

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

Independent Auditor's Report

To the Shareholders of Sansiri Public Company Limited

Opinion

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

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

Basis for Opinion

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

Emphasis of matter

I draw attention to Note 14 to the financial statements, investments in subsidiaries, regarding to the additional acquisition of investments in an indirect associate by the Group, resulted in change in status of the investments to acquisition of investments in an indirect subsidiary during the third quarter of current year. At present, the Group is in the process of assessing the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. My opinion is not qualified in respect of this matter.

Key Audit Matters

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

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

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

Recognition of revenue from sales of real estate

Revenue from sales of real estate is the most significant amount in the statements of comprehensive income and it is a key performance indication in the real estate industry on which the financial statements' users focus. In addition, the Group have a significant number of property units for sale and property sale agreements. There are therefore risks with respect to the occurrence of revenue from sale of real estate that recognised and presented in the financial statements, and the relation between business and revenue.

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

- ☐ Assessing and testing the Group's IT system and their internal controls with respect to the cycle of revenue from sale of real estate by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- ☐ Applying a sampling method to select sales agreements to assess whether recognition of revenue from sales of real estate was consistent with the conditions of the relevant agreements, and whether it was in compliance with the Group's policy.
- ☐ On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- ☐ Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions of revenue from sales of real estate throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of real estate development for sales

Estimating the net realisable value of real estate development for sales, as disclosed in Note 11 to the financial statements, is an area of significant management judgement, particularly with regard to the estimation of allowance for diminution in the value of real estate development for sales with impairment indicators. This requires detailed analysis of the real estate nature, the competitive environment, economic circumstances and the situation within real estate business. There is a risk with respect to the amount of allowance for diminution in value of real estate development for sales.

I gained an understanding of the internal controls of the Group relevant to the determination of allowance for diminution in value of real estate development for sales by making enquiry of responsible executives, and assessed the method and the assumptions applied by management in determining such allowance. The procedures that I performed included:

- Reviewing the basis applied in determining the allowance for diminution in value of real estate development for sales, the consistency of the application of that basis, and the rationale for the recording of allowance for diminution in the value of real estate development for sales.
- Comparing the holding periods of the real estate development for sales and their movements with indicators of lower than normal inventory turnover including the consideration of related internal and external information to assess whether real estate development projects have any impairment indicators.
- Comparing details of sales transactions occurring after the date of the financial statements with the cost of real estate development costs for each project.
- Reviewing the estimation of the net realisable value of real estate development for sales prepared by the management of the Group or appraisal reports of independent appraisers.

Business combination

As discussed in Note 14 to the financial statements, during the third quarter of the current year, an overseas subsidiary additionally acquired investments in an indirect associate. As a result, the status of such associate was changed from indirect associate to indirect subsidiary. As at the date of acquisition, the Group provisionally recorded the transaction by recording the excess of the consideration transferred for the acquisition of the subsidiary and its net asset value as a separate item in the consolidated statement of financial position under the caption of “Unallocated excess of acquisition cost over estimated value of interest acquired in net assets of a subsidiary”. At present, the Group is in the process of allocating cost of business acquisition by using the best estimate of the identifiable assets acquired and liabilities, determined by applying the acquisition method. The Group will complete the recording of the acquisition within 2020, and the amount recorded as at 31 December 2019 may be changed. Therefore, I have focused on this business acquisition since it is material to the financial statements as a whole.

I and the overseas subsidiary’s auditor reviewed the terms and conditions of the agreement and inquired with management as to the nature and objectives of the acquisition in order to assess whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised: 2018) Business combinations. In addition, the subsidiary’s auditor checked the value of the acquisition against supporting documents and related payments to ensure that the value corresponded to the fair value of the consideration transferred and did not include the acquisition-related costs. The subsidiary’s auditor also considered the appropriateness of the recording of the initial difference on the acquisition and the completeness and correctness of the disclosures related to the business combination made in the notes to financial statements.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ☐ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ☐ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ☐ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ☐ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ☐ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ☐ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 28 February 2020