Also, the company had always pursued the completion of work employment in accordance with the labor law. As there was no discrimination at work, many of the staff had decided to devote the best of their ability to work for the company for a long period of time.

4. Fair treatment for employees

Navatanee Golf Course comprised of about 164 employees. As social welfares and other additional benefits were key factors that helped encourage working competency among the employees, most of them decided to work for the company until they reached the retirement age. Because of this, there are no labor problems. Due to most employees are in the service sector, they have experience in working and understanding the company's policies. Employees are trained as appropriate. Accounting and Finance section and Company Secretary have to attend training courses related to listed companies. With respect to the difference in religion, gender and also people with physical disability was hired to work with other employees. They received payment and welfare as appropriate regarding their positions consisting of; salary, bonus, service charge, provident fund, social security. The company provides other welfares for employees such as uniform, luncheon, accommodation and other financial support with non-discriminatory responsibilities. The environment in workplace is surrounded by shady and beautiful nature making all employees have good mental health. Most of the employees have accommodation near the company. It makes them always ready to work.

5. Responsibility for consumers

To maximize the satisfaction by maintaining the highest standards of the golf course to be in line with the international standard, and to remain the leading golf course of the country (Executive Golf Course). Although there are many golf courses today, it caused the competition in quality and price. However, Navathanee Golf Course still maintains its reputation and quality. Most of the members are business owners and top executives who have financial stability, but also golfers who understand the rules of being a good golfer. This is one of

the reasons that makes the golfers both in Thailand and overseas trust and have confidence in Navatane Golf Course continuously.

Navatane Golf Course developed certain policies to ensure safety and security for all clients varying in rules for safe playing and a restaurant of hygienic menus. The company also launched a policy to maintain the database and privacy of all clients.

6. Community Society and Environment

The Company has a policy and commitment to the conservation and preservation of plant species before the construction of any golf course. Making Navatane Golf Course is full of thousands of plants and trees and is one of the unique of Navatane Golf Course. In addition, apart from making the areas around the golf course and Navatane village shady from large and multiple varieties of flowers, it is also a large source of fresh air, which is very rare to find nowadays, and spreads to neighboring communities as well. It also benefits the habitat and the supply chain due to the environmentally friendly operation of the company since the beginning of its business operations. As a result, a lot of animals, aquatic life, and birds are living in the area, looking for food in both the golf course and the lake due to the abundance of life, plus the fact that the company has made it a priority to avoid the use of chemicals, and to use fertilizers made from natural raw materials instead. This commitment to environmental stewardship is the pride of the founder, company committee and employees because the business does not only focus on reputation in the country and overseas in terms of golf courses, but also commits to a management policy which is strongly focused on the environment and will be adhered to such policy at all time. Moreover, the company wants Navatane Golf Course to be not only a golf course, but a place of recreation and relaxation for all visitors as well as community society.

In the year 2017, Thailand Greenhouse Gas Management Organization (Public Organization) had surveyed and evaluated to produce the amount of carbon dioxide retention. The name of the project is “*Navatane Golf Course, the Oxygen Source of Bangkok* “. TGO had assessed that Navatane Golf Course retained greenhouse gas equivalent amount of 4,328 tons of carbon dioxide (22nd December 1970 – 30th August 2017). Only 27,000 perennial trees taller than 1.50 meters were evaluated. TGO presented the certificate to Navatane Golf Course on 8th September 2017. It is a pride of Navatane Golf Course and it is based on the intention of the course founder and the board of directors. The management has set goals and will continue to support this project.

On 3rd January 2018, the Company installed 360 solar panels on the roof of the clubhouse to produce electricity from solar energy under the activity “Navatane Golf Course Solar Energy Project”. And on 10th September 2018, Thailand Greenhouse Gas Management Organization presented a certificate of honor to the golf course.

On 7th August 2018, Thailand Greenhouse Gas Management Organization (Public Organization) passed a resolution approving the project “Navatane Golf Course, the Oxygen Source of Bangkok” registered as Thailand Voluntary Emission Reduction Program: T-VER.

Navatane Golf Course is ready and willing to participate in helping to reduce environmental problems including helping to reduce greenhouse gases from the atmosphere for society and communities continuously by creating and maintaining ecosystems within the area to be a part of society in developing the country to become a sustainable low carbon society in the future.

7. The development of society and community

Navatane Golf Course had fostered the policy to recruit local people as its employees, as part of the intention to stimulate sustainable employment in the community. In the past, most of employees have been in the area since the establishment so it caused benefit for both employees and organizations. They also participated in activities of the Sukumo Foundation founded in 1988 by Mr. Sukum Navapan, Chairman of the Board of Directors, Founder and charitable organization. The main focus is education such as the distribution of dictionaries to students, government officials and the public throughout the country. He is also a patron of Sukumnavapan Uppatham School (formerly known as Bangkapi Sukumnavapan Uppatham School) with financial support for the operation and scholarship. Moreover, the Sukumo Foundation donated money to the Bangkok Symphony Orchestra Foundation.

8. Innovation and promotion of innovation

Navatane Golf Course basically provided golf course services. Aside from the ordinary maintenance to keep the golf course in good quality according to the international standards, no certain innovation had been evolved. However, the modern golf course was set to rely on the use of non-chemical substances and recycled water, together with the planting of trees to support fertile environment to make the production source of fresh air for our customers and people in community nearby. As well as personnel development and service system to make the service more convenient, faster and comply with the course’s policy in order to satisfy customers.

10. Internal audit and risk management

The appointment of internal audit officer was required to be submitted to the audit committee for approval. This helped guarantee transparency and reliability and it is a great tool for managing the risk because the audit committee can do their duty freely and report the result of the internal audit to the board of director every time. There have been meeting and appoint the audit of the audit committee to Miss Naruemon Khunthong from Porama Consultant Co., Ltd. as an internal auditor and the secretary of the audit committee in the year 2019.

Porama Consultant Company Limited ("the Office") was established on 9th September 2005. It aims to provide internal auditing services, set up accounting systems and provide consulting services such as internal auditing, Internal Control Performance Assessment, Accounting work, And consulting. Under the management of Miss.Naruemon Khunthong with 4 staff. (see page 46)

10.1 Comments from Board of Directors towards the adequacy and appropriateness of internal audit system for the company, where the appropriate number of auditors would be provided.

- Please refer to the internal audit report on page 2.

10.2 Error: There was no serious error reported in 2019.

10.3 Internal audit controversy: There was no serious audit controversy reported in 2019.

11. Related parties and connected transactions / Inter-transactions

The policy and direction for future inter-transaction -None-

12. Significant financial information

| Financial Ratio | Unit | 2019 | 2018 | 2017 |
|--------------------------------------|-----------|-------|--------|--------|
| <u>Liquidity Ratio</u> | | | | |
| Liquidity Ratio | time | 4.41 | 1.17 | 2.70 |
| Quick Liquidity Ratio | time | 4.25 | 1.10 | 2.56 |
| Quick Liquidity Ratio of cash flow | time | 1.67 | 2.84 | 3.51 |
| Receivable Turnover | time | 205 | 250 | 589 |
| Average Collection Period | day | 2 | 1 | 1 |
| Inventory Turnover | time | 32 | 32 | 31 |
| Average Selling Period | day | 11 | 11 | 12 |
| Payable Turnover | time | 77.38 | 113.13 | 71.10 |
| Selling Debt | day | 5 | 3 | 5 |
| Cash cycle | day | N.A | N.A | N.A |
| <u>Profitability Ration</u> | | | | |
| Gross Profit Margin | % | 57.59 | 60.05 | 61.70 |
| Operating Profit Margin | % | 37.36 | 40.86 | 47.09 |
| Other Margins | % | 6.46 | 5.78 | 7.92 |
| Ratio of Cash to Profitability | % | 86.27 | 136.34 | 122.33 |
| Quality of Income Ratio | % | 70.33 | 115.88 | 99.98 |
| Net Profit Margin | % | 28.07 | 30.07 | 38.49 |
| Return on Equity | % | 3.80 | 4.11 | 5.35 |
| <u>Efficiency Ratio</u> | | | | |
| Rate of Return on Assets | % | 3.32 | 3.55 | 4.68 |
| Return on Fixed Assets | % | 4.15 | 4.36 | 5.80 |
| Asset Turnover | time | 0.11 | 0.11 | 0.11 |
| <u>Financial Policy Ratio</u> | | | | |
| Debt to Equity Ratio | time | 0.14 | 0.16 | 0.14 |
| Ratio of the Ability to pay interest | Time | N.A | N.A | N.A |
| Dividend Payment | % | 66.12 | 65.64 | 60.30 |
| Earnings Per Share | Per share | 2.42 | 2.59 | 3.35 |
| Dividend Per Share | Per share | 1.60 | 1.70 | 2.02 |
| Book Value Per Share | Per share | 63.61 | 62.97 | 62.63 |

13. Analysis and explanation of financial status and operation results:

The company's performance of this year

In 2019, the company's overall revenue from golf course business increased Baht 0.79 million or 0.48% compared to the year 2018 due to the increasing of other incomes while the number of golfers decreased. The revenue of restaurant business decreased Baht 0.05 million according to the decreasing of the number of golfers. And, revenue from sports club decreased Baht 1.25 million from the activities related to the swimming pool area while the rotating member decreased. According that the company decreased revenue to Baht 0.79 million. However, revenue from dividend, interest income and other revenues increased Baht 1.23 million comparing to the last year. As a result, the company's total revenue increased Baht 0.43 million or 0.25%.

The cost of golf course services increased from the year 2018 for Baht 1 million resulted from employee benefits and cost of course equipment maintenance. The cost of restaurant business increased Baht 2.53 million resulted from employee benefits and depreciation. The cost of sports club decreased Baht 0.23 million.

Cost of sales increased from the year 2018 for Baht 0.11 million from promotional expenses. The management expenses increased Baht 2.68 million, resulted from employee benefits and the increasing of regular expenses.

For profit values, the company basic profits decreased from the last year for Baht 4.55 million or 4.56% which was resulted from the increasing of the cost. The net profit decreased mostly from the cost of sales and overall expenses increased. The net profit is Baht 49.60 million, decreased Baht 3.40 million or 6.42%.

Financial status: Asset analysis

Navatane Golf Course increased 0.10% of total assets comparing to the year 2018.

- Current assets increased by Baht 35.41 million mainly resulted from temporary investment while cash and cash equivalents are increased.
- Non-current assets decreased by Baht 33.99 million mostly resulted the decreasing of long-term investments amounted Baht 17.33 million. Land for building and equipment decreased by Baht 19.33 million. Other assets decreased by Baht 11.66 million while long-term investment increased by Baht 3 million.

Additional information of The board of directors as of 31 December 2019

1. Mr. Sukum Navapan (Died on 21st December 2019)

| | |
|--|---|
| Positions in the Company | Chairman, CEO (Spouse of Mrs. Maevadi Navapan) (got promotion for chairman on July 26, 2001) |
| Age | 94 years old |
| Nationality | Thai |
| Education | - Bachelor of Accountancy and Advanced Diploma in Accounting, Thammasat University - M.B.A. Wharton School, University of Pennsylvania, USA - Honorary Degree, Doctor of Accountancy, Thammasat University - Honorary Degree, Doctor of Arts, Business Administration, Srinakharinwirot University - Certificate, National Defense College, 1989 |
| Director training program | Director Accreditation Program (DAP) |
| Experience | -Chairman, ASEAN Banking Council -Chairman, Thai Bankers Association -Chairman, Hyatt Rama Hotel -President, Thai Military Bank -Managing Director, The General Insurance Co., Ltd. -Managing Director, The United Insurance Co., Ltd. -Board member, National Agricultural Credit Committee -Board member, Goldenland Plc. -Board member, Bangkok Intercontinental Hotel Co., Ltd. -Board member, Bangna Central Property Co., Ltd. -Board member, Klay and Mineral Co., Ltd. -Board member, Siam Food Plc. -Board member, American Standard Sanitary ware (Thailand) PLC. |
| Positions in other listed Companies | None |
| Positions in non-listed companies | -Chairman, Navanatee Group of Companies -Board member, Siam Piwat Co., Ltd. -Advisor, Eastern Seaboard Industrial Estate (Rayong) Co., Ltd. |
| No. of years on the board | 49 years (appointed on December 22, 1970) |
| CSR shareholding (included his spouse) | 14,536,532 shares or 70.91% |
| Meeting attendance in 2019 | Board of Directors Meeting, 3 of 5 Meeting |
| Other information | No legal dispute over the past 5 years No conflict of interest transaction with the company in 2019 |

2. Mr. Nibhond Charanvas (Terminated the term in April 2019)

| | |
|---|---|
| Positions in the Company | Independent Director, Audit Committee, The Nomination and Remuneration Committee |
| Age | 89 years old |
| Nationality | Thai |
| Education | Bachelor Degree in Business Administration Temple University Philadelphia, USA |
| Director training program | Director Accreditation Program (DAP) year 2004 |
| Experience | Branch Manager – TMB Bank |
| Positions in other listed companies | Honorary Chairman, Thai Metal Drum Mfg. Public Co.,Ltd. |
| Positions in non-listed companies | Honorary Chairman, Pimalai Resort & Spa Co., Ltd. |
| No. of years on the board | 30 years 8 months (appointed on April 11, 1990) |
| CSR shareholding | 100,831 shares or 0.49% |
| Positions in rival companies/ Related companies | None |
| Meeting attendance in 2019 | Board of Directors Meeting - of 1 Meeting Audit Committee Meeting - of 1 Meeting The Nomination and Remuneration Committee - of 1 meeting |
| Other information | No legal dispute over the past 5 years No conflict of interest transaction with the company in 2019 |

3. Mrs. Maevadi Navapan

| | |
|--|---|
| Positions in the Company | Chairman, CEO (Appointed on 26 th February 2020) (Spouse of Mr. Sukum Navapan, Mr. Kittidej Charusathira's aunt) |
| Age | 76 years old |
| Nationality | Thai |
| Education | Barrister-at-law, Middle Temple, England, 1964 Barrister-at-law, Thailand, 1976 Certificate, National Defense College, 1989 |
| Director training program | Director Accreditation Program (DAP) |
| Experience | -Founder and Chairman of Siew-Matsushita Foundation -Chairman of Savita Foundation -Director of Sukumo Foundation -Director of John F. Kennedy Foundation in Thailand -President of Women Lawyers' Association of Thailand Under The Royal Patronage of HM The Queen -President of Thailand Amateur Ladies Golf Association -Director of Thai Chamber of Commerce -Member of Law Reform Commission -Member of the National Legislative Assembly -Member of the Compensation Fund Committee -Member of the Kasetsart University Council -Executive Director of the Federation of Thai Industries -Associate Justice of The Central Labour Court |
| Positions in other listed Companies | None |
| Positions in non-listed companies | -Chairman of Panasonic (Thailand) Co., Ltd. -Chairman of Siew Co., Ltd. |
| No. of years on the board | 35 years 7 months (appointed on May 11, 1984) |
| CSR shareholding | 14,536,532 shares or 70.91% |
| Positions in rival companies/Related companies | None |
| Meeting attendance in 2019 | Board of Directors Meeting, 5 of 5 Meeting |
| Other information | No legal dispute over the past 5 years No conflict of interest transaction with the company in 2019 |

4. Mr. Chackchai Panichapat

| | |
|---|---|
| Positions in the Company | Chairman of the Audit Committee Member of the Nomination and Remuneration Committee, Independent Director |
| Age | 81 years old Nationality Thai |
| Education | -B.E. (Electrical Engineering), Chulalongkorn University -M.E. (Electrical Engineering), University of Texas, Austin, U.S.A. -Certificate, National Defense College |
| Director training program | - Director Accreditation Program (DAP) 5/2003 - Finance for Non-Finance Director (FND) 19/2005 - Director Certification Program (DCP) 72/2006 - Role of Compensation Committee (RCC) 3/2007 - Audit Committee Program (ACP) 25/2009 |
| Experience | Deputy Secretary General of the Board of Investment |
| Positions in other listed Companies- | Director and Executive Director, Amata Corporation Pcl. - Independent Director, Chairman of Audit Committee and member of nomination and remuneration committee, Kan Yong Electric Pcl. |
| Positions in non-listed companies | - Chairman Magnecomp Precision Technology Pcl. - Chairman, Amata Water Co.,Ltd.. - Chairman, D-Jig Co., Ltd. - Vice Chairman, Amata City Co.,Ltd. - Director, San Miguel Beer (Thailand) Co.,Ltd. - Director, San Miguel Marketing (Thailand) Co.,Ltd. - Director, Thai San Miguel Liquor Co.,Ltd. - Director, Amata Asia Ltd - Director, Thai-chinese Rayong Industrial Realty Development Co., Ltd. |
| No. of years on the board | 22 years 8 months (appointed on April 18, 1997) |
| CSR shareholding | None |
| Positions in rival companies/ Related companies | None |
| Meeting attendance in 2019 | Board of Directors Meeting, 5 of 5 Meeting Audit Committee Meeting, 5 of 5 Meeting Nomination and Remuneration Committee Meeting, 1 of 1 Meeting |
| Other information | No legal dispute over the past 5 years No conflict of interest transaction with the company in 2019 |

5. GEN. Paiboon Kanchanapiboon

| | |
|---|--|
| Positions in the Company | Independent Director, Audit Committee, Chairman of The Nomination and Remuneration Committee |
| Age | 74 years old |
| Nationality | Thai |
| Education | MBA, NIDA |
| Director training program | Director Accreditation Program (DAP) Director Certification Program (DCP) |
| Experience | Nida Development Fund Manager (2010 to present) Former Commanding General of Lopburi Artillery Center (1995-1999) Former Commanding General, Army Weapon Production Center (1999-2000) Former Special Expert, Royal Thai Army (2000-2005) Senior Advisor Office of the Under-Secretary of Ministry of Defense (2004) |
| Positions in other listed companies | None |
| Positions in non-listed companies | None |
| No. of years on the board | 22 years 8 months (appointed on April 18, 1997) |
| CSR shareholding | None |
| Positions in rival companies//Related companies | None |
| Meeting attendance in 2019 | Board of Directors Meeting 5 of 5 Meeting Audit Committee Meeting 5 of 5 Meeting The Nomination and Remuneration Committee Meeting 1/1 Meeting |
| Other information | No legal dispute over the past 5 years No conflict of interest transaction with the company in 2019 |

6. Mr. Wiboon Khusakul

| | |
|-------------------------------------|---|
| Positions in the Company | Independent Director |
| Age | 66 years old |
| Nationality | Thai |
| Education | <ul style="list-style-type: none"> - B.A. (International Relations) Chulalongkorn University, Bangkok, Thailand - M.A. (International Affairs and Diplomacy), Thammasat University, Bangkok, Thailand - Master's Degree (International Public Policy), Johns Hopkins University, U.S.A. - The 69th Civil Service Execution Development Program - Office of the Civil Service Commission |
| Director training program | - |
| Experience | <ul style="list-style-type: none"> - Consul-General, Royal Thai Consulate-General, Kunming, PRC - Consul-General, Royal Thai Consulate-General, Shanghai, PRC - Ambassador Extraordinary and Plenipotentiary of Thailand to the Republic of Iraq - Ambassador Extraordinary and Plenipotentiary of Thailand to the Hashemite Kingdom of Jordan - Ambassador Extraordinary and Plenipotentiary of Thailand to the Lao People's Democratic Republic - Executive Director, Thailand Trade and Economic Office (Taipei) - Ambassador Extraordinary and Plenipotentiary of Thailand to the People's Republic of China - Ambassador Extraordinary and Plenipotentiary of Thailand to the Mongolian People's Republic, Residence in Beijing - Ambassador Extraordinary and Plenipotentiary of Thailand to the Democratic People's Republic of Korea, Residence in Beijing |
| Positions in other listed companies | Independent Director, Kasikornbank Pcl. (April 30, 2015 - present) |
| Positions in non-listed companies | <ul style="list-style-type: none"> - Advisor, Chareon Pokphand Group Co. Ltd. (February 27, 2015 – present) - National Strategy Drafting Committee on National Competitiveness Development and Enhancement (September 28, 2017 - present) - Director and Audit Committee of Thai Smile Airways Co.,Ltd. |

| | |
|---|--|
| | (January 16, 2018 – present) |
| | - Chairman of the Subcommittee of The Government Public Relations Department (Foreign Affairs) |
| | (January 2020 – present) |
| No. of years on the board | 4 years 8 months (appointed on April 30, 2015) |
| CSR shareholding | None |
| Positions in rival companies//Related companies | None |
| Meeting attendance in 2019 | Board of Directors Meeting 4 of 5 Meeting |
| Other information | No legal dispute over the past 5 years No conflict of interest transaction with the company in 2019 |

7. Mr. Punn Kasemsup

| | |
|---------------------------|--|
| Positions in the Company | Independent Director, Member of Audit Committee |
| Age | 51 years |
| Nationality | Thai |
| Education | <ul style="list-style-type: none"> - Master of Law in Comparative and International Laws Southern Methodist University, Dallas, TX, USA - Bachelor of Law, Thammasat University, Bangkok |
| Director training program | <ul style="list-style-type: none"> - Certificates of Director Certification Program (DCP 140/2010) - Financial Statements for Directors (FSD 10/2010) - Certificate of Audit Committee Program (ACP 37/2011) - Monitoring Fraud Risk Management (MFM 6/2011) - Monitoring the Internal Audit Function (MIA 11/2011) - Monitoring the Quality of Financial Reporting (MFR 14/2012) - Monitoring the System of Internal Control and Risk Management (MIR 12/2012) |
| Experience | <ul style="list-style-type: none"> - Partner and Managing Director Kompass Law Limited (2002 - present) - Independent Director and Audit Committee Con F Group Co., Ltd. (December 2017 - present) - Independent Director Vintcom Technology Co., Ltd. (March 2016 - present) - Independent Director City Network Co., Ltd. (2015 – March 2016) - Independent Director and Audit Committee AME Technology Public Company Limited (2014 – August 2017) - Independent Director and Audit Committee Copperwired Co., Ltd. (2011 – December 2016) - Director Perseverance Co., Ltd. (2009 - present) - Director HNP Legal & Litigation Ltd. (2002 - present) - Independent Director and Audit Committee Wattana Capital Public Company Limited (2011 - present) - Senior Associate Baker & McKenzie (June 1996 - January 2002) |

| | |
|---|---|
| | <ul style="list-style-type: none"> - Visiting Scholar East Asian Legal Study Centre, School of Law, University of Wisconsin (Madison), WI, USA (March - May 1996) - Paralegal Walter, Conston, Alexander & Green P.C., New York, NY, USA (August 1995 – February 1996) - Legal Trainee Federal Court, Northern Texas, Dallas, TX, USA (June–July 1995) - Attorney-at-Law Siththichoke Sricharoen Law Office (October 1990 - May 1993) |
| Positions in other listed companies | <ul style="list-style-type: none"> - Independent Director Vintcom Technology Public Company Limited - Independent Director/Audit Director/Risk Management Director Demco Public Company Limited - Independent Director Copperwired Public Company Limited |
| Positions in non-listed companies | <ul style="list-style-type: none"> - Partner and Managing Director Kompass Law Limited - Director HNP Legal & Litigation Ltd. - Director Perseverance Co., Ltd. - Independent Director and Chairman of Audit Committee CISSA GROUP Co., Ltd. |
| Positions in rival companies/Related companies | None |
| No. of years on the board | 6 years 10 months (appointed on April 25, 2013) (Member of Audit Committee since July 25, 2013) |
| CSR shareholding | None |
| Positions in rival companies//Related companies | None |
| Meeting attendance in 2019 | Board of Directors Meeting 5 of 5 Meeting Audit Committee Meeting 5 of 5 Meeting |
| Other information | No legal dispute over the past 5 years No conflict of interest transaction with the company in 2019 |

8. Mr. Kittidej Charusathiara

| | |
|--|--|
| Positions in the Company | Director (Mrs. Maevadi Navapan's nephew) |
| Age | 45 years old |
| Nationality | Thai |
| Education | MBA, Leadership Management Lavern University, California, USA |
| Director training program | Director Accreditation Program (DAP) |
| Experience | The Executive Management of North Star World Ltd. |
| Positions in other listed companies | None |
| Positions in non-listed companies | Managing Director of North Star World Ltd. Managing Director of Damrongrak Commerce Co.,Ltd. |
| No. of years on the board | 12 years (appointed on April 26, 2007) |
| CSR shareholding | 1,500 shares or 0.00% |
| Positions in rival companies/Related companies | None |
| Meeting attendance in 2019 | Board of Directors Meeting 2 of 5 Meeting |
| Other information | No legal dispute over the past 5 years No conflict of interest transaction with the company in 2019 |

9. Mr. Jaya Jayananda

| | |
|--|---|
| Positions in the Company | Director (Nephew of Mr.Sukum Navapan and older brother of Mr.Sukuma Jayananda) |
| Age | 43 years |
| Nationality | Thai |
| Education | Chulalongkorn University in Faculty of Engineering Department of Industrial Engineering MA from Swiss Hotel Management School in Management (International Hospitality Management) |
| Training | - Director Certification Program (DCP) 245/2017 - Financial Statements for Directors (FSD) 34/2017 - The Real Estate Executive Association of Chulalongkorn University #1 |
| Experience | - 2014 – Present, COO Navatanee Ltd. - 2007 – 2013 Project Manager at Navatanee Ltd. - 2001 - 2005 Account Manager at Advanced Information Technology (AIT) Plc. - 2000 – 2001 Account Manager at T.N. Information System Ltd. - 1992 – 1993 and 1995 Thai National Junior Golfer |
| Positions in other listed Companies | None |
| Positions in non-listed companies | Navatanee Community Ltd. Director, Sukumo Foundation (Public organization) |
| No. of years on the board | 2 year 8 months (appointed on April 26, 2017) |
| CSR shareholding | 134,000 shares or 0.65% |
| Positions in rival companies/Related companies | None |
| Meeting attendance in 2019 | Board of Directors Meeting 5 of 5 Meeting |
| Other information | No legal dispute over the past 5 years No conflict of interest transaction with the company in 2019 |

10. Miss Saovanit Navapan

| | |
|--|--|
| Positions in the Company | Director (Daughter of Mr. Sukum Navapan's younger brother) |
| Age | 45 years old |
| Nationality | Thai |
| Education | -B.F.A. (Western Music), Voice Major, Chulalongkorn University, Bangkok, Thailand -Diploma (Summa Cum Laude), Professional Music Major, Berklee College of Music, MA, USA |
| Director training program | - Director Certification Program (DCP) |
| Experience | - Vocal Jazz Lecturer at Conservatory of Music, Rangsit University, (2012-2014) - Vocal Course Planner for "True Academy Fantasia" Season 6 and Season 7, (2009-2010) - Representative of artists from Thailand to perform at the Tourism Authority of Thailand promotional event in Japan (2003) - Singer in Grammy Gold Record Label, a Music Subsidy under GMM Grammy, (2001-2012) - Special Guest for World-class Artists: Manhattan Jazz, Quintet (MJQ), Jim Brickman, Dave Coz, Philips Symphony Orchestra, (2001) - Visiting Lecturer at Faculty of Music, Silpakorn University, (1999-2000) - Special Guest for Royal Bangkok Symphony Orchestra, (1999-present) - National Outstanding Youth in Creative Activities - Second Runner-up Title from "Nissan Awards 1989 Thailand Singing Contest", (1989) |
| Positions in other listed companies | None |
| Positions in non-listed companies | - Independent Singer -Voice Teacher and Singing Teacher at PRIVATE STUDIO |
| No. of years on the board | 8 months (appointed on April 25, 2019) |
| CSR shareholding | 7,750 shares equivalent to 0.00% |
| Positions in rival companies/related companies | None |
| Meeting attendance in 2019 | Board of Directors Meeting 3 of 4 Meeting |
| Other information | No legal dispute over the past 5 years No conflict of interest transaction with the company in 2019 |

11. Mr. Sukuma Jayananda

| | |
|--|--|
| Positions in the Company | Managing Director (Nephew of Mr.Sukum Navapan and younger brother of Mr.Jaya Jayananda) |
| Age | 40 years old |
| Nationality | Thai |
| Education | - Master of Business Administration, National Institute of Development Administration (NIDA) - Bachelor of Science, Chulalongkorn University - PROFESSIONAL GOLF MANAGEMENT, PROFESSIONAL GOLFERS CAREER COLLEGE, CA, USA |
| Director training program | - Successful Formulation and Execution (SFE) - Role of the Compensation Committee (RCC) - Audit Committee Program (ACP) - Director Accreditation Program (DAP) 10/2010 - Finance Statements for Director (FND) 10/2010 - Director Certification Program (DCP) 140/2011 - Monitoring Fraud Risk Management MFM 6/2011 - Monitoring the internal Audit Function MIA 11/2011 - Monitoring the system of Internal Control and Risk Management MIR 12/2012 - Monitoring of the Quality of Financial Reporting MFR 14/2012 -Certificate, Institute of Business and Industrial Development (IBID) #4 - Certificate, Advanced Master of Management Program (AMM) #2 |
| Experience | - BEAR CREEK GOLF COURSE, CA, USA (2003-2004) - Executive Director/Acting Managing Director, City Sports & Recreation Plc. (appointed on 29 July 2010) - Director of golf, City Sports & Recreation Plc. (Aug. 2004-28 July 2010) |
| Positions in other listed companies | None |
| Positions in non-listed companies | Director, Navatanee Ltd. Director, Sukumo Foundation (Public organization) Chairman of the Board, Sukumnavapan Uppatham School |
| No. of years on the board | 9 years 5 months (appointed on July 29, 2010) |
| CSR shareholding (included spouse) | 551,632 shares or 2.69% |
| Positions in rival companies/Related companies | None |
| Meeting attendance in 2019 | Board of Directors Meeting, 5 of 5 Meeting |
| Other information | No legal dispute over the past 5 years No conflict of interest transaction with the company in 2019 |

Additional Information of The Executive Management

1. Superintendent Manager (detail on page 43)

Mr. Sukuma Jayananda

Rank: Acting Superintendent Manager
 Age: 40 years old
 Nationality: Thai
 Education: - Master of Business Administration, National Institute of Development Administration (NIDA)
 - Bachelor of Science, Chulalongkorn University
 - PROFESSIONAL GOLF MANAGEMENT,
 PROFESSIONAL GOLFERS CAREER COLLEGE, CA, USA
 Experience: - BEAR CREEK GOLF COURSE, CA, USA (2003-2004)
 - Director of golf, City Sports & Recreation Plc. (2004)

2. Administrative Manager / Company Secretary

Mrs. Patcharaporn Julothai

Rank: Administrative manager/Company secretary
 Age: 59 years old
 Nationality: Thai
 Education: B.A. (Management), The Institute of Technology & Vocational Education
 Director training program Director Certification Program (DCP) 288/2020
 IOD training program Company Secretary Program (CSP 4/2003)
 Experience: Former Office Secretary, City Sports & Recreation Plc. (since 1984)
 Administrative manager / Company secretary / Board of Committee secretary
 No. of years: 35 years
 CSR shareholding: 16,500 shares or 0.08%
 Position in listed-non listed company -none
 Positions in Rival companies/Related company -none

3. Financial Manager

Mrs. Chutima Sunthornmonthol

Rank: Financial Manager
 Age: 56 years old
 Nationality: Thai
 Education: BA (Accounting), Dhurakijpundit University
 Experience: Chief accountant
 No. of years: 27 years
 CSR shareholding: None
 Position in listed-non listed company -none
 Positions in Rival companies/Related company -none

Audit fee certificate



Prudent & Professional

บริษัท ซี คับเบิลยู คับเบิลยู พี จำกัด
CWWP COMPANY LIMITED

เลขที่ 128/180-181 อาคารพญาไทพลาซ่า ชั้น 17 ถนนพญาไท แขวงทุ่งพญาไท เขตราชเทวี
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แบบยืนยันความถูกต้องครบถ้วนของค่าตอบแทนที่จ่ายให้แก่ผู้สอบบัญชี
รอบปีบัญชีสิ้นสุดวันที่ 31 ธันวาคม 2558

ค่าตอบแทนจากการสอบบัญชี (Audit Fee)

บริษัทฯ ได้จ่ายค่าตอบแทนจากการสอบบัญชีให้กับบริษัท ซี คับเบิลยู คับเบิลยู พี จำกัด โดยนาย
เชิดสกุล อ้นมงคล ค่าสอบบัญชีประจำปี 2558 จำนวนเงิน 320,000.00 บาท และไม่มีค่าตอบแทนอื่น/ไม่มี
ความสัมพันธ์และไม่มีส่วนได้เสียกับบริษัท/ผู้บริหาร/ผู้ถือหุ้นรายใหญ่

ข้อมูลข้างต้น

- ถูกต้องครบถ้วนแล้ว ทั้งนี้ ข้าพเจ้าขอยืนยันว่าไม่มีข้อมูลการให้บริการอื่นที่บริษัท จ่ายให้กับ
ข้าพเจ้า สำนักงานสอบบัญชีที่ข้าพเจ้าสังกัดอยู่ และบุคคลหรือกิจการที่เกี่ยวข้องกับข้าพเจ้า
สังกัด ที่ข้าพเจ้าทราบและไม่มีเปิดเผยไว้ข้างต้น
- ไม่ถูกต้อง ไม่ครบถ้วน กล่าวคือ

เมื่อปรับปรุงข้อมูลข้างต้น (ถ้ามี) แล้ว ข้าพเจ้าขอยืนยันว่าข้อมูลทั้งหมดในแบบฟอร์มนี้แสดง
ค่าตอบแทนสอบบัญชี และค่าบริการอื่นที่บริษัทจ่ายให้กับข้าพเจ้า สำนักงานสอบบัญชีที่ข้าพเจ้าสังกัด และ
บุคคลหรือกิจการที่เกี่ยวข้องกับข้าพเจ้า และสำนักงานสอบบัญชีดังกล่าว ที่ถูกต้อง ครบถ้วน

(นายเชิดสกุล อ้นมงคล)

บริษัท ซี คับเบิลยู คับเบิลยู พี จำกัด

ผู้สอบบัญชี บริษัท เทพธานีกรีธา จำกัด (มหาชน)

Internal Audit Team of Porama Consultant Company Limited

| No. | Position | Name | Education and Related Certificate | Work Experience |
|-----|---|----------------------------|--|---|
| 1 | Internal Audit Department Manager | Miss.Naruemon Khunthong | <input type="checkbox"/> Bachelor of Business Administration, Rajamangala University of Technology PhraNakhon | More than 8 years experienced of auditing and Internal audit. |
| 2 | Internal Audit Staff | Miss Kanjana Polrit | <input type="checkbox"/> Bachelor of Business Administration, Rajamangala University of Technology Rattanakosin | More than 7 years experienced of auditing and Internal audit. |
| 3 | Internal Audit Staff | Mr.Saharat Paingam | <input type="checkbox"/> Bachelor of Business Administration, Rajamangala University of Technology PhraNakhon | More than 10 months experienced of auditing and Internal audit. |
| 4 | Internal Audit Staff | Miss Surisa Bangphueng | <input type="checkbox"/> Bachelor of Business Administration, Ramkhamhaemg University | 2 months experienced of auditing and Internal audit. |

[Translation]

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of City Sports and Recreation Public Company Limited

Opinion

I have audited the financial statements of City Sports and Recreation Public Company Limited (“the Company”), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, the statement of changes in shareholders’ equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its 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* paragraph of my report. I am independent of the Company in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, 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.

Revalued Land

As in Notes 5.7 5.19 and 12 to the financial statements, the Company has elected to adopt the accounting policy to measure the land after acquiring at the revaluation amount. Revalued land presents in the statement of financial position as at 31 December 2019 in the amount of Baht 1,100.72 million, which is the fair value measurement at the revaluation date from the appraised result for the assets used in the business of the Company by the independence appraiser with income approach and cost approach as report dated 12 January 2017 for computing the fair value of land with income approach by allocating the fair value of the assets used in the business of the Company with income approach on relative fair value of those assets with cost approach.

I have focused on the sufficiency of frequency of land revaluation because the Company still has used the result of the independence appraiser as report dated 12 January 2017, which used several assumptions from expected future economic circumstances and discount rate that the management of the Company had determined from the judgment used at that time, including the measurement of revalued land in the statement of financial position as at 31 December 2019 in the amount of Baht 1,100.72 million, are material to the financial statements.

Therefore, my audit procedures have included the audit procedures which affects the most significant to the assessment of sufficiency and appropriateness of obtained audit evidence relating to revalued land as follows:

- Evaluating the appropriateness of using the model in the fair value measurement of the assets used in the business of the Company with income approach which is prepared by the independent appraiser that the management of the Company has engaged as expert for the fair value measurement as report dated 12 January 2017 by considering the significant changes of economic circumstances or market conditions up to 31 December 2019.
- Comparing the result of cash flow projection which using for the fair value measurement of the assets used in the business of the Company with income approach which is prepared by the independent appraiser that the management of the Company has engaged as expert for the fair value measurement as report dated 12 January 2017 with the actual result up to 31 December 2019.
- Testing the reasonableness of significant assumptions used in the cash flows projection and discount rate used for the fair value measurement of the assets used in the business of the Company with income approach which is prepared by the independent appraiser that the management of the Company has engaged as expert for the fair value measurement as report dated 12 January 2017 by analyzing the past data and the expected economic and industry circumstances.
- Evaluating the sufficiency of disclosure in notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon, which 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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 the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 judgment 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 Company'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 Company'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 Company 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.

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 information.



(Cherdsakul Onmongkol)

Certified Public Accountant Registration No. 7195

CWWP Company Limited
Bangkok,
26 February 2020

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

| | Notes | 31 December 2019 | 31 December 2018 | 1 January 2018 |
|--|-------|-------------------------|-------------------------|-------------------------|
| | | Baht | Baht | Baht |
| Assets | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | 6 | 23,424,298.89 | 28,224,925.27 | 10,088,989.83 |
| Current Investments | 7 | 49,344,175.20 | 9,088,385.99 | 42,530,837.08 |
| Trade and Other Current Receivables | 8 | 2,465,782.31 | 2,772,385.23 | 2,586,238.15 |
| Inventories | | 905,133.35 | 640,521.79 | 731,455.33 |
| Total Current Assets | | 76,139,389.75 | 40,726,218.28 | 55,937,520.39 |
| Non-Current Assets | | | | |
| Investments held as Available-for-Sale | 9 | 40,918,811.13 | 58,250,678.03 | 64,739,682.05 |
| Other Long-Term Investments | 10 | 173,000,000.00 | 170,000,000.00 | 152,000,000.00 |
| Long-Term Loans to Employees | | 413,000.00 | 611,200.00 | 1,275,254.00 |
| Property, Plant and Equipment | 11 | 1,195,262,548.03 | 1,214,597,045.56 | 1,182,873,769.23 |
| Other Intangible Assets | | 160,917.67 | 206,153.67 | - |
| Deferred Tax Assets | 22.3 | 5,438,048.80 | 5,498,086.33 | 7,143,435.66 |
| Other Non-Current Assets | | 1,321,100.00 | 1,346,252.80 | 2,746,150.00 |
| Total Non-Current Assets | | 1,416,514,425.63 | 1,450,509,416.39 | 1,410,778,290.94 |
| Total Assets | | 1,492,653,815.38 | 1,491,235,634.67 | 1,466,715,811.33 |

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

| | Notes | 31 December 2019 | 31 December 2018 | 1 January 2018 |
|---|-------|-------------------------|-------------------------|-------------------------|
| | | Baht | Baht | Baht |
| Liabilities and Shareholders' Equity | | | | |
| Current Liabilities | | | | |
| Trade and Other Current Payables | 12 | 10,155,376.93 | 26,434,309.59 | 10,584,759.90 |
| Contract Liabilities | 13 | 3,223,225.10 | 3,719,503.76 | 4,583,904.09 |
| Current Tax Liabilities | | 3,884,093.59 | 4,517,860.93 | 5,558,560.43 |
| Total Current Liabilities | | 17,262,695.62 | 34,671,674.28 | 20,727,224.42 |
| Non-Current Liabilities | | | | |
| Deferred Tax Liabilities | 22.4 | 151,822,247.43 | 151,827,749.65 | 151,879,794.70 |
| Non-Current Provisions for Employee Benefits | 14 | 15,426,129.82 | 9,443,132.23 | 6,244,794.37 |
| Other Non-Current Liabilities | | 4,128,041.18 | 4,462,136.47 | 3,882,934.20 |
| Total Non-Current Liabilities | | 171,376,418.43 | 165,733,018.35 | 162,007,523.27 |
| Total Liabilities | | 188,639,114.05 | 200,404,692.63 | 182,734,747.69 |
| Shareholders' Equity | | | | |
| Share Capital | 15 | | | |
| Authorized Share Capital | | | | |
| 20,500,000 Ordinary Shares, at Baht 10.00 per Share | | 205,000,000.00 | 205,000,000.00 | 205,000,000.00 |
| Issued and Paid-Up Share Capital | | | | |
| 20,500,000 Ordinary Shares, at Baht 10.00 per Share | | 205,000,000.00 | 205,000,000.00 | 205,000,000.00 |
| Share Premium on Ordinary Shares | | 93,200,000.00 | 93,200,000.00 | 93,200,000.00 |
| Retained Earnings | | | | |
| Appropriated | | | | |
| Legal Reserve | 16 | 20,500,000.00 | 20,500,000.00 | 20,500,000.00 |
| Unappropriated | | 379,143,474.22 | 366,498,025.21 | 358,469,850.57 |
| Other Components of Shareholders' Equity | | 606,171,227.11 | 605,632,916.83 | 606,811,213.07 |
| Total Shareholders' Equity | | 1,304,014,701.33 | 1,290,830,942.04 | 1,283,981,063.64 |
| Total Liabilities and Shareholders' Equity | | 1,492,653,815.38 | 1,491,235,634.67 | 1,466,715,811.33 |

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

| | Notes | 31 December 2019 | 31 December 2018 |
|---|-------|-----------------------|-----------------------|
| | | Baht | Baht |
| Revenue from Contracts with Customers | 23.2 | 165,306,117.85 | 166,096,462.60 |
| Costs of Sales and Rendering of Services | | (70,108,057.71) | (66,350,288.34) |
| Gross Profit | | 95,198,060.14 | 99,746,174.26 |
| Other Income | 19 | 11,412,113.96 | 10,186,837.41 |
| Distribution Costs | | (1,262,565.12) | (1,147,603.24) |
| Administrative Expenses | | (43,590,910.69) | (40,904,796.18) |
| Other Expenses | | (4,754.75) | (16,133.72) |
| Profit before Income Tax | | 61,751,943.54 | 67,864,478.53 |
| Tax (Expense) Income | 22.1 | (12,145,504.60) | (14,853,167.02) |
| Profit for the year | | 49,606,438.94 | 53,011,311.51 |
| Other Comprehensive Income | | | |
| Items that will be reclassified subsequently to Profit or Loss | | | |
| Gain (Loss) on Remeasuring Investments held as Available-for-Sale - Net of Tax | 22.2 | 538,310.28 | (1,178,296.24) |
| Total Items that will be reclassified subsequently to Profit or Loss | | 538,310.28 | (1,178,296.24) |
| Items that will not be reclassified subsequently to Profit or Loss | | | |
| Gain (Loss) on Remeasurement of Defined Benefit Plans - Net of Tax | 22.2 | (2,110,989.93) | (3,573,136.87) |
| Total Items that will not be reclassified subsequently to Profit or Loss | | (2,110,989.93) | (3,573,136.87) |
| Total Other Comprehensive Income for the year | | (1,572,679.65) | (4,751,433.11) |
| Comprehensive Income for the year | | 48,033,759.29 | 48,259,878.40 |
| Basic Earnings per Share | | 2.42 | 2.59 |

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2019

| | Notes | Issued and Paid-Up | Share Premium | Retained Earnings | | Other Components of Shareholders' Equity | | | Total | |
|--|-------|-----------------------|----------------------|----------------------|------------------------|--|-----------------------|-----------------------|-----------------------|-------------------------|
| | | Share Capital | on Ordinary Shares | Appropriated | Unappropriated | Other Comprehensive Income | | Total | Shareholders' | |
| | | | | Legal Reserve | | Investments | Surplus on | Total | Other Components | Equity |
| | | | | | | held as | Asset Revaluation | Other Comprehensive | of Shareholders' | |
| | | | | | Available-for-Sale | Income | Equity | | | |
| | | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | |
| Beginning Balance as at 1 January 2018 | | 205,000,000.00 | 93,200,000.00 | 20,500,000.00 | 358,469,850.57 | (276,055.20) | 607,087,268.27 | 606,811,213.07 | 606,811,213.07 | 1,283,981,063.64 |
| Comprehensive Income for the year | | | | | | | | | | |
| Profit for the year | | - | - | - | 53,011,311.51 | - | - | - | - | 53,011,311.51 |
| Other Comprehensive Income for the year | | - | - | - | (3,573,136.87) | (1,178,296.24) | - | (1,178,296.24) | (1,178,296.24) | (4,751,433.11) |
| Total Comprehensive Income for the year | | - | - | - | 49,438,174.64 | (1,178,296.24) | - | (1,178,296.24) | (1,178,296.24) | 48,259,878.40 |
| Transactions with Owners | | | | | | | | | | |
| Contributions and Distributions | | | | | | | | | | |
| Dividends | 17.2 | - | - | - | (41,410,000.00) | - | - | - | - | (41,410,000.00) |
| Total Contributions and Distributions | | - | - | - | (41,410,000.00) | - | - | - | - | (41,410,000.00) |
| Total Transactions with Owners | | - | - | - | (41,410,000.00) | - | - | - | - | (41,410,000.00) |
| Ending Balance as at 31 December 2018 | | 205,000,000.00 | 93,200,000.00 | 20,500,000.00 | 366,498,025.21 | (1,454,351.44) | 607,087,268.27 | 605,632,916.83 | 605,632,916.83 | 1,290,830,942.04 |
| Comprehensive Income for the year | | | | | | | | | | |
| Profit for the year | | - | - | - | 49,606,438.94 | - | - | - | - | 49,606,438.94 |
| Other Comprehensive Income for the year | | - | - | - | (2,110,989.93) | 538,310.28 | - | 538,310.28 | 538,310.28 | (1,572,679.65) |
| Total Comprehensive Income for the year | | - | - | - | 47,495,449.01 | 538,310.28 | - | 538,310.28 | 538,310.28 | 48,033,759.29 |
| Transactions with Owners | | | | | | | | | | |
| Contributions and Distributions | | | | | | | | | | |
| Dividends | 17.1 | - | - | - | (34,850,000.00) | - | - | - | - | (34,850,000.00) |
| Total Contributions and Distributions | | - | - | - | (34,850,000.00) | - | - | - | - | (34,850,000.00) |
| Total Transactions with Owners | | - | - | - | (34,850,000.00) | - | - | - | - | (34,850,000.00) |
| Ending Balance as at 31 December 2019 | | 205,000,000.00 | 93,200,000.00 | 20,500,000.00 | 379,143,474.22 | (916,041.16) | 607,087,268.27 | 606,171,227.11 | 606,171,227.11 | 1,304,014,701.33 |

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

| | Notes | 31 December 2019 | 31 December 2018 |
|--|-------|----------------------|----------------------|
| | | Baht | Baht |
| Cash Flows from Operating Activities | | | |
| Profit before Income Tax | | 61,751,943.54 | 67,864,478.53 |
| Adjustments for reconciliation to Cash Generated from (Used in) Operations | | | |
| Depreciation | | 18,900,142.27 | 18,180,978.03 |
| Amortization of Other Intangible Assets | | 45,236.00 | 21,846.33 |
| (Gain) Loss on Remeasuring Trading Securities | | (557,199.01) | (132,761.90) |
| (Gain) Loss on Sale of Investments held as Available-for-Sale | | 4,754.75 | 16,133.72 |
| (Gain) Loss on Sale of Property, Plant and Equipment | | (2,037,105.91) | (566,508.05) |
| Loss on Write-off of Property, Plant and Equipment | | 568,123.78 | - |
| (Gain) on Write-off of Liabilities | | (199,911.24) | - |
| Employee Benefit Expenses - Defined Benefit Plans | | 4,053,220.18 | 382,205.20 |
| Interest Income | | (6,632,752.00) | (6,722,508.55) |
| Dividend Income | | (1,105,200.58) | (1,042,320.34) |
| (Increase) Decrease in Operating Assets | | | |
| Cash Payments for Purchase of Trading Securities | | (90,300,000.00) | (30,700,000.00) |
| Cash Receipts from Sale of Trading Securities | | 73,601,409.80 | 46,275,212.99 |
| Trade and Other Current Receivables | | 10,957.39 | (31,630.26) |
| Inventories | | (264,611.56) | 90,933.54 |
| Other Non-Current Assets | | 25,152.80 | (102.80) |
| Increase (Decrease) in Operating Liabilities | | | |
| Trade and Other Current Payables | | (562,696.98) | 51,233.15 |
| Contract Liabilities | | (496,278.66) | (864,400.33) |
| Non-Current Provisions for Employee Benefits | | (708,960.00) | (698,320.00) |
| Other Non-Current Liabilities | | (334,095.29) | (372,766.16) |
| Cash Generated from (Used in) Operations | | 55,762,129.28 | 91,751,703.10 |
| Cash Payments for Income Tax | | (12,331,566.72) | (13,112,703.96) |
| Net Cash Generated from (Used in) Operating Activities | | 43,430,562.56 | 78,638,999.14 |

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

| | Notes | 31 December 2019 | 31 December 2018 |
|---|-------|------------------------|------------------------|
| | | Baht | Baht |
| Cash Flows from Investing Activities | | | |
| Cash Receipts from Sale of Investments held as Available-for-Sale | | 18,000,000.00 | 5,000,000.00 |
| Cash Payments for Purchase of Investments in Debt Instruments | | (78,000,000.00) | (20,000,000.00) |
| Cash Receipts from Redemption of Investments in Debt Instruments | | 52,000,000.00 | 20,000,000.00 |
| Cash Payments for Long-Term Loans to Employees | | (481,000.00) | (494,700.00) |
| Cash Receipts from Long-Term Loans to Employees | | 679,200.00 | 1,158,754.00 |
| Cash Payments for Purchase of Property, Plant and Equipment | | (30,529,228.75) | (32,367,748.70) |
| Cash Receipts from Sale of Property, Plant and Equipment | | 16,822,429.91 | 566,542.05 |
| Cash Payments for Purchase of Other Intangible Assets | | - | (228,000.00) |
| Cash Receipts from Interest | | 6,714,953.82 | 6,782,299.51 |
| Cash Receipts from Dividends | | 1,105,200.58 | 1,042,320.34 |
| Net Cash Generated from (Used in) Investing Activities | | (13,688,444.44) | (18,540,532.80) |
| Cash Flows from Financing Activities | | | |
| Cash Payments for Dividends | | (34,542,744.50) | (41,962,530.90) |
| Net Cash Generated from (Used in) Financing Activities | | (34,542,744.50) | (41,962,530.90) |
| Net Increase (Decrease) in Cash and Cash Equivalents | | (4,800,626.38) | 18,135,935.44 |
| Cash and Cash Equivalents at the Beginning of the year | | 28,224,925.27 | 10,088,989.83 |
| Cash and Cash Equivalents at the End of the year | 6 | 23,424,298.89 | 28,224,925.27 |

CITY SPORTS AND RECREATION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. General Information

City Sports and Recreation Public Company Limited (“the Company”) is a juristic person incorporated in Thailand which was registered as a public company limited in accordance with Public Limited Companies Act. The address of the registered head office of the Company locates at 22 Navatane Road, Ramindra, Khannayao, Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand on 7 September 1989.

The Company has operations and principal activities to engage in businesses of golf course, restaurant and sport club.

As at 31 December 2019 and 2018, the major shareholder of the Company is Khun Sukum Navapan Group.

2. Basis of Preparing the Financial Statements

2.1 These financial statements have been prepared in accordance with Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King (“Federation of Accounting Professions”), and applicable rules and regulations of the Securities and Exchange Commission.

2.2 The classification in the financial statements is in compliance with the Notification of the Department of Business Development regarding mandatory summary items in a financial statement.

2.3 These financial statements are presented in Thailand Baht, which is the functional currency and the presentation currency of the Company.

2.4 The financial statements in Thai language is the official statutory financial statements of the Company. The financial statements in English language has been translated from the financial statements in Thai language.

3. Adoption of New Financial Reporting Standards

The Company has applied the new and revised financial reporting standards which are effective for accounting period beginning on or after 1 January 2019 with no material impact on the financial report that include applying Thai Financial Reporting Standard 15 “Revenue from Contracts with Customers” which supersedes other standards as follows:

| | |
|--|--|
| Thai Accounting Standard 11 (revised 2017) | “Construction Contracts” |
| Thai Accounting Standard 18 (revised 2017) | “Revenue” |
| TSIC Interpretation 31 (revised 2017) | “Revenue – Barter Transactions Involving Advertising Services” |
| TFRIC Interpretation 13 (revised 2017) | “Customer Loyalty Programmes” |
| TFRIC Interpretation 15 (revised 2017) | “Agreements for the Construction of Real Estate” |
| TFRIC Interpretation 18 (revised 2017) | “Transfers of Assets from Customers” |

In applying of Thai Financial Report Standard 15 “Revenue from Contracts with Customers”, the Company is required to adopt the new accounting policies as in Note 5.14 and 5.15.

The Company has elected to apply Thai Financial Report Standard 15 “Revenue from Contracts with Customers” retrospectively with the cumulative effect of initially applying Thai Financial Report Standard 15 “Revenue from Contracts with Customers” recognized as at 1 January 2019 as an adjustment to the opening balance of retained earnings (or other components of shareholders’ equity, as appropriate) of the financial statement for the year ended 31 December 2019. However, the Company does not have any adjustment to the opening balance as at 1 January 2019 of retained earnings nor other components of shareholders’ equity because such cumulative effect is immaterial.

For the year ended 31 December 2019, there is no material effect on the financial report for the current period by the application of Thai Financial Report Standard 15 “Revenue from Contracts with Customers” as compared to other standards that were in effect before the change.

4. New Financial Reporting Standards that have been issued but are not yet effective

The Federation of Accounting Professions has issued the new and revised financial reporting standards which are effective for accounting period beginning on or after 1 January 2020 which the Company has not early adopted and expects to adopt in the period when they become effective.

New financial reporting standards which are expected to have the impact on the financial statements when they become effective, are summarized as follows:

4.1 Thai Financial Reporting Standards – Group of Financial Instruments

This group financial reporting standards consists of:

| | |
|---|---|
| Thai Accounting Standard 32 | “Financial Instruments: Presentation” |
| Thai Financial Reporting Standard 7 | “Financial Instruments: Disclosures” |
| Thai Financial Reporting Standard 9 | “Financial Instruments” |
| TFRIC Interpretation 16 | “Hedges of a Net Investment in a Foreign Operation” |
| TFRIC Interpretation 19 | “Extinguishing Financial Liabilities with Equity Investments” |
| Thai Accounting Guidance “Financial Instruments and Disclosures for Insurance Business” | |

This group financial reporting standards supersedes other standards as follows:

| | |
|--|---|
| Thai Accounting Standard 101 | “Doubtful Accounts and Bad Debts” |
| Thai Accounting Standard 103 | “Disclosures in the Financial Statements of Banks and Similar Financial Institutions” |
| Thai Accounting Standard 104 (revised 2016) | “Accounting for Troubled Debt Restructuring” |
| Thai Accounting Standard 105 (revised 2016) | “Accounting for Investments in Debt and Equity Securities” |
| Thai Accounting Standard 106 | “Accounting for Investment Entities” |
| Thai Accounting Standard 107 (revised 2016) | “Financial Instruments: Disclosure and Presentation” |
| Thai Interpretation 9 | “Assets Transferred by Debtors for Debt Settlement” |
| Thai Accounting Guidance “Derecognition of Financial Assets and Financial Liabilities” | |
| Thai Accounting Guidance “Insurance Business to Designation of Financial Instruments at Fair Value through Profit or Loss” | |
| Thai Accounting Guidance “Treasury Stock” | |

In applying of this group of financial report standards, the Company will be required to change the accounting policies related to the transactions as follows:

- Classification and measurement of investments in debt and equity instruments which has to classify as financial assets measured at amortized cost, financial assets measured at fair value through profit or loss or financial assets measured at fair value through other comprehensive income. If the Company has elected to present subsequent changes in fair value of any investments through other comprehensive income, it is irrevocable.
- Impairment of financial assets which has to recognize the allowance for expected credit losses on financial assets that no longer necessary for an incurred credit loss event to have occurred, and will be remeasured on every reporting date to reflect the changes in credit risk since initial recognition.

Presently, the management of the Company is evaluating the impact on the financial statements from the adoption of this group of financial reporting standards in the period when they become effective.

4.2 Thai Financial Reporting Standard 16 “Lease”

This financial reporting standard supersedes other standards as follows:

| | |
|--|--|
| Thai Accounting Standard 17 (revised 2018) | “Leases” |
| TSIC Interpretation 15 (revised 2018) | “Operating Leases – Incentives” |
| TSIC Interpretation 27 (revised 2018) | “Evaluating the Substance of Transactions Involving the Legal Form of a Lease” |
| TFRIC Interpretation 4 (revised 2018) | “Determining whether an Arrangement contains Lease” |

In applying of this financial report standard, the Company will be required to change the accounting policies related to the accounting for lessee which has to recognize assets and liabilities for all leases that have the lease term more than 12 months except for which the underlying assets are of low value. Where the Company is lessee, has to recognize a right-to-use asset that represents a right to use an underlying asset and a lease liability that represent an obligation to lease payments.

Presently, the management of the Company is evaluating the impact on the financial statements from the adoption of this financial reporting standard in the period when they become effective.

5. Summary of Significant Accounting Policies

5.1 Measurements Bases used in preparing the Financial Statements

Measurement bases used in preparing the financial statements are historical cost measurement basis and combination of variety measurement bases used. For items that use other measurement bases have been disclosed the measurement bases used in the particular accounting policies.

5.2 Financial Instruments

Non-derivative financial instruments will be recognized in the statement of financial position. Derivative financial instruments will not be recognized in the statement of financial position.

Financial assets which are recognized in the statement of financial position consist of cash and cash equivalents, investments, trade and other receivables and loans. Financial liabilities which are recognized in the statement of financial position consist of trade and other payables.

5.3 Cash and Cash Equivalents

Cash and cash equivalents include financial institution deposits in type of current accounts, savings accounts, and not over than 3 months fixed accounts without guarantee obligation.

5.4 Investments

Investments in marketable debt instruments and equity securities held for trading are classified as current assets and stated at fair value. Gain or loss on remeasuring trading securities is recognized in profit or loss.

Investments in debt instruments that the Company has the intention and the ability to hold to maturity are classified as held-to-maturity investments and stated at amortized cost deducted by the accumulated impairment loss (if any). The difference between the acquisition cost and redemption value of debt instruments will be amortized using the effective interest rate method over the remaining term to maturity of debt instruments.

Investments in marketable debt instruments and equity securities, other than those securities held for trading or intended to be held-to-maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment loss will be recognized in other comprehensive income. Impairment loss will be recognized in profit or loss.

Investments in equity securities which are not marketable are stated at cost deducted by the accumulated impairment loss (if any).

Gain or loss on disposal of investments is the difference between net disposal proceeds (if any) and the carrying amount together with the associated cumulative gain or loss previously recognized in other comprehensive income will be recognized in profit or loss.

Cost of the disposal of investments is determined using the weighted average method.

5.5 Trade and Other Receivables

Trade and other receivables are stated at the net realizable value.

Allowance for doubtful accounts is estimated from each receivable that are not expected to be repayable.

5.6 Inventories

Inventories are stated at the lower of cost by first in - first out method or net realizable value.

5.7 Property, Plant and Equipment

Land is stated at revalued amount deducted by the accumulated impairment loss (if any). Plant and equipment are stated at initial cost deducted by the accumulated depreciation and the accumulated impairment loss (if any).

Depreciation is calculated on a straight-line method over the approximate useful lives as follows:

| | |
|---|---------------|
| - Golf Course Road | 10 years |
| - Golf Course Equipment and Improvements | 5 – 20 years |
| - Buildings and Building Improvements | 10 – 20 years |
| - Equipment | 5 years |
| - Vehicles | 5 years |
| - Solar Rooftop Electricity Generating System | 10 years |

There is no depreciation for land and assets under construction.

Replacement cost will be capitalized as a part of carrying amount of assets when it is probable that the Company will obtain the future economic benefits from that transaction and able to measure the cost of that transaction reliably.

Repair and maintenance are recognized as expenses in profit or loss for the period in which they are incurred.

The Company has the policy to appraise the land which stated at revalued amount on every 3 – 5 years and during this period if there is any factor has significant impact to the assets value, the Company will appraise in that period. The increase of revaluation will be recognized as gain in profit or loss of that period not exceed loss on assets revaluation of the same asset previously recognized in profit or loss and recognized the remaining in other comprehensive income and presented the cumulative amount as surplus on assets revaluation in other components of shareholders' equity, for the decrease of revaluation will be recognized in other comprehensive income not exceed cumulated amount of surplus on assets revaluation of the same asset in other components of shareholders' equity and recognized the remaining as loss on assets revaluation in profit or loss of that period.

The carrying amount of property, plant and equipment will be derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on derecognition of property, plant and equipment is the difference between the net disposal proceeds (if any) and the carrying amount of that asset and recognized in profit or loss when that asset is derecognized.

5.8 Intangible Assets

Intangible assets which are separately acquired with definite useful lives are stated at initial cost deducted by the accumulated amortization and the accumulated impairment loss (if any).

Amortization is calculated on a straight-line method over the approximate useful life of 5 years.

5.9 Impairment of Assets

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in the recognition of an impairment loss when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Impairment loss will be recognized immediately in profit or loss.

Recoverable Amount

Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

In assessing value in use of an asset by estimating the present value of expected future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.

An asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for a cash-generating unit to which the asset belongs.

Reversal of Impairment Loss

Impairment loss of assets other than goodwill recognized in the prior period shall be reversed if, and only if, there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized, which shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior periods.

Reversal of impairment loss shall be recognized immediately in profit or loss.

5.10 Leases

Where the Company as Lessee

Leases which transferred substantially all the risks and rewards incidental to ownership to the lessee are classified as finance leases, are recognized as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be recognized as expenses in profit or loss for the period in which they are incurred. The assets acquired under finance leases will be depreciated or amortized throughout the useful lives of leased assets. However, if there is no reasonable certainty that the Company will be obtain the ownership by the end of the lease term, depreciation or amortization shall be fully calculated over the shorter of the lease term or the approximate useful life of leased asset.

Leases which the substantial risks and rewards incidental to ownership still remain with the lessor are classified as operating leases. Payments under operation lease (net of any incentives received from the lessor) are recognized as expenses in profit or loss on a straight-line method over that lease term.

5.11 Employee Benefits

Short-Term Employee Benefits

Short-term employee benefits are recognized as expenses in profit or loss for the period in which they are incurred.

Post-Employment Benefits

- Defined Contribution Plans

The Company has obligations under the defined contribution plan for monthly contribution payable to the provident fund which the Company and employees have jointly established in accordance with the provident fund law that the employees are taken the significant actuarial risk and investment risk. The employees will obtain only the retirement benefits from the assets of the provident fund which are separate from the assets of the Company in accordance with the regulation of the fund.

Contributions for defined contribution plan are recognized as expenses in profit or loss for the period in which they are incurred.

- Defined Benefit Plans

The Company has obligations under the defined benefit plan for severance pay which have to pay to employees when retirement in accordance with the labour law that the Company is taken the significant actuarial risk and investment risk. The Company has to provide the agreed benefits to employees.

Defined benefit liability is determined the present value of defined benefit obligations by actuarial techniques using the projected unit credit method.

Service costs and interest costs on defined benefit liability are recognized as expenses in profit or loss in which they are incurred.

Gain or loss on remeasurement of defined benefit liability is recognized in other comprehensive income for the period which it occurs and shall not be reclassified to profit or loss in a subsequent period which is included immediately in retained earnings (deficits).

5.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, which 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. Reimbursement is recognized as a separate asset, when, and only when it is virtually certain that reimbursement will be received if the Company settles the obligation, but not exceed the amount of related provision.

5.13 Appropriation of Legal Reserve

Appropriation of legal reserve is in accordance with the public limited companies law, which will be appropriated when it is approved by the shareholders' meeting. This legal reserve shall not be distributed as dividend.

5.14 Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when the Company satisfies a performance obligation by transferring a promised goods or service (i.e. an asset) to customer which an asset is transferred when the customer obtains control of that asset, and measured at the amount of the transaction price that is allocated to that performance obligation.

- Revenue from Membership Fees

The Company has charged the membership fees from customers for promised membership services to customers which are typically performance obligations satisfied over time.

Revenue from membership fees are recognized on a straight-line basis throughout the performance period of membership services rendered to customers.

- Revenue from Upfront Fees

The Company has charged the non-refundable upfront fee from customers who apply for a membership which are typically prepayment for future promised membership services to customers and customer option to renew the membership that is a material right.

Revenue from upfront fees are recognized on a straight-line basis throughout the performance period of membership services rendered to customers which including the exercise of customer option to renew the membership or recognized when that option expires.

- Revenue from Sales of Goods

The Company has charged the goods from customers for promised goods to customers which are typically performance obligations satisfied at a point in time.

Revenue from sales of goods are recognized when the goods are transferred to customers.

- Revenue from Rendering of Services

The Company has charged the services from customers for promised services to customers which the Company has rights to consideration from customers in the amounts that corresponds directly with the value to the customers of the Company's performance completed to date which are typically performance obligations satisfied over time.

Revenue from rendering of services are recognized when the services are rendered to customers in the amounts to which the Company has rights to invoice.

Interest Income

Interest income is recognized on the effective interest rate.

Dividend Income

Dividend income is recognized when the Company has the right to receive dividend.

5.15 Incremental Costs of Obtaining Contracts with Customers

- Incremental costs of obtaining contracts with customers which the Company expects to recover those costs within the period of over 1 year, are recognized as assets and amortized as expenses on a straight-line method throughout the period of contracts with customers.
- Incremental costs of obtaining contracts with customers which the Company expects to recover those costs within the period of 1 year or less, are recognized as expenses when incurred, as the practical expedient.

5.16 Income Tax

Income tax comprises current tax and deferred tax, is recognized in profit or loss except to the extent that it related to a business combinations, or items recognized in other comprehensive income or recognized directly in shareholders' equity which shall be also recognize in other comprehensive income or recognized directly in shareholders' equity.

Current Tax

Current tax is recognized at the amount expected to be paid to or recovered from the taxation authorities which is calculated in respect of the taxable profits in accordance with the regulation in tax laws using the tax rates that have been enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized by the statement of financial position liability method, based 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.

Deferred tax assets will be recognized only if it is probable that future taxable profit will be available to utilize the tax benefits. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period to the extent that equals to the probable amount of sufficient future taxable profit which the tax benefits can be utilized.

5.17 Earnings (Loss) per Share

Basic earnings (loss) per share are calculated by dividing profit or loss for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

There is no calculation of diluted earnings (loss) per share because it has no dilutive potential ordinary shares.

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 market participants at the measurement date. The Company applies a quoted market price in an active market to measure the 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 Company will measure fair value using valuation technique that are appropriate in the circumstances and maximizes 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 categorized within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 inputs are quoted prices in active market for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are other observable inputs either directly or indirectly, for the assets or liabilities other than quoted price included within Level 1 inputs.

Level 3 inputs are unobservable inputs for the assets or liabilities.

At the end of each reporting period, the Company will determine the necessary of any transfers between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5.19 Significant Accounting Judgments and Estimates Used

In order to prepare the financial statements to comply with financial reporting standards, the management of the Company always has to use judgments and estimates on uncertainties. These judgments and estimates used may have an effect on the amount and disclosures shown in the financial statements. The actual result may differ from the estimated amount.

Significant Judgments Used

Information about the significant judgments used in the process of applying the accounting policies that have significant effects on the amounts recognized in the financial statements is as follows:

- Revalued Land

The management of the Company has used the judgment in determining the fair value measurement at the revaluation date with income approach by allocating the fair value of the assets used in the business of the Company with income approach on relative fair value of those assets with cost approach.

- Complaint on Land Acquisition in 2015

The management of the Company has used the judgment in assessing the degree of probability that the Company will incur loss on complaint according to the purchase of land in 2015 of the Company that the Company has not yet received any order from the relevant government agent, which expects that the Company will not have any loss which may incur from such matter.

Key Assumptions and Estimation Uncertainties

Information about the key assumptions and estimation uncertainties that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next accounting year is as follows:

- Revalued Land

In the measuring the fair value of land at the revaluation date with income approach, the Company has to set the assumptions in estimating future cash flows which is the best estimate on cash flow projection from assets used in the business of the Company and discount rate used in determining the present value of future cash flows.

The management of the Company has used the weighted average cost of capital that reflects the economic circumstances at the revaluation date as discount rate and forecasting of member growth rate, revenue growth rate, and capitalization rate as key assumptions in measuring the fair value of land with income approach.

- Post-Employment Benefits – Defined Benefit Plans

In the determining of present value of defined benefit obligations, the Company has to set the actuarial assumptions which are the best estimate on salary increase rate, inflation rate, mortality rate and employee turnover rate used in estimating the expected future cash flows and discount rate used in determining the present value of expected future cash flows.

The management of the Company has used the yield on the government bonds that have term to maturity similar to the weighted average duration of defined benefit obligations which reflects the present economic circumstances as discount rate and expected salary increase rate, inflation rate, employee turnover rate and mortality rate in the long-run view to comply with the characteristic of the plan which has the long term as key assumptions in the determining of present value of defined benefit obligations.

6. Cash and Cash Equivalents

Consist of:

| | As at 31 December 2019 Baht | As at 31 December 2018 Baht |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Cash | 1,084,256.10 | 827,967.92 |
| Financial Institution Deposits | | |
| Current Accounts | 208,816.00 | (1,197,450.50) |
| Savings Accounts | 17,451,261.81 | 23,513,823.69 |
| Not over than 3 months Fixed Accounts | 4,679,964.98 | 5,080,584.16 |
| Total | <u>23,424,298.89</u> | <u>28,224,925.27</u> |

7. Current Investments

Consist of:

| | As at 31 December 2019 | | As at 31 December 2018 | |
|-------------------------------------|------------------------|----------------------|------------------------|---------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | Baht | Baht | Baht | Baht |
| Current Portion of | | | | |
| Debt Instruments – Held-to-Maturity | 25,000,000.00 | 25,158,327.90 | 2,000,000.00 | 2,025,992.54 |
| Trading Securities | | | | |
| Cost | 24,092,023.33 | | 6,808,723.08 | |
| Allowance for Trading Securities | | | | |
| Remeasurement | 252,151.87 | | 279,662.91 | |
| Fair Value | <u>24,344,175.20</u> | <u>24,344,175.20</u> | <u>7,088,385.99</u> | <u>7,088,385.99</u> |
| Total | <u>49,344,175.20</u> | <u>49,502,503.10</u> | <u>9,088,385.99</u> | <u>9,114,378.53</u> |

As at 31 December 2019 and 2018, current portion of debt instruments – held-to-maturity consist of:

| Unsubordinated, Specified Name of Holder and Unsecured Debenture with the Debenture Holder Representative | Interest Rate | As at | As at |
|---|---------------|----------------------|---------------------|
| | per Annum | 31 December 2019 | 31 December 2018 |
| | % | Baht | Baht |
| | 3.00 – 3.40 | <u>25,000,000.00</u> | <u>2,000,000.00</u> |
| Total | | <u>25,000,000.00</u> | <u>2,000,000.00</u> |

For the year ended 31 December 2019 and 2018, current investments have the movement as follows:

| | For the year ended 31 December 2019 | For the year ended 31 December 2018 |
|---|--|--|
| | Baht | Baht |
| Beginning Carrying Amount | 9,088,385.99 | 42,530,837.08 |
| Purchase of Investments | 90,300,000.00 | 30,700,000.00 |
| Reclassification from Other Long-Term Investments | 75,000,000.00 | 2,000,000.00 |
| Sale of Investments | (73,601,409.80) | (46,275,212.99) |
| Redemption of Matured Debt Instruments | (52,000,000.00) | (20,000,000.00) |
| Changes in Fair Value recognized in Profit for the period | | |
| Realized | 584,710.05 | 403,781.26 |
| Unrealized | (27,511.04) | (271,019.36) |
| Ending Carrying Amount | <u>49,344,175.20</u> | <u>9,088,385.99</u> |

8. Trade and Other Current Receivables

Consist of:

| | As at 31 December 2019 | As at 31 December 2018 |
|-------------------|---------------------------|---------------------------|
| | Baht | Baht |
| Trade Receivables | 675,912.81 | 935,198.77 |
| Other Receivables | 1,789,869.50 | 1,837,186.46 |
| Total | <u>2,465,782.31</u> | <u>2,772,385.23</u> |

As at 31 December 2019 and 2018, trade receivables are classified by aging as follows:

| | As at 31 December 2019 | As at 31 December 2018 |
|---------------------|---------------------------|---------------------------|
| | Baht | Baht |
| Within Due | 523,747.98 | 267,770.04 |
| Overdue 1 – 30 days | 152,164.83 | 667,428.73 |
| Total | <u>675,912.81</u> | <u>935,198.77</u> |

As at 31 December 2019 and 2018, other receivables consist of:

| | As at 31 December 2019 | As at 31 December 2018 |
|-------------------------|---------------------------|---------------------------|
| | Baht | Baht |
| Prepaid Expenses | 361,714.75 | 180,250.05 |
| Accrued Interest Income | 1,351,106.29 | 1,433,308.11 |
| Others | 77,048.46 | 223,628.30 |
| Total | <u>1,789,869.50</u> | <u>1,837,186.46</u> |

9. Investments held as Available-for-Sale

Consist of:

| | As at 31 December 2019 | | As at 31 December 2018 | |
|---|------------------------|----------------------|------------------------|----------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | Baht | Baht | Baht | Baht |
| Available-for-Sale Securities | | | | |
| Cost | 42,063,862.58 | | 60,068,617.33 | |
| Allowance for Available-for-Sale Securities | | | | |
| Remeasurement | (1,145,051.45) | | (1,817,939.30) | |
| Fair Value | <u>40,918,811.13</u> | <u>40,918,811.13</u> | <u>58,250,678.03</u> | <u>58,250,678.03</u> |
| Total | <u>40,918,811.13</u> | <u>40,918,811.13</u> | <u>58,250,678.03</u> | <u>58,250,678.03</u> |

For the year ended 31 December 2019 and 2018, investments held as available-for-sale have the movement as follows:

| | For the year ended | For the year ended |
|--|----------------------|----------------------|
| | 31 December 2019 | 31 December 2018 |
| | Baht | Baht |
| Beginning Carrying Amount | 58,250,678.03 | 64,739,682.05 |
| Sale of Investments | (18,000,000.00) | (5,000,000.00) |
| Changes in Fair Value | | |
| Recognized in Profit for the year | (4,754.75) | (16,133.72) |
| Recognized in Other Comprehensive Income | 672,887.85 | (1,472,870.30) |
| Ending Carrying Amount | <u>40,918,811.13</u> | <u>58,250,678.03</u> |

10. Other Long-Term Investments

Consist of:

| | As at 31 December 2019 | | As at 31 December 2018 | |
|-------------------------------------|------------------------|----------------|------------------------|----------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | Baht | Baht | Baht | Baht |
| Debt Instruments – Held-to-Maturity | 173,000,000.00 | 178,221,712.85 | 170,000,000.00 | 172,766,835.60 |
| Total | 173,000,000.00 | 178,221,712.85 | 170,000,000.00 | 172,766,835.60 |

As at 31 December 2019 and 2018, debt instruments – held-to-maturity consist of:

| | Interest Rate | As at | As at |
|---|---------------|------------------|------------------|
| | per Annum | 31 December 2019 | 31 December 2018 |
| | % | Baht | Baht |
| Unsubordinated, Specified Name of Holder and Unsecured Debenture with the Debenture Holder Representative | 3.00 – 6.50 | 103,000,000.00 | 105,000,000.00 |
| Unsubordinated, Specified Name of Holder and Unsecured Debenture with the Debenture Holder Representative which the Issuer has the Call Option | 2.90 – 5.75 | 5,000,000.00 | 40,000,000.00 |
| Subordinated, Specified Name of Holder and Unsecured Debenture with the Debenture Holder Representative which the Issuer has the Call Option | 4.65 | - | 10,000,000.00 |
| Subordinated, Specified Name of Holder and Unsecured Debenture with no the Debenture Holder Representative which the Issuer has the Call Option | 3.40 – 4.00 | 50,000,000.00 | 15,000,000.00 |
| Perpetual, Specified Name of Holder and Unsecured Debenture with no the Debenture Holder Representative which the Issuer has the Call Option and Right to Postpone the Interest Payment | 5.00 | 15,000,000.00 | - |
| Total | | 173,000,000.00 | 170,000,000.00 |

As at 31 December 2019 and 2018, debt instruments – held-to-maturity are classified by maturity as follows:

| | As at 31 December 2019 | | As at 31 December 2018 | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | Baht | Baht | Baht | Baht |
| Debt Instruments – Held-to-Maturity | | | | |
| Later than 1 year but not later than 5 years | 108,000,000.00 | 110,624,594.90 | 105,000,000.00 | 107,143,010.40 |
| Later than 5 years | 65,000,000.00 | 67,597,117.95 | 65,000,000.00 | 65,623,825.20 |
| Total | <u>173,000,000.00</u> | <u>178,221,712.85</u> | <u>170,000,000.00</u> | <u>172,766,835.60</u> |

For the year ended 31 December 2019 and 2018, other long-term investments have the movement as follows:

| | For the year ended | For the year ended |
|---|-----------------------|-----------------------|
| | 31 December 2019 | 31 December 2018 |
| | Baht | Baht |
| Beginning Carrying Amount | 170,000,000.00 | 152,000,000.00 |
| Purchase of Investments | 78,000,000.00 | 20,000,000.00 |
| Reclassification to Current Investments | (75,000,000.00) | (2,000,000.00) |
| Ending Carrying Amount | <u>173,000,000.00</u> | <u>170,000,000.00</u> |

11. Property, Plant and Equipment

Consist of:

| | Land | Golf Course Road | Golf Course Equipment and Improvements | Buildings and Building Improvements | Equipment | Vehicles | Solar Rooftop Electricity Generating System | Assets under Construction | Total |
|--|------------------|------------------|--|---|-----------------|-----------------|---|------------------------------|------------------|
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Beginning Balance As at 1 January 2019 | | | | | | | | | |
| Cost | 341,862,000.00 | 21,003,878.70 | 121,991,438.81 | 57,155,739.69 | 103,606,021.98 | 18,011,576.19 | 4,201,200.00 | 29,746,120.25 | 697,577,975.62 |
| Surplus on Revaluation | 758,859,085.34 | - | - | - | - | - | - | - | 758,859,085.34 |
| Accumulated Depreciation | - | (20,270,662.90) | (118,049,016.02) | (33,921,323.36) | (56,060,424.24) | (13,120,771.01) | (417,817.87) | - | (241,840,015.40) |
| Carrying Amount | 1,100,721,085.34 | 733,215.80 | 3,942,422.79 | 23,234,416.33 | 47,545,597.74 | 4,890,805.18 | 3,783,382.13 | 29,746,120.25 | 1,214,597,045.56 |
| Transactions during the year ended 31 December 2019 | | | | | | | | | |
| Beginning Carrying Amount | 1,100,721,085.34 | 733,215.80 | 3,942,422.79 | 23,234,416.33 | 47,545,597.74 | 4,890,805.18 | 3,783,382.13 | 29,746,120.25 | 1,214,597,045.56 |
| Purchase of Assets | - | - | - | 2,371,448.60 | 2,772,391.92 | - | - | 9,944,902.01 | 15,088,742.53 |
| Transfer In (Transfer Out) | - | - | - | 29,140,487.25 | 6,881,422.45 | - | - | (37,784,480.20) | (1,762,570.50) |
| Sale of Assets | - | - | - | - | (14,785,324.00) | - | - | - | (14,785,324.00) |
| Depreciation recognized in Profit for the year | - | (87,402.10) | (209,999.95) | (6,359,601.74) | (9,474,300.61) | (1,323,921.26) | (420,119.90) | - | (17,875,345.56) |
| Ending Carrying Amount | 1,100,721,085.34 | 645,813.70 | 3,732,422.84 | 48,386,750.44 | 32,939,787.50 | 3,566,883.92 | 3,363,262.23 | 1,906,542.06 | 1,195,262,548.03 |
| Ending Balance As at 31 December 2019 | | | | | | | | | |
| Cost | 341,862,000.00 | 21,003,878.70 | 121,991,438.81 | 88,838,802.70 | 95,421,916.90 | 18,011,576.19 | 4,201,200.00 | 1,906,542.06 | 693,237,355.36 |
| Surplus on Revaluation | 758,859,085.34 | - | - | - | - | - | - | - | 758,859,085.34 |
| Accumulated Depreciation | - | (20,358,065.00) | (118,259,015.97) | (40,452,052.26) | (62,482,129.40) | (14,444,692.27) | (837,937.77) | - | (256,833,892.67) |
| Carrying Amount | 1,100,721,085.34 | 645,813.70 | 3,732,422.84 | 48,386,750.44 | 32,939,787.50 | 3,566,883.92 | 3,363,262.23 | 1,906,542.06 | 1,195,262,548.03 |

| | Land | Golf Course Road | Golf Course Equipment and Improvements | Buildings and Building Improvements | Equipment | Vehicles | Solar Rooftop Electricity Generating System | Assets under Construction | Total |
|--|------------------|------------------|--|---|-----------------|-----------------|---|------------------------------|------------------|
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Beginning Balance As at 1 January 2018 | | | | | | | | | |
| Cost | 341,862,000.00 | 21,003,878.70 | 121,991,438.81 | 57,091,391.19 | 96,367,416.24 | 15,759,576.19 | 4,201,200.00 | 63,948.00 | 658,340,849.13 |
| Surplus on Revaluation | 758,859,085.34 | - | - | - | - | - | - | - | 758,859,085.34 |
| Accumulated Depreciation | - | (20,183,260.80) | (117,839,016.07) | (27,681,826.33) | (56,526,423.40) | (12,095,638.64) | - | - | (234,326,165.24) |
| Carrying Amount | 1,100,721,085.34 | 820,617.90 | 4,152,422.74 | 29,409,564.86 | 39,840,992.84 | 3,663,937.55 | 4,201,200.00 | 63,948.00 | 1,182,873,769.23 |
| Transactions during the year ended 31 December 2018 | | | | | | | | | |
| Beginning Carrying Amount | 1,100,721,085.34 | 820,617.90 | 4,152,422.74 | 29,409,564.86 | 39,840,992.84 | 3,663,937.55 | 4,201,200.00 | 63,948.00 | 1,182,873,769.23 |
| Purchase of Assets | - | - | - | - | 17,905,767.61 | 2,252,000.00 | - | 28,346,520.75 | 48,504,288.36 |
| Transfer In (Transfer Out) | - | - | - | 64,348.50 | - | - | - | 1,335,651.50 | 1,400,000.00 |
| Sale of Assets | - | - | - | - | (34.00) | - | - | - | (34.00) |
| Depreciation recognized in Profit for the year | - | (87,402.10) | (209,999.95) | (6,239,497.03) | (10,201,128.71) | (1,025,132.37) | (417,817.87) | - | (18,180,978.03) |
| Ending Carrying Amount | 1,100,721,085.34 | 733,215.80 | 3,942,422.79 | 23,234,416.33 | 47,545,597.74 | 4,890,805.18 | 3,783,382.13 | 29,746,120.25 | 1,214,597,045.56 |
| Ending Balance As at 31 December 2018 | | | | | | | | | |
| Cost | 341,862,000.00 | 21,003,878.70 | 121,991,438.81 | 57,155,739.69 | 103,606,021.98 | 18,011,576.19 | 4,201,200.00 | 29,746,120.25 | 697,577,975.62 |
| Surplus on Revaluation | 758,859,085.34 | - | - | - | - | - | - | - | 758,859,085.34 |
| Accumulated Depreciation | - | (20,270,662.90) | (118,049,016.02) | (33,921,323.36) | (56,060,424.24) | (13,120,771.01) | (417,817.87) | - | (241,840,015.40) |
| Carrying Amount | 1,100,721,085.34 | 733,215.80 | 3,942,422.79 | 23,234,416.33 | 47,545,597.74 | 4,890,805.18 | 3,783,382.13 | 29,746,120.25 | 1,214,597,045.56 |

As at 31 December 2019 and 2018, the Company has measured the fair value of land from the appraisal results by the independence appraiser with the market approach as report dated 12 January 2017 which are Level 3 inputs of the fair value hierarchy. The quantitative information concerning to the significant unobservable inputs that used in the fair value measurement of land is as follows:

- Member growth rate in 1 – 2% per annum which has impact to the projected future revenue during year 1st – 10th of the projection.
- Revenue growth rate in 0 – 5% per annum which has impact to the projected future revenue during year 1st – 10th of the projection.
- Capitalization rate in 7% per annum which has impact to the projected terminal value of assets at the end of projection that is determined from the projected net operation income in year 11th of the projection.
- Discount rate in 10% per annum which has impact to the calculation of present value of future cash flows.

For the year ended 31 December 2019 and 2018, revalued land which has the fair value measurement by Level 3 inputs has the movements as follows:

| | For the year ended 31 December 2019 | | |
|---------------------------|-------------------------------------|-----------------------|-------------------------|
| | Cost | Surplus | Fair Value |
| | Baht | Baht | Baht |
| Beginning Carrying Amount | 341,862,000.00 | 758,859,085.34 | 1,100,721,085.34 |
| Changes in Fair Value | - | - | - |
| Ending Carrying Amount | <u>341,862,000.00</u> | <u>758,859,085.34</u> | <u>1,100,721,085.34</u> |
| | For the year ended 31 December 2019 | | |
| | Cost | Surplus | Fair Value |
| | Baht | Baht | Baht |

As at 31 December 2019 and 2018, land has the carrying amount that would have been determined if stated at cost model in the amount of Baht 341.86 million, equally for both years.

As at 31 December 2019 and 2018, the whole amount of surplus on asset revaluation is unable to appropriate for distribution to the shareholders.

As at 31 December 2019 and 2018, a part of land in the carrying amount in the amount of Baht 49.33 million equally for both years, is acquired by purchase in 2015, which is complained as in Note 28.

As at 31 December 2019 and 2018, assets which had fully of depreciation that is still in use have the gross carrying amount before less accumulated depreciation and accumulated impairment loss (if any) in the amount of Baht 204.15 million and of Baht 202.28 million respectively.

12. Trade and Other Current Payables

Consist of:

| | As at 31 December 2019 | As at 31 December 2018 |
|----------------|---------------------------|---------------------------|
| | Baht | Baht |
| Trade Payables | 1,103,028.22 | 708,932.45 |
| Other Payables | 9,052,348.71 | 25,725,377.14 |
| Total | 10,155,376.93 | 26,434,309.59 |

As at 31 December 2019 and 2018, other payables consist of:

| | As at 31 December 2019 | As at 31 December 2018 |
|----------------------------|---------------------------|---------------------------|
| | Baht | Baht |
| Accrued Expenses | 2,479,806.65 | 2,896,895.11 |
| Advance Receipt | 631,999.48 | 970,672.42 |
| Revenue Department Payable | 689,944.91 | 118,926.26 |
| Assets Payable | 607,517.50 | 16,431,097.44 |
| Dividends Payable | 4,088,080.17 | 3,980,735.91 |
| Guarantee Deposits | 550,000.00 | 670,000.00 |
| Retention | - | 652,050.00 |
| Others | 5,000.00 | 5,000.00 |
| Total | 9,052,348.71 | 25,725,377.14 |

13. Contract Liabilities

For the year ended 31 December 2019 and 2018, contract liabilities have the movements as follows:

| | For the year ended 31 December 2019 | | | For the year ended 31 December 2018 | | |
|--|-------------------------------------|----------------|----------------|-------------------------------------|----------------|----------------|
| | Golf Course | Sport Club | Total | Golf Course | Sport Club | Total |
| | Baht | Baht | Baht | Baht | Baht | Baht |
| Beginning Balance | 2,117,146.36 | 1,602,357.40 | 3,716,503.76 | 2,427,953.23 | 2,155,950.86 | 4,583,904.09 |
| Beginning Balance which is Realized as Revenue during the year | | | | | | |
| Revenue from Membership Fees | (2,117,146.36) | (1,602,357.40) | (3,716,503.76) | (2,427,953.23) | (2,155,950.86) | (4,583,904.09) |
| Beginning Balance which is Unrealized Revenue | - | - | - | - | - | - |
| Addition | 1,968,189.27 | 1,255,035.83 | 3,223,225.10 | 2,117,146.36 | 1,602,357.40 | 3,719,503.76 |
| Ending Balance | 1,968,189.27 | 1,255,035.83 | 3,223,225.10 | 2,117,146.36 | 1,602,357.40 | 3,719,503.76 |

14. Non-Current Provisions for Employee Benefits

Consist of:

| | As at | As at |
|--------------------------|------------------|------------------|
| | 31 December 2019 | 31 December 2018 |
| | Baht | Baht |
| Post-Employment Benefits | | |
| Defined Benefit Plans | 15,426,129.82 | 9,443,132.23 |
| Total | 15,426,129.82 | 9,443,132.23 |

14.1 Characteristic of Defined Benefit Plan

As at 31 December 2019 and 2018, the Company has operated the post-employment benefit plan which is unfunded defined benefit plan according to final salary that the Company has to pay as severance pay to employees on retirement in accordance with the labour law of Thailand. Therefore, the Company consequently has to take the actuarial risk to pay the agreed benefits to employees.

For the year ended 31 December 2019, the Company has amended the post-employment benefit plan to comply with the new labour law of Thailand which is effective on 5 May 2019 by adding the regulation to make the severance pay to the employee with the completion to 20 years or more of employment, not less than 400 days of last wage rate.

14.2 Amounts in the Financial Statements related to Post-Employment Benefit Plans

For the year ended 31 December 2019 and 2018, amounts in the financial statements related to post-employment benefit plan have the movement as follows:

| | For the year ended 31 December 2019 | For the year ended 31 December 2018 |
|---|--|--|
| | Baht | Baht |
| Beginning Balance | 9,443,132.23 | 6,244,794.37 |
| Recognized in Profit for the year | | |
| Past Service Costs | 2,914,370.76 | (1,201,899.27) |
| Current Service Costs | 789,180.03 | 398,940.92 |
| Interest Costs | 349,669.39 | 233,195.12 |
| Total Recognized in Profit for the year | <u>4,053,220.18</u> | <u>(569,763.23)</u> |
| Recognized in Other Comprehensive Income | | |
| (Gain) Loss on Remeasurement of Defined Benefit Plans | | |
| Changes in Demographic Assumptions | 3,492.42 | (857,610.65) |
| Changes in Financial Assumptions | 1,794,071.96 | 120,640.15 |
| Experience Adjustment | 841,173.03 | 5,203,391.59 |
| Total Recognized in Other Comprehensive Income | <u>2,638,737.41</u> | <u>4,466,421.09</u> |
| Benefits Paid | <u>(708,960.00)</u> | <u>(698,320.00)</u> |
| Ending Balance | <u>15,426,129.82</u> | <u>9,443,132.23</u> |

As at 31 December 2019 and 2018, the key assumptions used in the actuarial valuation for post-employment benefit plans are summarized as follows:

| | As at 31 December 2019 | As at 31 December 2018 |
|------------------------|---|---|
| Discount Rate | 1.71% per annum | 3.13% per annum |
| Salary Increase Rate | 6.00% per annum | 6.00% per annum |
| Employee Turnover Rate | 2.39–28.65% per annum | 2.39–28.65% per annum |
| Mortality Rate | 105.00% of Thai Mortality Ordinary Table 2017 | 105.00% of Thai Mortality Ordinary Table 2017 |
| Retirement Age | 60 years | 60 years |

14.3 Sensitivity Analysis of Key Assumptions Used in Actuarial Valuation for Post-Employment Benefit Plans

As at 31 December 2019 and 2018, sensitivity analysis of each key assumption while holding all other assumptions constant which have been affected by changes in the relevant actuarial assumption that were reasonably possible on defined benefit obligations as at the end of the reporting period is summarized as follows:

| | As at 31 December 2019 Baht | As at 31 December 2018 Baht |
|--|-----------------------------------|-----------------------------------|
| Discount Rate | | |
| Increased by 0.50% | (687,936.75) | (399,608.00) |
| Decreased by 0.50% | 743,955.62 | 430,024.00 |
| Salary Increase Rate | | |
| Increased by 1.00% | 2,914,370.76 | 858,719.00 |
| Decreased by 1.00% | (789,180.03) | (758,668.00) |
| Employee Turnover Rate | | |
| Increased by 20.00% of Base Assumption | (991,028.65) | (565,686.00) |
| Decreased by 20.00% of Base Assumption | 1,144,339.10 | 647,349.00 |
| Mortality Rate | | |
| Increased by 20.00% of Base Assumption | (141,118.19) | (83,705.00) |
| Decreased by 20.00% of Base Assumption | 143,052.20 | 84,777.00 |

14.4 Maturity of Defined Benefit Obligations

As at 31 December 2019 and 2018, weighted average duration of defined benefit obligations is 12.77 years and 12.16 years respectively.

As at 31 December 2019 and 2018, maturity analysis of undiscounted cash flows for benefit payment is summarized as follows:

| | As at 31 December 2019 Baht | As at 31 December 2018 Baht |
|--|-----------------------------------|-----------------------------------|
| Not later than 1 year | 1,833,311.34 | 575,975.00 |
| Later than 1 year but not later than 5 years | 4,153,378.62 | 3,795,237.00 |
| Later than 5 years | 12,252,219.86 | 8,399,912.00 |
| Total | <u>18,238,909.82</u> | <u>12,771,124.00</u> |

15. Share Capital

For the year ended 31 December 2019 and 2018, share capital has the movements as follows:

| | For the year ended 31 December 2019 | | | For the year ended 31 December 2018 | | |
|---|-------------------------------------|---------------------------|-----------------------|-------------------------------------|---------------------------|-----------------------|
| | Par Value Baht per Share | Number of Share Shares | Amount Baht | Par Value Baht per Share | Number of Share Shares | Amount Baht |
| Authorized Share Capital | | | | | | |
| Beginning Ordinary Shares | 10.00 | 20,500,000 | 205,000,000.00 | 10.00 | 20,500,000 | 205,000,000.00 |
| Ending Ordinary Shares | 10.00 | <u>20,500,000</u> | <u>205,000,000.00</u> | 10.00 | <u>20,500,000</u> | <u>205,000,000.00</u> |
| Issued and Paid-Up Share Capital | | | | | | |
| Beginning Ordinary Shares | 10.00 | 20,500,000 | 205,000,000.00 | 10.00 | 20,500,000 | 205,000,000.00 |
| Ending Ordinary Shares | 10.00 | <u>20,500,000</u> | <u>205,000,000.00</u> | 10.00 | <u>20,500,000</u> | <u>205,000,000.00</u> |

16. Legal Reserve

In accordance with the Public Limited Companies Act B.E. 2535, the Company has to appropriate not less than 5% of its annual net profit less any accumulated losses brought forward (if any) to a reserve account, until this account reaches an amount not less than 10% of the authorized share capital. This legal reserve shall not be distributed as dividend.

As at 31 December 2019 and 2018, the Company has completely appropriated the legal reserve.

17. Dividends

- 17.1 On 25 April 2019, the Annual General Shareholders' Meeting of the Company for 2019 has passed the resolution to approve the dividend payment to the ordinary shareholders of the Company from the financial performance for 2018 at the rate of Baht 1.70 per share, totaling in the amount of Baht 34.85 million.
- 17.2 On 26 April 2018, the Annual General Shareholders' Meeting of the Company for 2018 has passed the resolution to approve the dividend payment to the ordinary shareholders of the Company from the financial performance for 2017 at the rate of Baht 2.02 per share, totaling in the amount of Baht 41.41 million.

18. Capital Management

The primary objectives of the Company's capital management are to maintain the abilities to continue as a going concern and the optimal capital structure.

The Company monitors capital using debt to equity ratio which is calculated by dividing the liabilities as in the statement of financial position with the shareholders' equity as in the statement of financial position.

As at 31 December 2019 and 2018, debt to equity ratio is as follows:

| | As at 31 December 2019 | As at 31 December 2018 |
|------------------------------|---------------------------|---------------------------|
| Liabilities (Baht) | 188,604,608.16 | 200,404,692.63 |
| Shareholders' Equity (Baht) | 1,304,049,207.22 | 1,290,830,942.04 |
| Debt to Equity Ratio (Times) | 0.14 | 0.16 |

19. Other Income

Consist of:

| | For the year ended 31 December 2019 | For the year ended 31 December 2018 |
|---|--|--|
| | Baht | Baht |
| Interest Income | 6,632,752.00 | 6,722,508.55 |
| Dividend Income | 1,105,200.58 | 1,042,320.34 |
| Gain on Remeasuring Trading Securities | 557,199.01 | 132,761.90 |
| Gain on Sale of Property, Plant and Equipment | 2,037,105.91 | 566,508.05 |
| Others | 1,079,856.46 | 1,722,738.57 |
| Total | <u>11,412,113.96</u> | <u>10,186,837.41</u> |

20. Provident Fund

The Company and its employees has jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530, which is contributed by the employees and the Company, and will be paid to the employees upon retirement in accordance with the regulation of the fund.

For the year ended 31 December 2019 and 2018, the Company has recognized the contribution as expenses in the amount of Baht 1.08 million and of Baht 1.05 million respectively.

21. Expenses by Nature

Consist of:

| | For the year ended 31 December 2019 | For the year ended 31 December 2018 |
|---|--|--|
| | Baht | Baht |
| Changes in Finished Goods | (264,611.56) | 90,933.54 |
| Raw Materials Used and Other Cost of Services | 33,671,743.65 | 32,902,972.99 |
| Employee Benefit Expenses | 39,827,824.80 | 33,306,002.04 |
| Depreciation and Amortization | 18,945,378.27 | 18,202,824.36 |
| Managements' Remuneration | 12,049,785.38 | 8,447,457.49 |
| Others | 10,731,412.98 | 15,452,497.34 |
| Total | <u>114,961,533.52</u> | <u>108,402,687.76</u> |

22. Income Tax

22.1 Tax (Expense) Revenue which is recognized in Profit for the year

| | For the year ended 31 December 2019 | For the year ended 31 December 2018 |
|--|--|--|
| | Baht | Baht |
| Current Tax | | |
| Tax (Expense) Revenue for current period | (11,697,799.38) | (12,072,004.46) |
| Deferred Tax | | |
| Tax (Expense) Revenue relating to the Origination and Reversal of Temporary Differences | (447,705.22) | (2,781,162.56) |
| Total | <u>(12,145,504.60)</u> | <u>(14,853,167.02)</u> |

For the year ended 31 December 2019 and 2018, the relationship between tax (expense) revenue and accounting profit in the form of reconciliation between tax (expense) revenue and the product of taxable profit by the applicable tax rate at 20% is as follows:

| | For the year ended 31 December 2019 | For the year ended 31 December 2018 |
|--|--|--|
| | Baht | Baht |
| Profit before Income Tax | <u>61,751,943.54</u> | <u>67,864,478.53</u> |
| Tax (Expense) Revenue by the Tax Rate at 20% | (12,350,388.71) | (13,572,895.71) |
| Expenses that are not deductible | (144,879.93) | (457,364.36) |
| Revenues that are exempted | 221,040.12 | 208,464.07 |
| Concessions | 128,723.92 | 90,124.31 |
| Write-Down of Deferred Tax Assets | - | (1,121,495.33) |
| Total | <u>(12,145,504.60)</u> | <u>(14,853,167.02)</u> |

22.2 Tax (Expense) Revenue which is recognized in Other Comprehensive Income

| | For the year ended 31 December 2019 | | | For the year ended 31 December 2018 | | |
|--|-------------------------------------|---------------------|-----------------------|-------------------------------------|---------------------|-----------------------|
| | Amount | Tax | Amount | Amount | Tax | Amount |
| | Before Tax | (Expense) Income | Net of Tax | Before Tax | (Expense) Income | Net of Tax |
| | Baht | Baht | Baht | Baht | Baht | Baht |
| Gain (Loss) on Remeasuring | | | | | | |
| Investments held as Available-for-Sale | | | | | | |
| Gain (Loss) during the year | 668,133.10 | (133,626.62) | 534,506.48 | (1,489,004.02) | 297,800.80 | (1,191,203.22) |
| Adjustments the Reclassification | | | | | | |
| to Profit for the year | 4,754.75 | (950.95) | 3,803.80 | 16,133.72 | (3,226.74) | 12,906.98 |
| Net | <u>672,887.85</u> | <u>(134,577.57)</u> | <u>538,310.28</u> | <u>(1,472,870.30)</u> | <u>294,574.06</u> | <u>(1,178,296.24)</u> |
| Gain (Loss) on Remeasurement | | | | | | |
| of Defined Benefit Plans | (2,638,737.41) | 527,747.48 | (2,110,989.93) | (4,466,421.09) | 893,284.22 | (3,573,136.87) |
| Total | <u>(1,965,849.56)</u> | <u>393,169.91</u> | <u>(1,572,679.65)</u> | <u>(5,939,291.39)</u> | <u>1,187,858.28</u> | <u>(4,751,433.11)</u> |

22.3 Deferred Tax Assets which are recognized in the Financial Statements

| | For the year ended 31 December 2019 | | | |
|--|-------------------------------------|-----------------------|---------------------|---------------------|
| | Beginning Balance | Recognized in | Recognized in | Ending Balance |
| | As at | Profit for the year | Other Comprehensive | As at |
| | 1 January 2019 | | Income | 31 December 2019 |
| | Baht | Baht | Baht | Baht |
| Allowance for Available-for-Sale Securities | | | | |
| Remeasuring | 363,587.86 | - | (134,577.57) | 229,010.29 |
| Property, Plant and Equipment | 2,353,444.73 | (1,058,111.30) | - | 1,295,333.43 |
| Contract Liabilities | - | 2,870.88 | - | 2,870.88 |
| Non-Current Provisions for Employee Benefits | 1,888,626.45 | 668,852.03 | 527,747.48 | 3,085,225.96 |
| Contribution for Employees | 892,427.29 | (66,819.05) | - | 825,608.24 |
| Total | 5,498,086.33 | (453,207.44) | 393,169.91 | 5,438,048.80 |
| | For the year ended 31 December 2018 | | | |
| | Beginning Balance | Recognized in | Recognized in | Ending Balance |
| | As at | Profit for the year | Other Comprehensive | As at |
| | 1 January 2018 | | Income | 31 December 2018 |
| | Baht | Baht | Baht | Baht |
| Allowance for Available-for-Sale Securities | | | | |
| Remeasuring | 69,013.80 | - | 294,574.06 | 363,587.86 |
| Property, Plant and Equipment | 5,045,349.55 | (2,691,904.82) | - | 2,353,444.73 |
| Non-Current Provisions for Employee Benefits | 1,252,485.47 | (257,143.24) | 893,284.22 | 1,888,626.45 |
| Contribution for Employees | 776,586.84 | 115,840.45 | - | 892,427.29 |
| Total | 7,143,435.66 | (2,833,207.61) | 1,187,858.28 | 5,498,086.33 |

22.4 Deferred Tax Liabilities which are recognized in the Financial Statements

| | For the year ended 31 December 2019 | | | |
|----------------------------------|-------------------------------------|---------------------|---------------------|-------------------------|
| | Beginning Balance | Recognized in | Recognized in | Ending Balance |
| | As at | Profit for the year | Other Comprehensive | As at |
| | 1 January 2019 | | Income | 31 December 2019 |
| | Baht | Baht | Baht | Baht |
| Allowance for Trading Securities | (55,932.58) | 5,502.22 | - | (50,430.36) |
| Surplus on Asset Revaluation | (151,771,817.07) | - | - | (151,771,817.07) |
| Total | (151,827,749.65) | 5,502.22 | - | (151,822,247.43) |
| | For the year ended 31 December 2018 | | | |
| | Beginning Balance | Recognized in | Recognized in | Ending Balance |
| | As at | Profit for the year | Other Comprehensive | As at |
| | 1 January 2018 | | Income | 31 December 2018 |
| | Baht | Baht | Baht | Baht |
| Allowance for Trading Securities | (107,977.63) | 52,045.05 | - | (55,932.58) |
| Surplus on Asset Revaluation | (151,771,817.07) | - | - | (151,771,817.07) |
| Total | (151,879,794.70) | 52,045.05 | - | (151,827,749.65) |

23. Segment Information

23.1 General Information about Segment

The Company has identified the reportable segments from the structure of internal managerial and financial information system of the Company according to the types of goods and services which are the operating segments that the management of the Company has use the segment gross profit (loss) in the financial performance review regularly as follows:

- Segment of golf course which has revenue from membership fees, sale of goods and services relating to golf course.
- Segment of restaurant which has revenue from sales of foods and beverages.
- Segment of sport club which has revenue from membership fees and services relating to sport club.

23.2 Information about Segment Profit or Loss

Inter-reportable segment transactions are carried out at arm's length and are eliminated from the financial statements of the Company.

Segment revenue and profit or loss include items directly attribute to a segment as well as these that can be allocated on a reasonable basis with revenue and profit or loss in the financial statements of the Company.

For the year ended 31 December 2019 and 2018, the segment information is presented as follows:

| | For the year ended 31 December 2019 | | | | | |
|---|-------------------------------------|---------------|---------------|---------------|-------------------------|---------------|
| | Reportable Segment | | | Total | Eliminated Transactions | Total |
| | Golf Course | Restaurant | Sport Club | | | |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Revenue from Contracts with Customers | | | | | | |
| External Customers | 132,352 | 27,425 | 5,529 | 165,306 | - | 165,306 |
| Inter-Segment | - | - | - | - | - | - |
| Total | 132,352 | 27,425 | 5,529 | 165,306 | - | 165,306 |
| Disaggregation of Revenue from Contracts with Customers | | | | | | |
| Type of Goods or Services | | | | | | |
| Revenue from Membership Fees | 38,909 | - | 3,172 | 42,081 | - | 42,081 |
| Revenue from Upfront Fees | - | - | 9 | 9 | - | 9 |
| Revenue from Sales of Goods | 1,049 | 27,425 | - | 28,474 | - | 28,474 |
| Revenue from Rendering of Services | 92,394 | - | 2,348 | 94,742 | - | 94,742 |
| Total | 132,352 | 27,425 | 5,529 | 165,306 | - | 165,306 |
| Gross Profit (Loss) | 68,992 | 2,253 | (1,756) | 69,489 | - | 95,198 |
| Interest Income | | | | | | 6,633 |
| Dividend Income | | | | | | 1,105 |
| Gain on Remeasuring Trading Securities | | | | | | 557 |
| Other Income | | | | | | 3,117 |
| Distribution Costs | | | | | | (1,262) |
| Administrative Expenses | | | | | | (43,591) |
| Other Expenses | | | | | | (5) |
| Profit before Income Tax | | | | | | 61,752 |
| Tax (Expense) Income | | | | | | (12,146) |
| Profit for the year | | | | | | 49,606 |
| Depreciation and Amortization | 15,476 | 2,145 | 1,324 | 18,945 | - | 18,945 |

For the year ended 31 December 2018

| | Reportable Segment | | | Total | Eliminated Transactions | Total |
|--|--------------------|---------------|---------------|---------|----------------------------|----------|
| | Golf Course | Restaurant | Sport Club | | | |
| | Thousand Baht | Thousand Baht | Thousand Baht | | | |
| Revenue from Contracts with Customers | | | | | | |
| External Customers | 131,836 | 27,477 | 6,783 | 166,096 | - | 166,096 |
| Inter-Segment | - | - | - | - | - | - |
| Total | 131,836 | 27,477 | 6,783 | 166,096 | - | 166,096 |
| Disaggregation of Revenue from Contracts with Customers | | | | | | |
| Type of Goods or Services | | | | | | |
| Revenue from Membership Fees | 39,140 | - | 3,622 | 42,762 | - | 42,762 |
| Revenue from Upfront Fees | - | - | 27 | 27 | - | 27 |
| Revenue from Sales of Goods | - | 27,477 | - | 27,477 | - | 27,477 |
| Revenue from Rendering of Services | 92,696 | - | 3,134 | 95,830 | - | 95,830 |
| Total | 131,836 | 27,477 | 6,783 | 166,096 | - | 166,096 |
| Gross Profit (Loss) | 95,458 | 5,599 | (1,311) | 99,746 | - | 99,746 |
| Interest Income | | | | | | 6,723 |
| Dividend Income | | | | | | 1,042 |
| Gain on Remeasuring Trading Securities | | | | | | 133 |
| Other Income | | | | | | 2,289 |
| Distribution Costs | | | | | | (1,148) |
| Administrative Expenses | | | | | | (40,905) |
| Other Expenses | | | | | | (16) |
| Profit before Income Tax | | | | | | 67,864 |
| Tax (Expense) Income | | | | | | (14,853) |
| Profit for the year | | | | | | 53,011 |
| Depreciation and Amortization | 16,466 | 412 | 1,325 | 18,203 | - | 18,203 |

23.3 Information about Major Customers

For the year ended 31 December 2019 and 2018, there is no any external customer which has value of 10% or more of revenue in the financial statements of the Company.

24. Financial Instruments

24.1 Financial Risk Management Policy

The Company has exposure to currency risk, interest rate risk and credit risk which the Company will consider to use the appropriate financial instruments to manage those risks. However, the Company does not have policy to hold or issue any derivative financial instruments for speculation or trading.

24.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Company does not associated with currency risk due to the Company has entered into several transactions denominated in Thailand Baht.

24.3 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 December 2019 and 2018, the Company has financial assets which expose to the interest rate risk as follows:

| | As at 31 December 2019 | | | | |
|--|------------------------|----------------|--------------|----------------|---------------|
| | Interest Bearing | | Non-Interest | Total | Interest Rate |
| | Floating Rate | Fixed Rate | Bearing | | per Annum |
| | Baht | Baht | Baht | Baht | % |
| Financial Assets | | | | | |
| Cash and Cash Equivalents | 17,451,261.81 | 4,679,964.98 | 1,293,072.10 | 23,424,298.89 | 0.10 – 0.85 |
| Investments in | | | | | |
| Debt Instruments – Held-to-Maturity | | | | | |
| Not later than 1 year | - | 25,000,000.00 | - | 25,000,000.00 | 3.00 |
| Later than 1 year but not later than 5 years | - | 108,000,000.00 | - | 108,000,000.00 | 2.90 – 6.50 |
| Later than 5 years | - | 65,000,000.00 | - | 65,000,000.00 | 3.40 – 5.00 |
| Long-Term Loans to Employees | - | 413,000.00 | - | 413,000.00 | 5.00 |
| | | | | | |
| | As at 31 December 2018 | | | | |
| | Interest Bearing | | Non-Interest | Total | Interest Rate |
| | Floating Rate | Fixed Rate | Bearing | | per Annum |
| | Baht | Baht | Baht | Baht | % |
| Financial Assets | | | | | |
| Cash and Cash Equivalents | 23,513,823.69 | 5,080,584.16 | (369,482.58) | 28,224,925.27 | 0.50 – 1.65 |
| Investments in | | | | | |
| Debt Instruments – Held-to-Maturity | | | | | |
| Not later than 1 year | - | 2,000,000.00 | - | 2,000,000.00 | 3.40 |
| Later than 1 year but not later than 5 years | - | 105,000,000.00 | - | 105,000,000.00 | 3.00 – 3.25 |
| Later than 5 years | - | 65,000,000.00 | - | 65,000,000.00 | 3.40 – 5.75 |
| Long-Term Loans to Employees | - | 611,200.00 | - | 611,200.00 | 5.00 |

As at 31 December 2019 and 2018, the Company does not use any financial instrument to manage the interest rate risk.

24.4 Credit Risk

Credit risk is the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk of the Company is associated with concentrations of credit and default on collection from financial institution deposits, held-to-maturity investments in debt instruments and receivables.

As at 31 December 2019 and 2018, the Company has the maximum potential credit loss equals to the carrying amount of financial institution deposits, held-to-maturity investments in debt instrument and receivables presented in the financial statements.

As at 31 December 2019 and 2018, the Company has managed the credit risk as follows:

| Group of Financial Assets | Credit Risk Management |
|---|---|
| Financial Institution Deposits | Consideration of the credit rating of financial institutions. |
| Held-to-Maturity Investments in Debt Instruments | Consideration of the credit rating of the debt instruments issuer throughout the investing period. |
| Receivables | Collection of the membership fees in advance and receive the revenue from sales and services in cash. |

24.5 Fair Value

As at 31 December 2019 and 2018, financial assets and financial liabilities are mainly classified in short-term and investments in debt instruments and loans are bearing interest rates close to market interest rates. Thence, the management of the Company believes that the carrying amount of those financial assets and financial liabilities are immaterially differed from fair value.

24.6 Fair Value Hierarchy

As at 31 December 2019 and 2018, fair value hierarchy of assets and liabilities in the statement of financial position is as follows:

| | As at 31 December 2019 | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------|
| | Carrying Amount | Fair Value | | | Total |
| | Baht | Level 1 Inputs Baht | Level 2 Inputs Baht | Level 3 Inputs Baht | Baht |
| Assets | | | | | |
| Measured at Fair Value | | | | | |
| Trading Securities | 24,344,175.20 | 24,344,175.20 | - | - | 24,344,175.20 |
| Available-for-Sale Securities | 40,918,811.13 | 40,918,811.13 | - | - | 40,918,811.13 |
| Revalued Land | 1,100,721,085.34 | - | - | 1,100,721,085.34 | 1,100,721,085.34 |
| Not measured at Fair Value but for which the Fair Value is disclosed | | | | | |
| Investments in Debt | | | | | |
| Instruments – Held-to-Maturity | | | | | |
| Current | 25,000,000.00 | - | 25,158,327.90 | - | 25,158,327.90 |
| Non-Current | 173,000,000.00 | - | 178,221,712.85 | - | 178,221,712.85 |
| | As at 31 December 2018 | | | | |
| | Carrying Amount | Fair Value | | | Total |
| | Baht | Level 1 Inputs Baht | Level 2 Inputs Baht | Level 3 Inputs Baht | Baht |
| Assets | | | | | |
| Measured at Fair Value | | | | | |
| Trading Securities | 7,808,385.99 | 7,808,385.99 | - | - | 7,808,385.99 |
| Available-for-Sale Securities | 58,250,678.03 | 58,250,678.03 | - | - | 58,250,678.03 |
| Revalued Land | 1,100,721,085.34 | - | - | 1,100,721,085.34 | 1,100,721,085.34 |
| Not measured at Fair Value but for which the Fair Value is disclosed | | | | | |
| Investments in Debt | | | | | |
| Instruments – Held-to-Maturity | | | | | |
| Current | 2,000,000.00 | - | 2,025,992.54 | - | 2,025,992.54 |
| Non-Current | 170,000,000.00 | - | 172,766,835.60 | - | 172,766,835.60 |

For the year ended 31 December 2019 and 2018, there are no changes in valuation techniques and there are no transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and financial liabilities measured at fair value in the statement of financial position on a recurring basis held at the end of the reporting period.

25. Related Party Transactions

The Company has significant business transactions with the related parties. Such transactions are concluded on commercial terms and bases agreed upon between the Company and those related parties which are in ordinary course of business, are summarized as follows:

25.1 Nature of Relationship of the Company

| Names of Related Parties | Nature of Relationship |
|---------------------------|---|
| Navatanee Company Limited | Related Entity by common major shareholders and directors |

25.2 Inter-Transactions

| Pricing Policies | For the year ended 31 December 2019 Baht | For the year ended 31 December 2018 Baht |
|------------------|--|--|
|------------------|--|--|

Related Entities

| | | | |
|--------------------|---------------------------------------|---|------------|
| Sales of Equipment | Comparable prices with other entities | - | 100,000.00 |
|--------------------|---------------------------------------|---|------------|

25.3 Key Management Personnel Compensation

| | For the year ended 31 December 2019 Baht | For the year ended 31 December 2018 Baht |
|------------------------------|--|--|
| Short-Term Employee Benefits | 10,966,053.50 | 8,369,710.00 |
| Post-Employment Benefits | | |
| Defined Contribution Plans | 198,960.00 | 275,976.15 |
| Defined Benefit Plans | 884,771.88 | (198,228.66) |
| Total | <u>12,049,785.38</u> | <u>8,447,457.49</u> |

26. Cash Flows Information

26.1 Non-Cash Transactions

Consist of:

| | For the year ended 31 December 2019 | For the year ended 31 December 2018 |
|---|--|--|
| | Baht | Baht |
| Acquisition of Property, Plant and Equipment | | |
| By assuming Assets Payable | | |
| Value of Assets in Property, Plant and Equipment | 601,403.43 | 16,211,539.66 |
| Value Added Tax in Trade and Other Current Payables | 6,114.07 | 219,557.78 |
| Transfer of Advance Payment for Assets from | | |
| Other Non-Current Assets to Property, Plant and Equipment | - | 1,400,000.00 |
| Gain (Loss) on Remeasuring Investments held as | | |
| Available-for-Sale recognized in Other Comprehensive Income | 672,887.85 | (1,472,870.30) |

26.2 Changes in Liabilities arising from Financing Activities

For the year ended 31 December 2019 and 2018, changes in liabilities arising from financing activities have the movement as follows:

| | For the year ended 31 December 2019 | | | |
|-------------------|--|---|-----------------------|---|
| | Beginning Balance As at 1 January 2019 Baht | Changes from Financing Cash Flows Baht | Other Changes Baht | Ending Balance As at 31 December 2019 Baht |
| Dividends Payable | 3,980,735.91 | (34,542,744.50) | 34,850,000.00 | 4,287,991.41 |
| Total | 3,980,735.91 | (34,542,744.50) | 34,850,000.00 | 4,287,991.41 |
| | For the year ended 31 December 2018 | | | |
| | Beginning Balance As at 1 January 2018 Baht | Changes from Financing Cash Flows Baht | Other Changes Baht | Ending Balance As at 31 December 2018 Baht |
| Dividends Payable | 4,533,266.81 | (41,962,530.90) | 41,410,000.00 | 3,980,735.91 |
| Total | 4,533,266.81 | (41,962,530.90) | 41,410,000.00 | 3,980,735.91 |

27. Obligations

In addition to liabilities in the statement of financial position as at 31 December 2019 and 2018, the Company has obligations to future payments for capital expenditure with other entities to acquire significant property, plant and equipment which are not yet recognized in the amount of Baht 1.27 million and of Baht 5.35 million respectively.

28. Significant Complaint

On 25 January 2018, the Company had received a letter from the Subcommittee of Bangkok Land Development Purchasers Protection dated 16 January 2018 stated that, in compliance with the law, the land with title deed No. 1556, which the Company acquired from the purchase in 2015, require the approval of the Bangkok Land Development Board prior to the purchase. The matter is then sent to the Land Registry Standard Bureau, Development of Land for their consideration and issuance of the legal order. However, the Company has not yet received any order from the relevant government agent. Therefore, the management of the Company expects that there is no any damage that may incurred from such matter.

29. Reclassifications

The financial information for the prior period which is presented as comparative information has been reclassified for comparability with the classification in the financial statements for the current period, which does not have any effect on profit for the year or the shareholders' equity already reported, are summarized as follows:

| | As Previously Reported | Reclassification | As Currently Report |
|--|------------------------|------------------|---------------------|
| | Baht | Baht | Baht |
| Statement of Financial Position | | | |
| As at 31 December 2018 | | | |
| Trade and Other Current Payables | 30,153,813.35 | (3,719,503.76) | 26,434,309.59 |
| Contract Liabilities | - | 3,719,503.76 | 3,719,503.76 |
| Statement of Financial Position | | | |
| As at 1 January 2018 | | | |
| Trade and Other Current Payables | 15,168,663.99 | (4,583,904.09) | 10,584,759.90 |
| Contract Liabilities | - | 4,583,904.09 | 4,583,904.09 |

30. Event after the Reporting Period

On 26 February 2020, the Board of Directors Meeting of the Company No. 1/2020 has passed the resolution to approve and to propose the Annual General Shareholders' Meeting for consider the appropriation of the dividend payment to the shareholders of the Company from the financial performance for 2019 at the rate of Baht 1.60 per share, totaling in the amount of Baht 32.80 million.

31. Approval of the Financial Statements

These financial statements have been approved for issue by the Board of Directors of City Sports and Recreation Public Company Limited on 26 February 2020.



สำนักงาน

บริษัท เทพธานีกรีฑา จำกัด (มหาชน)

เลขที่ 22 ถนนนวมธานี (เสรีไทย 59) แขวงรามอินทรา เขตคันนายาว กรุงเทพฯ 10230

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