

# Annual Report 2020

M.K. Real Estate Development Public Company Limited  
56-1 One Report 2020





## Message from the Chairman

Since 2020, countries all over the world including Thailand had been affected by the Covid-19 pandemic resulting in the drastic slow down of the world economies as well as dramatic changes in business structures. While Thailand had been considered successful in controlling and slowing down the spread of Covid-19, the arrival of the second wave in December of last year had greatly impacted the already struggling domestic economy. The continued absence of international tourists and intermittent lock downs on various businesses primarily in the hospitality industry including travel, restaurants, entertainment and services-oriented sectors were all contributed to the decrease in consumer spending and changes in their life styles. Social distancing, restrictions on social activities and the changes in the way people live and work both in the urban and rural areas led to closures of numerous business establishments which inevitably cumulating into critical unemployment problems. Sales of real estate, like many other businesses, had also declined noticeably.

MK had been cognizant of the ongoing issues and had been constantly analyzing and monitoring the situation so that appropriate measures could be taken to alleviate any potential crisis. The company had made every effort to make adjustments to the products in order to meet the changes in consumer preferences and demands. Our business model had also gone through diversification whereby our growth and expansion, instead of through the traditional real estate business only, would increasingly be concentrating on revenue from recurring income businesses such as warehouse rentals, apartment rentals, golf course and the recent new venture into wellness services through the Rakxa project. This new business unit is in cooperation with the Bumrungrad Hospital group and Minor International Plc to develop the first health integration and medical treatment holistic center in Asia.

On behalf of the board of directors and the management, I would like to thank our shareholders and stakeholders for the trust and continued support throughout. The board, the management and all the staff are determined to work hard in order to achieve both long term profitability as well as sustainable growth for the company.

Mr.Suthep Wongvorazatthe  
Chairman



## Massage from the Chief Executive Officer

Year 2020 has been a challenging for the management team and for all our staffs and crews due to many economic factors, for example, the enforcement of accommodation loan control measure (Loan-to-Value: LTV), the disruption of world's trending technology, and the COVID-19 pandemic situation which affected business entrepreneurs domestically and globally. This causes high-level economic fluctuations. Many entrepreneurs had to face challenges and needed to adapt themselves to deal with the situations. M.K. Real Estate Development Public Company also had adapted its strategy to stabilize balances within the organization and to maintain its financial liquidity to prevent the risk from high-level economic fluctuations. The company still focuses on continuous growth both in real estate development businesses and service & recurring income businesses following the Sustainability Development Roadmap which set its goal on balancing the profits of both sides of businesses at 50:50 ratios within 2021 as an income distribution and to ease business risks. The company does not merely aim on its business growth but also pays close attention to sustainable development in many fields such as economy and environment under the rules of good governance. The company also upholds closely to the global 17 rules of Sustainable Development Goals: SDGs and uses them as our policy to achieve the goal of sustainable business operation.

For our real estate development businesses in 2020, it is unavoidable to say that it was directly affected by negative factors. However, the company still continued with all our new projects as planned with both our semi-detached houses and townhouses for projects such as Chuan Chuen Park Pinklao-Kanchana and Chuan Chuen Town Rangsit Klong 3. As we can see the opportunity from the new normal era's customer behavior of selecting accommodation during the pandemic, their first priority is health security and hygiene and their second priority is the need of utility spaces at home to effectively adapt with the 'work-from-home' era. We adopted online strategy to adapt with the market situation and we received good feedbacks from customers. We also provided financial plan consultation service to our customers. Therefore, we are able to earn the same level of profits from selling real estate as the 2020. Moreover, we are currently looking for potential locations, for example: Nonthaburi and Pathum Thani, to further extend our customer base.

For our service & recurring income businesses, it is the group of businesses that helped us ease negative effects from economic fluctuations. Its continuous growth, which is a result of higher leasehold's fee rates that help increase the proportion of profits and help sustain financial stability. Especially, Prospect Development Company Limited which is the developer of factories and cargos for rent. It owns projects such as "Bangkok Free Trade Zone: BFTZ" which currently has plans to extend the project on locations such as Theparak Road and Suvarnabhumi Canal Road which is now under construction. The project will increase rental spaces to 120,000

square meters. The company also successfully established “Prospect Logistics and Industrial Leasehold Real Estate Investment Trust (PROSPECT)” which has net worth of 3,700 million baht. The company’s apartment leasing project Park Court Sukhumvit 77 reached 85% leasing rate and the Flora Ville Golf and Country Club, despite facing challenges of COVID-19 situation, still made satisfiable profits.

This year, the company made a decision to take a leap into wellness business to increase the opportunity and potentiality for growth. With the vision eying on Thailand’s strong capability in travel and medical businesses which are accepted and recognized worldwide and Thai government also supports us in this area. This, combines with the recent trend of awareness in health and self-care, leads to the cooperation between M.K. Real Estate Development Public Company and the leading world class business groups such as Bumrungrad Hospital’s VitalLife Wellness Center and Minor International PLC. to develop “RAKxa” project which is Asia’s first fully integrative wellness and medical center under the concept of “fully integrative wellness & medical retreat”. We are aiming for RAKxa to become world class medical wellness destination following the route of Thailand’s Ministry of Health’s Development Strategy and Guidelines (2017-2026) to make Thailand become world’s medical hub and to support medical and wellness tourism. It is also one of the target businesses that the government is eying for national economic development. RAKxa was officially launched in the previous December 2020. It was warmly welcomed domestically and gained net worth more than 40 million bath from its membership which is a good sign for the beginning of business.

From last year’s business operation, although, we had to face many challenges and obstacles, the company’s strong sustainability development roadmap had helped us deal with difficult situations. Next step of our company is to develop from the original plans and to extend business. We are aiming at our phase 2 of business within the next 5 years which is to create sustainable growth and to increase the proportion of profits in the recurring income businesses group. We are currently hope for it to grow and become a large part of our overall businesses.



Mr.Vorasit Pokachaiyapat  
Chief Executive Officer

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## Attachment

- Attachment 1     Details of directors, executives, controlling persons, the person taking the highest responsibility in finance and accounting, the person supervising accounting, secretary and contact agent in case of foreign company
- Attachment 2     Details of the Directors of the subsidiary
- Attachment 3     Details about head of internal audit and head of compliance of the Company
- Attachment 4     Assets used in business operation and details of asset appraisal
- Attachment 5     Full version of Corporate Governance Policy and Guidelines and Code of Conduct prepared by the Company
- Attachment 6     Audit Committee's report

## Part 1

### Business operation and operating result

#### 1. Structure and Business operation

##### 1.1 Policies and overview of business operations

###### 1.1.1 Vision, objectives, targets, or business strategy

Over the years with a commitment to operating the business for sustainable growth extending the strong foundation of business operation under the concept “ We Build a Place of FamilyTogetherness,” which was subsequently expanded to the concept of “well-being,” meaning good physical and mental health as well as good environment and society, factors that contribute to our well-being and enable us to achieve long-term happiness. We foster this concept within the Company, treating employees as if they were family members. To this end, the Company supports career growth, nurtures good working conditions and a warm, friendly environment and promotes mentality and physical health through a variety of activities, to pass on this concept of well-being to consumers through our continual development of its products in terms of functions, design, and construction method. This is manifested in things such as the design of our homes, we pay attention to well-being in all stages, starting from the design, project planning,taking into consideration wind directions in our design, to achieve energy efficiency and ensure proper airflow with the help of natural winds. We make sure to include open-plan areas in our design for greatercomfort of the residents. We add a multi-purpose room on the first floor that can be converted into a bedroom for an elderly. We select materials that enhance energy efficiency, such as tinted glass on windows that can block heat and keep the house cool, clerestories and solar panels. Moreover, we providefacilities and common areas that include a green space where all residents regardless of sex or age can do a wide range of things together. These include a gym, a swimming pool, a garden, an education playground, out door work out equipment and stone walkways, etc. The company’s main product form is pre-built houses for sale in response of clients’ needs of ready-to-move in. In 2016, the Company continued to improve its products in terms of functions and design, complemented by the concept of comprehensive well-being. For example, in terms of construction methods, it combines the use of pre-fabricated panels or prefab houses with traditional construction, introduces universal design in the design of new houses to respond to the functional needs of people from all age groups, and incorporates the use of modern technology. One of the products from a combination of these is playgrounds that promote learning, known as education play grounds. Well-being is taken into account. In addition, the Company uses eco-friendly and energy-efficient materials, green glass for light refraction, LED bulbs, and air flow innovation for keeping house temperatures down, and provides residents with peace of mind with its security system. It also takes into account the needs of surrounding communities. All in all, the Company strives to create good

quality of life and a sense of relaxation, making the property suitable for long-term living and enhancing the brand's competitiveness as it remains committed to maintaining "value for money" at all product levels.

We continue to organize activities for our customers including yoga classes, bicycle ecotourism, waste sorting, and training on how to maintain good health continuously.

The Company remains committed to developing horizontal property for sale, targeting customers looking to buy a home to live in and first-time home buyers, under the "Chuanchuen" brand, which has been recognized for providing quality houses with practical functions at affordable prices. Our strengths are further complemented by the concept of comprehensive well-being, as we continue to focus on areas of potential growth located close to mass transit systems and areas with existing client bases, such as Watcharaphon, Bang Na, Nonthaburi, and Pathumthani. The Company also seeks to expand to new areas of high potential growth, including Rangsit-Nakhon Nayok, a popular area for residential development due to the availability of the transportation system, infrastructure, and other facilities.

In addition, the Company aims to increase income percentage from the development of property for sale and the development of property for rent and related services so that both segments are roughly equal in a short period of time. This can be achieved by increasing recurring income from its golf club, manufacturing plants and warehouses for rent, the Park Court Apartment Sukhumvit 77, which targets the high-end market and foreigners residing or working in Thailand. At the same time, the Company is ready to add new business segments, focusing on health and accommodation for well-being. For example, Wellness and Medical Retreat Center, a collaboration with a company with a national reputation for physical rehabilitation and medical retreat.

#### Vision

Strives to be one of Thailand's leading residential property development companies, and offer quality products and services at reasonable prices.

#### Mission

- 1) **Financial mission:** Build financial stability and generate greatest benefits for shareholders, through sustained sales growth and efficient cost management
- 2) **Marketing mission:** Deliver quality products -in terms of location, construction standards, and environment- at reasonable prices, provide excellent customer service, and constantly make the "ChuanChuen" brand known to the public as a leading residential property development company
- 3) **Production and service mission:** Deliver quality products and excellent services on time and with efficiency, and continue to improve product quality

- 4) **Management mission:** Enhance competitiveness, always make an all-out effort to achieve the goals set for all operations, and promote good governance
- 5) **Personnel mission:** Instill a sense of responsibility in maintaining quality and providing service, and create a culture of continuous learning and development in a friendly working environment

In addition to being a leading developer of residential property in Thailand that seeks to offer value for-money products and services to its clients, the Company added a vision on sustainable well-being by setting an additional business goal in terms of marketing, to present products for sustainable well-being, under the conceptual framework of well-being, and foster an awareness in this concept among its personnel.

In 2020, the profit proportion of the real estate development for sale residential and property development for rent and service is approximately 70 and 30 percent, respectively, which is in line with the 5-year operational strategy under Sustainability Development Roadmap since 2016 with 50 and 50 percent of profits from sales and leasing and services, respectively.

#### 1.1.2 Major changes and developments

##### Company background

M.K. Real Estate Development Public Company Limited ("the Company") is engaged in the development of residential property for sale and for rent. It has been in business for over 60 consecutive years.

The Company was established in 1956 with registered capital of 8 million baht, under the name "Munkongsathapat General Partnership". Initially, the Company's business objective was to obtain construction contracts to build various types of buildings. Five years later, its business expanded to buildings and land, in addition to construction. In 1968, ChorMunkong Trading Limited Partnership was separately established, to engage in the retail and wholesale of construction materials. Then, in 1977, the Company developed its first housing estate under the name "ChuanChuen Community" on PrachaChuen Road. This business grew gradually as its products were warmly welcomed by the public, and consequently the Company became fully engaged in real estate development in 1981. Subsequently, the Company became the first real estate developer to be listed in the Thailand Stock Exchange in 1990. It registered a change of company type to public limited company in 1993, and in 1994 the Company began to operate property for rent and related services, by developing ChuanChuen Golf Club. In 2005, it launched new single-detached houses under the ChuanChuen and Serene House brands. Up until now, it has developed more than 70 housing estates for sale throughout the Bangkok Metropolitan Region.

Major developments of the Company in the past three years

2018

- On 12 February 2018, the meeting of the Executive Committee No. 2/2018 passed the following resolutions:
  - The meeting approved Buntudthong Pattana Co.,Ltd., a subsidiary, sold all of its 40.64% interest in the issued and paid-up share capital of Samakkee Cement Co., Ltd. and 36.07% interest in the issued and paid-up share capital of Subnorasing Co., Ltd., its associates, to S71 Holding Co.,Ltd., a subsidiary, for a consideration of Baht 81.30 million and Baht 0.01 million, respectively.
  - The meeting approved to invested in Munkong Living Co., Ltd. by purchasing of 9.98% of the issued and paid-up share capital from third party, totaling Baht 100 million. As a result, the Company's equity interest in Munkong Living Co., Ltd. increased from 90.02% to 100%.
- On 23 February 2018, On 12 September 2018, On 16 November 2018 and On 21 November 2018, the Company issued unsecured short-term debentures no.1/2018 to no.4/2018 amounting to Baht 250 million, amounting to Baht 420 million , amounting to Baht 101 million and amounting to Baht 138 million, respectively.

The issue and sale of these debentures was approved in a resolution passed during the 2017 Annual General Meeting of shareholders held on 25 April 2017.

- On 20 March 2018, the Company invested in Munkong Life Co., Ltd., a new entity and a property developer, at 100% of ownership interest, totaling Baht 1 million. The Company has paid the share capital to the subsidiary.
- On 5 April 2018, Prospect Development Company Limited (subsidiary) issued an unsecured debenture no. 1/2018 amounting to Baht 137 million.

The issue and sale of these debentures was approved in a resolution of the Board of Directors' meeting of a subsidiary held on 21 March 2017.

- On 24 April 2018, the Annual General Meeting (AGM) of the Company's shareholders approved the payment of a dividend for the Company's operating results in 2017, at the rate of 0.22 baht per share. The dividend was paid out of retained earnings and amounted to 218,242,238.94 Baht. The name list of shareholders who are entitled the right to receive the dividend would be specified on May 3, 2018 (Record date). The dividend was paid to shareholders in May 2018.

- On 17 May 2018, the Company issued an unsecured long-term debenture no.1/2018 amounting to Baht 584 million.

The issue and sale of these debentures was approved in a resolution passed during the 2017 Annual General Meeting of shareholders held on 25 April 2017.

- On 26 June 2018, the extraordinary general meeting of the shareholders of Munkong Life Co., Ltd., a direct subsidiary, the shareholders approved to increase its authorised share capital from Baht 1 million to Baht 1,500 million by issuing of 14.99 million ordinary shares with a par value of Baht 100 per share to the existing shareholders .The Company has fully paid the share capital.
- On 28 June 2018 and 16 October 2018, the Company invested in Mancon Company Limited, a direct subsidiary, by purchasing of 4.50% of the issued and paid-up share capital from third party, totaling Baht 6.93 million. As a result, the Company's equity interest in Mancon Company Limited increased from 95.50% to 100.00%.
- On 29 October 2018, the extraordinary general meeting of the shareholders of Munkong Life Co., Ltd., a direct subsidiary, the shareholders approved to increase its authorised share capital from Baht 1,500 million to Baht 2,600 million by issuing of 11 million ordinary shares with a par value of Baht 100 per share to the existing shareholders and called-up for 100% of its par value of the increased share capital. The Company has fully paid the share capital.
- On 6 November 2018, the Company sold its 100% of the issued and paid-up share capital of Buntudthong Pattana Co., Ltd., a direct subsidiary, and the Company agreed to sell right of claim in accrued interest from the subsidiary to the third party for a consideration of Baht 660 million.
- On 26 November 2018, the Company had incorporated a new subsidiary company named "MKH Assets Co., Ltd." with registered capital amount at Baht 100,000,000, divided into 1,000,000 ordinary shares with a par value of Baht 100. The subsidiary called-up for 25% of its par value. The Company has paid the share capital amounting to Baht 25 million.
- On 26 November 2018, the Board of Directors' meeting of MKH Assets Co., Ltd., a direct subsidiary, approved to purchase the increased share capital of Cmego Joint Stock Company, incorporated in Vietnam, by purchasing 6,000 ordinary shares, at 4.76% of ownership interest for a consideration of USD 1,000,000. Subsequently on 9 January 2019, the subsidiary has partially paid the share capital amounting to Baht 9.63 million.

#### 2019

- On 28 January 2019, the Company had incorporated a new subsidiary company named "Health and Wellness Village Co., Ltd." to operate Medical,Health and Wellness, with registered capital amount at Baht 1,000,000, divided into 10,000 ordinary shares with a par value of 100 Baht each
- On 12 March 2019, a meeting of the Board of Directors of MKH Assets Co., Ltd ("MKH Assets"), which is a subsidiary of the Company, the Board of MKH Assets approved to additional call-up for

10% of its par value of the share capital. The Company has paid the share capital amounting to Baht 10 million.

- On 25 April 2019, the Annual General Meeting (AGM) of the Company's shareholders passed the following resolutions:
  - The AGM approved the appropriation of dividends of Baht 0.11 per share, amounting to Baht 110 million with the detail as follow;
    - Payment in the form of stock dividends in the amount of approximately 99.20 million shares with a par value of Baht 1 per share to the shareholders, at the ratio of 10 existing shares to 1 new share, totalling Baht 99.20 million. In case that any shareholders have remaining shares after the allocation, the dividend shall be paid by cash in the amount of Baht 0.10 per share.
    - Payment in the form of cash in the amount of approximately Baht 0.01 per share, totalling Baht 11.02 million.

The dividend was paid in the form of stocks and cash to shareholders in May 2019.

- The AGM approved the issuance and offering of the ordinary share-purchase warrants to the directors, executives and employees of the Company and its Subsidiaries No.1 (MK-WA) in the amount of not exceeding 26,000,000 units
- The AGM approved to increase in registered capital of the Company to facilitate the dividend payment and Employee Stock Option Plan for the directors, executives and employees of the Company and its subsidiaries No.1 (MK-WA) by increase its registered capital by Baht 125.20 million from the existing registered capital of Baht 992.01 million to Baht 1,117.21 million by issuing newly 125.20 million ordinary shares with the par value of Baht 1 per share.
- The AGM approved to increase total amount and an outstanding value for issuance and offering of debenture at a particular time from not exceeding Baht 3,000 million to be not exceeding Baht 6,000 million to supporting working capital and business expansion of the Group, including land purchases for project development and debt repayments.
- On 1 May 2019, Frasers Property BFTZ Co., Ltd. (formerly TPark BFTZ Co., Ltd.), a joint venture, increased its registered share capital from Baht 350 million to Baht 700 million by issue of 35 million ordinary shares with par value of Baht 10 per share to the shareholders by existing proportion and called-up for 25% of its par value of the increased share capital. The Group paid the share capital for a consideration of Baht 35 million.

Subsequently, On 17 July 2019 and 26 August 2019, Frasers Property BFTZ Co., Ltd. additional called-up for 35% and 10% of the increased share capital, respectively. The Group has paid the share capital totalling Baht 63 million.

- On 14 May 2019, the Company has completed the registration of the increase of registered share capital amount from the registered share capital of Baht 992,010,177 to Baht 1,117,211,195 by issuing 125,201,018 ordinary shares with par value of Baht 1 per share, as submitted to the Department of Business Development, Ministry of Commerce.
- On 17 May 2019 and 11 June 2019, the Company issued unsecured short-term debentures no.1/2019 and no.2/2019 amounting to Baht 100 million and Baht 150 million, respectively. On 11 June 2019 and 12 December 2019, the Company issued unsecured long-term debentures no.1/2019 and no.2/2019 amounting to Baht 687.50 million and Baht 1,565 million, respectively.

The issue and sale of these debentures was approved in a resolution passed during the 2017 Annual General Meeting of shareholders held on 25 April 2017 and the 2019 Annual General Meeting of shareholders held on 25 April 2019.

- On 24 May 2019, the Company has completed the registration of change of the paid-up capital from the existing amount of Baht 992,010,177 to Baht 1,091,205,066 as submitted to the Department of Business Development, Ministry of Commerce.
- On 2 August 2019, Prospect Development Co., Ltd. (a subsidiary) issued an unsecured long-term debenture no. 1/2019 amounting to Baht 198 million according to the approval of the Board of Directors of the subsidiary on 21 March 2017.
- On 20 August 2019, the meeting of the Executive Committee approved to amend the land lease agreement with the lessor by extension a period of 30 years to 35 years 6 months from 1 November 2018 to 30 April 2054. The Company paid compensation for the amendment of land lease agreement amounting to Baht 30 million.
- On 15 October 2019, Frasers Property BFTZ Co., Ltd. (formerly TPark BFTZ Co., Ltd.), a joint venture, increased its registered share capital from Baht 700 million to Baht 803 million by issuing of 10.30 million ordinary shares with a par value of Baht 10 per share to the shareholders by existing proportion and called-up for 35% of its par value of the increased share capital. The Group paid the share capital for a consideration of Baht 14.42 million.
- On 18 October 2019, the extraordinary general meeting of shareholders of S71 Holding Co., Ltd., a direct subsidiary, the shareholders approved to change of the subsidiary's name to "RX Wellness Co., Ltd." and amend the subsidiary's business objective related to Health and Wellness in Memorandum of Association. The subsidiary registered the changing name and amendment of business objective with the Ministry of Commerce on 22 October 2019.
- On 29 November 2019, the Company had incorporated an indirect subsidiary company named "Prospect Reit Management Co., Ltd." to operate REIT Manager for property investment. Prospect Development Co., Ltd., ( a 100 percent direct subsidiary of the Company) holding 100 percent with registered capital amount at Baht 10,000,000, divided into 100,000 ordinary shares with a par value

of 100 Baht. Prospect Development Co., Ltd., has already paid the share capital of Prospect Reit Management Co., Ltd.

- On 19 December 2019, Health and Wellness Village Co., Ltd., (a subsidiary) increased its registered share capital from Baht 1 million to Baht 10 million by issuing of 90,000 ordinary shares with a par value of Baht 100 per share and called-up for 25% of its par value of the increased share capital. The Company paid the share capital for a consideration of Baht 2.25 million.
- On 24 December 2019, Prospect Development Co., Ltd., (a subsidiary) increased its authorised share capital from Baht 1,200 million to Baht 2,260 million by issuing of 106 million ordinary shares with a par value of Baht 10 per share amounting to Baht 1,060 million. The subsidiary received the share capital for a consideration by transferring the share capital of Munkong Living Co., Ltd., a direct subsidiary, at net book value 1,002 million. As a result, Munkong Living Co., Ltd. became the Company's indirect subsidiary. The Company recognised gain on disposal of investment in a subsidiary of Baht 58 million in the separate statement of comprehensive income. However, the consolidated financial statements had not been effected.

#### 2020

- On 13 February 2020 and 3 December 2020, Prospect Development Company Limited (subsidiary company) issued the unsecured long-term debenture no. 1/2020 and no. 2/2020 for 157 million baht and 165 million baht respectively.

This debenture issuance and offering is accordance with the resolution of the board of directors of the subsidiary company on 24 January 2020.

- On 13 March 2020, 26 June 2020, 28 October 2020, and 9 December 2020, the Company issued unsecured short-term debentures no. 1/2020, no. 2/2020, no. 3/2020, and no. 4/2020 in an amount of 300 million baht, 200 million baht, 250 million baht, and 400 million baht, respectively.

These issuance and offering of debentures are in accordance with the resolution of the 2017 annual general meeting of shareholders held on 25 April 2017 and the resolution of the 2019 annual general meeting of shareholders of the Company on 25 April 2019

- On 24 March 2020, the meeting of board of directors of Health and Wellness Village Company Limited (subsidiary company) passed a resoltion to call for additional payment of 75% of new ordinary share value. The Company paid for such shares of 6.75 million baht.
- On 29 April 2020, the 2020 Annual general meeting of shareholders resolved to disapprove dividend payment for the Company's 2019 operating.

Subsequently, on 29 September 2020, the Board of Directors Meeting of the Company No. 9/2020 has passed a resolution to approve the payment of interim dividend for the Company's operation

2019 based on the retained earnings shown in the Company statement of income for the year ended 31 December 2019 to the shareholders of the Company amounting to 1,091,205,066 shares at a rate of 0.11 Baht per share, totaling 120,032,557.26 Baht.

The Board of Directors' approval of the interim dividend payment is in accordance with the resolution of 2020 Annual General Meeting of Shareholders indicating that when the Company had positive cash flow, the Board of Directors would approve the payment of interim dividend to the Shareholders.

- On 14 May 2020, the extraordinary shareholders meeting of Health and Wellness Village Company Limited (subsidiary company) has resolution to increased its registered capital from 10 million baht to 50 million baht registered capital by issuing 400,000 new ordinary shares at par value of 100 baht. The subsidiary has registered with Department of Business Development, Ministry of Commerce, on 14 May 2020 and The Company has paid for shares in the amount of 40 million baht.
- On 9 July 2020, the board of directors passed a resolution to change the percentage of investment in Prospect Logistics and Industrial Leasehold Real Estate Investment Trust ("Trust") from the original investment in the proportion of not less than 15% but not more than 20% to the amount of not less than 5% but not more than 20% of the number of trust units issued and offered for initial offering, not more than 500 million baht. Subsequently, the Company invested in the trust for totaling 21,847,100 units, totaling amount of 218.12 million baht or equivalent to 8.92% of the number of trust units issued and offered. The Trust is classified as associated company of the Company because the Company has significant influence as Prospect Reit Management Company Limited (Indirect subsidiary company) has been appointed as REIT manager.
- In July and November 2020, Fraser Property BFTZ Comnpy Limited (joint venture), its shares hold by Prospect Development Company Limited (subsidiary), called for an additional payment of 23.80 million baht and 30.15 million baht respectively.
- On 28 August 2020, the Company issued 2 series of unsecured long-term debenture no. 1/2020: Series 1 for 230.3 million baht and Series 2 for 451.5 million baht.

The issuance and offering of debentures is in accordance with the resolution of the 2017 annual general meeting of shareholders held on 25 April 2017 and the resolution of the annual general meeting of shareholders of the Company for the year 2019 on 25 April 2019.

- On 16 October 2020, the extraordinary shareholders meeting of Health and Wellness Village Company Limited (subsidiary company) has the resolution to increased its registered capital from 50 million baht to 200 million baht by issuing 1,500,000 new ordinary shares at par value of 100 baht per share and call for 25% of new ordinary shares. The subsidiary has registered increased capital with Department

of Business Development, Ministry of Commerce, on 19 October 2020 and the Company paid for shares in the amount of 37.50 million baht.

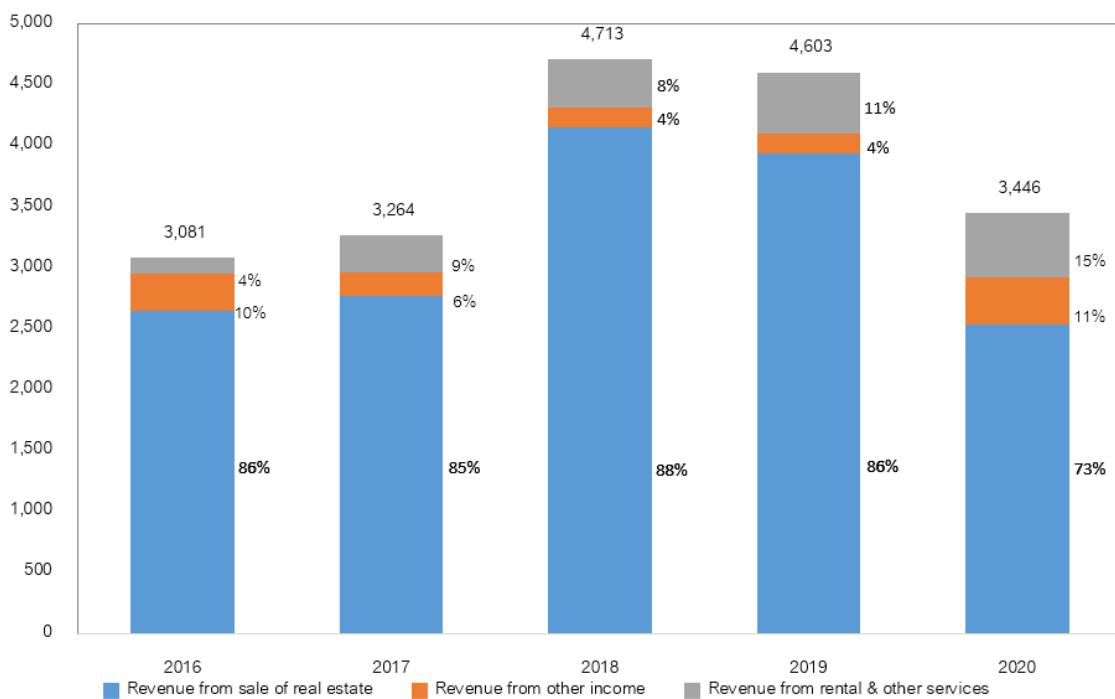
Subsequently, on 1 February 2021, the Board of Directors meeting of Health and Wellness Village Company Limited passed the resolution to call up 33.50% of new ordinary shares. The Company paid for shares in the amount of 50.25 million baht.

As of 31 December 2020, the Company has registered capital 1,117,211,195 baht which divided into ordinary shares of 1,117,211,195 shares at par value of 1.00 baht per share, Paid-up capital of 1,091,205,066.00 baht. The Company operate property development business which consist of:

(1) Property development for sale business, which is the main business of the Company with focus on development projects for residential real estate for sale, and

(2) Property development for rent and service business

The operating results are summarized in 2020 as follows:



### 1.1.3 Fund raising and fund using progress

The Company and its subsidiaries have used all raising funds in accordance with objectives.

### 1.1.4 Obligation to securities offering

-None-

### 1.1.5 General information about the Company

Company name	:	M.K. Real Estate Development Public company Limited
Symbol	:	MK
Company registration number	:	0107536001567
Type of business	:	Develop property for sale and rent, and provide related services
<b>Headquarters</b>		
Location	:	6 <sup>th</sup> - 8 <sup>th</sup> Floor, 345 Surawong Building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500
Tel	:	02-234-8888
Fax	:	02-234-8880
Website	:	www.mk.co.th
Number of shares issued :	1,091,205,066 ordinary shares, at par value of one baht per share	

### 1.2 Nature of business

#### 1.2.1 Revenue structure

The Company is engaged in property development, which consists of (1) property development for sale, which is the Company's main business, the principal source of income from this business is sale of residential property, and (2) property development for rent and related services.

#### Revenue structure

Unit : Million Baht	Operated by	Shareholding proportion (Percent)	2018		2019		2020	
			Amount	Percent	Amount	Percent	Amount	Percent
Revenue from sale of real estate	MK, MC, MKL	100%	4,152.93	88.11%	3,936.77	85.53%	2,530.40	73.42%
Revenue from rental and rendering of services	MKL, PD	100%	252.14	5.35%	341.19	7.41%	374.27	10.86%
Revenue from management of real estate	Yours	100%	32.50	0.69%	40.39	0.88%	48.37	1.40%
Revenue from golf services	MK	100%	109.25	2.32%	119.77	2.60%	100.84	2.93%
Revenue from health and beauty	MKF, H&W, Rx	100%	-	-	-	-	3.04	0.09%
Other revenues	-	-	166.33	3.53%	164.58	3.58%	389.55	11.30%
<b>Total revenue</b>			<b>4,713.14</b>	<b>100%</b>	<b>4,602.69</b>	<b>100%</b>	<b>3,446.47</b>	<b>100%</b>

Note: Other revenues is consisted of interest income, profit from sale of investment, revenue from investment, gain on bargain purchased, etc.

### Share of profit from investment

Unit : Million Baht	Operated by	Shareholding proportion (Percent)	2018		2019		2020	
			Amount	Percent	Amount	Percent	Amount	Percent
Property development for rent	BFTZ <sup>1</sup>	40%	2.07	(8.68%)	1.72	(7.16%)	16.29	258.04%
Trust management	PROS REIT	8.92%	-	-	-	-	3.02	47.92%
Cement and mortar material	SMK	40.64%	(25.98)	108.68%	(25.79)	107.16%	(13.00)	(205.96%)
Sand	SNS	36.07%	-	-	-	-	-	-
Share of profit (loss) of joint ventures and associates			(23.90)	100%	(24.06)	100%	6.31	100%

Note: 1) On January 28, 2019, TPARK BFTZ Company Limited changed the company name to Frasers Property BFTZ Company Limited

#### 1.2.2 Product characteristics

##### Property Development for Sale

###### (1) Product or service characteristics and business innovation development

The company's main product form is pre-built houses for sale in response of clients' needs of ready-to-move in. In 2016, the Company continued to improve its products in terms of functions and design, complemented by the concept of comprehensive well-being. For example, in terms of construction methods, it combines the use of pre-fabricated panels or prefab houses with traditional construction, introduces universal design in the design of new houses to respond to the functional needs that consistent with behavior of consumers in the New normal era, connecting perfectly between living and working in Work from home style for people groups of all ages, Ozone garden increases plants to reduce dust and purify the air, and pet zone, relaxation area with favourite pets, playgrounds that promote learning, known as education playgrounds. Wellbeing is taken into account. In addition, the Company uses eco-friendly and energy-efficient materials, green glass for light refraction, LED bulbs, and air flow innovation for keeping house temperatures down, and provides residents with peace of mind with its security system. It also takes into account the needs of surrounding communities. All in all, the Company strives to create good quality of life and a sense of relaxation, making the property suitable for long-term living and enhancing the brand's competitiveness as it remains committed to maintaining "value for money" at all product levels.

##### Current project for sale

In 2020, 12 residential property projects were launched. These consisted of single-detached house, and townhouse projects under the "ChuanChuen" brands and condominium under the "Park Court" brands. Two new projects were also launched, namely ChuanChuen Park Pinklao-Kanchana for duplex houses and ChuanChuen Town Rangsit-Khlong 3 for townhouses.

Project name	Project location	Project area	Number of units/Utility space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2020)
<b>Detached house</b>					
ChuanChuen Prime Ville Bangkok-Pathumthani  	Bang Ku Wat Subdistrict, Mueang District, Pathumthani	33-0-39.4 rai (Sale started in 2018)	146 units Usable space: 143-163 sq.m./unit	706.85	95.21%
ChuanChuen City Watcharaphon-Ramintra  	ThaRaeng Subdistrict, Bang Khen District, Bangkok	25-2-44.5 rai (Sale started in 2018)	113 units Usable space: 143-163 sq.m./unit	770.00	60.18%
ChuanChuen Prime Vilage Bangna (Phase 1)  	Bangbo Subdistrict, Bangbo District, Samutprakarn	63-0-16.5 rai (Sale started in 2019)	293 units Usable space: 115 - 179 sq.m./unit	1,375.36	20.14%
<b>Townhomes</b>					
ChuanChuen Town Kaew in-Bangyai  	SoiKaew In, Bang Mae Nang Subdistrict, Bang Yai (Bang Bua Thong) District, Nonthaburi	27-3-46.80 rai (Sale started 2017)	274 units Usable space: 140sq.m./unit	859.46	91.97%
ChuanChuen Town Ratchapruk-345  	Lum Pho Subdistrict, Bang Bua Thong District, Nonthaburi	27-1-95.6 rai (Sale started 2018)	289 units Usable space: 113-140 sq.m./unit	836.61	36.33%
ChuanChuen Town Rangsit-Khlong 1  	Rangsit-Nakhon Nayok Canal Road, Prachathipat Subdistrict, Thanyaburi District, Pathumthani	40-2-50 rai (Sale started 2018)	324 units Usable space: 140 sq.m./unit	1,058.47	67.59%
ChuanChuen Town Chaiyapruek-Chaengwattana  	Phimon Rat Subdistrict, Bang Bua Thong District, Nonthaburi	41-3-17.8 rai (Sale started 2019)	397 units Usable space: 113, 140 sq.m./unit	1,393.53	19.14%

Project name	Project location	Project area	Number of units/Utility space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2020)
ChuanChuen Town Bang Yai  	SoiPhra Non, Bang Mae Nang Subdistrict, Bang Yai District, Nonthaburi	37-2-46.9 rai (Sale started 2019)	335 units Usable space 140 sq.m./unit	926.00	26.87%
ChuanCheun Town Village Bangna  	Bang Bo Subdistrict, Bang Bo District, SamutPrakan	41-3-47.2 rai (Sale started 2019)	278 units Usable space:140sq.m./unit	960.85	16.72%
Condominium					
Park Court Sukhumvit 77 Zone A  	Sukhumvit Road, PrakanongNuea Subdistrict, Wattana District, Bangkok	7-2-82.4 rai (whole project)	14 units Usable space: 282.03 - 287.21 sq.m./unit	1,068	50%

The above tabel shows the two projects launched in 2020, worth 1,706.30 million baht, located close to the Company's existing client bases. Details are as follows:

#### 1. ChuanChuen Park Pinklao-Kanchana



Project Location : Sala Klang Subdistrict, Bang Kruai District, Nonthaburi

ChuanChuen Park Pinklao-Kanchana project is a project of single detached houses and duplex houses in classic botanical style, total 201 units, project value of 936.30 million baht, located in Pinklao-Kanchana area. The highlight is the European-inspired house under the concept of botanical, combined with the classical style of

elegance. It is designed with greenhouse that can receive natural light thoroughly, construction standard is conventional for strength, flexible functions, air flow system for air circulation and ventilation, focus on large green spaces surrounded by shady trees, O-Zone garden, air purification trees help absorb toxins for wellbeing.

2. ChuanChuen Town Rangsit-Khlong 3



Project location: Khlong Sam Subdistrict, Khlong Luang District, Pathum Thani

ChuanChuen Town Rangsit-Khlong 3 Project is 2-storey townhome project in modern botanical style of 321 units worth 770 million baht, located at Khlong 3 subdistrict, Khlong Luang district. The project is designed to be modern botanical with ozone garden to be close to nature throughout 365 days and flexi function, able to modify freely, and respond a new way of life with common areas such as, clubhouse with fitness, swimming pool, pet zone, and large playground. Being confident in cleanliness and safety in using among potential locations that meet Generation-C needs.

In the past, the Company and its subsidiaries do not have a clear policy of research and development on innovation in process, product, and service. However, to enhance the competitiveness, the Company's team has been keeping an eye on the trend changing in consumer behavior in houses buying selection. The Company and its subsidiaries continuously modify the design and layout of the projects to meet customers' needs, such as, inserting the nature into every dimension through the botanical style design, the design that allows natural wind, emphasize common area with shady trees, including using new technology and innovation to increase efficiency by semi-finished houses innovative construction and prefab house used in conjunction with traditional construction, which will shorten the construction period. The Company and its subsidiaries still have a policy to seek new innovations to apply with business operation in long-term.

## (2) Marketing and Competition

### (A) Marketing and Competition policy of the Company

The company's main client profile is a group of buyers with a residential purpose. Therefore, there is no risk of dependency on any particular client. A target client group is mostly those with middle income and above, working as employees in private companies or owning personal businesses. The Company also focuses more on first-time home buyers, who are a younger generation.

For sale channel, the company's sale channel is direct sale to clients, with a sale office at each project and the head office. It also strengthens the existing brands and goes with new marketing approach through online communication for better reach to new groups of clients on social media such as Facebook, Instagram, Line@, and YouTube.

A strategy of customer relationship management activities through M.K. FamilyClub, via online channels such as the mobile phone application on both Android and iOS is also emphasized, focusing on engaging community members in after-sale activities under a concept of "M.K. Family" to build a bond of living together as families in an impressive community, which will help strengthen the company's client base in the future.

### (B) Industry situation and competition

According to the Office of National Economic and Social Development Council (NESDC), the Thai economy in 2020 would shrink by 6.0%. Exports were forecast to decrease by 7.5%, while private consumption and investment were forecast to decrease by 0.9% and 3.2%, respectively. The average inflation rate was forecast at -0.9%, while a current account surplus was forecast at 2.8% of the GDP. Main factor included the effects of the COVID-19 outbreak, which directly affects the tourism sector and various industries related from lockdown measure and restriction on domestic and international travel. However, in the second half of 2020, all sectors saw clearer signs of recovery from relaxation of lockdown measure, removal of domestic travel restriction, international travel relaxation, and the implementation of rescue measures healing affected people and restoring the economy, including speeding up government spending.

For real estate business, the value of new projects launched was 442,243 million baht, decreased by 30.6% from the previous year (source: Agency For Real Estate Affairs., Ltd.) along with the contraction nation economy from COVID-19 outbreak. Real estate entrepreneurs have rushed to create promotions to reduce the burden of holding inventories and collect cash in order to handle the economic uncertainty from COVID-19 epidemic. However, in the second half of 2020, real estate developers have gradually launched new projects after COVID-19 outbreak in country can be controlled.

From the conditions of the housing market in 2020, real estate market slowdown and impact from COVID-19 epidemic, the Company has adjusted its marketing strategy to be in line with the behavior of consumers in the New Normal era, which has demand for housing with more residential areas based on the trend of Work From Home and activities in house to keep Social Distancing, which reduces the risk of COVID-19 infection. Therefore, the Company strives to develop products and services to respond the needs of living in a well-being style. For example, focus on the design of entire interior space to be functional that meet both living and working needs at the same time and focus on amenities that correspond to the lifestyle perfectly.

It also uses Pre-approved method that allow customers to prepare documents for loan submission to the banks to approve the credit before recording the amount of reservations in the system. This is an important process to help in quality management of ready-for-sale house stock and backlog efficiently, make ability to assess market needs clearly, reduce risk of business at the same time. Moreover, increase digital marketing on online channels and providing virtual reality preview build awareness to decision making in the future. Further more, the Company launch 2 new projects, namely ChuanChuen Park Pinklao-Kanchana project which is duplex house project, and ChuanChuen Town RAngsit-Khlong 3 project which is two-storey townhome project. Both projects were designed with new design in classic botanical and modern botanical style on the same location with well-known and recognized customer based.

### (3) Procurement of products and services

#### Procurement of main materials

The main materials for the development of real estate for sale include land and construction materials. The Company places importance on acquiring viable locations for its projects, taking into consideration location potential such as proximity to mass transit, availability of infrastructure, and closeness to existing projects where the Company already enjoy a solid client base. The Company is ready to expand to new neighborhoods considered to be of high potential, including Rangsit-Nakhon Nayok, through its process of land acquisition approval which required collaboration of a number of working groups from various departments. In terms of construction materials, the Company engages contractors to proceed with material procurement directly, with the exception of certain materials that are expensive or needed in large quantities, or materials that require or standard quality control, which the Company handles on its own. In so doing, the Company benefits from managing construction material costs due to economy of scale. Regarding the hiring of contractors, the Company only hires small-scale contractors with good performance, evaluated based on their past works, with whom the Company has worked with for a long time. As required by the Company's procedures, contractors are selected based on their experience, expertise, readiness to invest, and ability to deliver high quality

performance and finished products within a deadline. This is one of the Company's strengths. In addition, the Company places importance on selecting the appropriate methods of construction, to ensure timeliness and efficiency in competition. At present, the Company has improved its construction methods that combine the use of prefab houses with traditional construction, which has reduced construction time considerably. It has also introduced universal design which responds to the functional needs of consumers from all age groups, and used eco-friendly, energy-efficient materials such as green glass for light refraction, LED bulbs, and air-flow innovation that will keep house temperatures down to deliver sustainable well-being.

#### Process and production technology

The Company emphasize on selection of suitable construction system for speed and competitive efficiency. At present, the company has developed a construction model by using innovative semi-finished houses or prefab house used in conjunction with traditional construction, which will greatly shorten the construction period.

For contractor hiring, the Company hire outside contractors to construct the Company's projects. Most of the contractors are sub/medium-contractors. The Company has rules and procedures for selecting contractors based on skilled and experienced contractors who are ready to invest, have good performance, and have a track record of delivering work on time. In the past, the contractors who accept work from the Company are sub-contractor companies who have consistently good performance and have worked together for a long time. This group of contractors would maintain the quality of work and deliver the work on schedule, so that they can receive the work from the Company continuously and this is one of strengths of the Company.

#### (4) Assets used in business operation

Most of the assets used in business of real estate for sale consist of real estate development for sale and land held for development to be used for development of real estate projects for sale in the future.

As of 31 December 2020, the Company and its subsidiaries have current and fixed assets used in the business for totaling net book value of 17,985.25 million baht. The main assets used in the real estate business for sale will consist of real estate development for sale and land held for development of 5,665.62 million baht and 477.05 million baht, respectively, or 31.50% and 2.65% of total assets, respectively. Leasehold, land, building, and equipment assets which is in office, totaling of 4,994.17 million baht or 27.77% of total assets.

Details of the assets and the appraisal price are shown in Attachment 4 of this report.

The Company has a policy to invest in real estate development for rental and services, such as golf course business, office building for rental business, factory and warehouse for rental business,

apartment rental business, and health and beauty business, etc. in order to increase the proportion of recurring income in the long run, the board of directors will jointly consider the investment policy of the Company by considering necessity, suitability, and interest of the Company and shareholders, and comply with requirements of Stock Exchange of Thailand and Securities and Exchange Commission strictly.

In the part of supervision of subsidiary and associated companies for most cases, there would be an agreement with joint ventures, such as, sending a director who is the Company's personnel to supervise the subsidiary or associated companies according to the shareholding proportion, etc.

As of 31 December 2020, the Company has investments in subsidiaries in amount of 4,903.82 million baht or 33.28% of total assets (According to separate financial statement) and has investment in associates and joint venture (According to consolidated financial statement) totaling 544.94 million baht or 1.48% of total assets

#### (5) Undelivered work

As of 31 December 2020, the Company has an obligation to deliver products to houses and lands buyers of various projects as specified in the purchase agreement, approximate total value of 63,530,000 baht as follows:

Project name	Number of units (units)	Project value (baht)
ChuanChuen Town Rangsit-Khlong 3	2	4,280,000
ChuanChuen Town Bangyai	1	2,990,000
ChuanChuen Park Pinklao-Kanchana	1	4,290,000
ChuanChuen Town Chaiyaphruek-Chaengwattana	1	2,890,000
ChuanChuen City Watcharapol-Ramintra	1	7,790,000
ChuanChuen Prime Village Bangna	1	4,100,000
ChuanChuen Prime Ville Bangkok-Pathumthani	1	4,390,000
Park Court - Sukhumvit 77	1	32,800,000
<b>Total</b>	<b>9</b>	<b>63,530,000</b>

### Property development for rent and services

The Company is engaged in property development for rent and related services, in order to generate rent and service fees as long-term, recurring income. At present, this income comes from a number of sources, such as warehouses and manufacturing factories for rent, office space for rent, golf course, and apartments for rent. Details are as follows:

#### Warehouses and factory buildings for rent

##### (1) Product or service characteristics and business innovation development

Warehouses and factory buildings for rent business is operated by Prospect Development Co.,Ltd., under the project known as "Bangkok Free Trade Zone", located on Mueang Mai Bang Phli Road, Bang Sao Thong District, SamutPrakan Province. The project is 229.41 rais in size, which is divided into (1) public utility area within the project, which is approximately 66.20 rais in size, and (2) area for the development of property for commercial purposes, i.e. factory buildings and warehouses for rent, which is approximately 163.21 rais in size. The latter area is also divided in two following categories:

- General Zone, approximately 71.76 rais
- Free Zone, 157.65 rais

Details of the warehouses and factory buildings for rent business is as follows:

#### **Area of operations**

It is located in Bangkok Free Trade Zone, Mueng Mai Bang Phli Road, Bang Sao Thong District, SamutPrakan Province. Prospect obtained the right to sublease this area for rent from Chainan-Bang Phli Parkland Company Limited in land sublease agreements and sublease agreements for land and buildings thereon (warehouses). The term of these agreements is matured in 2040 and in 2041 respectively.

Please note that Prospect obtained the sublease rights on this area for rent from Chainan-Bang Phli Parkland Company Limited. The ownership right in this land lies with Priest Hospital Foundation, Pak Nam Temple, and MongkolNimit Temple.

#### **Details of areas for rent**

1. Prefabricated factories and warehouses for rent in the Free zone
2. Prefabricated factories and warehouses for rent in the General zone
3. Build for suit warehouses and factory buildings

### Project size

The project consists of warehouses together with office space and factory buildings equipped with public utilities. The area for rent where construction has completed is 120,662 square meters in size, with details as follows:

#### 1. Free Trade Zone

- Warehouse buildings 39,310 square meters
- Factory building 43,737 square meters

#### 2. General Zone

- Warehouse buildings 14,636 square meters
  - Factory buildings 22,979 square meters
- |       |                       |
|-------|-----------------------|
| Total | 120,662 square meters |
|-------|-----------------------|

### Important events in the past

In 2016, Prospect assigned lease area 64 rai to TPARK BFTZ Co.,Ltd, a joint venture in which Prospect holds 40 percent of the shares, to develop real estate for warehouse and factory for rent, or sale of lease, sub-lease in some area of Bangkok Free Trade Zone. TPARK BFTZ had Baht 350 million of registered capital. Subsequently, Fraser Property BFTZ Co.,Ltd. At the end of December 31, 2020 the Company has registered capital of 803 million baht, paid-up capital of 631.05 Baht.

In 2020, Prospect Development Company Limited, together with Finansa Public Company Limited, have received compensation from terminating the contract and return the land and building sublease rights of some of the land and buildings in the Bangkok Free Trade Zone project to the original sub lessor to let the original sub lessor to sell such leasehold to Prospect Logistics and Industrial Leasehold Real Estate Investment Trust which consists of sublease right of land, warehouses, and factory buildings, including the area of utilities and common road areas as well as the entrance and exit of the project which has total land area of approximately 343,155 square meters (divided into land area of Prospect Development Company Limited approximately 202,962 square meters and land area of Finansa Public Company Limited approximately 140,193 square meters), the building area for lease is approximately 219,116 square meters.

At the end of 2020, Prospect was able to lease 120,662 square meters of space to operators, representing 83% occupancy rate and average rental rate of 182 baht/sqm/month. Moreover, the Company also provides management services for Prospect Logistics and Industrial Leasehold Real Estate Investment Trust instead of rental income of land building sold.

## (2) Marketing and Competition

### (A) Marketing and Competition policy of the Company

Highlights of the Bangkok Free Trade Zone are as follows:

- Receive tax incentives from the Office of the Board of Investment or BOI, the Customs Department, and the Industrial Factory Zone, to exempt corporate income tax, import duties, and export duties for entrepreneurs who rent project areas to import raw material and produce products for sale both domestically and internationally. This is an incentive for entrepreneurs who want to rent factory buildings and warehouses in the potential locations that benefit the most to business operation.
- The location of the project is also in the area that is an industrial and logistics center on Bangna-Trad Road, close to Suvarnabhumi Airport, only 17 kilometers, Bangkok Port 23 kilometers, Laem Chabang Port 90 kilometers, and takes only 60 minutes, which is suitable as a strategic point for logistics to transport and distribute products both in domestic and export to foreign countries around the world.
- The management has knowledge and understanding of the Bangkok Free Trade Zone project both in service building location as well as One-stop service to customers, such as obtaining the licenses necessary to start the operation for clients, etc. In addition, the Company is also the developer of the Bangkok Free Trade Zone project and has relationship with retail tenants since the beginning of the project, so they can provide services and other assistance according to customer requirement, most of these are foreign companies whose needs are more complex than general retail sub-lessees.
- The project has been designed with flexibility to accommodate different business sizes of operators. Inside of Bangkok Free Trade Zone project, there are various types of warehouse and factory buildings.
- Warehouse and factory building are well designed which take into account of quality of material used and suitability of use of each sub-tenant. The roof is made of sheet metal with insulation. There is a ventilation plate and translucent roof / wall. The building floor can support the weight of approximately 3.0 tons per square meter. There is designing area of warehouse and factory area with fence and guardhouse, well distance measurement for car parks and cargo handling area for convenience of the sub-tenants in the handling of goods. Warehouse and factory buildings have been developed according to the standard and can be adapted to suit the needs of each retail sub-lessee. In addition, in some buildings, there is extension area that the sub-tenants can expand in

the future without having to adjust the structure of the building to meet the growth of the business. Thus, it can meet the needs of sub-tenants of different business size.

Most of customer groups are retail tenants with good business potential and financial stability. They also have variety of nationalities and variety of industry types. The Company places great emphasis on the process of selecting and recruiting potential retail tenants. The lease agreement will be for 3 years or more. The proportion of customers is categorized by industry type and nationality as follows:

Revenue proportion by tenants' nationality	
Europe	26%
Thailand	25%
Japan	17%
China	14%
Asia	10%
America-Oceania	8%

Revenue proportion by tenants' industry	
Equipment	24%
Logistics	16%
Automotive and spare parts	13%
Electronics	12%
Food and beverage	12%
Machine	3%
Steel	5%
Fashion and jewelry	1%
Paper	1%
Plastic	1%
Recycle	1%
Others	12%

#### (B) Industry situation and competition

Warehouse and factory building tend to be more in demand because Thailand is located in the center of Asia which is good location for investment as being a transportation hub and having good infrastructure together with current factors from growth of E-Commerce business have

caused the ready-made warehouse business to growth significantly from the E-Commerce business, which has a large demand for prefabricated warehouse space for storage, sorting, and forwarding various products to both domestic and international consumers. In addition, there are significant supporting factors from accelerating the implementation of government infrastructure development projects, including roads, railways, ports, and airports, including the announcement of he special promotion zone which is the benefit to investors who invest in the target business focusing on the use of advanced technology and modern innovation.

There are only a few key players in the prefabricated warehouse business: Fraser Property Thailand (formerly known as "Ticon"), WHA Group, Prospect development, and JCK International. In 2020, Supply or number of prefabricated factory buildings have 3.9 million square meters or decreased by 0.6% from the previous year, while the demand or leased space amounted to 3.5 million square meters or down by 1.8% from the previous year which is calculated as percentage occupancy rate of 89.9%. For rental rate for prefabricated warehouse buildings, the market has adjusted the rental rate to average of 0.6% from the previous year, the average rental rate of 2020 was at approximately 158 baht/SQM/month.

For prefabricated factory, the main players are Frasers Property Thailand, WHA Group, JCK International, Amata Corporation and Pinthong Industrial Park. In 2020, supply or quantity of prefabricated factory space for rent have approximately 2.5 million square meters which increase by 1.5% per year while the demand or leased space of 2.0 million square meters. The rental rate was 79.8%, increase by 1.5% per year. The market has adjusted the rental rate up from last year by 0.5% with average rental rate in 2020 at approximately 203 baht/SQM/month.

#### (3) Procurement of products and services

For warehouse building and factory building for rent business, the Company will provide services since construction of prefabricated factory and warehouse in various forms to meet the needs of each type of customer as well as the necessary infrastructure, including common area road, utilities system, security system, cleaning, fire extinguishing systems, sewage and waste disposal systems and other systems, including regular maintenance. The Company will employ both internal and external teams and supervise them to ensure the smoothness of the service and the greatest benefit to the customers.

#### (4) Assets used in business operation

Most assets consist of land leasehold right, factory buildingand warehouse building, common area, and various infrastructures in the project

As of 31 December 2020, Prospect Development Company Limited has current assets and main fixed assets used in the business of factory and warehouse building for rent. The net book value is 5,623.49

million baht, which the main assets used in the business will consist of real estate under development and land under development for the development of real estate projects for sale in the future worth 709.97 million baht and 1,178.52 million baht respectively or 12.63% and 20.96% of total assets respectively, investment property worth 1,942.48 million baht or 34.54% of total assets, leasehold and property plant equipment on which the Company's office buildings and office assets are located, worth 188.04 million baht or 3.34% of total assets.

#### Wellness business

##### (1) Product or service characteristics and business innovation development

The health and beauty business is a new business of the Company's group as the Company sees an opportunity for the expansion of medical and wellness tourism in Thailand, according to the Medical Wellness Institute's study, it ranks Thailand as 13th in the world in health tourism, together with the government's policy to develop Thailand as an international medical hub.

The Company collaborated with Bumrungrad Hospital and Minor International Public Company Limited to develop the first integrated health and holistic medicine center in Asia under "RAKxa" project.

The program targets foreign and domestic customers by selling wellness packages that cover varying lengths of service from 3 nights to 10 nights. The services will be covered as follows:

- Analyze health with modern medicine technology to match the genetics, hormones, and lifestyle of particular person.
- Provide a merge service in many fields, such as traditional Chinese medicine, Thai traditional medicine, water bath, steam bath, etc.
- Provide a medical fitness center with physical therapists and sport scientists providing advice on solving individual problems.
- Provide health food services by chefs and nutritionists to prepare food for the patient, including providing customers with food that is known to the source as Farm-to-Table, non-toxic, and good for health.

##### (2) Marketing and competition

###### (A) Marketing and Competition policy of the Company

The project focuses mainly on foreigners and high-income Thai people in which the customer base come from both the Vitalife health center at Bumrungrad Hospital and customers of Minor Group. The project has the strength of enhancing the holistic preventive medical service that covers all aspects of science, combined with the adoption of modern medical science with the international standard with holistic medicine under supervision of team of doctors and specialists. The landscape is designed under the concept of "Botanical Wellness Journey" that is plenty of plant

species to achieve physical and mental aesthetics on natural therapy by creating a green area with no longer than 3,500 trees within the project. In addition to healthcare, food and living are one of the key elements. The food served will be advised by team of nutritionists to make the diet to enhance health or resist inflammation of the body. Moreover, there are many exciting workshops and activities to take care of holistic health.

(B) Industry situation and competition

Thai private hospital business has been largely driven by government policies aimed at promoting Thailand as a medical hub since 2003, resulting in the continued growth of medical/health tourism. Thailand's private hospitals are becoming increasingly adaptable and recognized internationally as one of the world's destinations for medical tourism. There is advantage in world-leading service quality and treatment efficiency, while the medical fees are cheaper compared to countries in the same standard of treatment. There are also natural attractions that are suitable for rehabilitation. There are 66 healthcare facilities which are certified by "JCI" (Joint Commission International Accreditation) standard, more than competitor countries in the region. The International Health Care Research Center (IHRC) ranks Thailand's health tourism industry as 6<sup>th</sup> in the world in 2017 with the most medical tourists, accounting for 38 of Asia. The Medical Travel Quality Alliance ranks Thailand's hospital as 1 of top 5 of the best healthcare facilities for health tourism in the world.

Hospital business operators aim to upgrade efficiency and service to international standards and continuously expand their investments to maintain long-term revenue growth, including expanding service scope, investment in specialized treatment centers for complex diseases, including healthcare business line expansion, such as pharmaceuticals and medical supply, food supplement, cosmetics, beauty clinic, and elderly care centers, etc.

Reference: Krungsri Research Center, Bank of Ayudhya

However, in 2020, the Covid-19 epidemic made travelling in and out of country to be restricted and customers of health business contracted significantly. As a result, every business needs to adapt and target more on domestic customers, such as, adjusting the program to suit the needs of top-tier customers in country, reducing the team, and reducing overseas marketing budgets, etc.

(3) Procurement of products and services

For this project, the Company invest in land and has partnered with Bumrungrad's VitalLife Center to provide medical management since personnel, drugs, medical supplies, and equipment, as well as, Minor International Public Company Limited has been involved in the management for rooms, meals, and services for customer.

(4) Assets used in business operation

The project was built in Bang Kachao area, Bang Nam Phueng subdistrict, PhraPradaeng district, SamutPrakan province, on an area over 180 rai with most of the assets comprised of land, building, structures and equipment.

Office building for rent

The Company provides space rental services at 345 Surawong building, a 7-storey office building on Surawong Road and Charoenkrung Road for non-used area for the Company, including parking service since moving into this building on 20 September 2019. Currently, there are tenants, such as Park City Ville Company Limited, Kanom Factory Company, Finansa Public Company Limited, Yours Property Management Company Limited.

Apartment for rent

The Company has an apartment for rent, under the name "Park Court Sukhumvi 77." Located on Sukhumvit 77 (Soi Onnut), Park Court comprises three buildings, each having seven floors and 14 units total 42 units. Each unit has three bedrooms and is 287 square meters in size per units.

Park Court is the Company's first apartment project. The Company saw potential demand for apartments for rent, because Bangkok Prep, an international school, has relocate to the area opposite ParkCourt. Therefore, the apartment can accommodate families of foreigners whose children are students at this school. Another target group is expatriates working in the Sukhumvit area, as the apartment offers a numberof convenient travel options for its residents due to its location close to the elevated train (Onnut station), the Chalongrat Expressway (Sukhumvit 50), and Soi Sukhumvit 71 and 77. Travel to and from Suvarnabhumi Airport is also easy from the apartment. In addition, Park Court offers a large garden, parking lot for every unit, and area complete with facilities for everyone in the family, such as swimming pool, gym, and area for social functions, so familiescan spend quality time together

Golf course

Flora Ville Golf and Country Club which is operated by the Company changed its name from ChuanChuen Golf Club, with approximately total of 400 rais, consist of 18 holes. It is located on Bangkok-Pathum Thani road. The Company has renovated the new clubhouse building to be more modern style. There is a spacious entrance hall, able to see golf course view. The inside of building was designed and meticulously decorate, emphasize on earth tones colour to feel relax, equip with various facilities, such as, meeting rooms, restaurant, pro shops, and locker rooms. The golf course has been renovated and maintained to be perfect and beauty. Some holes have been adjusted their layout to make golf players play more fun but stll retain its charm and original identity under concept of "Exclusive Golf" to feel relax but mix with variety to challenge golf players' ability. Currently, this golf

course is one of the most popular in Bangkok and its vicinity which is guaranteed by number of golf players who come and frequent amateur golf tournaments.

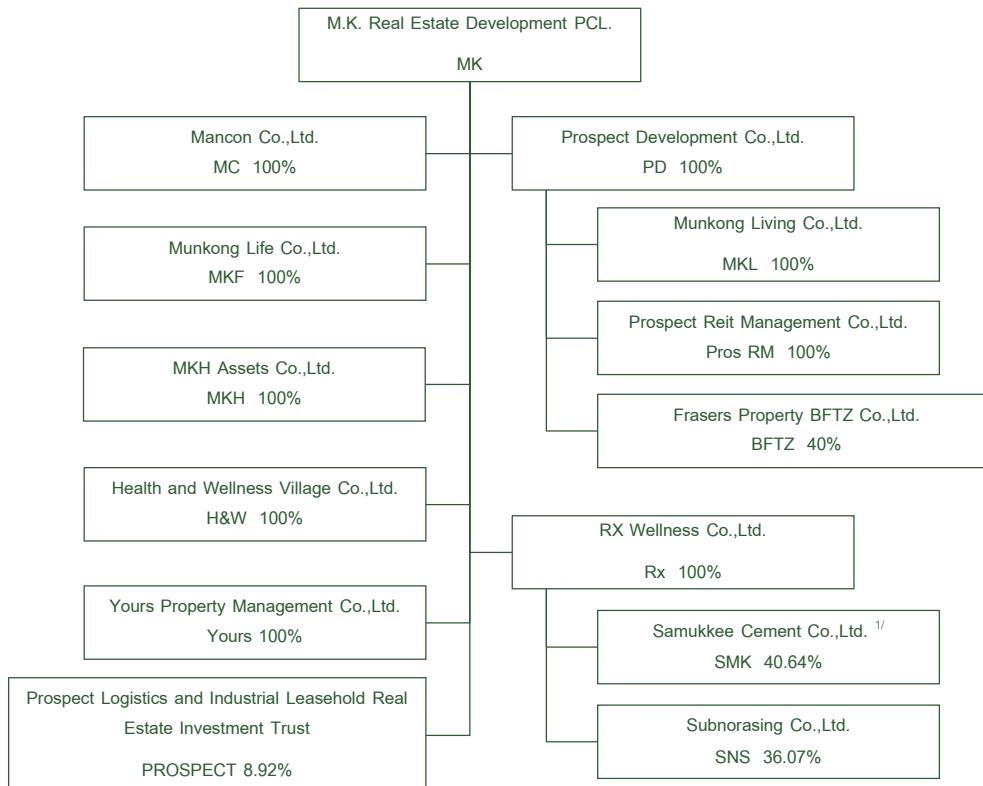
#### Property management business

The Company earns income from real estate management from Prospect Development Company Limited and Yours Property Management Company Limited to provide building management service.

#### 1.3 Group companies shareholding structure

##### 1.3.1 Group companies shareholding structure

The Company is engaged in the development of residential property for sale, focusing on horizontal projects, and the development of property for rent and related services. The Company's shareholdings in other companies, as at 31 December 2020, are as follows:



Remark: <sup>1/</sup>In 2020, the Company group has recognized the loss of Samukkee Cement Co., Ltd., an associated company, amounted to 13 million baht, so that interest in such associate has been reduced to zero. Therefore, the Company ceased to recognize additional losses because the Company has no legal obligation with such associated company.

- Subsidiary companies consist of the following:

1. ManconCo.,Ltd., engaged in construction contracts and property development for small projects.
2. Munkong Life Co.,Ltd., engaged in property development and rehabilitation for rent.

- 3. MKH Assets Co.,Ltd., engaged in property development.
- 4. Health and Wellness Village Co., Ltd., engaged in medical, health and wellness.
- 5. Yours Property Management Co., Ltd., engaged in providing building and property management services.
- 6. Prospect Development Co.,Ltd., engaged in development of factory buildings and warehouses and storage for rent.
- 7. RX Wellness Co., Ltd. (formerly S71 Holding Co.,Ltd.) engaged in property development, health and wellness.
- Indirectly subsidiary companies consist of the following:
  1. Munkong Living Co.,Ltd., engaged in property development (a subsidiary company of Prospect Development Co.,Ltd.)
  2. Prospect Reit Management Co.,Ltd., engaged in reit manager for property investment(a subsidiary company of Prospect Development Co.,Ltd.)
- Associated companies consist of the following:
  1. Prospect Logistics and Industrial Leasehold Real Estate Investment Trust (Trust), the Trust is classified as associated company of the Company as Prospect Reit Management Company Limited (indirect subsidiary) has been appointed as REIT manager. (share holding by Finansa Public Company Limited for 22.99%, M.K. Real Estate Public Company Limited for 8.92%, and other shareholders for 68.09%)
- Indirectly Associated companies consist of the following:
  1. Samukkee Cement Co.,Ltd., engaged in the manufacture of cement and ready-mixed concrete(an associated company of RX Wellness Co., Ltd.) (shares holding by RX Wellness Company Limited for 40.64%, Tangmatitham family for 20.96%, and other shareholders for 38.40%)
  2. SubnorasingCo.,Ltd., engaged in the production of manufactured sand (an associated company of RX Wellness Co., Ltd.) (shares holding by RX Wellness Company Limited for 36.07%, Mr.Chuan Tangmatitham for 13.90%, Mr.Chimchai Setapram for 13.90%, and Mr.Vicharn Wattanacheeranon for 13.90%)
- The Company's joint ventures consist of
  1. Frasers Property BFTZ Co.,Ltd., engaged in provision of warehouses for rent with the investment from Prospect Development Co.,Ltd. (shares holding by Prospect Development Company Limited for 40.00% and Fraser Property Industrial (Thailand) Comany Limited for 60.00%)

General information of companies holding more than 10% of shares, as at 31 December 2020

No.	Company name	Office location	Percent of share held by the Company	Paid-up share capital	Registered capital	Number of shares issued	Par value
Property development and related businesses							
1	Mancon Co.,Ltd.  Engaged in construction contracts and property development for small projects	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500  Tel 02-234-8888  Fax02-234-8880	100%	20,000,000	20,000,000	2,000,000	10
2	Munkong Living Co.,Ltd. <sup>1)</sup>  Engaged in property development	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500  Tel 02-234-8888  Fax02-234-8880	100%	1,002,005,000	1,002,005,000	10,020,050	100
3	Munkong Life Co.,Ltd.  Engaged in property development and rehabilitation for rent	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500  Tel 02-234-8888  Fax02-234-8880	100%	2,600,000,000	2,600,000,000	26,000,000	100
4	MKH Assets Co.,Ltd.  Engaged in property development	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500  Tel 02-234-8888  Fax02-234-8880	100%	35,000,000	100,000,000	1,000,000	100
5	Samakkee Cement Co.,Ltd. <sup>2)</sup>  Engaged in manufacture of cement and ready mixed concrete	719/3 Soi Chula 10, Rama VI Road, Wangmai, Patumwan, Bangkok	40.64%	235,000.000	235,000.000	47,000,000	5
6	Subnorasing Co.,Ltd. <sup>2)</sup>  Engaged in industrial sand production	11 Soi Nonthaburi 8 Yek 7, Nonthaburi Road, Tambon Bangkrasor, Amphur Muang Nonthaburi, Nonthaburi	36.07%	18,000,000	18,000,000	180,000	100
Property for rent and related services							
7	Prospect Development Co.,Ltd.  Engaged in development of factory buildings and warehouses for rent	48/29 TISCO Tower, Fl 16, North Sathorn Road, Silom, Bangrak, Bangkok  Tel 02-697-3860  Fax02-697-3869	100%	2,260,000,000	2,260,000,000	226,000,000	10

No.	Company name	Office location	Percent of share held by the Company	Paid-up share capital	Registered capital	Number of shares issued	Par value
8	RX Wellness Co.,Ltd. Engaged in property development, health and wellness	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax 02-234-8880	100%	100,000,000	100,000,000	1,000,000	100
9	Yours Property Management Co.,Ltd. Engaged in building and property management service	6 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax 02-234-8880	100%	3,000,000	5,000,000	50,000	100
10	Health and Wellness Village Co.,Ltd. Engaged in medical health and wellness	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax 02-234-8880	100%	87,500,000 <sup>3)</sup>	200,000,000	2,000,000	100
11	Prospect Reit Management Co.,Ltd. <sup>1)</sup> Engaged in investment in reit manager for property investment	48/29 TISCO Tower, Fl 16, North Sathorn Road, Silom, Bangrak, Bangkok Tel 02-697-3860 Fax 02-697-3869	100%	10,000,000	10,000,000	100,000	100
12	Frasers Property BFTZ Co.,Ltd. Engaged in provision of warehouses for rent	944 Mitrtown Office Tower, 22 <sup>nd</sup> – 23 <sup>rd</sup> Floor, Rama IV Road, Kwaeng Wangmai, Khet Pathumwan, Bangkok 10330 Tel 02-679-6565 Fax 02-287-3153	40%	765,920,000	803,000,000	80,300,000	10
13	Prospect Logistics And Industrial Leasehold Real Estate Investment Trust Engaged in investment in leasehold land with warehouse and factory building for some part of Bangkok Free Trade Zone project	7 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-697-3788 Fax 02-697-3794	8.92%	2,450,000,000	2,450,000,000	2,450,000,000	10

Remarks: 1) Munkong Living Co.,Ltd. and Prospect Reit Management Co.,Ltd. were indirectly subsidiary company. (subsidiary companies of Prospect Development Co.,Ltd.)

2) Samakkee Cement Co.,Ltd. and SubnorasingCo.,Ltd. were indirectly associated companies. (associated companies of RX Wellness Co., Ltd)

3) Health and Wellness Village Company Limited call up for additional 33.50 baht per share on 8 February 2021

4) The Company invests in Prospect Logistics And Industrial Leasehold Real Estate Investment Trust (Trust), accounting for 8.92% of the number of trust units issued and offered. The Trust is classified as an associated company of the Company due to the significant influence of the Company as Prospect Reit Management Company Limited (indirect subsidiary) has been appointed as REIT manager.

**1.3.2 Shareholding in subsidiaries or associates of persons who may have conflicts**

-None-

**1.3.3 Relationship with business group of major shareholders**

-None-

**1.3.4 Shareholders**

The list of top 10 shareholders as at 30 December 2020, which was the most recent book closing date (XO), is as follows.

<u>Shareholders</u>	<u>Number of shares held</u>	<u>Percent of paid-up capital</u>
1. Finansa Public Company Limited	289,583,738	26.538
2. Mr. Prateep Tangmatitham	135,132,782	12.384
3. Supalai Property Management Co.,Ltd.	81,235,420	7.445
4. CPD Asset Co.,Ltd. <sup>1/</sup>	60,492,171	5.544
5. EMINENT EXPERT LIMITED	54,362,000	4.982
6. WISDOM LEADER VENTURES LIMITED	52,171,368	4.781
7. Mr. Urchart Karnchanapitak	30,764,140	2.819
8. BCH Property Co.,Ltd.	26,829,270	2.459
9. Miss Piyasri Tantiwatna	24,548,970	2.250
10. Miss Chutima Tangmatitham	17,331,015	1.588
Total of shares held by top 10 shareholders	<u>772,450,874</u>	<u>70.789</u>
Other shareholders	<u>318,754,192</u>	<u>29.211</u>
<b>Total</b>	<b><u>1,091,205,066</u></b>	<b><u>100.000</u></b>

Remark: <sup>1/</sup>On 28 December 2020, CPD Asset Co.,Ltd. (in which Mr.Suthep Wongworaseth hold 100% of its shares) has transferred 60,492,171 shares to CPD Holding Co.,Ltd. (in which Mr.Suthep Wongworaseth hold 100% of its shares)

**1.4 Number of registered and paid-up shares**

As of 31 December 2019, the Company has registered capital of 1,117,211,195 Baht, paid-up Capital of 1,091,205,066 Baht, consisting of 1,117,211,195 shares of common stock at par value of 1 Baht.

**1.5 Other securities**

**1.5.1 The ordinary share-purchase warrants of the Company issued to the Directors Executives and Employees of the Company and its subsidiaries No.1 (MK-WA)**

The Annual General Meeting of Shareholders for the year 2019 held on April 25, 2019 approved the issuance and offering of the ordinary share-purchase warrants to the directors, executives and employees of the Company and its Subsidiaries No.1 (MK-WA) in the amount of not exceeding 26,000,000 units in order to allocate to the directors, executives and employees of the Company and

its Subsidiaries according to the scheme of issuance and offering of the ordinary share-purchase warrants to the directors, executives and employees of the Company and its Subsidiaries No.1 (MK-WA) has details as follows:

Warrant : The ordinary share-purchase warrants of the Company issued to the Directors Executives and Employees of the Company and its subsidiaries No.1 (MK-WA)

Type of Warrant : Ordinary share-purchase warrant, specified name of the holder type, non-transferable, except under the conditions of inheritance transfer or transferring to heir or legal representative, or any other events that Board of Directors may deem appropriate.

Type of Warrant to be issued and allotted : Not exceed 26,000,000 units

Par Value Per Unit : 0 Baht per unit

Offering Price Per Unit : 0 Baht

The Allocation : These ordinary shares, allocated by means of offering warrants, will be allocated to the directors and employees of the Company and its subsidiaries based on the position, duty, and responsibility towards the company and its subsidiaries, past experience, working proficiency, performance contributed to company and its subsidiaries, as well as potential interest provided to the Company. The Company's Directors assigned the Chief Executive Officer to allocate the shares based on the discretion. For more than 5% of newly issued and offered shares allocated to any director/ employee, the Board of Directors is in charge of proposing the agenda for shareholders' meeting according to rules and conditions under the Notification of the Capital Market Supervisory Board.

The details of warrant allocation are shown below:

- a) Not exceeding 41.92% of Ordinary Share-Purchase Warrants shall be allocated to the directors and executives of the Company and its subsidiaries.
- b) Not exceeding 58.08% of Ordinary Share-Purchase Warrants shall be allocated to employees of the Company and its subsidiaries.

Exercise Ratio	: 1 unit of Warrant (MK-WA) will be entitled to purchase 1 ordinary share. The Exercise Ratio may be changed thereafter in case of an adjustment of rights.
Exercising Price (Per Share)	4.00 Baht <sup>1/</sup> (Four Baht), the Exercise Price may be changed thereafter in case of an adjustment of rights
	Remarks: <sup>1/</sup> The exercise prices are not considered the discount price as specified in the notification of the Capital Market Supervisory Board. The volume weighted average of the closing price of the Company ordinary shares during 15 days before the date of the Board of Directors' meeting on March 12, 2019 equals to 3.77 Baht per share.
Maturity	: Not exceeding 5 years from the warrant issuance and offering date. ( The Issue date of Warrants is on 17 June 2020, expiration date is on 16 June 2024)
Number of Shares	: Not exceeding 26,000,000 shares, with a par value of Baht 1.00 per share, representing 2.62 percent of the total issued and paid-up capital of the Company. The company will offer the ordinary share-purchase warrants No.1 (MK-WA) in accordance with warrant's maturity.
Issued and Reserved for Exercising Right of Warrant	
Exercise Period	: The warrant holder shall be entitled to exercise the warrant to purchase ordinary shares in the number of which the warrant holder is entitled to exercise each year according to the succeeding paragraph every 15 <sup>th</sup> of March, June, September, and December during 9.00 am. to 3.00 pm., within the exercise period. In the event that the exercise date is on holiday, the exercise date shall be rescheduled to the first business day after such predetermined exercise date. In the event that the last exercise date is holiday, the last exercise date shall be rescheduled to the last business day prior to such holiday.
	1 <sup>st</sup> Year      The warrant holder can exercise the right starting from the end of 1 year period from the issuance date of warrants' to the warrant's expiration date.

2 <sup>nd</sup> Year	<p>The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company.</p> <p>The number of the warrants being exercisable in the 2<sup>nd</sup> year but remain outstanding can be exercised in the following years until they have reached the expiration of the exercise period in accordance with the Plan.</p>
3 <sup>rd</sup> Year	<p>The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company.</p> <p>The number of the warrants being exercisable in the 3<sup>rd</sup> Year but remain outstanding can be exercised in the following years until they have reached the expiration of the exercise period in accordance with the Plan.</p>
4 <sup>th</sup> Year	<p>The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company.</p> <p>The number of the warrants being exercisable in the 4<sup>th</sup> Year but remain outstanding can be exercised in the following years until they have reached the expiration of the exercise period in accordance with the Plan.</p>
5 <sup>th</sup> Year	<p>The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company.</p> <p>Any remaining warrant, unexercised from all the years prior to 5<sup>th</sup> years, can be exercised before termination of exercise period under this scheme.</p>

As of 31 December 2020, there is no exercising from warrant holder yet. There are the remaining MK-WA of 26,000,000 units.

## 1.5.2 Debenture

### Short-term debentures

- Issued by M.K. Real Estate Development Public Company Limited

No.	Quantity (thousand units)	Par value per unit (baht)	Total value (million baht)	Issue date	Age of debenture	Maturity date	Interest rate (% per year)
No.3/2020 (Repayment interest on maturity date)	250	1,000	250	28 October 2020	180 days	26 April 2021	3.80
No.4/2020(Repayment interest on maturity date)	400	1,000	400	9 December 2020	182 days	9 June 2021	3.80
Total			650				

### Long-term Debentures

- Issued by M.K. Real Estate Development Public Company Limited

No.	Quantity (thousand units)	Par value per unit (baht)	Total value (million baht)	Issue date	Age of debenture	Maturity date	Interest rate (% per year)
No. 2/2016 (repayment interest every 3 months)	500	1,000	500	8 April 2016	5 years	8 April 2021	4.70
No. 3/2016 (repayment interest every 3 months)	500	1,000	500	28 October 2016	5 years	28 October 2021	4.00
No. 1/2018 (repayment interest every 3 months)	584	1,000	584	17 May 2018	3 years	17 May 2021	4.10
No. 1/2019 (repayment interest every 3 months)	687.5	1,000	687.5	11 June 2019	3 years	11 June 2022	5.00
No. 2/2019 (repayment interest every 3 months)	1,565	1,000	1,565	12 December 2019	3years11months19days	1 December 2023	5.75
No. 1/2020 Set.1 (repayment interest every 3 months)	230.3	1,000	230.3	28 August 2020	1years5months18 days	15 February 2022	4.80
No. 1/2020 Set.2 (repayment interest every 3 months)	451.5	1,000	451.5	28 August 2020	2years6months	28 February 2023	5.60
Total			4,518.3				

- Issued by Prospect Development Company Limited

No.	Quantity (thousand units)	Par value per unit (baht)	Total value (million baht)	Issue date	Age of debenture	Maturity date	Interest rate (% per year)
No. 1/2018 (repayment interest every 3 months)	137	1,000	137	5 April 2018	2 years 10 months 11 days	16 February 2021	5.50
No. 1/2019 (repayment interest every 3 months)	198	1,000	198	2 August 2019	2 years 6 months	2 February 2022	6.25

No.	Quantity (thousand units)	Par value per unit (baht)	Total value (million baht)	Issue date	Age of debenture	Maturity date	Interest rate (% per year)
No. 1/2020 (repayment interest every 3 months)	157	1,000	157	13 February 2020	2 years 6 months	13 August 2022	6.25
No. 2/2020 (repayment interest every 3 months)	165	1,000	165	3 December 2020	2 years	3 December 2022	6.25
<b>Total</b>			<b>657</b>				

## 1.6 Dividend policy

Per its policy, the Company pays dividend to shareholders at the rate of at least 30 percent. The Company's subsidiaries will pay dividend based on the resolution of their respective Board of Directors.

The below table shows dividend payment in the past three years:

Detail of dividend payments	2017	2018	2019*
1. Profit - Owners of the Company (Baht) (base on consolidated financial statement)	233,250,816	305,924,724	177,446,766
2. Profit - Owners of the Company (Baht) (based on separate financial statement)	363,044,470	302,172,711	372,773,547
3. Number of shares (shares)	992,010,177	992,010,177	1,091,205,066
4. Par Value (Baht:Share)	1.00	1.00	1.00
5. Dividend paid per share			
5.1 Stock Dividend (baht:share)	-	0.100000	-
5.2 Cash Dividend (baht:share)	<u>0.22</u>	<u>0.011112</u>	<u>0.11</u>
5.3 Total Dividend (baht:share)	<u>0.22</u>	<u>0.111112</u>	<u>0.11</u>
6. Total dividend payment (baht)	218,242,238.94	110,224,235.09	120,032,557.26
7. Dividend payout ratio (%)	60.11	36.48	32.20

Remark: \* The Board of Directors Meeting of the Company No. 9/2020 held on September 29, 2020 has passed a resolution to approve the payment of interim dividend for the Company's operation 2019 based on the retained earnings shown in the Company statement of income for the year ended 31 December 2019 to the shareholders of the Company amounting to 1,091,205,066 shares at a rate of 0.11 Baht per share, totaling 120,032,557.26 Baht.

The Board of Directors' approval of the interim dividend payment is in accordance with the resolution of 2020 Annual General Meeting of Shareholders indicating that when the Company had positive cash flow, the Board of Directors would approve the payment of interim dividend to the Shareholders.

## 2. Risk management

In 2020, the Company continually pays attention to risk management. Management and relevant employees in all departments were involved in this process, to assess and review measures for managing any risk that may occur as a result of various changes to both internal and external factors. The focus was on monitoring and assessing risks that could affect business operations, establishing measures to manage these risks and designating persons in charge of overseeing risk management in a systematic manner, to strengthen the Company against internal risks. To this end, the Company engaged Rattakit Research Center Company Limited, which specializes in risk management and internal control system establishment, to conduct an analysis and work with management and responsible employees in each task. Together, they set up over 80 standard procedures for company operations and established a new assessment method, OKR, to reduce organizational risks and increase the Company's efficiency in the long run. Issues in risk management can be summarized as below.

### 2.1 Risk management plan and policy

M.K. Real Estate Development Public Company Limited focus on monitoring the risk management and setting up an internal control system to cope with the competition and technology changes that affect business operations. In the past, the Company has collaborated with an advisory team from Rattakit Research Centre Company Limited to study the risks facing the Company by considering each key process and supportive process to ensure that the Company has an auditable performance standard, clear internal control, can reduce the risk of unwanted in the risk assessment process. The Company that attach great importance to all risks affecting product quality and service as well as customer satisfaction by focusing on monitoring the risks that affect business operation continuously in each year, create risk mitigation measures, set the responsible person systematically which is to create risk immunity within the Company through analyzing and build risk management measures together with the management and employees who are responsible for each mission of the Company, as well as establishing the Company's standard work processes more than 80 items.

With the epidemic situation, the risk assessment helps the Company to prepare for potentially changing and highly uncertain situations. The Company prepares the whole work process, as well as, customer care. The Company gives great importance to construction quality that customers will receive which will cause the crisis to minimize the impact on construction quality and maintain the stable standard of M.K. Real Estate PCL. The risk assessment process is based on the potential chance and severity which cover the core processes and the organization support process. Such consideration makes it possible to design the tight workflow. The advisory team, together with employees from management level, discussed the ways to measure success by emphasizing what

the main goal of organization is and what such goal will satisfy that will drive maximum customer satisfaction and generate good return to shareholders, as well as, maintain the standard of products and services of M.K. Real Estate PCL. Over the past year, employees have gained a greater understanding and ability to set their own goals. However, goal setting can be somewhat misleading based on understanding and targeting remains similar to normal indicators. In 2021, it is a great opportunity to understand and practice applying this new form of assessment to be more systematic. M.K. Real Estate PCL will be the first real estate company in the country to implement this system in concrete way.

In addition, the Company also consider possibility of other related risks which may have impact on business to establish control measure, prevent, amendment. The Company has established the risk management policy for the entire organization and the risk management structure as follows:

#### Organization-wide risk management policy

1. Push the management and all employees to be aware of operational risk, encourage everyone to take ownership of risks, have duty to properly protect the potential risks, provide opportunities for every one to participate in risk management measures with clear preparation for various situations.
2. Define the management and employees in the department and other units must have understanding of the corporate risk management policy. They must have a role and participate in development of the organization's risk management and has been promote to knowledge and understand the duties and responsibilities related in risk management.
3. Establish the effective risk management process at all stages of the operation in accordance with good corporate governance principles to reduce uncertainty and increase the success in achieving the Company's business objectives.
4. Implement and support successful risk management throughout the organization by effectively utilizing the available resources for assessment and set the appropriate measures to control and manage risks.
5. Promote and encourage risk management as an organizational culture by making everyone realize the importance of risk management as an important thing in business operation of the organization.

#### Organization-wide risk management structure

The organization-wide risk management structure consists of directors, management and all departments in the organization with the risk management committee throughout the organization appointed by the Board of Directors to oversee the effective and efficient risk management system in the organization, make stakeholders understand the risks that could have severe impact to the organization and ensure that

appropriate action is taken to manage them, and has central agency to coordinate and support management and various departments to continuously implement the risk management process.

## 2.2 Risk factor to business operation of the Company

### 2.2.1 Economic risk that could impact business operation

According to the Bank of Thailand report on the business environment and trends, Thailand's economy was experiencing slow growth and domestic spending was in decline. The most important factor adversely affecting the real estate sector was the tightening of controls on housing loans, after the Loan-to-Value (LTV) rule was enforced, which directly impacted consumers' ability to buy property, whether for real or speculative demand. Moreover, Thailand household debt remained high and commercial banks continued to take a conservative stance on housing loans.

To achieve its goal of generating stable income generation in the long run, the Company provides advice to clients on preparing detailed financial information, conducts a mortgage affordability assessment on the customers in advance and encourages customers to apply for a loan preapproval and check their credit status with banks before issuing a pre-emption certificate, to minimize the likelihood of loan rejection when it is time to transfer the residence and the Company will provide appropriate support solution to customers and when customers know the result of applying for loan from commercial bank, the Company will coordinate with all parties involved in order to serve customers in the next step efficiently. The Company well aware of external risks which cannot be controlled, especially the economic condition that affect the ability to buy real estate of target customers who have housing needs or want to use the services of the Company. Such impacts are further exacerbated by financial institutions' tightening of credit for many projects, although they are marketable but may not be able to meet the target transfer target.

However, according to the current situation of COVID-19 epidemic, it may be the risk causing demand for residential purchase decision, or extend the period of purchasing residence, or the Company's customers are not approved to borrow from the financial institution which may reduce the Company's revenue compared to the period before the outbreak and may result in the performance of the company are not in line with expectation.

The impact of the COVID-19 outbreak is a major turning point for transforming customer needs. Most of customers are paying more attention to their own and public's health and hygiene. Common space is one of the next major selling point. Developer may need to rethink new project design. Shopping behavior has shifted to online format. Businesses have to try to find more sales channels. Marketing activities will be used more on online platform, resulting in more online marketing budgets due to the changing purchasing behavior of customers.

The purchasing ability of customers has changed from the past year. Household debt tends to continue to rise, along with the crisis this year, customers have lower repayment ability and be more careful with spending, so the strategies should be adjusted to reflect the change in purchasing ability of customers.

Home loan interest are in very low period due to government measures allowing customers to borrow at very low interest rate which is good for the Company.

Land and construction price are fixed. In the past, land and construction price continued to increase but due to the crisis, the Company's negotiating ability has increased. This is a good opportunity for the Company.

For funding source, due to the current economic contraction, it makes commercial banks very cautious in lending to businesses. Therefore, it is expected that new sources of fund may need to be obtained in addition to loan from banks.

In addition, the epidemic may also be risk from the Company's golf course business operation. The government may order golf courses to close to limit the gathering of people to stop the spread of COVID-19 that may result in the number of users reduce and affect the performance of such business not to be as expected.

#### 2.2.2 Risk from land procurement for real estate development in the future

Land selection is one of the most important factors affecting the success of real estate projects. The Company attaches great importance to the selection of land purchase for various development projects to create flexibility and respond to the lifestyle of the target customers. Land is valuable asset and its buying require large investment. This puts the Company at risk of not being able to obtain suitable land for the development of real estate projects in the future as land prices, especially in central business district or city center, have increased rapidly. Land shortage in business areas and land purchase competition of other entrepreneurs could cost the Company more land acquisition cost or land price in that area has increased until it is not worth for the investment that may adversely affect to the Company's financial status and operating results.

However, the Company has policy of planning to purchase land sufficiently for short-term business plan without policy to own land that is not ready for project development or buying land to keep for development or no clear action plan because holding land for development will cause cost of storage due to finance cost of loan used to acquire such land. The acquisition of land for storage without clear project development plan will expose the Company to risk of liquidity reduction and has to bear debt including borrowing cost throughout the possessing period that make the Company has higher project development cost and may affect return on investment of the Company. The Company has assigned

the business development department to study and follow up on land closely in order to know the price trend and potential of project development in various area to reduce the risk of land acquisition during the period of land price increase, reduce risk of being unable to acquire land with potential project for development in the future and also reduce risk of investing in land which is highly competitive but lower potential. The business development department will have duty to procure potential land for project development within framework of the Company's land purchase policy and good relationship with many land brokers. The Company believes that it wil be able to procure land for development of real estate project continuously in the future.

#### 2.2.3 Risk from competition in real estate development business

Real estate development business is highly competitive business, especially in Bangkok and Metropolitan region. There are many entrepreneurs who are listed on the Stock Exchange of Thailand and non-listed companies, both small and large or new entries who have just entered the real estate business, with limited space available, but the entrepreneurs may want to develop projects on land in the same location. therefore, there may be competition in purchase of land which will result in higher project development cost. As a result, many entrepreneurs have more varied sales strategy in promotion and giveaway for being able to set wide range of prices and cover wider target customers. The Company has to expose risk of high competition in the industry that may result in higher cost, lower sales revenue, and affect the performance of the Company.

However, the Company has policy for business development team to study feasibility of projects before investing in new project every time. As a reult, the policy reduces the risk of high competition and negative performance of the Company's projects.

#### 2.2.4 Risk from changes in government policies related to real estate business

Real estate business is a business that deals with various laws and regulations, such as changes in land allocation requirement under the Land Allocation Act or changes in land use zoning regulations, traffic planning changes in the construction schedule for various public transportation systems including changes in government policy, such as the first house policy, inheritance tax policy, land and building taxes, etc. Such changes are often caused to comply with the country's economic conditions. Each change may affect the Company's operation in various ways, such as project planning and construction. This may result in he Company having higher project development cost or operating expenses.

However, the Company has a long experience in real estate business and study and follow up on changes in regulations continually along with study of market conditions and economic conditions to cope and prepare to adjust the real estate project development plan to mitigate the impact of such

changes. In addition, the Company also has team with engineering and legal expertise, so it is able to modify the allocation plan or project format in accordance with law to maximize the use of land.

#### **2.2.5 Risk from construction plan change**

In order to achieve the Company's sales target and make the Company's products meet need of customers, the Company has studied the need of customers in product design and benefit continuously. However, the construction plan changes causing the Company to have risk that the construction will not meet the information submitted for permission which will create risk of being unable to close the project and directly affect to image of the Company.

Therefore, the Company has preventive measures to reduce the risk by improving the construction plan adjustment in the event of construction plan changes.

It is adjusted by improving to have continuous process of monitoring construction information to be in accordance with the request and use the information obtained to develop efficient monitoring process, including the potential development of personnel involved in construction to provide communication that meets the needs and understanding in the same direction. In order to reduce the impact from construction changes during construction, the standard of work process has been formulated systematically, so that those who involved can use it as guideline for working together.

#### **2.2.6 Risk related to unsold products**

Customer demands and decisions vary over time and are factors that are difficult to control and may impact the Company's sales. This may result in the Company being unable to finish construction of houses to meet customer demands or there being more supply than demand in certain locations, which affects its interest obligations. Normally, construction in a project goes hand in hand with marketing plans, to make sure supply corresponds to customer demand at a given time.

To manage this risk, the Company made efforts to adjust its construction plans in accordance with its marketing plans and consumer behavior. It has also adjusted its houses design to cater to the tastes of contemporary consumers, as it hopes to expand its targets to include younger consumers. In addition, to align construction with customer demands, the Company has upgraded its real estate management system to make sure it is up to date and more effective in mitigating risks and keeping them at low levels. The system is implemented companywide to prevent information inaccuracies.

#### **2.2.7 Risk related to customer complaints**

How customer complaints are handled is a crucial factor impacting customer decisions these days. Most consumers gather information on a housing project from current customers before making a decision to buy, which, in addition to influencing their decision, has an impact on the Company's

image. The Company believes there may be a risk arising from customers reporting issues through different channels, which may affect its ability to respond to their complaints adequately or promptly.

To mitigate risk related to customer complaints, the Company has put in place a procedure for handling customer complaints by keeping all customer complaints in a single database, regardless of the different channels through which they have been reported. Keeping records in the same place reduces errors and enables follow-ups on how complaints are addressed to ensure mistakes are not repeated. Management of complaints from customers as well as receiving complaints from students will continue to develop in the future until being able to use various electronic tools to reduce work processes and increase accuracy in solving problems with customers.

#### 2.2.8 Risk related to contractors abandoning projects

The Company has extensive experience in property development and has a network of contractors sufficient for executing its projects. However, the number of high quality contractors available in the marketplace is limited, and property developers are in fierce competition to hire them. As a result, a contractor engaged to work in a project may refuse to fix mistakes after quality inspection has been completed.

To protect against risk of contractors abandoning projects, the Company includes a clause on correction of work in its construction contracts, to apply to cases of faults and defects. The Company also selects contractors based on evaluation of their performance, taking in account their work load and overall score, to make sure competent and suitable contractors are hired to be in charge of a project before it is sold to customers.

#### 2.2.9 Risk related to brand character

The Company has been engaged in property development for several decades and has been able to reach its sales targets of horizontal property, earning consumer trust in the quality of its housing projects. Nevertheless, changes in the demand of new customer groups require a consistent brand image, to enhance recognition of the MK brand as a house developer, ensuring that it has a place in consumers' minds and that they will consider the brand or recommend it to their acquaintances.

One of the goals the Company set for this year was to build a positive brand image for customers, with a special focus on well-being in terms of housing design, to distinguish the brand's products in the marketplace in a sustainable manner. This will lead to long-term growth and understanding of consumers' needs. The Company has also adjusted its organizational culture, nurtured its employees and created a positive work environment, by relocating its staff to a new office on 345 Surawong Building. The environment at this building will make employees understand the message the Company wants to convey to the customers better and will help the Company communicate its brand image and

goals it wants to achieve more clearly. Creating suitable image for the Company's brand will have long-term sustainable effect. The Company believes that for potential of real estate development and service, the Company is highly prepared to upgrade to next level until being one of entrepreneurs that is recognized as good customer perspective, focusing on well-being dimension.

#### 2.2.10 Risk related to data in system

The Company enhanced the efficiency of its operations by upgrading its real estate management system to make sure it is up to date and more efficient. It is a central system that all relevant departments are able to access, to minimize miscommunication and enable effective monitoring of operating performance. However, all data is stored in a single, central database, and there is a risk of external data breach.

For this reason, the Company considered backing up data, in addition to storing it in the central database, for a specified period. It also considered implementing a non-disclosure agreement (NDA) to establish the boundaries of the disclosure of information to irrelevant persons, to protect itself against risk of loss and unauthorized access.

#### 2.2.11 Risk related to relying on borrowing

As of 31 December 2020, the Company has outstanding short-term and long-term debt from financial institutions, totaling of 8,647.69 million baht or 76.23% of total liabilities of the Company.

Dependence on such loan source is significant proportion that the Company has obligation to repay the loan and interest as specified and cause risk to the Company in various ways due to terms and conditions set by financial institution including maintenance of financial ratios and dividend payment, so if the Company cannot sell real estate as planned, the Company may have the risk of failing to repay the debt as specified and may be called to immediately repay part or all of the loan.

However, the Company is aware of such risk, so it set the financial planning and management prudently and concisely and place great emphasis on repayment of both short-term and long-term loans completely and on schedule. Moreover, the Company has policy to manage and review sales plan regularly to ensure that real estate sales meet the goal set and the Company will have sufficient cash flow to repay the loan and be able to meet other conditions specified in the loan to reduce the risk of default and immediate loan repayment.

#### 2.2.12 Risk related to golf course business

To develop more income generating and cost controlling of running the Flora Ville Golf and Country Club golf course in the form of green fees and others including income from golf carts, the restaurant, sale of goods in Pro Shop – and to increase efficiency in services and make sure they are up to standard.

The Company established clear procedures for operating the golf course, designating responsible persons and checkpoints, or locations where extra care is required, to provide guidance for its staff. It also set up clear objectives and key results (OKR) for each task, initiated marketing and sales activities, offered various promotions and increased sales channels, to enhance opportunities for use of our services and enable golfers to have more options to use our services without interruption, whether on business days or holidays. Even though golf course business is affected by decrease in foreign customers but the Company still has aggregate revenue in appropriate level continuously.

#### 2.2.13 Risk related to wellness service business

As the Company started its wellness and beauty business at the end of 2020, it operates through its subsidiaries, namely Munkong Life Company Limited, Health And Wellness Village Company Limited, and RX Wellness Company Limited, the Company expects to generate recurring income from customers' use of services and room which is new business of the Company. Such business is mainly targeting foreign customers which may be risk in reliance on foreign target customers due to the current COVID-19 situation where international travel is closed. It is the risk to operating plan of such business may not meet the Company's expectation.

However, the Company sees that wellness and beauty business is business that satisfy needs of future customers that tend to maintain their health, as it can be seen from national development plans or strategies that are in the same direction with 20-year national strategy in public health in term of service excellence which consist of development of primary care system, health service system, medical excellence center, and international health center and special economic zones.

12<sup>th</sup> National Economic and Social Development Plan (2017-2021) Strategy 3: Strengthening Economic and Sustainable Competitiveness with development approach that is highly important and push into action in relation to health service by enhancing the competitiveness in business of service sector that has potential of existing service base and new service base to promote strong economic growth of the country with approach to develop potential of existing service base to grow strongly. The health service was one of the original service base that the business will receive support from the government as well and is also growing constantly.

To reduce the risk of wellness business, the Company has plan to expand the market to domestic customers by reducing the package price and accommodation in first part of 2021 as well as has promotion and advertise in various media to introduce the product and service of the Company to be well known to the customer group in domestic and abroad. The Company has partners with experience in room service and nursing care. Therfore, the Company has discussion with Vital life and Minor in marketing planning and expanding wellness service to be more famous.

#### 2.2.14 Risk related to investment of securities holders

Investing in the Company's ordinary shares bear the risk that the Company's share price may fluctuate or change according to market conditions or it could be the result of other factors which is beyond the control of the Company. Securities holders should evaluate and study the information of the Company carefully, especially information on risk factors from economic conditions and related industrial conditions and their view on related business and industry, changes in relevant laws and regulations in various matters that may adversely affect business operation, business opportunity, the Company's financial status, performance, and dividend payability, resulting in decrease in purchase price of the Company's ordinary shares and securities holders may lose their full or partial investment.

### 3. Driving business for sustainability

#### 3.1 Policy and goal of sustainability management

In the past, the Company and its subsidiaries operated business under the concept "We Build A Place Of Family Togetherness". Then, for more coverage, this concept extends to "Well-Being" which means staying physically fit, good mental health, and healthy environment and good society for sustainable happy living to stakeholders with beginning from inside organization that treat employees like family members, has good working environment and pass on this idea to consumers through process of determination to develop the Company's products and services continuously.

In addition, the Company and its subsidiaries realize the importance and responsibilities to society and community, including continuous care for the environment focusing on building good relationship and taking into account the impacts that may have on shareholders, employees, communities, customers, business partners, government agencies, as well as society and the nation. The attitude and corporate culture are cultivated in order for employees to have social responsibility that coexist as main mission to create projects and activities that are beneficial o development of society and communities. Thus, the Company establish sustainable business policy to promote Environment, Social, and Governance (ESG)

The Company and its subsidiaries have been real estate development company for sales for more than 60 years and remain committed to operating the business for sustainable growth as a leading property developer with the goal of operating business that create social, economic, and environmental value under corporate governance and good governance at the same time with being a part to drive the Sustainable Development Goals (SDGs) in national and international level.



In the year 2020, the Company has established Sustainability department to conduct review of practical guidance for issues related to sustainable development under the slogan "Sustainability is our DNA" in operating business in accordance with the specified goals and core mission of the Company operation which is the Sustainable Development Goals (SDGs) of 17 topics set by the United Nations. The Company foresees that it can participate in driving various issues as follows:

Sustainability	Guidances	SDGs
Environment	<p><b>Regulation compliance</b></p> <ul style="list-style-type: none"> <li>Comply strictly with regulations related to environment</li> </ul> <p><b>Resource utilization</b></p> <ul style="list-style-type: none"> <li>Design the project to use energy efficiently</li> <li>Plan to use resource efficient in construction</li> <li>Use energy saving material and equipment</li> <li>Support clean energy using</li> </ul> <p><b>Environment impact protection</b></p> <ul style="list-style-type: none"> <li>Choose to develop projects on non-destroy environment area</li> <li>Study and assess impact to environment before construction</li> <li>Develop projects with concept of ecosystem protecting and restoring</li> <li>Manage waste correctly that does not destroy environment</li> </ul> <p><b>Development and improvement environmental management</b></p> <ul style="list-style-type: none"> <li>Choose environment friendly building material</li> <li>Develop and select environmental friendly construction process</li> </ul> <p><b>Supporting environmental activities</b></p> <ul style="list-style-type: none"> <li>Organize activities and public relation to motivate environmental awareness</li> <li>Cultivate environmental awareness to employees and communities</li> <li>Cooperate with government agency or other agency in promoting environmental conservation</li> </ul>	

	<p><b>Monitoring and evaluation</b></p> <ul style="list-style-type: none"> <li>● Study and follow up the environmental measure result</li> <li>● Analyze data to find the root cause and solve directly</li> <li>● Listen to complaints and ready for improvement urgently</li> </ul>	
Social	<p><b>Treatment of employees and workers</b></p> <ul style="list-style-type: none"> <li>● Provide employees and workers with appropriate and adequate social protection for their living fairly without discrimination</li> <li>● Arrange negotiation and independent opinion with consideration for common interest</li> <li>● Build work environment that take into account of health, safety, and occupational health in workplace</li> <li>● Develop employees and workers to have skill and career path growth equality and fairly</li> </ul> <p><b>Treatment of customers</b></p> <ul style="list-style-type: none"> <li>● Design project to promote good health physically and mentally for residents</li> <li>● Design project by taking into account all groups of residents, including children, the elderly, and the disabled</li> <li>● Develop project for people to access to quality housing at reasonable prices</li> <li>● Listen to customer feedback and ready to improve quickly and efficiently</li> </ul> <p><b>Treatment of communities and society</b></p> <ul style="list-style-type: none"> <li>● Strengthen participation for community development in accordance with community context, economic, social, environmental, and culture</li> <li>● Strengthen community in promoting education, community culture and good health in the community</li> <li>● Build safe and livable community and society</li> <li>● Provide accurate information, build understanding, and listen to the problem</li> </ul>	 <p>The image displays vertical icons for the United Nations Sustainable Development Goals (SDGs) numbered 1 through 17. Each icon consists of a colored square followed by a white icon and the goal's name. The goals are arranged vertically from top to bottom: 1. No Poverty (red, family), 2. Zero Hunger (orange, bowl), 3. Good Health and Well-being (green, heart), 4. Quality Education (blue, book), 5. Gender Equality (pink, gender symbols), 10. Reduced Inequalities (purple, double arrow), 11. Sustainable Cities and Communities (brown, city buildings), 16. Peace, Justice and Strong Institutions (light blue, scales), and 17. Partnerships for the Goals (dark blue, hands).</p>

<b>Economic</b> <ul style="list-style-type: none"> <li>Promoting economic security           <ul style="list-style-type: none"> <li>● Operate the business for sustainable growth</li> <li>● Distribute income and employment to society</li> <li>● Promote career advancement</li> <li>● Set appropriate goals for the Company and subsidiaries</li> <li>● Pay taxes correctly and completely</li> </ul> </li>   <li>Innovation and sustainable development           <ul style="list-style-type: none"> <li>● Support research and development of product and service to be up to date</li> <li>● Manage business according to changing trend of industry</li> <li>● Support research to improve the construction process</li> <li>● Promote use of technology and knowledge in operation</li> </ul> </li> </ul>	 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b> Icon: Bar chart with upward arrow.</p> <p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> Icon: Three cubes.</p> <p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> Icon: City skyline.</p> <p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> Icon: Dove holding an olive branch.</p>
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Sustainability Development Roadmap for period of 5 years, which started in 2016 by increasing profit proportion between property development for sale and property development for rent and service to 50:50 from investment to new businesses, such as factory and warehouse for rent, apartment business for rent, golf course business, office for rent, including wellness business. As a result, the proportion of such business is 70:30 in 2020 and is expected to meet the target in 2021. The Company plans to increase the proportion of recurring income even more to 30:70 in the next 5 years continuously with expansion of factory and warehouse business for rent and create new business of integrated wellness.

Including in the year 2021, the Company also brings the concept "Well-Being" to apply to business operation to promote Environment, Social, and Governance (ESG). The Company is in process of studying the measures of environmental and social sustain in numerical, concrete, and tangible result for using in analyzing problems and being able to solve them more precisely. The Company also hire an expert in environmental impact assessment, especially the amount of greenhouse gas emission, to convert the result into strategy and integrate them into business plan for long-term sustainability.

### 3.2 Stakeholder impact management in business value chain

#### 3.2.1 Business value chain

To create long-term competitiveness, the Company and its subsidiaries are committed to create value for products and services in order to meet the expectation of key stakeholders involved in business operation from upstream to downstream which can be identified as the Value Chain as follows:

## 1) Primary activities

The main activities which are operation from land acquisition, construction design until the delivery of products and services to customers consist of 5 activities as follows:

### (1) Inbound logistics

- Potential land procurement

The Company begins by considering the potential land in which the location on the route close to public mass transit, has public utilities support, near the old projects where the Company has customer base, and expand into new locations with high potential, such as Rangsit-Nakhon Nayok. In each land acquisition, it must be approved on land purchase from various departments in careful consideration before investing to get land at reasonable price and quality.

- Project feasibility study

After the Company has received the information of potential land, the Company has to study the feasibility of every project, including engineering, layout, targeting, competitor analysis, value of investment, return and risk, financing, as well as related legal and regulation to make investment in every project to receive return according to the Company's goal. The Company also has full of personnel with experience and expertise in every field.

- Contractor and construction material selection

The Company selects contractors through regulations and procedures by considering skilled contractors who are experienced and ready to invest. Most of them are sub-contractors who have consistently good performance and have work together for a long time. This makes it possible to maintain quality work and deliver it on schedule, which is one of the Company's strength.

For building material used in the project, the Company has assigned the project contractor to do the procurement directly for flexibility and efficiency in work, except some building material that are expensive or need to be used in large quantities or to control the quality and style to meet the standard required by the Company, the Company will do by itself. This give the Company advantage in cost management of building material from large purchase.

- Appropriate financing preparation

In order to achieve the worthy return, appropriate financing is essential. The Company has policy to use various fund from internal cash flow, bank loan, and issuing debt as funds for various projects in proper proportion to achieve the lowest finance cost at controllable risk level. From gradual management policy, the management has policy to maintain debt to equity ratio (D/E Ratio) not to be too high in handling crisis.

(2) Operations

- Construction quality controlling and inspection

The Company pays attention to the quality control and inspection during construction and after construction complete. It makes the quality and duration of the project as planned and it is effective project cost management, and also able to deliver work to customers without problems until being accepted by customers for a long time. At present, the Company has developed construction model by using innovative semi-prefabricated houses or prefab houses used in conjunction with traditional construction, which will greatly shorten the construction time.

In the meantime, the Company also pays attention to reducing the impact on the environment, increase safety to personnel and communities, comply the law and various related licenses applying strictly, including taking care and promoting activities with communities nearby the project in accordance with sustainability policy.

(3) Outbound logistics

The Company will start the sales process from the grand opening of the project in order to open sales reservation and start contracting before actual construction to explore the market and initial demand and it is an opportunity for those who are interested to buy houses at lower price than the price after construction completed. Salesman will take care and answer any queries to the customer throughout the period before ownership transfer.

After the construction is completed if there is any damage, the Company will be responsible for any fix and repair before delivering.

(4) Marketing and Sales

The Company uses direct sales to customers by selling through the sales office of each units and head office, including digital marketing to increase the reach of new customers on various social media, such as facebookfanpage, instagram, line @, youtube, etc.

(5) Customer services

The Company's business is not just covered by ownership transfer but the Company also continues to expand its services including organizing customer relation activities or Munkong Family Club via mobile application channels for both IOS and Android systems, with the emphasis on the villagers in organizing after sale activities under concept "Munkong Family" to build relationship in the cohabit of family and impressive community which will be built to be strong customer base of the Company in the future.

## 2) Support activities

In order to run business smoothly, it is imperative that the Company must have effective support system, including procurement, technology development, human resource management, and infrastructure that will enable the main activities to operate smoothly. Currently, the Company has given great importance to it. There is continuous investment and technology that play key role in operation in all sections which help to save cost, reduce working time, and more productive work.

### 3.2.2 Stakeholder analysis of business value chain

The Company gives importance to all groups of stakeholders, whether internal or external. The policy is to meet the expectations of the stakeholders as follows:

Stakeholder	Stakeholder expectation	Stakeholder expectation responsiveness
<b>Stakeholders inside the organization</b>		
Shareholders	<ul style="list-style-type: none"> <li>● Sustained growth performance</li> <li>● Receive adequate and timely information</li> <li>● Operate by corporate governance principles</li> </ul>	<ul style="list-style-type: none"> <li>● Full, transparent, and equitable disclosure of business information</li> <li>● Manage Company's resources prudently and worthwhile</li> </ul>
Employees	<ul style="list-style-type: none"> <li>● Quality life of employees</li> <li>● Stability and growth in career</li> <li>● Fairness in operation</li> <li>● Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>● Create good working environment</li> <li>● Support potential, stability, and growth in career with growth of organization sustainably</li> <li>● Treat equally and fairly</li> </ul>
<b>Stakeholders outside the organization</b>		
Customers	<ul style="list-style-type: none"> <li>● Receive quality product and good service</li> <li>● Fast and attentive after-sales service</li> <li>● Quality complaint management</li> </ul>	<ul style="list-style-type: none"> <li>● Continuously develop products and services to be high quality and up to date</li> <li>● Keep customers confidential</li> <li>● Manage issues quickly and efficiently</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>● Fair and transparent procurement</li> <li>● Comply with contract agreement</li> </ul>	<ul style="list-style-type: none"> <li>● Follow framework for purchasing goods and services honestly</li> <li>● Treat suppliers in accordance with good corporate governance principles</li> <li>● Evaluate fairly</li> </ul>
Community	<ul style="list-style-type: none"> <li>● There are safety measures</li> <li>● There are pollution prevention measures</li> <li>● Good quality of life of surrounding communities</li> <li>● Responsible to society and environment</li> </ul>	<ul style="list-style-type: none"> <li>● Build good relationship with community</li> <li>● Promote development of better quality of life in community</li> <li>● Comply with social and environmental laws</li> </ul>
Government agency	<ul style="list-style-type: none"> <li>● Comply with the law</li> <li>● Cooperate in information delivery</li> <li>● Transparent and verifiable information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>● Anti-corruption</li> <li>● Good corporate governance</li> <li>● Compliance with related laws and regulations</li> </ul>

### 3.3 Sustainability management in environmental dimension

#### 3.3.1 Environmental policies and practices

The Company and its subsidiaries realize the importance and responsibility toward the environment and take into account the impact that may have on shareholders, employees, communities, customers, suppliers, government agency, as well as society and the nation. The attitude and corporate culture are cultivated to make employees responsible for the environment until it is considered as the main mission to create projects and activities that are beneficial in development of environment.

The Company and its subsidiaries have clear environmental policy and strict practices, such as measures to reduce environmental impact in all activities to preserve the ecosystem and environment of communities where the Company operates, including the creation of corporate culture and cultivating the consciousness of employees to move toward the green culture and sustainable green network, taking into account the impact on natural resources, environmental conditions, and public benefit. No cost saving without considering well-being of the whole society and participate in projects that help uplift the communities where the Company operates.

The environmental measures that the Company has implemented are as follows:

The rules compliance	:	The Company strictly complies with all environmental laws and regulations in every process, both at office and Company's projects, including control and monitoring of impacts that occur from the beginning construction until after the construction is completed.
Resource use	:	The Company started by designing projects in form of supporting energy reduction and promoting the use of renewable energy and committed to campaigning for employees and workers to use water and electricity economically, use standard equipment, save energy, long use life, including promoting the use of clean energy.
Environmental impact protection	:	The Company has measures since before the construction by designing construction plan which is environmental friendly, build the dam in front of project near river and canal to prevent soil erosion, spraying water to reduce dust, inspecting machine regularly to reduce soot, noise, and vibration, controlling construction hours not to interfere the rest period of community, managing waste and waste water efficiently which does not cause bad odor and reservoir for germs.

Environmental management development and improvement	:	The Company is committed to develop, improve, and enhance environmental management through various processes of business whether study and choose material that do not destroy the environment, developing, and selecting environmental friendly construction process.
Environmental activities promotion	:	The Company has policy to instill awareness among employees in the organization, including community, to understand and see the importance of environment protection through organizing activities in various forms for sustainable long-term living with environment.
Monitoring and evaluation	:	The Company will monitor and evaluate the results of environmental measures and measure the results both in term of quality and quantity to use such results to analyze the root cause of the problem and solve it accurately.

In 2021, the Company aims to operate the business with more environmental concerns. It is in the process of studying the use of renewable energy from installing solar panels in the Company's area, such as headquarter building, golf courses, apartment, and other projects of the Company. The Company also has policy to start collecting information related to energy use, water use, waste quantity, installation of dust, noise, and vibration detectors, including hiring an expert to be consultant to assess the amount of greenhouse gases in order to use such information in analysis and find out the cause in order to determine method and policy to mitigate such impacts in the future. In addition, the Company also has plan to organize environmental conservation campaign for community and society to realize the importance of the environment.

### 3.3.2 Environmental implementation result

From various measures that the Company and its subsidiaries have implemented in the past, the environmental result can be summarized as follows:

#### 1) Energy management

The Company has policy to design the project by positioning and directing to suit the climate and environment, benefit from natural wind and light, help to make air inside the house well ventilated and proper light to help residents to save energy with confirmation awards for the best energy conservation housing project of the year 2018 from the Department of Alternative Energy Development and Efficiency (DEDE) from submitting "ChuanChuen Prime Bangkok-Pathumthani" project to participate in this contest.



In addition, the Company also has energy-saving implementation in headquarter, including turning on and off lights and electrical equipment timely, use of LED bulbs instead of conventional light bulbs, selection of standard and energy efficient electrical appliances.

In the past, the Company still has no measures to record and monitor energy consumption data according to the Company's projects and the office was relocated in 2019, so the Company has not been able to analyze the results in concrete way. However, for more efficient energy management, the Company plans to begin collecting and tracking more systematic usage in the coming year.

The Company realizes the use of renewable energy for environmental friendly according to the Company's sustainability policy and also to help reduce energy costs. The project was initiated from the installation of solar street lamps in ChuanChuen Prime Ville Bangkok-Pathumthani project and the Company is in process of studying additional electricity production from renewable energy. It is expected that solar panels will be installed to use solar energy to generate electricity used in the organization. In the present, the Company is very ready in the area that is suitable for installing such solar panels, such as headquarter building, golf course, and the central area in various projects of the Company.

## 2) Water management

The Company choose, install, and use the standard water supply system, including choosing to purchase sanitary ware that has "Green label" for use in head office and the Company's projects to ensure the use of water economically and efficiently.

In the past, the Company have not had measure to record and monitor water usage information in various projects and office was relocated during 2019, so the Company has no clear comparative data for analysis of water consumption. However, the Company plans to start measure to collect and monitor the water usage, including analysis of ways to save water in the future.

### 3) Waste and pollution management

The Company has systematic management of waste in business operation as required by law. They also constantly monitor construction pollution from garbage, waste water, dust, smell, noise, light, and vibration. Various complaints came and the Company take corrective action in timely manner which make residents and surrounding communities satisfied.

In addition, in organization, the Company has waste management program with 1A3R strategy consisting of Avoid, Reduce, Reuse, and Recycle which is implemented by MK Waste Free Project in collaboration with Trash Lucky, organization for waste management properly. This program is to promote knowledge about correctly recycling waste classification for employees and use the waste in the Company to generate the highest benefit which emphasize on the waste material separation from consumption since the upstream into proper recycling process, along with continually organizing campaign activities to encourage waste separation habits. The project begins from June - October 2020 with total of 697 kg of properly sorted recyclable waste, and these waste will be sent to the factory to go into recycling process to produce various material or products for reuse again.

However, in the past, the Company have not have measures to record and monitor information about the amount of waste and pollution. However, the Company plans to start collecting and installing equipment to verify the data and analyze the result of such pollution management in the future.

### 4) Greenhouse gas reduction management

At present, the Company does not have policy to prepare data on greenhouse gas emission. However, the Company is in beginning of such data preparation which may hire the expert in review and certification that are reliable enough for using in analyze and look for measures to reduce greenhouse gas problem and conserve the environment.

### 5) Other environmental sustainability activities

Moreover, the Company also participate in promoting environmental conservation. In 2020, the Company has promoted environmental conservation activities as follows:

#### (1) Supporting public relations project to reduce marine litter

On 27 February 2020, M.K. Real Estate Development Public Company Limited with 10 alliance organizations: PTT Exploration And Production Public Company Limited, PTT Global Chemical Public Company Limited, Chevron Thailand Exploration and Production Company Limited, Mubadala Petroleum (Thailand) Company Limited, Dow Thailand Group, Blue Carbon Society Association, The Siam Cement Public Company Limited, Major Cineplex Group Public Company Limited, and SrithongPanich Company Limited.

They sponsored the budget for the Department of Marine And Coastal Resources (DMCR), Ministry of Natural Resources and Environment, to implement public relation project to reduce marine litter by creating a 1-minute documentary. The content reflects the public on the importance of marine and coastal resources, as well as the problem and danger of residual plastic waste in the sea and the environment and it screen in 130 theaters in 23 provinces.



- (2) Co-sponsored the installation of marinelitter boom for the Department of Marine and Coastal Resources (DMCR) and organized an exhibition of floating waste management project with litter boom

The Company has organized an exhibition "Floating waste management project with litter boom" in the World Sea Day 2020, consisting of 2 locations: 1. Office of the Department of Quality and Environment Promotion 2. Bang Nam PhuengNok Port, and gave litter boom to the Department of Marine and Coastal Resources to trap litter in 7 coastal areas: Chonburi, Rayong, Phetchaburi, Songkhla, Surat Thani, Krabi, and Phang Nga in 2020 World Sea day.



(3) "Plant seedle, more forest" activity

Bangkok Free Trade Zone project by Prospect Development Co., Ltd., a subsidiary company of M.K. Real Estate PCL organized an activity "Plant seedle, more forest" to increase green areas and collecting coastal waste to help reduce global warming at the Army Nature Study Center, Bang Pu Recreation Center.



### 3.4 Sustainability management in social dimension

#### 3.4.1 Social policies and practices

The Company and its subsidiary realize the importance and responsibility that they have to society and community continuously, focus on building good relationship and taking into account the impact that may have on stakeholders inside and outside the organization. The attitude and corporate culture are cultivated in order for employees to have social responsibility that coexists. It is regarded as the main mission to create projects and activities that are beneficial to the development of society and community.

The Company has the policies to operate business with social responsibility as follows:

Treatment of employees and workers	:	The Company places the importance to basic human right, no discrimination, promote equality, no discriminate in gender and classes, develop human resources for sustainable growth, have career advancement, since creation of working value from cultivating the
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		employees with concept of growth mindset, creating work environment that stimulates creativity, training employees to be professional, including regular survey from employees, have measures for safety from accidents and strict about sanitation in order to prevent the formation and spread of diseases.
Treatment of customers	:	The Company is committed to develop quality products at reasonable prices and promote the livelihood of the residents in physical and mental health for all groups residents, and also open to listen opinions of customers with service to resolve problems with speed that customers satisfy.
Treatment of the community and society	:	The Company will consider the needs of the community, promote personnel to learn together, partner with local stakeholders around the Company in development of education, culture, society, and contributing to improvement of the quality of life in community, along with promoting and encourage employees to participate in volunteer work and public benefit activities with the community.

In 2021, the Company continues to focus on operating business along with development of society for employees, customers, society, and communities. The Company still support equality, personnel development, safety, and physical and mental health. The Company plans to improve the assessment of satisfaction and complaints of society in all sectors to be more comprehensive in all dimensions to analyze, solve problems, and develop society effectively. In addition, the Company also has the policy to organize activities to promote good health for society and communities.

### 3.4.2 Social implementation result

#### (1) Employees and workers

The Company adheres to the principles of human rights from hiring to taking care of employees and personnel in order to make all employees and personnel feel like a family with organization.

In 2020, the Company has implemented about employees as follows:

#### Employment

The Company places great importance to basic human rights, promote equality, no discrimination by providing opportunities for people in all genders and ages to be able to work in the Company according to their abilities and suitable for nature of work without any hindrance. In 2020, the Company has similar proportion of male and female employees as follows:

Detail	Number of employees (persons)	
	Male	Female
Permanent employee	189	208
Daily employee	110	97
<b>Total</b>	<b>299</b>	<b>305</b>

In addition, the Company provides opportunities for 5 persons with disabilities and 9 elderly persons to be employees of the Company. The Company has practiced and provided welfare as equal as normal employees in all respects.

Considering the age range of employees in the Company in 2020, it can be seen that the proportion of employees in each phase is similar as follows:

Age range	Quantity (persons)
Lower than 29 years	169
30 - 39 years	150
40 - 49 years	150
More than 50 years	135
<b>Total</b>	<b>604</b>

#### Employee training

In 2020, the Company provides employees with both external and internal training courses to strengthen and develop employees to be more knowledgeable and efficient in employees training courses. The details are as follows:

No.	Course name	Participants (persons)
<b>Internal courses</b>		
1	Personal Information Act	144
2	Horizontal quality control standard audit (QC Audit) and Common road/soil public utility system standard	38
3	Risk management	79
4	OKR preparation	98
<b>External courses</b>		
5	Personal Information Act	4
6	Regulations and methods for withholding tax under entire business agreement and contract	2
7	Real estate index 2020	3
8	Negotiation technique in purchasing	1
9	Efficient purchasing and management of MR & Office Supplies	1
10	Proactive procurement management strategy	1

No.	Course name	Participants (persons)
11	New strategy for professional procurement and supplier management	1
12	Follow Disclosure Form with transfer pricing criteria	1
13	Integrated real estate law	1
14	Management Accounting for Planning and Decision Making, Class 1/63	1
15	Risk management (Advance) –COSO ERM 2017, class2/63	1
16	Tax law 2020 and tax incentive that accountant must know	1
17	How to develop superior to have competence consistent with competency required by organization	2
18	TRFS for NPAEs year2020	1
19	ABB Technology Day	4

#### Safety, occupational health, and working environment

In 2020, the Company has not found any absence for injuries from work or no injuries from working due to strict enforcement of measures to prevent occupational accidents in the construction area. In addition to COVID-19 epidemic in 2020, the Company has issued measures to prevent COVID-19 for every employee to be safe, so no cases of infection to employees at all.

#### **Safety measures in construction sites**

The Company has set rules and regulations in the construction area to reduce the risk of accidents, such as:

- Do not bring or carry weapons into the construction area
- Do not bring liquor and drugs into the construction area
- Do not allow people who are inebriated or in state of imprisonment to work in the construction area
- Must dress properly, correctly, according to requirement of work clothes with personal safety device in every work
- High risk work, such as works that generate heat and spark, confined space work, high altitude work, the permission is required before every work
- Heat and spark generating work must have fire extinguishers in working area every time
- Do not work in area with insufficient lighting
- Must enter-exit through the entrance-exit door provided only

#### **Prevention measures of COVID-19**

During the epidemic situation, the Company places importance to safety of its employees. The Company has established policies and various measure to prevent such spreading, such as:

- Educate employees through video clips and other media about virus and how to cope it
- Limit external people in allocated area without entering to the office
- Wear surgical mask and wash hand with alcohol gel before going up to the office building
- Check the temperature before go up to building, if the temperature is higher than 38 degrees, it is not allowed to enter the building
- Prepare alcohol gel and alcohol spray at various places
- Regularly clean common points of contact, such as passenger lifts, door handles, with alcohol
- Regularly clean interior and exterior of building, including regular passenger cars
- Employees who have fever, cough, sore throat, runny nose, difficulty breathing must stop working and must obtain medical certificate before returning to work
- Install air purifiers at various points
- Let employees work from home

#### Employee engagement

In 2020, the Company has activities to develop employee engagement as follows:

- Dharma lecture on "10 Acts of Bad Deeds" by PhraAjarnMahawallopThomavaro and PhraAjarn Amon from Khao SanamChai Temple, Hua Hin District, Prachuap Khiri Khan Province
- MK Sport Day 2020 with online games (E-Sport), Table Tennis, Jenga, and darts, as well as celebration after the race
- Yoga and Aerobic exercise classes to promote physical and mental health of employees

However, in the past, the Company has not yet assessed employee satisfaction or opinion toward the Company. However, in order to create a good working environment and retain competent employees, the Company will begin to develop a plan to assess employee satisfaction to use such information to develop the Company personnel policy in the future.

#### (2) Customers

At present, the Company does not have customer satisfaction assessment. However, the Company will start conducting customer satisfaction assessment to understand the needs of customers and use those information to develop better products and services of the Company.

### (3) Community and society

The Company operates its business with responsibility toward the community and society by focusing on reducing environmental impact and avoiding activities that may have negative impact on the quality of life in communities surrounding the office and projects. In 2020, no complaints from the community were found on social or environmental issues.

In addition, the Company also takes part in improving the quality of life and promoting participation with employees and community. In 2019-2020, the Company has activities as follows:

#### 1. "Grow up Together" Organic farming at the top of MK office building

Caring for employees' health to promote a high quality of life for them can contribute to improved job performance. We started an organic farm on the rooftop of MK office building, which is an easy activity for everyone. Participants learned how to grow organic or chemical-free vegetables, which are good for health. Employees will be able to cook meals using the produce from this rooftop farm.



#### 2. Face Shield donation activity

From the situation of the spread of COVID-19 virus (March 2020) that intensified all over the world, including Thailand itself was affected by this situation. M.K. Real Estate PCL saw the importance of all departments in the society who work together to work hard. In this regard, the Company would like to encourage all workers of all departments. The Company delivered the care of all MK staff under the "MK Volunteer" activity to produce 5,000 pieces of COVID-19 face shields and donated to the Bangkok

waste collection staff, Garbage collection unit, Pathumthani Municipality, SamutPrakan Municipality, and Nonthaburi Municipality.



### 3. Ventilator donation activity

M.K. Real Estate PCL donated Hamilton-G5 ventilator to Siriraj hospital to be used to treat and take care of patients from COVID-19 infection, with Prof. Dr. Prasit Wattanapa, Dean of Faculty of Medicine Siriraj Hospital, Mahidol University, as a delegate.

Hamilton-G5 is ventilator by performing oxygen exchange. It is essential device for patients who are unable to breathe fully on their own. Moreover, this type of tool can diagnose and assess lung which help in making medical decision to increase the survival rate of COVID-19 patients and critically ill patients with complication. It will also help people with lung and heart disease after the crisis has passed.



#### 4. Kitchen improvement at Wat Bang Nam PhuengNai School

The Company, in collaboration with Minor International PCL and VitalLife Scientific Wellness Center, Bumrungrad International Hospital, implemented a “school kitchen” project under the concept of wellness community (second year) to improve the kitchen at Wat Bang Nam PhuengNai, a small primary school in Bang Nam Phueng Subdistrict, PhraPradaeng District, SamutPrakarn Province, as a pilot project for enhancing quality of life in terms of food safety and nutrition of school lunches. The companies participating in this project used their respective expertise to improve the school: a company with an expertise in residential real estate development helped to repair and improve various structures including the electrical system to ensure they are safe to use, compliant with health standards and suitable for use. Some of the work done included building a roof over an area where food containers are placed to dry and additional wash basins. For safety enhancement, plug socket covers were provided, power cables that were broken were fixed, a grounding system was added for the school water tanks, and a stove together with an exhaust fan was set up. Kitchen improvement facilitated and helped improve the quality of life and the environment.

Before





5. Career promotion activity to increase income of the community by "Promote organic farming"

The Company has encouraged farmers in Bang Kachao area to do organic farming which is sustainable agricultural development by using Participatory Guarantee System (PGS) to support product standard and encourage farmers to set up the Khung Bang Ka Chao PGS group to enable members to formulate agreement that are suitable for the area and monitor the production process regularly in order to assure consumers of safety in purchasing products for consumption. The Company also provides market to sell organic products to farmer in order to have more stable income as well.



## 6. Home improvement project for more safety for the elderly in Bang Krachaoactivity

The Company has developed the community by organizing activities to promote good quality of life according to housing improvement project for safety of the elderly in Bang Krachao area for second year, totaling 4 houses from 4 subdistrict, namely Bang Yor subdistrict, Bang Kasob subdistrict, Bang Krachao subdistrict, and Bang Nam Phueng subdistrict. The progress is currently in under improving.

### House No. 1 (Moo 4, Bang Yor subdistrict)

Aunt Lamyong Khamsamur: Stay alone, legs are weak, cannot walk, cannot walk to bathroom, and want to improve the window and decaying floor

**How to improve:** Renovate bathroom, entrance floor, renovate windows, sunlight and rain protection wall, adjust decaying floor, and pathway to the front of the house to be strengthened



### After improvement



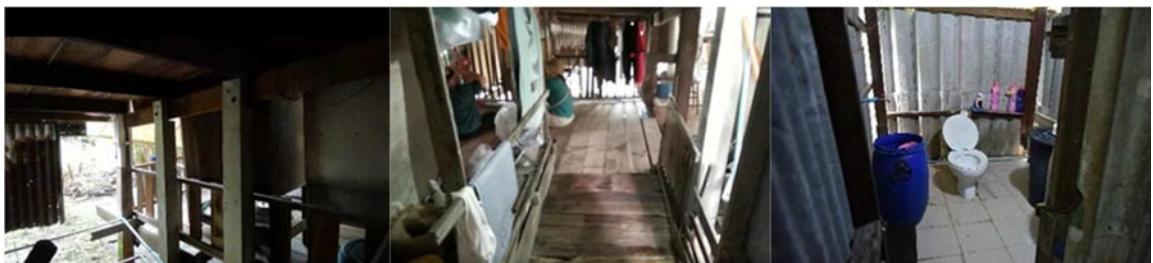
### House No. 2 ( Moo 3, Bang Krasob subdistrict)

Uncle Somchai Kerdphu: Suffer from cerebrovascular disease and diabetes, would like to improve bathroom and broken floor.

**How to improve :** Improve bathroom, raise bathroom floor, make 2-way bathroom entrance, modify decayed board, reinforce the pillar to increase strength of the original small and decay one.



After improvement



House No. 3 (Moo 3, Bang Krachao subdistrict)

Aunt Wipawee Kaewchinda: Bedridden patient, excrete on the mattress, decayed house, cannot walk in-out of the house, would like to improve the house to be strong for facilitating people to take care

**How to improve:** Due to very decayed house and difficult to improve, it was concluded that new 3x3 meter room should be built with 1x1.5 meter bathroom in front of the original house entrance.



After improvement



House No. 4 (Moo9, Bang Nam Phueng subdistrict)

Aunt Tem Ninsanit: Weak limbs, unable to walk, dilapidated house, would like to improve the windows and floors

**How to improve**: improve bathroom floor to be non-slip tiles, change 8 windows upstairs and 6 for downstairs, repair the broken floors.

Improving the homes of the elderly in the community is facilitate and help improve the quality of life and environment by making the elderly to be able to help themselves and also reduce the burden of the children and also help people in society in another way.



After improvement



4. **Management Discussion and Analysis (MD&A)**

4.1 Operations and financial status

(1) Overview

In the past 5 years, the Company group has adjusted revenue structure to reduce business risks and generate stable long-term income. During the income restructuring period, the Company group has to invest fund to create new business and also have to maintain the growth rate of real estate development business which is still the main business of the Company group, it also cause selling and administrative expenses including higher finance cost. As a result, for the operation in 2020, the Company group has net operating loss of 3.42 million baht due to the crisis of the epidemic affecting the economy like never before. It can be seen that the Company group's revenue restructuring plan that has been implemented for a while before, that causes the negative impact of the economic conditions to be significantly reduced. The proportion of gross profit from businesses with consistent and service income to income from business operations in all businesses (Excluding revenue from sale of vacant land) at the end of 2020, representing 29.4%, increase from 4.5% at the end of 2015).

In 2020, the Company's operating results were adversely affected by the slowdown in real estate market, as well as the impact of COVID-19 epidemic, which led the Company to reduce the launch of new projects to 2 projects, worth more than 1,706.30 million baht and the marketing strategy has been adjusted to be in line with consumer behavior in the New Normal era, while continuing the plan to increase income proportion of the property for rent and services, such as the sale of assets to REIT, payment of capital increase in subsidiaries (Health and Wellness Village Co., Ltd.), etc. to strengthen long-term stability.

Since 1 January 2020, the Company group has adopted TFRS 16 for the first time with contracts previously identified as leases in accordance with TAS 17 Re: Lease, and interpretation of TFRIC 4 Re: Determining Whether an Arrangement Contains a Lease, by Modified retrospective approach.

Previously, the Company group as a lessee would recognize the expense under operating lease and related benefit from lease in profit or loss on straight-line basis over the lease term under TFRS 16. The Company group has determined whether the contract is lease or consist of lease or not. If the contract consist of lease and non-lease, the Company group will allocate the compensation payment according to transaction price independently.

As at 1 January 2020, the Company group recognized right of use assets and lease liabilities. As a result, the nature of the expenses involved in the lease has changed. The Company group will recognize depreciation of right of use and interest expense on lease liabilities.

During transition implementation, the Company group has chosen these exceptions:

- Right of use and lease liabilities are not recognized for lease that expire within 12 months.
- Use single discount rate for group of leases that are similar reasonably.

	Consolidated financial statements	Separate financial statements
<i>Impact from the adoption of TFRS16</i>	<i>(in thousand baht)</i>	
<i>At 1 January 2020</i>		
Increase in property, plant and equipment	305,842	270,734
Increase in investment properties	2,253,814	14,210
Decrease in leasehold rights	(2,368,871)	(129,921)
Increase in lease liabilities	(195,055)	(155,023)
Decrease in other non-current liabilities	4,270	-
<i>Measurement of lease liabilities</i>		
Operating lease commitment as disclosed at 31 December 2019	481,851	378,300
Recognition exemption for leases of low-value assets	(458)	-
	<b>481,393</b>	<b>378,300</b>
Discounted using the incremental borrowing rate at 1 January		
2020	195,055	155,023
Finance lease liabilities recognised as at 31 December 2019	6,749	3,144
<b>Lease liabilities recognised at 1 January 2020</b>	<b>201,804</b>	<b>158,167</b>
Weighted-average incremental borrowing rate (% per annum)	<b>5.09 - 5.27</b>	<b>5.27</b>

Right-of-use assets and lease liabilities shown above were presented as part of real estate and rental warehouse, factory and other segments.

## (2) Operating performance and profitability

In 2020, the Company recognized total sales and service income of 3,056.93 million baht, a decrease of 1,381.82 million baht or 31.12% compared to the previous year. The Company had gross profit of 876.25 million baht or 28.66% gross profit margin, decrease from last year of 32.30% gross profit. The main businesses operated by the Company and subsidiaries consisted of:

### A. Property development business

For the year 2020, the Company had revenue from real estate sales of 2,530.40 million baht, decrease by 1,406.37 million baht or 35.72% compared to previous year. Since in 2019, there is income from sale of land that has not yet been developed in short-term of 1,310.65 million baht. Therefore, only consideration in revenue from sale of residential real estate, the Company group has still been able to maintain income level at the same level as the previous year, although it has been continuously affected by the epidemic situation

of COVID-19, as well as financial institutions have increased their caution in approving credit. The revenue from sale of residential real estate this year was 2,458.96 million baht, down only 167.16 million baht or 6.37%. However, in the tight liquidity of business situation and more competitive, the Company needs to implement pricing and promotion strategies to maintain sales level to reduce impacts of risk factors due to economic situation that is still highly uncertain. As a result, the average gross profit margin from sale of residential real estate decreased by 4.5% from the previous year. In addition, the Company still emphasizes on careful inventory management in order to maintain maximum efficient liquidity.

#### B. Rental and service business

The Company group had rental and service revenue recognized this year in the amount of 374.27 million baht, increase from 341.19 million baht in the previous year by 33.08 million baht or 9.7% increase. It can maintain steady growth rate. The main proportion comes from revenue from warehouse/factory rendering and service in Bangkok Free Trade Zone project including income from rental and service in the Park Court project also increase as well with high occupancy rate of 86% at the end of the year. The important transaction occurred in this year is that Prospect Development Company Limited ("Prospect"), a subsidiary company, has sold some 130,092 square meters which is accounted for 45% of total project to transfer to Prospect Logistics And Industrial Leasehold Real Estate Investment ("Trust"), totaling 1,953.1 million baht, in line with financial management plan to help reduce the burden of financing source and make the Company group recognize the profit from sale of such assets of 263.3 million baht. The Company became unit holder of the Trust with proportion of 8.92% at the end of the year, which will result in the Company group has revenue from investment in Trust. In addition, Prospect also continue to manage the assets sold to Trust and also hold 100% stake in Prospect REIT Management Company Limited, the trust manager. For action plan in 2021, Prospect has prepared business expansion in 2 new projects that will increase the rental area of 120,000 square meters. Moreover, there is also area in current project that is under construction. It is expected to be completed in order to open up for all additional lease area in second quarter of 2021, resulting in rental and service income to continue to grow according to the business plan.

#### C. Golf course business and property management business

In the early stage of the epidemic situation of disease infection, the golf course has to temporarily stop operating in accordance with government measures for a total of 42 days. However, to maintain revenue level of business, the Company has policy to open the service everyday and focus on controlling the spread of disease to build confidence to golfers along with raising the standard of business. This made it can recover to have total revenue in the similar level as the previous year. The total revenue in 2020 is 100.84 million baht, decrease by 18.93 million baht, or 15.8% decrease. On beginning of February 2021, Flora Ville Golf and Country Club received the certification of Amazing Thailand Safety and Health Administration (SHA)

from Ministry of Tourism and Sports. The Tourism Authority of Thailand (TAT) has helped to increase confidence of golfers in use of service comparable to the leading golf courses in the country.

For property management business, there is revenue recognition amounted to 48.37 million baht, increase by 19.8%. The revenue increase from asset management in the Trust of Prospect Development Company Limited and revenue of trust management of Prospect REIT Management Company Limited. As a result, gross profit of property management business increase by 10.53 million baht or increase by 65.6% for property management business of Yours Property Management Company Limited that can maintain the same level of revenue and gross profit as the previous year. It also supports the Company group's project management to be more efficient. The property management business is the business that has not been affected by negative factors that occurred in this year.

#### D. Health service business

In addition to the businesses mentioned above, the Company also operates in accordance with business development strategy for the sustainability of the Company group which focus on creating profit balance between business of sale and business of rental and service. The Company group has collaborated with Vitallife health promotion center, Bumrungrad Hospital, and Minor International Public Company Limited to develop the "RAKxa" project to be fully integrative wellness and medical retreat center located in Bang Krachao area, SamutPrakan province. Its size is approximately 180 rai, total project value is over 2,000 million baht. The first phase is developed on area of 60 rai in the form of 27 villas and commence operation since December 2020 despite the COVID-19 epidemic will delay the opening from the original plan but the crisis make the Company group to be confident that health service business will be in increasing demand and also in line with Thailand strategic development plan (2017-2026) to elevate Thailand to become the medical hub and promote health tourism or medical and wellness tourism. However, during the opening of the country to accept foreign customers for the operation is not possible yet, the Company group has adjusted its strategy to reach domestic customers. The feedback results are satisfactory. It makes service and administration in various parts of the project can run fully and continuously for being ready to provide service efficiency when international transportation is able to do. In the meantime, the Company group continues to market and communicate to oversea customers. RAKxa project has begun to be known among the world class health centers in many countries.

In addition to the result of operation in main business, the Company group has recognized profit from investing in Fraser Property BFTZ Company Limited, a joint venture, amounting to 16.28 million baht and recognize profit from investment in Trust for 3.02 million baht. However, the Company must recognize loss from Samukkee Cement Company Limited which is an associated company for 40.64% shareholding, increase in this year by 12.99 million baht. This accumulated loss recognition until this year is exceed investment amount, so the loss that may be increased will not be recognized. Although main revenue from

property development business is slow down due to impact of many factors in the past year but the Company group still has growth in revenue from other business which help revenue from overall sale and service have less impact.

#### *Selling and administrative expenses*

Moreover, the Company group is able to control selling and administrative expenses in this year. The amount decreased to 903.38 million baht or decrease by 107.39 million baht or decrease by 10.62%.

#### *Finance cost*

The finance cost increased by 50.25 million baht or 15.31% compared to the previous year. Due to the current situation, the Company group emphasizes the importance of maintaining liquid assets to protect the risk of economic fluctuation rather than reducing the debt burden. The interest bearing debt ratio is maintained at an appropriate level. As of year end, the ratio is 1.45.

#### **(3) Assets management ability**

In 2020, the Company's assets were equal to 17,985.25 million baht, an increase of 1,278.39 million baht compared to the previous year from 16,706.85 million baht. Real estate development for sale and land held for development worth 5,665.62 million baht and 477.05 million baht, respectively, or 31.50% and 2.65% of total assets, respectively, investment property worth 5,403.93 million baht or 30.05% of total assets, leasehold and property, plant and equipment worth 4,994.17 million baht or 27.77% of total assets.

#### **Trade receivables**

Detail of current project payments as of 31 December 2020

(Unit : million baht)

	Project and location	Size (rai)	Quantity (units)	Type	Price per unit	Project value
1	ChuanChuen Flora Ville Bangkok-Pathumtani Road, Mueang District, Pathum Thani Province	306	227	Vacant land	3.1 - 9.1	1,270
2	ChuanChuen Golf Avenue Bangkok-Pathumthani Road, Mueang District, Pathum Thani Province	330	377	Vacant land	1.6 - 5.4	1,200
3	ChuanChuenBangna, Bangna Trad Road KM. 29.5, Bang Phli District, SamutPrakan Province	180	642	Detached house, Vacant land	1.5 - 3.8	1,517
5	ChuanChuen City Prime Park, Watcharaphon Road, Bangkok	30	139	Detached house	5.0 -7.0	771
6	ChuanChuenCharan 3 Charansanitwong Road, Wat ThaPhra Sub-district, Bangkok Yai District, Bangkok	25	219	Detached house,Townhome	4.5 - 14.0	1,199
7	ChuanChuen Modus Vibhavadi, Vibhavadi-Rangsit Road, Bangkok (Phase 1-2)	54	266	Detached house, Semi-detached house,Townhome,Commercial building	4.7 - 14.0	1,120

Detail of current project payments as of 31 December 2020

(Unit : million baht)

	Project and location	Size (rai)	Quantity (units)	Type	Price per unit	Project value
8	ChuanChuen Grand Ekachai-Bang Bon, Bang Bon District, Bangkok	31	93	Detached house	6.9 - 8.9	700
9	ChuanChuen Grand Ratchapruk Rama 5, Nakhon In Road, Mueang Nonthaburi District, Nonthaburi Province	25	108	Detached house	8.29 - 12.0	930
10	ChuanChuen Town Kaewin-Bang Yai, SoiKaewin, Bang Mae Nang Subdistrict, Bang Yai District (Bang Bua Thong), Nonthaburi Province	27	274	Townhome	2.89 - 4.85	867
11	ChuanChuen Park On Nut-Wongwaen, Prawet Subdistrict, Prawet District, Bangkok	19	126	Semi-detached house	4.79 - 6.9	617
12	ChuanChuen City South Ville-Watcharaphon, Watcharaphon Road, Bangkok	1	14	Detached house	5.3 - 6.8	80
13	ChuanChuen Town Ratchapruk -345, Lampo Subdistrict, Bang Bua Thong District, Nonthaburi Province	27	289	Townhome	2.35 - 3.7	798
14	ChuanChuen Town Rangsit-Klong 1, Liab Klong Rangsit-Nakhon Nayok RoadPrachathipat Subdistrict, Thanyaburi District, Pathum Thani Province	40	324	Townhome	2.49 - 4.65	994
15	ChuanChuen Prime Villa Bangkok-Pathum Thani, Bangkok-Pathum Road, Bang Khu Wat Subdistrict, Mueang District, Pathum Thani Province	33	146	Detached house	4.26 - 7.53	707
16	ChuanChuen City Watcharaphon-Ramindra, Tharang Subdistrict, Bang Khen District, Bangkok	25	113	Detached house	6.15 - 8.6	772
17	ChuanChuen Prime Village Bang Na,SoiKiatPhiphatthani, Bang Na-Trad Rd., Km 29.5, Bang Bo, SamutPrakan Province	63	293	Detached house	4.37 - 7.92	1,351
18	ChuanChuen Town Village Bang Na,SoiKiatPhiphatthani, Bang Na-Trad Rd., Km 29.5, Bang Bo, SamutPrakan Province	41	299	Townhome	3.29 - 6	941
19	ChuanChuen Town ChaiyapruekChaengwattana, Phimon Rat Subdistrict, Bang Bua Thong District, Nonthaburi	41	397	Townhome	3.3 - 6	1,362
20	ChuanChuen Town Bang Yai, SoiPhra Non, Bang Mae Nang Subdistrict, Bang Yai District (Bang Bua Thong), Nonthaburi Province	37	335	Townhome	2.79 - 4.5	911
21	ChuanChuen Park Pinklao Kanchana, Sala Klang Subdistrict, Bang Kruai District, Nonthaburi Province	21	201	Semi-detached house	3.89-9	936
22	ChuanChuen Town Rangsit Klong 3, Khlong Sam Subdistrict, Khlong Luang District, Pathum Thani Province	14	321	Townhome	2.39-3.7	744
23	Park Court - Sukhumvit 77, Sukhumvit Road, PrakanongNuea, Wattana, Bangkok	8	28	Condominium	42.93	1,202

Detail of accumulated payment as of 31 December 2020

	Project name	Sold value (million baht) (1)	Accumulated due amount (2)		Accumulated paid amount (3)		Accumulated unpaid amount (2) - (3)		Remaining undue amount (1) - (2)	
			Million baht	Percent of sold value	Million baht	Percent of accumulated due amount	Million baht	Percent of accumulated due amount	Million baht	Percent of sold value
1	ChuanChuen Flora Ville	1,222.63	1,222.63	100.00	1,222.63	100.00	-	-	-	-
2	ChuanChuen Golf Avenue	1,074.65	1,074.65	100.00	1,074.65	100.00	-	-	-	-
3	ChuanChuenBangna	1,731.61	1,731.61	100.00	1,731.61	100.00	-	-	-	-
4	ChuanChuenUdomsuk	12.75	12.75	100.00	12.75	100.00	-	-	-	-
5	Belle Park 1-4 (ChuanChuen City)	837.09	837.09	100.00	837.09	100.00	-	-	-	-
6	ChuanChuen Town Kaew In	771.91	771.91	100.00	771.91	100.00	-	-	-	-
7	ChuanChuen Town Rangsit Klong 1	695.77	695.77	100.00	695.77	100.00	-	-	-	-
8	ChuanChuenTown Ratchapruetk345	284.66	284.66	100.00	284.66	100.00	-	-	-	-
9	Prime Ville Pathumthani	668.13	663.76	99.35	663.76	100.00	-	-	4.37	0.65
10	City WatcharaphonRamtittaya	459.06	451.37	98.32	451.37	100.00	-	-	7.69	1.68
11	ChuanChuen Town BangYai	237.23	234.25	98.74	234.25	100.00	-	-	2.98	1.26
12	Town Chalayapruet-Chaengwattana	240.80	237.92	98.80	237.92	100.00	-	-	2.88	1.20
13	ChuanChuen Prime Village Bangna	276.11	272.26	98.61	272.26	100.00	-	-	3.85	1.39
14	ChuanChuen Town Village Bangna	143.00	143.00	100.00	143.00	100.00	-	-	-	-
15	Park Phnklao Kanchana	61.66	57.39	93.07	57.39	100.00	-	-	4.27	6.93
16	ChuanChuen Town Khlong 3	27.47	23.21	84.49	23.21	100.00	-	-	4.26	15.51
17	Park Cord Sukhumvit 77	929.44	929.44	100.00	929.44	100.00	-	-	-	-
	Total	9,673.97	9,643.67	99.69	9,643.67	100.00	-	-	30.30	0.31

<i>Trade receivables</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>(in thousand baht)</i>				
Within credit terms	65,738	5,258	-	-
Overdue:				
Less than 3 months	9,837	14,293	-	-
3 - 6months	2,296	1,090	-	-
6 - 12months	520	-	-	-
Over12months	-	-	-	-
Total	78,391	20,641	-	-
Less allowance for expected credit loss <i>(2019: Allowance for doubtful account)</i>	-	-	-	-
<b>Net</b>	<b>78,391</b>	<b>20,641</b>	<b>-</b>	<b>-</b>

#### Real estate development for sale

In 2020, there are 12 residential projects in operation which consists of detached houses, semi-detached houses, townhouses under the name "ChuanChuen" and condominiums under the name "Park Court" and launched 2 new projects: ChuanChuen Park Pinklao-kanchana Project, semi-detached houses project, and ChuanChuen Town Rangsit-Klong 3 project, townhouses project on location close the existing customer base of the Company

#### Investment

In 2020, the Company group has recognized the loss in Samukkee Cement Company Limited, an associated company, amounte to 13 milion baht causing the interest in that associated company was reduced to zero. Therefore the Company group ceased to recognize additional losses because the Company group has no legal obligation with such associated company.

On 24 March 2020, meeting of the Board of Directors f Health and Wellness Village Company Limited (a subsidiary) passed a resolution to call up an additional 75% of new ordinary shares. The Company made payment for such shares in the amount of 6.75 million baht.

On 14 May 2020, the Extraordinary General Meeting of Shareholders of Health And Wellness Village Company Limited (a subsidiary) passed a resolution to increase the registered capital from 10 million baht to 50 million baht by issuing 400,000 new ordinary shares with par value of 100 baht per share. The subsidiary registered the increased capital with Department of Business Development, Ministry of Commerce on 14 May 2020 and the Company has paid for the shares in the amount of 40 million baht.

On 9 July 2020, the Board of Directors passed a resolution to change the percentage of investment in Prospect Logistics And Industrial Leasehold Real Estate Investment ("Trust") from the original investment in proportion of not less than 15% but not more than 20%, changed to not less than 5% but not more than 20% of issued and initial offered trust units but not exceed than 500 million baht. Subsequently, the Company invested in the Trust totaling 21,847,100 units or 218.12 million baht or equivalent to 8.92% of the number of trust units issued and offered. The Trust is classified as an associated company of the Company due to its significant influence as Prospect Reit Mangement Company Limited (Indirect subsidiary) has been appointed as the REIT manager.

In July and November 2020, Fraser Property BFTZ Company Limited (joint venture), its shares hold by Prospect Development Company Limited (subsidiary), called for an additional payment of 23.80 million baht and 30.15 million baht respectively.

On 16 October 2020, the extraordinary shareholders meeting of Health and Wellness Village Company Limited (subsidiary company) has the resolution to increased its registered capital from 50 million baht to 200 million baht by issuing 1,500,000 new ordinary shares at par value of 100 baht per share and call for 25% of new ordinary shares. The subsidiary has registered increased capital with Department of Business Development, Ministry of Commerce, on 19 October 2020 and The Company paid for shares in the amount of 37.50 million baht.

On 1 February, the Board of Directors meeting of Health and Wellness Village Company Limited passed the resolution to call up 33.50% of new ordinary shares. The Company paid for shares in the amount of 50.25 million baht.

#### **Other assets**

At 1 January 2020, the Group and the Company classified leasehold rights to right-of-use assets which are included in investment properties amounting to Baht 2,212.34 million and Baht 3.57 million, respectively, and recognised right-of-use assets increased during the yearof Baht 41.47 million and Baht 10.64 million, respectively, because the Group and the Company subleased right-of-use assets to other parties as an operating lease.

In 2020, Prospect Development Company Limited, together with Finansa Public Company Limited, received the penalty from termination of the contract and return the sublease right of land and buildings in the Bangkok Free Trade Zone project to the original sublease to allow the original lessor to sell the right to Prospect Logistics And Industrial Leasehold Real Estate Investment. It consists of land, warehouse, and factory buildings which has total land area of approximately 343,155 square meters (divided into land area of Prospect Development Company Limited approximately 202,962 square meters and land area of Finansa Public Company Limited approximately 140,193 square meters), the building area for lease is approximately 219,116 square meters.

#### (4) Liquidity and capital adequacy of the Company

In 2020, the Company's liabilities increased by 1,432.34 million baht. An increase in liabilities caused by land purchase payable of 647 million baht from Prospect Development Company Limited for planning to expand the business into 2 new projects and debenture issuance to be used to invest in investment property and real estate development project, and because of current situation, the Company group emphasizes the importance of maintaining liquid assets to protect the risk of economic fluctuation rather than reducing the debt burden. The interest bearing debt ratio to remain at appropriate level at the year end of 1.45.

##### Source and use of funds

The increase in debt that increase the debt-to-equity ratio (D/E) to 1.71 times, increase from the previous year at 1.46 times, the interest bearing debt ratio of 1.45 times is higher when compared to the previous year of 2019 at 1.32 times.

##### Capital expenditure

In recent year, the Company has net cash flow from operation of 491.70 million baht, income tax expense of 52.74 million baht, cash flow used in investing activities of 195.80 million baht, cash flow used in financing activities of 239.30 million baht has been used for payment of dividend of 120.03 million baht, payment of interest and other finance cos 398.30 million baht, long-term loan repayment of 2,071.54 million baht and repayment of long-term debenture o 1,905.0 million baht, with cash flow received from issuance of bonds 2,153.8 million baht, resulting in cash and cash equivalents increased to 56.60 million baht.

##### Adequacy of liquidity

As of 31 December 2020, the Company group and the Company have undrawn credit line from various domestic financial institutions totaling 4,686.40 million baht and 2,640 million baht, respectively (2019: 3,081.11 million baht and 2,677.11 million baht, respectively). For real estate for sale business, there is credit line to support construction cost and will repay the loan once there are sold to the clients. For recurring income business, the loan repayment period are fixed. Revenue from operation of the business is able to pay off the debt which is due and when the Company needs short-term funding or necessary, the Company has credit line for issuing debt securities.

##### Ability to acquire additional funding source

The Company has assets which is land that have no plan to develop in near term. They can be converted to working capital. The Company group also has factories and warehouses and when their construction are complete and lease for a period, they will be offered to Trust for sale as an alternative way to raise fund. For real estate projects for sales, the Company has policy to use long-term loans from financial institutions which have the loan term of approximately 2-5 years.

### Factors that may affect credit rating

Business diversification by expanding into business that generates recurring income. It may result in change in the credit rating and/or credit rating outlook. This due to the higher debt burden from investing in businesses that generate recurring income. If the Company can reduce leverage and manage liquidity appropriately.

### Debt servicing ability and fulfillment of borrowing covenant and significant obligations

The Company has to comply with the terms of financial terms by maintaining net interest-bearing debt to equity ratio of not more than 2 times and debt-to-equity ratio of not more than 2 times. As of December 2020, the Company has such ratios of approximately 1.45 times and 1.71 times respectively.

### (5) Contractual Obligations and Off-Balance Sheet Arrangements

The following table are the remaining contractual maturities of financial liabilities at the 31 December 2020.

The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

	At 31 December 2020	Consolidated financial statements					
		Contractual cash flows					
		Carrying amount	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
				(in thousand Baht)			
<i>Financial liabilities</i>							
Trade and other current							
payables	427,062	427,062	-	-	-	-	427,062
Payables for purchase of							
land	647,000	-	647,000	-	-	-	647,000
Short-term borrowings							
from							
financial institutions	873,196	880,000	-	-	-	-	880,000
Short-term debentures	647,628	659,682	-	-	-	-	659,682
Short-term loans from							
other parties	667,775	680,000	-	-	-	-	680,000
Loans from financial							
institutions	1,971,326	358,929	232,218	1,446,660	172,871	2,210,678	
Long-term debentures	5,155,540	1,753,760	1,549,069	2,333,721	-	5,636,550	
Lease liabilities	304,528	18,329	18,349	54,560	546,734	637,972	
	<b>10,694,055</b>	<b>4,777,762</b>	<b>2,446,636</b>	<b>3,834,941</b>	<b>719,605</b>	<b>11,778,944</b>	

Separate financial statements						
		Contractual cash flows				
		More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years		Total
At 31 December 2020	Carrying amount	1 year or less	2 years	5 years	5 years	
<i>(in thousand Baht)</i>						
<b>Financial liabilities</b>						
Trade and other current						
payables	184,043	184,043	-	-	-	184,043
Short-term borrowings from						
financial institutions	873,196	880,000	-	-	-	880,000
Short-term debentures	647,628	659,682	-	-	-	659,682
Short-term loans from						
related parties	21,000	21,000	-	-	-	21,000
Short-term loans from						
other parties	139,359	140,000	-	-	-	140,000
Loans from financial						
institutions	1,156,946	230,279	96,907	947,688	-	1,274,874
Long-termdebentures	4,502,143	1,615,790	979,880	2,333,721	-	4,929,391
Lease liabilities	158,880	9,899	9,982	28,808	325,800	374,489
	<b>7,683,195</b>	<b>3,740,693</b>	<b>1,086,769</b>	<b>3,310,217</b>	<b>325,800</b>	<b>8,463,479</b>

The following table are the remaining contractual maturities of financial assets and financial liabilities as at 31 December 2019 which is an accounting policy applicable before 1 January 2020.

Consolidated financial statements						
		Maturity period				
	Effective interest rate	Within 1 year	but within 5 years	After 5 years		Total
At 31 December 2019						
<i>(% per annum)</i>						
<b>Financial assets</b>						
Short-term loans to other parties	6.50	100,000	-	-	-	100,000
<b>Total</b>		<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>

Financial liabilities						
Short-term borrowings from						
financial institutions	2.65 - 6.87	736,163	-	-	-	736,163
Short-term debentures	3.70	249,814	-	-	-	249,814
Short-term loans from other parties	2.60 - 5.75	638,715	-	-	-	638,715
Long-term borrowings	4.28 - 5.03	146,351	1,887,500	-	-	2,033,851

Consolidated financial statements					
		Maturity period			
	Effective interest rate	Within 1 year	but within 5 years	After 5 years	Total
<i>At 31 December 2019</i>					
	(% per annum)				
Long-term debentures	4.00 - 6.25	1,153,528	4,150,958	-	5,304,486
Finance lease liabilities	5.55 - 7.88	1,511	5,239	-	6,750
<b>Total</b>		<b>2,926,082</b>	<b>6,043,697</b>	<b>-</b>	<b>8,969,779</b>
Separate financial statements					
		Maturity period			
	Effective interest rate	Within 1 year	but within 5 years	After 5 years	Total
<i>At 31 December 2019</i>					
	(% per annum)				
<i>Financial assets</i>					
Short-term loans to related parties	4.00 - 4.50	2,027,000	-	-	2,027,000
Short-term loans to other parties	6.50	100,000	-	-	100,000
<b>Total</b>		<b>2,127,000</b>	<b>-</b>	<b>-</b>	<b>2,127,000</b>
<i>Financial liabilities</i>					
Short-term borrowings from financial institutions	2.65 - 6.87	736,163	-	-	736,163
Short-term debentures	3.70	249,814	-	-	249,814
Short-term loans from related parties	2.00 - 4.25	30,000	-	-	30,000
Short-term loans from other parties	2.60 - 3.70	156,015	-	-	156,015
Long-term borrowings	4.28 - 4.75	21,999	794,102	-	816,101
Long-term debentures	4.00 - 5.75	999,230	3,818,305	-	4,817,535
Finance lease liabilities	5.55 - 6.96	894	2,251	-	3,145
<b>Total</b>		<b>2,194,115</b>	<b>4,614,658</b>	<b>-</b>	<b>6,808,773</b>

#### 4.2 Factors or events that may significantly affect the financial status or operations in the future (forward looking)

External factors that affect the performance of the Company may cause the operating results to not meet the target set or change significantly, including the economic situation that is still highly uncertain. Situation of the spread of COVID-19, as well as financial institutions have increased their caution in approving credit are external factors that may have such impact.

#### 4.3 Key financial statement and financial ratio

##### Key financial information

###### 1. Financial statement

A. Summary of the audit report for the past 3 years

Financial statement 2018 - 2020 KPMG Phoomchai Audit Company Limited

Auditor: Miss WipawanPatawanwiwek CPA No. 4795

##### Summary of the auditor's report for the year 2018 – 2020

For the financial statements of the year 2018 - 2020, the auditor's report is summarized as a type of

Unconditional

B. Summary table of financial statements and consolidated financial statements

Annual statement of financial position comparing the past 3 years (asset side)

Items	Consolidated financial statement					
	31 December					
	2018	%	2019	%	2020	%
Cash and cash equivalents	88,017	0.56	107,418	0.64	164,020	0.91
Other current financial assets (2019: Current investment)	-	-	934,768	5.60	191,063	1.06
Trade and other current receivables	12,358	0.08	20,641	0.12	78,391	0.44
Short-term loans to related parties	-	-	-	-	-	-
Short-term loans to other parties	111,267	0.71	100,000	0.60	105,000	0.58
Real estate development for sale	6,607,910	42.02	5,638,900	33.75	5,665,618	31.50
Inventories	-	-	-	-	3,504	0.02
Deposits for purchase of land	76,300	0.49	33,561	0.20	-	-
Other current assets	41,592	0.26	71,772	0.43	113,575	0.63
<b>Total current assets</b>	<b>6,937,445</b>	<b>44.11</b>	<b>6,907,059</b>	<b>41.34</b>	<b>6,321,172</b>	<b>35.15</b>
Deposits pledged as collateral	4,921	0.03	4,650	0.03	4,650	0.03
Investments in associates	38,785	0.25	12,998	0.08	218,461	1.21
Investments in subsidiaries	-	-	-	-	-	-
Investments in joint venture	142,102	0.90	256,246	1.53	326,479	1.82
Other non-current assets (2019: Other long-term investments)	10,126	0.06	42,143	0.25	10,126	0.06
Land held for development	541,411	3.44	525,416	3.14	477,054	2.65
Investment properties	2,134,635	13.57	2,119,111	12.68	5,403,932	30.05
Property, plant and equipment	3,660,054	23.27	4,291,729	25.69	4,994,165	27.77
Leasehold right	2,084,440	13.25	2,368,871	14.18	-	-
Intangible assets	12,859	0.08	14,364	0.09	18,122	0.10
Deferred tax assets	34,801	0.22	30,933	0.19	75,632	0.42
Other non-current assets	125,188	0.80	133,331	0.80	135,455	0.75
<b>Total non-current assets</b>	<b>8,789,321</b>	<b>55.89</b>	<b>9,799,792</b>	<b>58.66</b>	<b>11,664,075</b>	<b>64.85</b>
<b>Total assets</b>	<b>15,726,766</b>	<b>100.00</b>	<b>16,706,851.84</b>	<b>100.00</b>	<b>17,985,247</b>	<b>100.00</b>

Annual statement of financial position comparing the past 3 years (liabilities and shareholders' equity side)

( unit : thousand )

Items	Consolidated financial statement					
	31 December					
	2018	%	2019	%	2020	%
Short-term borrowings from financial institutions	630,000.00	4.01	736,163.09	4.41	873,195.94	4.86
Trade and other current payables	228,373.00	1.45	322,007.05	1.93	427,062.32	2.37
Other payables - Related parties	-	-	-	-	-	-
Current portion of long-term borrowings	275,119.01	1.75	146,350.92	0.88	290,342.99	1.61
Short-term debentures	658,267.75	4.19	249,813.55	1.50	647,627.75	3.60
Current portion of long-term debentures	686,164.07	4.36	1,153,528.01	6.90	1,720,307.28	9.57
Short-term loans from related parties	-	-	-	-	-	-
Short-term loans from other parties	352,424.89	2.24	638,715.02	3.82	667,775.37	3.71
Current portion of lease liabilities	1,454.32	0.01	1,510.58	0.01	2,995.67	0.02
Current income tax payable	8,114.85	0.05	1,626.65	0.01	18,645.57	0.10
Customers' deposits	421,986.75	2.68	9,092.35	0.05	19,244.44	0.11
Other current liabilities	250,059.62	1.59	294,781.14	1.76	363,051.21	2.02
<b>Total current liabilities</b>	<b>3,511,964.25</b>	<b>22.33</b>	<b>3,553,588.35</b>	<b>21.27</b>	<b>5,030,248.55</b>	<b>27.97</b>
Payables for purchase of land	-	-	-	-	647,000.00	3.60
Long-term borrowings	2,332,076.03	14.83	1,887,500.44	11.30	1,680,982.58	9.35
Long-term debentures	2,868,085.64	18.24	4,150,958.14	24.85	3,435,233.23	19.10
Lease liabilities	3,963.60	0.03	5,238.61	0.03	301,532.75	1.68
Deferred tax liabilities	17,285.19	0.11	10,116.09	0.06	-	-
Non-current provisions for employee benefits	52,098.75	0.33	78,532.15	0.47	92,495.68	0.51
Estimated long-term liabilities	-	-	-	-	-	-
Other non-current liabilities	295,271.99	1.88	225,993.54	1.35	156,777.60	0.87
<b>Total non-current liabilities</b>	<b>5,568,781.20</b>	<b>35.41</b>	<b>6,358,338.96</b>	<b>38.06</b>	<b>6,314,021.85</b>	<b>35.11</b>
<b>Total liabilities</b>	<b>9,080,745.44</b>	<b>57.74</b>	<b>9,911,927.31</b>	<b>59.33</b>	<b>11,344,270.40</b>	<b>63.08</b>
Share capital:						
Authorised share capital	992,010.18		1,117,211.20		1,117,211.20	
<b>Issued and paid-up share capital</b>	<b>992,010.18</b>	<b>6.31</b>	<b>1,091,205.07</b>	<b>6.53</b>	<b>1,091,205.07</b>	<b>6.07</b>
Share premium on ordinary shares	1,484,159.62	9.44	1,484,159.62	8.88	1,484,159.62	8.25
Warrants	-	-	1,375.35	0.01	3,279.89	0.02
Retained earnings						
Appropriated						
Legal reserve	99,201.02	0.63	111,721.12	0.67	111,721.12	0.62
Unappropriated	4,070,649.77	25.88	4,106,463.37	24.58	3,976,224.84	22.11
Other components of equity	-	-	-	-	(25,613.87)	(0.14)
<b>Equity attributable to owners of the parent</b>	<b>6,646,020.59</b>	<b>42.26</b>	<b>6,794,924.53</b>	<b>40.67</b>	<b>6,640,976.66</b>	<b>36.92</b>
Non-controlling interests	-	-	-	-	-	-
<b>Total equity</b>	<b>6,646,020.59</b>	<b>42.26</b>	<b>6,794,924.53</b>	<b>40.67</b>	<b>6,640,976.66</b>	<b>36.92</b>
Total liabilities and equity	15,726,766.03	100.00	16,706,851.84	100.00	17,985,247.06	100.00

Annual income statement comparing the past 3 years

( Unit : thousand baht )

Items	Consolidated financial statement					
	31 December					
	2018	%	2019	%	2020	%
Revenue from sale of real estate	4,152,925.17	88.11	3,936,766.46	85.53	2,530,402.59	73.42
Revenue from rental and rendering of services	252,136.72	5.35	341,187.93	7.41	374,266.64	10.86
Revenue from golf services and sport club	109,249.23	2.32	119,768.69	2.60	100,842.63	2.93
Revenue from management of real estate	32,495.94	0.69	40,387.97	0.88	48,373.66	1.40
Revenue from health and wellness	-	0.00	-	0.00	3,043.95	0.09
Gain on disposal of investments and investments income	72,307.88	1.53	11,174.07	0.24	10,728.75	0.31
Gain on disposal of investment properties	-	0.00	79,609.98	1.73	263,293.33	7.64
Other income	94,023.01	1.99	73,790.53	1.60	115,523.38	3.35
<b>Total revenues</b>	<b>4,713,137.94</b>	<b>100.00</b>	<b>4,602,685.63</b>	<b>100.00</b>	<b>3,446,474.93</b>	<b>100.00</b>
Cost of sale of real estate	2,865,121.57	60.79	2,754,086.91	59.84	1,904,879.77	55.27
Cost of rental and rendering of services	115,817.19	2.46	154,837.00	3.36	181,491.41	5.27
Cost of golf services and sport club	64,768.12	1.37	71,251.66	1.55	63,540.02	1.84
Cost of management of real estate	15,846.68	0.34	24,352.56	0.53	21,811.23	0.63
Cost of health and wellness	-	0.00	-	0.00	8,961.75	0.26
Distribution costs	372,964.96	7.91	332,217.08	7.22	242,394.01	7.03
Administrative expenses	574,255.79	12.18	678,549.22	14.74	660,986.66	19.18
Finance costs	296,497.60	6.29	328,306.51	7.13	378,560.57	10.98
<b>Total expenses</b>	<b>4,305,271.92</b>	<b>91.35</b>	<b>4,343,600.94</b>	<b>94.37</b>	<b>3,462,625.41</b>	<b>100.47</b>
Share of loss of joint venture and associates	-23,903.10	-0.51	(24,063.59)	(0.52)	6,311.28	0.18
<b>Profit before income tax expense</b>	<b>383,962.92</b>	<b>8.15</b>	<b>235,021.09</b>	<b>5.11</b>	<b>(9,839.20)</b>	<b>(0.29)</b>
Tax (expense) income	-80,490.07	-1.71	(57,574.33)	(1.25)	6,418.59	0.19
<b>Profit for the year</b>	<b>303,472.85</b>	<b>6.44</b>	<b>177,446.77</b>	<b>3.86</b>	<b>(3,420.61)</b>	<b>(0.10)</b>
<b>Other comprehensive income</b>						
Loss on investments in equity instruments designated at						
Fair value through other comprehensive income	-	0.00	-	0.00	(25,613.87)	(0.74)
Loss on remeasurements of defined benefit plans	-	0.00	(18,895.32)	(0.41)	(6,791.08)	(0.20)
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>0.00</b>	<b>(18,895.32)</b>	<b>(0.41)</b>	<b>(32,404.95)</b>	<b>(0.94)</b>
<b>Total comprehensive income for the year</b>	<b>303,472.85</b>	<b>6.44</b>	<b>158,551.44</b>	<b>3.44</b>	<b>(35,825.56)</b>	<b>(1.04)</b>
<b>Profit (loss) attributable to:</b>						
Owners of the parent	305,924.72	6.49	177,446.77	3.86	(3,420.61)	(0.10)
Non-controlling interests	-2,451.88	-0.05	-	0.00	-	0.00
<b>Profit for the year</b>	<b>303,472.85</b>	<b>6.44</b>	<b>177,446.77</b>	<b>3.86</b>	<b>(3,420.61)</b>	<b>(0.10)</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	305,924.72	6.49	158,551.44	3.44	(35,825.56)	(1.04)
Non-controlling interests	-2,451.88	-0.05	-	0.00	-	0.00
<b>Total comprehensive income for the year</b>	<b>303,472.85</b>	<b>6.44</b>	<b>158,551.44</b>	<b>3.44</b>	<b>(35,825.56)</b>	<b>(1.04)</b>
<b>Basic earnings per share</b>	<b>0.28</b>		<b>0.16</b>		<b>(0.003)</b>	

## Annual financial statements comparing the past 3 years

( Unit : baht )

Items	Consolidated financial statement		
	2018	2019	2020
Current assets	6,937,445,330	6,907,059,456	6,321,171,814
Total assets	15,726,766,030	16,706,851,840	17,985,247,059
Current liabilities	3,511,964,247	3,553,588,347	5,030,248,549
Total liabilities	9,080,745,444	9,911,927,308	11,344,270,396
Shareholders' equity	6,646,020,586	6,794,924,532	6,640,976,663
Book value	6.70	6.23	6.09
Total revenue	4,713,137,940	4,602,685,630	3,446,474,927
Costs and expenses	4,385,761,987	4,401,175,271	3,456,206,819
Net profit for the Company	305,924,724	177,446,766	(3,420,608)
Earnings (loss) per share	0.28	0.16	(0.00)
Number of shares	992,010,177	1,117,211,195	1,117,211,195

## Key financial ratio

## Financial ratio comparing the past 3 years

( Unit : thousand )

Items	Consolidated financial statement			
	2018	2019	2020	Change
<b>Operating results</b>				
Revenue from sales and services	4,546,807	4,438,111	3,056,929	(0.31)
Total revenues	4,713,138	4,602,686	3,446,475	(0.25)
Costs and expenses	4,385,762	4,401,175	3,456,207	(0.21)
Gross profit (loss)	1,485,253	1,433,583	876,245	(0.39)
Net profit for the Company	305,925	177,447	(3,421)	(1.02)
<b>Financial position</b>				
Total assets	15,726,766	16,706,852	17,985,247	0.08
Total liabilities	9,080,745	9,911,927	11,344,270	0.14
Total shareholders' equity	6,646,021	6,794,925	6,640,977	(0.02)
Inventories	7,149,322	6,164,316	6,142,671	(0.35)
<b>Information per share (baht)</b>				
Earnings (loss) per share	0.28	0.16	(0.00)	
Dividend per share	0.22	0.11	0.11	0.01
Book value	6.70	6.23	6.09	(0.02)

	2018	2019	2020
<b>LIQUIDITY RATIO</b>			
Liquidity ratio (times)	1.98	1.94	1.26
Quick ratio (times)	0.03	0.30	0.09
Cash flow liquidity ratio (times)	0.25	0.10	0.05
Trade receivables turnover ratio (times)	329.28	268.98	61.74
Average collection period (days)	1	1	6
Inventories turnover ratio (times)	2.36	1.78	1.59
Average product sales period (days)	152	203	229
Trade payables turnover ratio (times)	18.74	10.92	5.82
Average repayment period (days)	19	33	63
<b>Cash Cycle (days)</b>	<b>134</b>	<b>171</b>	<b>172</b>
<b>PROFITABILITY RATIO</b>			
Gross margin (%)	32.67	32.30	28.66
Operating profit margin (%)	0.15	0.13	0.12
Other revenues to total revenues ratio (%)			
Cash-to-profit ratio (%)	3.01	1.72	1.33
Net profit margin (%)	6.49	3.86	-0.10
Return on equity (%)	4.65	2.64	-0.05
<b>EFFICIENCY RATIO</b>			
Return on assets (%)	2.05	1.09	-0.02
Return on fixed assets (%)	0.13	0.09	0.05
Assets turnover (times)	0.30	0.28	0.20
<b>FINANCIAL POLICY RATIO</b>			
Debt to equity ratio (times)	1.37	1.46	1.71
Interest coverage ratio (times)	2.90	2.37	1.65
Interest bearing debt to equity ratio (times)	1.17	1.32	1.45
Obligation coverage ratio (times)	0.33	0.26	0.15
Dividend payout ratio (%)	60.16%	36.48%	32.20%

5. General information and other significant information

5.1 General information

Auditors of 2020 financial statement

Auditors : Miss Vipavan Pattavanvivek CPA No.4795 and/or Miss Nawarat Nitikeatipong CPA No.7789 and/or Miss Marisa Taratornbapakul CPA 5752 and/or Miss Wilaiwan Pholprasert CPA No.8420

Audit company : KPMG Phoomchai Audit Company Limited

Location : 1 Empire Tower, Fl 50, South Sathorn Road, Yan Nawa, Sathorn District, Bangkok 10120

Telephone : 02-677-2000

Fax : 02-677-2222

5.2 Other significant information

-None-

5.3 Legal dispute

As of 31 December 2020, the Company and its subsidiaries have no lawsuits that may have negative impact on the assets of the Company and its subsidiaries that amount is more than 5% of shareholders' equity at the end of 2020.

5.4 Secendary market

-None-

5.5 Regularly contact financial institution

In issuing debt instrument, the Company has Bank of Ayudhya Public Company Limited as institution that always provide services to the Company.

## Part 2

### Corporate Governance

#### 6. Corporate governance policy

##### 6.1 Overview of management and business practice

The Board of Directors of M.K. Real Estate Development Public Company Limited has recognized the importance of good corporate governance, viewing it as crucial to the efficient conduct of business, the continuous and steady growth of the Company, and the maintenance of its competitiveness, all of which create confidence among shareholders, investors, and other relevant parties, and maximum benefits for the Company in the long run.

The Company has therefore implemented a policy enabling it to conduct business efficiently and with good corporate governance and good management, by emphasizing on the maximization of benefits for shareholders and stakeholders, committing itself to moral principles and code of conduct, and disclosing accurate and complete information in transparent and accountable manners. The company has formulated a good corporate governance policy, in compliance with corporate governance principles for listed companies set by the Stock Exchange of Thailand, to make sure the Company has good corporate governance and serve as a guideline for the Board of Directors, executives, and employees. The Board of Directors has made the policy known to Directors , Executive and employees of all levels and make sure they comply with it, with details as follows:

- All shareholders and stakeholders will be treated equally and fairly.
- The Board of Directors are committed to increasing the value of the Company in the long term, managing the Company with caution and vigilance, carrying out their duties and responsibilities with sufficient competency and efficiency with the aim of creating maximum benefits for shareholders, ensuring that no conflict of interest arises, and taking responsibility for their decisions and actions.
- The Company shall conduct business with transparency, fairness, and accountability. The company shall disclose sufficient and credible information, financial and otherwise, in a timely manner, in order that the Company's shareholders and stakeholders have equal access to significant information. The company also has a department responsible for providing information to investors and the general public.
- The Company shall conduct business with caution, especially in regards to risk management. It shall conduct risk assessments, prepare strategies for remedial action, and follow up on risk management appropriately and on a regular basis.

- The Board of Directors has laid out principles regarding the duties and responsibilities and code of conduct for management and employees. All directors, executive officers, and employees must strictly adhere to these principles. In particular, they must take customers' needs into consideration, deliver quality products and pleasant after-sales service, and treat customers with honesty and fairness. In addition, in compliance with the Stock Exchange of Thailand's guidance, the Company has put in place a good corporate governance policy that emphasizes internal control and audit, to ensure that management carries out company policies with efficiency, in order to ensure long-term benefits for shareholders in accordance with legal requirements and code of conduct.
- The Company encourages all directors and members of management to undertake relevant trainings at the Thai Institute of Directors Association (IOD) and other institutes, in order to increase knowledge in various areas relating to the duties and responsibilities of directors and management.

The corporate governance policy has continuously been implemented in accordance with the guidelines set by the Thailand Stock of Exchange, including Good Governance Code for Listed Companies 2002, Good Governance Code for Listed Companies 2006, Good Governance Code for Listed Companies 2012, and most recently the policy has been revised to align with Corporate Governance Code for Listed Companies 2017. The policy consists of the following eight main principles for the Board of Directors:

- |             |   |
|-------------|---|
| Principle 1 | Establish Clear Leadership Role and Responsibilities of the Board |
| Principle 2 | Define Objectives that Promote Sustainable Value Creation         |
| Principle 3 | Strengthen Board Effectiveness                                    |
| Principle 4 | Ensure Effective CEO and People Management                        |
| Principle 5 | Nurture Innovation and Responsible Business                       |
| Principle 6 | Strengthen Effective Risk Management and Internal Control         |
| Principle 7 | Ensure Disclosure and Financial Integrity                         |
| Principle 8 | Ensure Engagement and Communication with Shareholders             |

The company has disclosed various policies, including the Code of Conduct on the Company's website. (<http://www.mk.co.th>) to communicate to personnel at all level of the Company to be able to thoroughly study in detail with the important objective in communicating to employees, shareholders and other stakeholders regarding the determination of the Board of Directors to comply with the main characteristics of the good corporate governance process. The Board of Directors has followed up on the good corporate governance principles and reviewed such policy annually.

#### 6.1.1 Policy and guideline related to the Board of Directors

The Board of Directors consists of persons with knowledge and capability who plays an important role in setting company policies and organization overview, as well as play a key role in independently supervising, auditing, and evaluating the Company's operating results to be in accordance with the plans.

##### *Board of Directors*

The number of members of the Board of Directors shall be as determined in the shareholders' meeting. The Board shall consist of no fewer than five (5) members per company regulations, and no less than half of which shall reside within the country. At least one out of three, but not fewer than three, shall be independent directors. Each director shall have suitability in terms of age, qualifications, capability, experience, and expertise and possess the attributes as specified in Article 68 of the Limited Public Company Act B.E. 2535 (1992) and other relevant laws. The Nomination and Remuneration Committee shall nominate and consider persons with specific skills, experience, profession, and qualifications as deemed vital to the Company's business and present them in the Board's meeting where members shall consider to elect them as directors. Then they will be presented in a shareholders' meeting for approval.

For the balancing and reviewing of the management, the company requires at least one third or at least three independent directors. These 3 independent directors hold the position of audit committee which meet all the qualifications according to the notification of the Stock Exchange of Thailand regarding qualifications and scope of work of the Audit Committee in order to perform auditing and balancing the Company's various affairs to ensure accuracy and fairness. Although the Chairman of the Board and the Chairman of the Executive Committee are the same person but the structure of the entire board of directors, consisting of at least one-third of the entire committee, or at least three of them, it also creates the balance and review of management. In addition, the Chairman of the Board of Directors is not the same person as the Chief Executive Officer and Managing Director and the company has clearly separated roles, duties and responsibilities between the chairman of the board, Chief Executive Officer and the Managing Director clearly separated. Therefore, it helps to create a balance and review of the management in another way.

As of 31 December 2020, the Company had a total of 9 directors, including

- 5 executive directors
- 4 non-executive directors, or 4 out of 9 of the Board members
- 4 Independent directors, or 4 out of 9 of the Board members

As of 31 December 2020, all the qualifications set out in the Stock Exchange of Thailand announcement regarding qualifications and scope of work of Audit Committee as follows:

- (1) Hold no more than one percent of the total voting shares of the Company, its parent company, subsidiary, associated companies, major shareholders, any person having controlling power over the Company. The number of shares held by any related person of such an independent director must also be counted.
- (2) Not be and have not been a director participating in management role of the Company, or an employee or an officer of the Company, or an advisor of the Company which receives regular salary from the Company, and not be and have not been a person having controlling power over the Company, subsidiary or associated company, unless such an independent director has not been a person referred to above for at least two years before being appointed as independent director. Such restriction or prohibition shall not apply to 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 person having controlling power over the Company.
- (3) Not be a person having relationship either through blood or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any management person, major shareholder, or any person having power to control the Company or the Company's subsidiary, or of the person being nominated to be a management person of or a person having power to control the Company or the Company's subsidiary.
- (4) Not have and have not had any business relationship with the Company, subsidiary, associated company, or major shareholder, or with the person having power to control the Company that may have conflict of interest, in the manner in which their independent discretion might be affected, and not be and have not been a substantial shareholder of or a person having power to control the person that has business relationship with the Company, subsidiary, associated company major shareholder or the person having power to control the Company unless such an independent director has not been a person referred to above for no fewer than two years prior to being appointed as independent director. Business relationships referred to in the first paragraph above shall include any ordinary course of business or trade for business engagement purpose, any lease taking or lease out of any property, any transaction relating to asset or service, any financial support or acceptance of financial support by way of either borrowing, lending, guaranteeing or collateral providing or any other manner similar thereto that could result to an obligation required to be performed by the applicant or the party thereto in an amount of three percent or more of the net tangible asset value of the applicant, or twenty million baht or more, whichever is lesser. In light of this, the method for calculating the value of related party transactions pursuant to the Capital Market Supervisory Board's Notification, Re: Regulations in respect of an Entering into a Connected Transaction shall be applied mutatis mutandis for the purpose of calculation of such amount of debt of the applicant, provided that the amount of

the debt incurred during the past one year prior to the date on which such a business relationship with such a business relationships with such person exists.

- (5) Not be and have not been an auditor of the Company, subsidiary, associated company, major shareholder or any of the person having power to control the Company, and not be and have not been a substantial shareholder of, a person having power to control over, or a partner of any auditing firm or office in which the auditor of the Company, or subsidiary, or major shareholder, or the person having power to control the Company, unless such an independent director has not been a person referred to above for at least two years prior to being appointed as independent director.
- (6) Not be and have not been a professional advisor, including legal or financial advisor who obtains fee more than two million baht a year from the Company, subsidiary, associated company or major shareholder, or the person having power to control the Company, and not be and have not been a substantial shareholder of, a person having power to control over, or a partner of any of such professional service provider firm or office, unless such an independent director has not been a person referred to above for at least two years prior to being appointed as independent director.
- (7) Not be a director appointed to serve a representative to protect the interest of a director of the Company, a major shareholder, or a shareholder which is a related person of a major shareholder.
- (8) Not engage in any business the nature of which is the same as that of the Company or the Company's subsidiary and which, in any material respect, is competitive with the business of the Company or the Company's subsidiary, or not be a substantial partner in a partnership, a director participating in any management role, an employee or officer, an advisor obtaining regular salary from, or a shareholder holding more than one percent of the voting shares of a company engaging in any business the nature of which is the same as that of the Company or the Company's subsidiary and which, in any material respect, is competitive with the business of the Company or the Company's subsidiary.
- (9) Not have any characteristics by which their independent comment or opinion on the Company's operation may be affected

After a person having qualifications stated in (1) to (9) above is appointed as an independent director, such appointed independent director may be assigned by the Board of Directors to make decision in respect of business operation of the Company, subsidiary, associated company, major shareholder, or the person having controlling power over the Company, provided that such decision making by such appointed independent director must always be made on a collective decision basis.

For determining the term of position holding of the directors, the Company has set the term of the director's position by stating in the Articles of Association of the Company which defines that at every annual general meeting of shareholders, one third of the directors shall vacate their positions. The

director who must retire in the first year of registration shall be the first director who has been in position for the longest term. In the following years, the directors who has been in position for the next longest shall retire. The director who vacates under this article may be re-elected by allowing the retiring directors to carry on the business of the Company for a while as necessary until the director is newly appointed.

The Board of Directors has appointed the Nomination and Remuneration Committee, chaired by an independent director and consisting predominantly of independent directors. The Nomination and Remuneration Committee shall consider criteria and methods for nomination of individuals with the right qualifications, review their background, and present their opinions to the Board of Directors before nominating them in a shareholders' meeting where they can be named directors. The Nomination and Remuneration Committee shall conduct their assigned duties in accordance with the Charter for Nomination and Remuneration Committee.

The Nomination and Remuneration Committee shall review criteria and methods of director nomination and present their opinions to the Board of Directors before setting out to nominate someone to replace a director nearing the end of their term. In this regard, the Committee is able to nominate the same director, based on the director's performance. In case where the Committee has appointed an advisor to the Committee, the advisor's information shall be disclosed in the Annual Registration Statement, including in regard to their independence and confirmation of no conflict of interest.

#### Criteria for selection of independent directors

- 1) Must be persons selected by the Board of Nomination and Remuneration Committee and the Board of Directors, and must be appointed in a shareholders' meeting or Board of Directors' meeting
- 2) At least one thirds, but no fewer than three persons, of the Board of independent directors must be independent directors
- 3) Must have the qualifications suitable for the Company's business
- 4) Must be persons that fit the definition of "independent directors," i.e. an independent director must not be involved in the Company's management and/or conduct of business; must be independent from major shareholders, company management, and immediate family members of those persons, and can express independent opinions, taking the interest of the Company and shareholders into consideration

#### Selection process

The Board of Nomination and Remuneration Committee will consider the list of external persons with qualifications that are widely accepted in the business and academic circles to present in a Board of

Directors' meeting for their consideration, or in a shareholders' meeting for appointment, as the case may be. In line with the regulations announced by The Securities and Exchange Commission, Thailand and The Stock Exchange of Thailand.

It should be noted that independent directors must not have business relations or provide any significant professional services to the Company, its parent company, or any subsidiary, associated company, or juristic person that may present cases of conflict of interest. In addition, the Company's independent directors cannot serve as independent directors for the parent company, any subsidiary, or associated company.

#### Selection of directors and members of the management committee

The Board of Nomination and Remuneration Committee will select persons with the appropriate qualifications to be proposed for appointment as directors, in case where a position becomes vacant or an incumbent is about to end his tenure. The Board of Nomination Committee will select Chairman of Board of Director, Chairman of the Executive Director, Chief Executive Officer, and Managing Director, to present in a Board of Directors' meeting for their consideration. The Board of Directors may appoint directors, or present them in a shareholders' meeting for appointment, as the case may be. The Board of Directors consists of no less than five members, all of whom are selected in a shareholders' meeting to manage the Company. No fewer than half of the Board of Directors must reside in the Kingdom of Thailand, and have the qualifications required by the law. A shareholders' meeting selects directors using the following criteria and methods:

- 1) Each shareholder shall have a number of votes equal to the number of shares held by them.
- 2) In the election of directors, the shareholders may cast votes for individual or several directors simultaneously for the full number of all directors to be elected in that occasion as deemed appropriate by the shareholders meeting. In the voting whether for individual or several directors aforesaid each candidate shall receive the votes in accordance with the number of all shares held by such shareholder under (1) whereby such shareholder may not allocate his/her votes to any candidate for whatever amount of votes.
- 3) The candidates, ranking in order descending from the highest number of votes received to the lowest, shall be appointed as directors for the number of directors eligible in that occasion. In case there is a tie of the votes for candidates in descending order in excess of the number of the eligible directors, the Chairman of the meeting shall have a casting vote.

In every annual general meeting of shareholders, one third of the directors shall vacate their positions. If the number of directors cannot be divided into three parts, then the directors shall vacate by the closest number to one-third.

The director who must retire in the first year of registration shall be the first director who has been in position for the longest term. In the following years, the directors who has been in position for the next longest shall retire. The director who vacates under this article may be re-elected by allowing the retiring directors to carry on the business of the Company for a while as necessary until the director is newly appointed.

#### Directors' remuneration

Proposal of Directors' remuneration to the shareholders for approval. The board considers the structure and remuneration to be suitable for their responsibilities and motivates the board to lead the organization to achieve both short-term and long-term goals. The determination of remuneration for the Company's directors is in accordance with the resolution approved by the shareholders' meeting. Thus, the determination of remuneration for directors will be considered by the Nomination and Remuneration Committee to be jointly considered for the appropriateness of the remuneration in each year. It is compared with other companies' compensation standards in the same business before presenting to the Board of Directors and the Company's shareholders for approval.

The directors' remuneration is in the form of meeting allowances and annual gratuity. The remuneration of the Company's management is in the form of salaries and bonuses, depending on the performance of the Company and the performance of each executive. The Company has shown the amount of remuneration for directors and senior management received in the annual report and the annual registration statement for every year.

The Board of Directors the importance of the role and duties of the Company Secretary. Therefore, an appropriate permanent employee of the company has been appointed to act as the company secretary of the company in order to ensure that the Company's management can operate in the most efficient manner in accordance with good corporate governance principles. With the main duties and responsibilities as follows

- (A) provide legal advice And various rules That the board must know and act
- (B) supervising activities Of the board
- (C) Coordinate to ensure efficient implementation of the Board of Directors' resolutions.
- (D) Prepare and maintain the following documents:
  - Director registration
  - Board meeting invitation letter And minutes of the board
  - Invitation letter to shareholders' meeting And minutes of the shareholders' meeting
  - Maintain reports of interest reported by directors or executives.
- (E) Perform other acts as specified by the Board of Directors

The Company Secretary has passed the Company Secretary Program (CSP) training from the Thai Institute of Directors Association.

### Board of Directors

As at 31 December 2020, the Board of Directors consists of 9 following members

1)	Mr. Suthep	Wongvorazathe	Chairman
2)	Mr. Vorasit	Pokachaiyapat	Chief Executive Officer
3)	Miss Dusadee	Tancharoen	Managing Director and Executive Director
4)	Mrs. Sutida	Suriyodorn	Director and Executive Director
5)	Miss Rachanee	Mahatdetkul	Director and Executive Director
6)	Mr. Att Tongyai	Asavanund	Independent Director and Chairman of Audit Committee
7)	Mr. Chaiyapont	Timsootheepant	Independent Director and Audit Committee
8)	Mrs. Malai	Rachataswan	Independent Director and Audit Committee <sup>1/</sup>
9)	Mr. Theraphan	Jittalarn	Independent Director and Audit Committee

With Miss Pornphan Yantossilp as a Company's secretary

Remark: <sup>1/</sup> Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

### Scope of Duties of Company Directors

The Board of Directors has the power and duty to define policies and operating directions to comply with the prescribed policy with efficiency and effectiveness, with emphasis on increasing economic value for the business and maintaining the best interests of the shareholders. They must perform their duties in accordance with the law, objectives and the Articles of Association of the Company as well as in accordance with the resolutions of the shareholders' meeting with honesty.

### Board of Directors' meetings

Director has prepared the schedule for Board of Directors' general meetings, and notified each director of any upcoming meeting in advance, to allow directors ample time to prepare for and make the necessary arrangements to ensure their availability to attend the meeting. Normally, a Board of Directors' meeting is held once a month and, at a minimum, on a quarterly basis. Extraordinary meetings are called when necessary. At each meeting, Chairman or a person assigned by Chairman will send an invitation for the meeting at least seven days prior to the meeting. However, in case of urgency, or in case where the Company's rights or interest are at risk, a meeting may be called and notified to directors by other means and held within fewer than seven days. In this regards, two directors or more may request Chairman to call a Board of Directors' meeting. In such cases, Chairman must call a meeting within 14 days after the request was submitted.

When a meeting is called, the meeting agenda must be clearly outlined, and must always include a follow up on operating results. Chairman and Chief Executive Officer will collectively set the meeting agenda. Meanwhile, it is possible for two directors or more to ask Chairman to call a Board of Directors' meeting and submit topics for discussion to include in the meeting agenda.

#### *Sub-committee*

The Board of Directors has appointed Sub-committees to oversee the Company's operations, in order to increase efficiency and achieve investors' confidence in its careful operations. There are six of them, namely 1) Audit Committee 2) Nomination and Remuneration Committee 3) Corporate Governance Committee 4) Executive Committee 5) Risk Management Committee and 6) Management Committee

- 1) Audit Committee consist of at least three independent directors, whose responsibilities are specified in the charter of Audit Committee.
- 2) The Nomination and Remuneration Committee consist of at least three (3) company directors who are not Chairman of the Board of Directors shall constitute the Nomination and Remuneration Committee of which at least two (2) of the members shall be independent directors. In addition, more than half of the members of the Nomination and Remuneration Committee shall be independent directors. Their responsibilities are specified in the charter of The Nomination and Remuneration Committee and as assigned by the Board of Directors.
- 3) The Corporate Governance Committee shall consist of at least three (3) company directors. More than half of the Corporate Governance Committee shall be independent directors, to ensure that they conduct their work with transparency and independence. Their responsibilities are specified in the charter of The Corporate Governance Committee and as assigned by the Board of Directors.
- 4) Executive Committee consists of at least five directors, the scope of authorities of whom is specified in the directive regarding the appointment of Executive Committee and as assigned by the Board of Directors.
- 5) Risk Management Committee consists of four directors and one executive.Their responsibilities are specified in the charter of Risk Management Committee and as assigned by the Board of Directors.
- 6) Management Committee consists of four directors and one executive, the scope of authority of whom is specified in the directive regarding the appointment of Management Committee and as assigned by the Board of Directors.

Sub-committees will report progress and performance reviews to the Board of Directors, with the scope of authority as follows:

### 1. Audit Committee

As at 31 December 2020, Audit Committee consists of four independent directors.

- |                    |                |                                      |
|--------------------|----------------|--------------------------------------|
| 1) Mr. Att Tongyai | Asavanund      | Chairman of Audit Committee          |
| 2) Mr. Chaiyapont  | Timsootheepant | Audit Committee Member               |
| 3) Mrs. Malai      | Rachataswan    | Audit Committee Member <sup>1/</sup> |
| 4) Mr.Theraphan    | Jittalarn      | Audit Committee Member               |

with Mrs. Niramon Atsawakunkamnurd as an Audit Committee's secretary

Remark: <sup>1/</sup> Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

### Scope of authority of the Audit Committee

The Board of Audit Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Review the Company's financial reporting process to ensure that it is accurate and adequate.
- 2) Review the Company's internal control system and internal audit system to ensure that they are suitable and effective, determine an internal audit unit's independence, and approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of internal audit
- 3) Review the Company's compliance with the law on securities and exchange, Stock Exchange of Thailand regulations, and the laws relating to the Company's business
- 4) Consider, select and nominate an independent person to be the Company's auditor, propose such person's remuneration, andhold a meeting with the auditor, in which no members of management attend, at least once a year
- 5) Review related party transactions, or transactions that may lead to conflict of interests, to ensure that they are in compliance with the laws and Stock Exchange of Thailand regulations, reasonable and for the highest benefits of the company
- 6) Prepare, and disclose in the Company's Annual Report, an the Board of Audit Committee report which must be signed by chairman of the Board of Audit Committee and include at least the following information
  - (A) An opinion on the accuracy, completeness and creditability of the Company's financial reports
  - (B) An opinion on the adequacy of the Company's internal control system
  - (C) An opinion on compliance with the law on securities and exchange, the Stock Exchange of Thailand regulations, or the laws relating to the Company's business

- (D) An opinion on the suitability of the auditor
  - (E) An opinion on the transactions that may lead to conflict of interests
  - (F) The number of the Board of Audit Committee's meetings, and attendance in such meetings by each committee member,
  - (G) An overall opinion or comment about Audit Committee's implementation of its duties in accordance with the charter
  - (H) Other transactions which 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
- 7) Perform any other act as assigned by the Company's Board of Directors, with the approval of the Board of Audit Committee

When carrying out duties under this scope of authority, the Board of Audit Committee can call members of Management Officer, a department head, or relevant employees to attend a meeting and express opinions, or submit related documents. In addition, the Board of Audit Committee may seek external advice from independent advisors or other experts, as it deems necessary and appropriate. All the expenses incurred for this purpose will be borne by the Company.

Chairman of the Board of Audit Committee and Audit Committee have a tenure length of 3 years. When their tenure is completed, they may be appointed yet again

## 2. Nomination and Reuneration Committee

As at 31 December 2020, Nomination and Reuneration Committee consists of four independent directors and one director

- |                                  |   |
|----------------------------------|---|
| 1) Mr. Att Tongyai Asavanund     | Chairman of Nomination and Remuneration Committee<br>and independent director           |
| 2) Mr. Vorasit Pokachaiyapat     | Normination and Remuneration Committee Member<br>and director                           |
| 3) Mrs. Malai Rachataswan        | Normination and Remuneration Committee Member<br>and independent director <sup>1/</sup> |
| 4) Mr.Theraphan Jittalarn        | Normination and Remuneration Committee Member<br>and independent director               |
| 5) Mr. Chaiyapont Timsootheepant | Nomination and Remuneration Committee Member<br>and independent director                |

with Miss Pornphan Yantossilp as a Nomination and Remuneration Committee's secretary

Remark: <sup>1/</sup> Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

#### Scope of authority of the Nomination and Remuneration Committee

The Board of Nomination and Remuneration Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Determine criteria and principles for the selection of company directors, and nominate suitably qualified persons and present them to the Board of Directors for appointment, or to a shareholders' meeting for election, as company directors, as the case may be.
- 2) Consider criteria and procedures for paying remuneration to company directors and subcommittee members, and present to the Board of Directors and then in a shareholders' meeting for approval.
- 3) Determine criteria and principles for the selection of executive officers, and nominate suitably qualified persons for the positions, and present to the Board of Directors for their consideration and approval.
- 4) Prepare criteria and procedures of annual performance reviews for the Chairman of the Executive Committee and the Chief Executive Officer and present them to the Board of Directors for approval.
- 5) Ensure that the qualifications of independent directors are suitable for the nature of the Company's business and in line with the criteria set by the Securities and Exchange Commission, Thailand.
- 6) Give advice about the preparation and review of succession plans for Executive Officers.
- 7) Appoint one (1) company employee to serve as Secretary to the Nomination and Remuneration Committee.
- 8) Carry out any other responsibilities as assigned by the Board of Directors

#### 3. Corporate Governance Committee

As at 31 December 2020, Corporate Governance Committee consists of four independent directors.

- 1) Mr. Att Tongyai Asavanund Chairman of Corporate Governance Committee
- 2) Mr. Chaiyapont Timsootheepant Corporate Governance Committee
- 3) Mrs. Malai Rachataswan Corporate Governance Committee<sup>1/</sup>
- 4) Mr. Theraphan Jittalarn Corporate Governance Committee

with Miss Pornphan Yantossilp as a Corporate Governance Committee's secretary

Remark: <sup>1/</sup> Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

#### Scope of authority of the Corporate Governance Committee

The Board of Corporate Governance Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Formulate the Company's corporate governance policy and its code of conduct for business operations relevant to its business operations.
- 2) Revise the Company's corporate governance policy and its code of conduct for business operations to ensure relevance to its business operations and compliance with corporate governance principles for listed companies. Make changes to them to align with the guidelines provided by the Securities and Exchange Commission of Thailand, the Stock Exchange of Thailand, and any other regulatory body.
- 3) Give advice and recommendations as guidance for operations to be implemented by the Board of Directors and management, to ensure compliance with corporate governance principles.
- 4) When formulating, making changes to, revising, or reviewing the corporate governance policy, present it to the Board of Directors to consider.
- 5) Carry out any other responsibilities as assigned by the Board of Directors

#### 4. The Risk Management Committee

As at 31 December 2020, The Risk Management Committee consists of four directors and one executive

- |                  |               |  |
|------------------|---------------|--|
| 1) Mr. Vorasit   | Pokachaiyapat | Chairman of Risk Management Committee and Director |
| 2) Miss Dusadee  | Tancharoen    | Risk Management Committee Member and Director      |
| 3) Mrs. Sutida   | Suriyodorn    | Risk Management Committee Member and Director      |
| 4) Miss Rachanee | Mahatdetkul   | Risk Management Committee Member and Director      |
| 5) Mr.Sakdina    | Manlerd       | Risk Management Committee Member and Executive     |

with Mrs. Sutida Suriyodorn as a Risk Management Committee's secretary

#### Scope of authority of the Risk Management Committee

The Board of Risk Management Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Determine the risk management policy as framework for risk management
- 2) Assess risks by considering possible risks, both external and internal, which may occur and affect the Company's conduct of business, in order to establish measures to prevent and manage risks such as business risk, financial risk, strategic risk and operational risks. i.e. procedures in

conducting business such as construction methods, contractor problems, fluctuations in the price of materials, etc.

- 3) Analyze the impact of risks on the Company and the possibility of such risks materializing, by analyzing each risk individually and the severity of the impact should the risk materialize
- 4) Formulate measures to follow up on operations that are causes of risk factors, to prevent and/or reduce the possibility of the risks materializing, and set levels of risks that can be accepted
- 5) Monitor and evaluate risk management and report the risk assessment results to the Board of Directors.

#### 5. The Executive Committee

As at 31 December 2020, The Executive Committee consists of five directors

- |                  |               |                                     |
|------------------|---------------|-------------------------------------|
| 1) Mr. Suthep    | Wongvorazathe | Chairman of the Executive Committee |
| 2) Mr. Vorasit   | Pokachaiyapat | Chief Executive Officer             |
| 3) Miss Dusadee  | Tancharoen    | Executive Director                  |
| 4) Mrs. Sutida   | Suriyodorn    | Executive Director                  |
| 5) Miss Rachanee | Mahatdetkul   | Executive Director                  |

with Miss Pornphan Yantossilp as an Executive Committee's secretary

#### Scope of authority of the Executive Committee

The Board of Executive Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Conduct management in the ordinary course of business and ensure compliance with Board of Directors's policies, relevant laws, conditions, and rules, memorandums of association, and company regulations
- 2) Review annual budget allocation to present to the Board of Directors for approval
- 3) Review investment projects to present to the Board of Directors
- 4) Review and approve the purchase of land and/or other assets for the Company and its subsidiary, and register such purchase at the Department of Lands, and approve temporary investment funds for use in the development of the land and/or other assets purchased, per the scope of authority and within the financial limit given to them by the Board of Directors

In light of this, approval of subsidiary transactions can only be done for a subsidiary in which the Company holds at least 90 percent of shares, and the transactions must not be related party transactions per Capital Market Supervisory Board's Notification or relevant laws.

- 5) Review and approve the sale of land and/or other assets of the Company or its subsidiary at no less than market value as at the date when the Board of Executive Committee passed a resolution approving the sale, per the scope of authority and within the financial limit given to them by the Board of Directors, and register such sale at the Department of Lands
- 6) Review and approve transactions that were not in the work plan, that did not exceed a limit of 100 million baht
- 7) Review and approve the Company's request for loan or credit from a financial institution, and use the fund obtained for the Company's ordinary course of business per the scope of authority and within the financial limit given to them by the Board of Directors
- 8) Review and approve opening and closing of an account and use of Banking services, and assign a person authorized to make payment from the Company's accounts
- 9) Review and approve legal transactions and corporate legal documents concerning asking for permission on project plan modification, method of project land allocation, land titling, subdivision and co-ownership of land, land survey, for instance, cadastral survey, subdivision in same ownership or in co-ownership, joint title deed, land allocation, and public use.
- 10) Prepare, make recommendations for, and formulate business policies and strategies and present to the Board of Directors
- 11) Review and approve marketing, advertising, and public relations plans
- 12) Evaluate the Company's operation results in terms of asset and financial management to ensure efficiency and effectiveness
- 13) Carry out other duties assigned by the Board of Directors

Assignment of authority, duties, and responsibilities to the Board of Executive Committee will be done in manners that will prevent executive director or persons assigned by them from approving transactions that may cause conflict of interest, as defined in Capital Market Supervisory Board's Notification. Exceptions are made in case of approval of transactions made in the ordinary course of business, in line with policies and regulations issued by the Board of Directors. The Board of Executive Committee will present such transactions to the Board of Directors and/or in a shareholders' meeting for approval of such transactions pursuant to laws governing securities and exchange and Capital Market Supervisory Board's Notification.

## 6. Management Committee

As at 31 December 2020, Management Committee consists of four directors and one executive

1) Mr. Vorasit	Pokachaiyapat	Chairman of Management Committee and Director
2) Miss Dusadee	Tancharoen	Management Committee Member and Director
3) Mrs. Sutida	Suriyodorn	Management Committee Member and Director
4) Miss Rachanee	Mahatdetkul	Management Committee Member and Director
5) Mr. Sakdina	Manlerd	Management Committee Member and Executive

with Miss Pornphan Yantossilp as a Management Committee's secretary

### Scope of authority of the Management Committee

The Board of Management Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Set company objectives, policies and strategies
- 2) Set operation plans and overall company direction
- 3) Ensure all objectives are met
- 4) Review issues to be presented to the Board of Directors and the Board of Executive Committee

### 6.1.2 Policy and guidelines related to shareholders And stakeholders

The company gives importance to the rights and equal treatment to various stakeholders related to the operations of the company, employees or executives of the company, customers, business partners, creditors, government sector and various agencies. This is because these groups of people will support the company to compete and generate profit until it is successful in the long term. The Board of Directors is well aware of the rights of stakeholders and treat stakeholders in accordance with the rights, conditions, laws and regulations In order for stakeholders to be looked after and treated with good care as follows

<u>Shareholders:</u>
The Company is committed to conducting business in order to create maximum benefits and satisfaction among shareholders. It takes into consideration the growth of the Company's value in the long term, stable operating gains, and disclosure of information in transparent and credible manners.
<u>Employee:</u>
The Company recognizes the importance of employees as the driving forces behind the various work plans that lead the Company to achieve its business objectives. Therefore, the Company treats all employees fairly and equally, as follows:

1. The Company has put in place a policy and guiding principles regarding employee remuneration and benefits. The Company pays appropriate remuneration to its employees, in line with the remuneration within the same industry. It also provides various benefits for its employees, such as annual physical exam, activities, sports game, company outing, year-end party, etc. It also emphasizes long-term personnel development by creating learning opportunities and promoting training and development.

In 2016 the Company set up a provident fund as another option and an additional benefit for employees. For existing employees, participation in the provident fund is optional. Those who choose not to take part in the provident fund will receive retirement pay when retiring from the Company.

2. The Company resolves to protect human dignity, human rights, and freedom, by ensuring that the Company's operations does not violate human rights, that personal data and information and employees' privacy are protected, and that all employees are treated equally. It also allows employees to file written complaints with their superiors.
3. The Company has put in place a policy and guiding principles regarding safety and health in the workplace. It discloses accidents at work statistics, the rate of taken leave, and the rate of occupational illnesses. It aims to achieve zero accidents in all departments, which is one of the Company's goals.
4. The Company has put in place a policy and guiding principles regarding training and development to increase employees' skills and competencies. It also discloses the average number of hours employees take part in trainings per year.

#### Executive officers:

The Company recognizes the importance of executive officers, as they play a leading role in formulating strategies and work plans, and overseeing the Company's operations to ensure it is in line with the direction and business goals set by the Board of Directors. Therefore, the Company pays appropriate and fair remuneration to executive officers, as incentive for them to manage the Company with determination and dedication, which will allow the Company to achieve its business goals.

#### Business partners:

The Company recognizes the importance of business partners, for their role in supporting and driving the Company's operations, allowing the Company to grow and achieve its business goals. Therefore, the Company respects its business partners and treats them with fairness, taking into consideration the interest of both parties when conducting business and strictly complying with trading conditions to which both parties have agreed.

<u>Customer:</u>
The Company resolves to provide services as agreed with customers, and always put customers first. It will foster good and stable relationships with customers. The Company has put in place a policy and guiding principles regarding the treatment of customers under the topic of "Code of conduct – towards customers."
<u>Trading partners:</u>
The Company recognizes the importance of trading partners for their role in supporting and driving the Company's operations, and enabling a smooth conduct of business. The Company therefore treats trading partners with fairness and in compliance with the trading conditions to which both parties have agreed. The Company has also put in place a policy and guiding principles regarding the treatment of trading partners and creditors under the topic of "Code of conduct – towards trading partners and creditors."
<u>Competitors:</u>
The Company aims to conduct business by adhering to fair trade practices. It focuses on increasing its competitiveness by increasing potential and service quality. It does not wish to damage competitors' reputation by means of libel or other dishonest means. The Company has also put in place a policy and guiding principles regarding the treatment of trading partners and creditors under the topic of "Code of conduct – towards competitors."
<u>Environment:</u>
The Company cares about the environment. Some of the initiatives undertaken by the Company include the implementation of energy- and water-saving strategies, and a campaign encouraging people to refraining from smoking at the workplace, etc.
<u>Community/society:</u>
The Company supports social projects and activities that aim to increase the quality of life for people in the community. It also promotes and instills a sense of responsibility towards society among employees of all levels.
<u>Public agencies and other supervisory organizations:</u>
The Company recognizes the importance of public agencies and other supervisory organizations for their roles, duties, and responsibilities in overseeing the Company's operations. The Company is committed to cooperating with these agencies and complying with relevant laws, rules, and regulations, to facilitate the work of such agencies. It has also assigned the secretary to review compliance with relevant laws, rules, and regulations, and the internal auditor to review compliance with operating manuals and relevant standards, and report the review results to Audit Committee on an annual basis.

The Company has put in place a policy to protect the rights of all stakeholders and treat them equally, as the support of these stakeholders helps increase the Company's competitiveness and create profits, thereby contributing to its success in the long term. The Company respects the rights of each group of stakeholders, by complying with the regulations, laws, and rules, as well as contracts and agreements made between one another. It also discloses sufficient information to allow stakeholders to perform their parts efficiently. It does not take action that violates or negatively affects any stakeholders.

Furthermore, The Board of Directors ensures that potential cases of conflict of interest are managed and monitored, and that a guideline and principle is put in place to make such cases follow operating procedures and make related disclosure in accordance with the laws, for the interest of the Company and shareholders. Stakeholders shall not take part in this decision making. In addition, the Board of Directors requires that the directors report their stakes before considering meeting agendas, and these are recorded in the minutes of the Board's meetings. The guideline is as follows:

#### Conflict of interest

The Board of Directors and management resolve to carefully prevent conflict of interest from arising, by conducting business with honesty, reasonableness, independence, and in compliance with the code of conduct for the Company's benefits.

Therefore, in order to achieve transparency and prevent personnel from gaining personal interest, the Company requires its directors, executive officers, and related persons to disclose information that may cause conflict of interest to the Board of Directors, by providing this information to Company Secretary . In addition, directors and executive officers are required to report any company securities held, per Securities and Exchange Commission regulations. Moreover, in meetings of the Board of Directors and Sub-Committees , all stakeholders who have entered into transactions or may have conflict of interest with the Company are required to abstain from expressing their opinions and casting their vote in such transactions/matters.

Furthermore, directors and executive officers are required to report their interest relating to management of the Company or its subsidiary, or that of related persons, to the Company, pursuant to Article 89/14 of the Securities and Exchange Act B.E. 2535 (1992), amended for the fourth time in 2008. In addition, the information in such report will make it easier for the Company to ensure that directors and executive officers honor their fiduciary obligations. Therefore, directors and executives are required to declare their interest in a form prepared by Thai Listed Companies Association. The form must be submitted within 30 days after the Board of Directors have passed a resolution, or after their appointment as director or executive officer. In case where there is a change in information, the

director or executive officer must fill in another form and submit it to Company Secretary no later than 15 days after the change has occurred.

In addition, the Company has put in place a policy and procedures for the approval of transactions that may cause conflict of interest or related party transactions, requiring disclosure of names, relationships between related parties, pricing policy, transaction values, as well as Board of Directors opinion on such transactions. This is in strict compliance with the Securities and Exchange Commission and Stock Exchange of Thailand regulations governing related party transactions, and is aimed at protecting all shareholders' interest equally.

The Company or its subsidiary may have transactions with a director, executive officer, or other related person. However, the transactions must have terms and conditions normally expected of transactions made between ordinary parties, and not be influenced by the fact that one of the parties is a director, executive officer, or related person, pursuant to Article 89/12 of the Securities and Exchange Act B.E. 2551 (2008), (fourth amendment). The Board of Directors may approve such transactions between the Company or its subsidiary and a director, executive officer, or other related person, as it sees appropriate.

As a result, for the benefits and appropriateness of the Company's business operation, the Board of Directors' Meeting No. 6/2017 on 1 November 2017 approved that management committee may enter into transactions between the Company or subsidiaries and directors, executives or a related persons if such transaction has the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person. As for connected transactions of other manners, they shall be in compliance with the Securities and Exchange Act (No. 4) B.E. 2551 and the Notification of the Office of the Board of Governors of the Stock Exchange of Thailand. The Company shall propose to the Board of Directors together with the Audit Committee to consider approving the transactions, or propose to the shareholders' meeting for approval as the case may be.

The Company recognizes the importance of entering into related party transactions. All related party transactions must be conducted with the Company's and its shareholders' maximum interest taken into consideration, and in line with general pricing and trade competition conditions. The price and other selling conditions of related party transactions are similar to those of arms-length transactions. All related party transactions must be reviewed by Audit Committee, which consists wholly of independent directors. Audit Committee have presented related party transactions and transactions that present cases of conflict of interest to the Board of Directors for their careful consideration, strictly adhered to the rules set by the Stock Exchange of Thailand in its report, and disclosed all this

information on a quarterly basis. They have also disclosed all the significant information in the Annual Report and Annual Information Form (Form 56-1)

## 6.2 Code of Conduct

The Company has put in place and strictly implemented regulations on the code of conduct among directors, executive officers, and all employees, who understand the importance of strict compliance with such regulations, as expected of them from the Company and shareholders. The code of conduct encompasses the following principles

1. Rule of law
2. Transparency
3. Fairness and justice
4. Focus on customers
5. Responsibility towards society
6. Non-involvement in politics

The code of conduct for management and employees can be divided into the following areas:

### Towards the Company

- Management is responsible for the declaration of code of conduct and must ensure that all employees are informed of and understand the code of conduct.
- Management is responsible for compliance with the Company's code of conduct
- Management pays attention to the necessary procedures for employees' compliance with the code of conduct

Management, including the Board of Directors and directors that are not members of the Board of Directors, conducts the Company's business

### Towards owners or shareholders

- Management has an obligation towards owners or shareholders, as they do not own the Company
- Management must act or make any decision with honesty and fairness to all shareholders, including minority shareholders, for the Company's benefits, as follows:
  - Operate under the scope of authority and for the Company's benefits
  - Carry out their duties to the best of their ability and with caution, as expected of persons of their calibers
  - Ensure that no company assets sustain damage or become unusable

- Regularly report operating results that are complete and accurate. Report both positive and negative aspects of the Company, in reasonable and credible manners, and backed up with sufficient facts.
- Do not disclose confidential information to other parties without appropriate authorization, especially to competitors
- Compile and explain any necessary data and information to the auditor to facilitate their work

#### Towards customers

- Management must
  - Disclose information on products to customers completely, accurately, and honestly
  - Sell products at the agreed price, or at the fair price in case where there are no prior agreements
  - Not cause unrealistic expectations or misunderstanding in the products in terms of quality, price, quantity, or conditions
- Management has a responsibility for customers in terms of product quality: by setting and maintaining product standard
  - Set minimum standard that can be accepted for products and ensure that it is met.
  - Make it known that a higher standard that is commonly achieved, leads to higher remuneration
  - Procure channels to receive complaints from customers in regards to product quality, and respond to customer needs promptly
  - Ensure that all products are made in accordance to company standard
- Management manages the Company with the objectives of decreasing costs and protecting the interest of customers as much as possible, especially by:
  - Being committed to increasing the Company's efficiency
  - Making sure that employees constantly realize that company resources are limited and use them efficiently
  - Decreasing company costs, insofar as that does not negatively affect operations or product standards
- Management must ensure to protect customers' information and treat it with strict confidentiality, and will not use such information for their own benefits or those of others.

#### Towards trading partners and creditors

- Management must ensure good practices when purchasing from trading partners, by:

- Not requesting, obtaining, or paying bribes to trading partners, or informing trading partners of their employees' intention to bribe the Company employees
- Ending transactions with trading partners who have bribed the Company's employees
- Making sure that no bribes are made to employees of trading partners
- Management will ensure that any liabilities, including loans, with trading partners are in line with trading conditions, by
  - Strictly complying with obligations towards creditors, in terms of repayment, maintenance of pledged securities, and other conditions, including not using the loans obtained for purposes that violate the loan agreements
  - Managing the Company in manners that do not increase risk for its creditors
  - Reporting the Company's financial status to creditors based on complete and accurate facts
  - Considering the creditors' interest, in case where the term of the loan is extended
  - Notifying creditors in advance, in case where the Company is unable to comply with the obligations in the agreements, and work with the creditors to find a solution

#### Towards competitors

- Management must
  - Act in accordance with fair trade practices
  - Not make dishonest or groundless accusations against competitors or their products
  - Not gain access to competitors' confidential information by illegal or inappropriate means

#### Towards employees

- Management must
  - Pay appropriate compensation to employees, based on their individual levels of skills, competencies, responsibilities, and performance
  - Emphasize training and development for all employees, so that they can obtain career advancement and job security
  - Outline measures to ensure safety for employees and their belongings, and ensure that there are adequate tools and equipment and that they are properly maintained
  - Promote employees' participation in setting the Company's direction and finding solutions to problems faced by the Company
  - Appoint, transfer, promote, reward or punish employees with honesty
  - Strictly comply with labor laws and other relevant regulations

- Publish the code to conduct and distribute to all employees, and make sure they understand practices and roles expected of them
- Not act in manners that jeopardize job security of employees without reason
- Treat employees with respect for human dignity and rights

#### Towards society

- In the conduct of business, management will
  - Take into consideration environmental impacts, natural resources, and public benefits
  - Not decrease operating costs without considering society's overall welfare
  - Take part in ongoing company projects aimed at increasing quality of life

#### Employees' responsibility towards the Company

- Carry out their duties with responsibility, honesty, and loyalty, to achieve career advancement, job security, and company growth
- Maintain harmony at the workplace, and work to address any problems efficiently together as a team
- Carry out their duties with care, dedication, and patience, to achieve quality, efficiency, and profits and lead the Company to business excellence
- Use company resources efficiently, and prevent damage and loss
- Keep the information of customers, trading partners, and the Company strictly confidential, and not disclose the Company's data and production technology
- Cooperate with and assist other colleagues for the Company's benefits, and respect the rights of other employees
- Always take care to achieve safety at the workplace and favorable working conditions
- Share knowledge and experience with colleagues, with company interest and goals in mind
- Not make unfair or groundless accusations against the Company, management, or fellow employees
- Notify relevant departments or management, in case where an illegal or inappropriate act is committed at the Company
- Respect superiors and employees more senior to them
- Not seek personal benefits, or help others to gain benefits, on the basis of their position

### 6.3 Changes and Developments of Policy, Practices and Corporate Governance System in the past year

#### 6.3.1 The Corporate Governance Committee gives importance to the review of the Company's good corporate governance policy, and ethics and business ethics of the company over the past year to enhance the efficiency of governance and show that the corporate governance standard of the

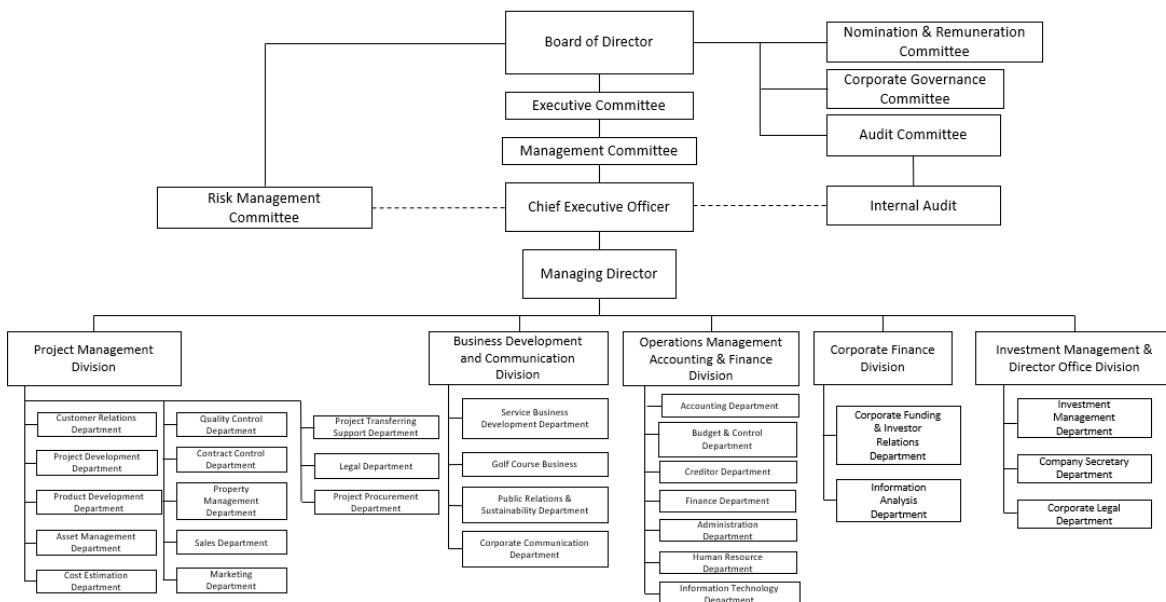
company has been raised in accordance with good corporate governance principles for listed companies in 2017 (CG Code) at least once a year

- 6.3.2 The Corporate Governance Committee and Board of director has determined the sustainability policy of the Company as part of the sustainable business concept (Sustainability) to promote the environment, society and good governance (ESG: Environmental, Social and Governance) including the vision or mission of the company to have social and environmental responsibility as an important factor for the sustainable business operation of the company. By operating the Company's business based on environmental, social and governance (ESG) principles, it will help to create sustainable growth and good long-term returns for the Company. It also helps to create shared good values between the company, employees and stakeholders. Cultivating an attitude and creating an organizational culture in order for employees to have social responsibility that coexist until it is considered as the main mission to create projects and activities that benefit society and community development and realize the importance of responsibility to society and community as well as continuing to care for the environment. Building good relationships and taking into account the impacts that may have on shareholders, employees, communities, customers, business partners, government agencies, as well as society and the nation, and in line with the sustainable development goals nationally and internationally (Sustainable Development Goals (SDGs)
- 6.3.3 In addition, the Company participated in the Corporate Governance Survey of Thai Listed Companies for the year 2020, where the Company received an overall average score of 85 %, which is higher than the overall average of listed companies.

7. Coperate governance structure and board of director information, sub-committee, magament, employee and other

**7.1 Board of director structure**

Board of director structure contains with board of director, audit committee, executive committee, nomination and remuneration committee, corporate governance committee, the risk management committee and management as chart below;



Note : Board of Directors' meeting 2/2021 held on 24 February 2021 approved this new organization chart

**7.2 Borad of director information**

**7.2.1 Borad of director component**

As of 31 December 2020, borad of director are 9 persons, with executive committee of 5 persons and non-executive committee, independent directors of 4 persons

**7.2.2 List of director and controlling person of the Company**

**Borad of director**

- |                    |                |  |
|--------------------|----------------|--|
| 1) Mr.Suthep       | Wongvorazathe  | Chairman of Executive Committee                        |
| 2) Mr.Vorasit      | Pokachaiyapat  | Chief Executive Officer                                |
| 3) Miss Dusadee    | Tancharoen     | Managing Director and Executive Director               |
| 4) Mrs. Sutida     | Suriyodorn     | Director and Executive Director                        |
| 5) Miss Rachanee   | Mahatdetkul    | Director and Executive Director                        |
| 6) Mr. Att Tongyai | Asavanund      | Independent Director and Chairman of Audit Committee   |
| 7) Mr. Chaiyapont  | Timsootheepant | Independent Director and Audit Committee               |
| 8) Mrs. Malai      | Rachataswan    | Independent Director and Audit Committee <sup>1/</sup> |

9) Mr.Theraphan Jittalarn Independent Director and Audit Committee  
with Miss Pornphan Yantossilp as a Company's secretary

Remark: <sup>1/</sup> Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

### 7.2.3 Roles of Board of Director of the Company

#### Scope of Duties of Company Directors

Board of director has the power and duty to set policies and operating directions. To comply with the prescribed policies with efficiency and effectiveness By emphasizing on increasing economic value to the business and preserving the best interests of the shareholders. Which must perform their duties in accordance with the law, objectives and regulations of the company. And to comply with the resolutions of the shareholders' meeting with honesty

#### Directors authorized to sign documents on behalf of the Company

As at 31 December 2020, the directors authorized to sign documents that will be binding on the Company consist of Mr. Suthep Wongvorazathe, Mrs. SutidaSuriyodorn, Mr.Vorasit Pokachaiyapat, Miss Rachanee Mahatdetkul and Miss Dusadee Tancharoen any two of these five directors can sign jointly and affixing the Company seal, except for in cases of the applications for installation of meters of pipe water, electricity and telephone, the applications for assignment and accepting assignment of rights to use electricity, pipe water and telephone, the applications for assignment, accepting assignment and refund of deposit guarantee for using of electricity, pipe water and telephone, or the application for construction permit, or the application for house registration number and the applications for licenses of road and drain connection, Mr. Suthep Wongvorazathe or Mrs. Sutida Suriyodorn or Mr. Vorasit Pokachaiyapat or Miss Rachanee Mahatdetkul or Miss Dusadee Tancharoen can sign singly and affixing the Company seal.

### 7.3 Sub Committees

#### 7.3.1 Sub Committees of the Company

Sub committees consist of 6 committees which are Audit Committee, The Executive Committee, Nomination and Reuneration Committee, Corporate Governance Committee, The Risk Management Committee and management as detail below;

#### 7.3.2 Sub Committee Information

##### A) Audit Committee

As of 31 December 2020, consists of four independent directors

- 1) Mr. Att Tongyai Asavanund Chairman of Audit Committee
- 2) Mr. Chaiyapont Timsootheepant Audit Committee Member
- 3) Mrs. Malai Rachataswan Audit Committee Member<sup>1/</sup>

4) Mr.Theraphan Jittalarn Audit Committee Member

with Mrs. Niramon Atsawakunkamnurd as an Audit Committee's secretary

Remark: <sup>1/</sup> Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

From total audit committee of 4 persons, there is Mr.Att Tongyai Asavanund who have knowledge and experience in reviewing financial statements of the company

**B) Nomination and Reuneration Committee**

As of 31 December 2020, Nomination and Reuneration Committee Consists of four independent directors and one director

1) Mr. Att Tongyai Asavanund Chairman of Nomination and Remuneration Committeeand independent director

2) Mr. Vorasit Pokachaiyapat Normination and Remuneration Committee Member and director

3) Mrs. Malai Rachataswan Normination and Remuneration Committee Member and independent director<sup>1/</sup>

4) Mr.Theraphan Jittalarn Normination and Remuneration Committee Member and independent director

5) Mr. Chaiyapont Timsootheepant Nomination and Remuneration Committee Member and independent director

with Miss Pornphan Yantossilpas a Nomination and Remuneration Committee's secretary

Remark: <sup>1/</sup> Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

**C) Corporate Governance Committee**

As of 31 December 2020, Corporate Governance Committee consists of four independent directors

1) Mr. Att Tongyai Asavanund Chairman of Corporate Governance Committee

2) Mr. Chaiyapont Timsootheepant Corporate Governance Committee

3) Mrs. Malai Rachataswan Corporate Governance Committee<sup>1/</sup>

4) Mr.Theraphan Jittalarn Corporate Governance Committee

With Miss Pornphan Yantossilpas a Corporate Governance Committee's secretary

Remark: <sup>1/</sup> Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

**D) The Risk Management Committee**

As of 31 December 2020, The Risk Mangement Committee consists of four directors and one executive

- |                  |               |   |
|------------------|---------------|---|
| 1) Mr. Vorasit   | Pokachaiyapat | Chairman of Risk Management Committeeand Director |
| 2) Miss Dusadee  | Tancharoen    | Risk Management Committee Memberand Director      |
| 3) Mrs. Sutida   | Suriyodorn    | Risk Management CommitteeMember and Director      |
| 4) Miss Rachanee | Mahatdetkul   | Risk Management CommitteeMember and Director      |
| 5) Mr.Sakdina    | Manlerd       | Risk Management CommitteeMember and Executive     |

With Mrs. Sutida Suriyodorn as a Risk Management Committee's secretary

#### E) The Executive Committee

As of 31 December 2020, The Executive Committee consists of five directors

- |                  |               |                         |
|------------------|---------------|-------------------------|
| 1) Mr. Suthep    | Wongvorazathe | Chairman                |
| 2) Mr. Vorasit   | Pokachaiyapat | Chief Executive Officer |
| 3) Miss Dusadee  | Tancharoen    | Managing Director       |
| 4) Mrs. Sutida   | Suriyodorn    | Executive Director      |
| 5) Miss Rachanee | Mahatdetkul   | Executive Director      |

With Miss Pornphan Yantossilp as an Executive Committee's secretary

#### F) Management Committee

As of 31 December 2020, Management Committeeconsists of four directors and one executive

- |                  |               |  |
|------------------|---------------|--|
| 1) Mr. Vorasit   | Pokachaiyapat | Chairman of Management Committeeand Director |
| 2) Miss Dusadee  | Tancharoen    | Management Committee Member and Director     |
| 3) Mrs. Sutida   | Suriyodorn    | Management Committee Member and Director     |
| 4) Miss Rachanee | Mahatdetkul   | Management Committee Member and Director     |
| 5) Mr.Sakdina    | Manlerd       | Management Committee Member and Executive    |

With Miss Pornphan Yantossilp as a Management Comittee's secretary

The summary of positions held by directors and executives in the Board of Directors and various sub-committees is as follow:

Name	Board of Directors	Independent Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee	Authorized Director
1) Mr. Suthep Wongvorazathe	✓						✓		✓
2) Mr.Vorasit Pokachaiyapat	✓			✓		✓	✓	✓	✓
3) Miss Dusadee Tancharoen	✓					✓	✓	✓	✓

Name	Board of Directors	Independent Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee	Authorized Director
4) Mrs. Sutida Suriyodorn	✓					✓	✓	✓	✓
5) Miss Rachanee Mahatdetkul	✓					✓	✓	✓	✓
6) Mr. Att Tongyai Asavanund	✓	✓	✓	✓	✓				
7) Mr. Chaiyapont Timsootheepant	✓	✓	✓	✓	✓				
8) Mrs. Malai Rachataswan <sup>1/</sup>	✓	✓	✓	✓	✓				
9) Mr. Theraphan Jittalam	✓	✓	✓	✓	✓				
10) Mr. Sakdina Manlerd						✓		✓	

Remark: <sup>1/</sup> Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

#### Scope of authority of the Audit Committee

The Board of Audit Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Review the Company's financial reporting process to ensure that it is accurate and adequate.
- 2) Review the Company's internal control system and internal audit system to ensure that they are suitable and effective, determine an internal audit unit's independence, and approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of internal audit
- 3) Review the Company's compliance with the law on securities and exchange, Stock Exchange of Thailand regulations, and the laws relating to the Company's business.
- 4) Consider, select and nominate an independent person to be the Company's auditor, propose such person's remuneration, and hold a meeting with the auditor, in which no members of management attend, at least once a year.
- 5) Review related party transactions, or transactions that may lead to conflict of interests, to ensure that they are in compliance with the laws and Stock Exchange of Thailand regulations, reasonable and for the highest benefits of the company.
- 6) Prepare, and disclose in the Company's Annual Report, an the Board of Audit Committee report which must be signed by chairman of the Board of Audit Committeeand include at least the following information.

- (A) An opinion on the accuracy, completeness and creditability of the Company's financial reports
  - (B) An opinion on the adequacy of the Company's internal control system
  - (C) An opinion on compliance with the law on securities and exchange, the Stock Exchange of Thailand regulations, or the laws relating to the Company's business
  - (D) An opinion on the suitability of the auditor
  - (E) An opinion on the transactions that may lead to conflict of interests
  - (F) The number of the Board of Audit Committee's meetings, and attendance in such meetings by each committee member,
  - (G) An overall opinion or comment about Audit Committee's implementation of its duties in accordance with the charter
  - (H) Other transactions which 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
- 7) Perform any other act as assigned by the Company's Board of Directors, with the approval of the Board of Audit Committee.

In the performance of duties under the scope of authority and duty, the Audit Committee has the power to summon instruct the management, Head of department or employees of related companies to give opinions, attend meetings or send documents as deemed necessary. Moreover, performing duties within the scope of authority of this regulation. The audit committee may seek advice from independent, third-party advisors or other professional experts. If deemed necessary and appropriate, the Company will be responsible for all expenses.

Therefore, chairman of the Audit Committee and the Audit Committee members hold position for a term of 3 years, when the term expires, they may be re-appointed for another term.

#### Scope of authority of the Nomination and Remuneration Committee

The Board of Nomination and Remuneration Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Determine criteria and principles for the selection of company directors, and nominate suitably qualified persons and present them to the Board of Directors for appointment, or to a shareholders' meeting for election, as company directors, as the case may be.
- 2) Consider criteria and procedures for paying remuneration to company directors and subcommittee members, and present to the Board of Directors and then in a shareholders' meeting for approval.

- 3) Determine criteria and principles for the selection of executive officers, and nominate suitably qualified persons for the positions, and present to the Board of Directors for their consideration and approval.
- 4) Prepare criteria and procedures of annual performance reviews for the Chairman of the Executive Committee and the Chief Executive Officer and present them to the Board of Directors for approval.
- 5) Ensure that the qualifications of independent directors are suitable for the nature of the Company's business and in line with the criteria set by the Securities and Exchange Commission, Thailand.
- 6) Give advice about the preparation and review of succession plans for Executive Officers.
- 7) Appoint one (1) company employee to serve as Secretary to the Nomination and Remuneration Committee.
- 8) Carry out any other responsibilities as assigned by the Board of Directors.

Scope of authority of the Corporate Governance Committee

The Board of Corporate Governance Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Formulate the Company's corporate governance policy and its code of conduct for business operations relevant to its business operations.
- 2) Revise the Company's corporate governance policy and its code of conduct for business operations to ensure relevance to its business operations and compliance with corporate governance principles for listed companies. Make changes to them to align with the guidelines provided by the Securities and Exchange Commission of Thailand, the Stock Exchange of Thailand, and any other regulatory body.
- 3) Give advice and recommendations as guidance for operations to be implemented by the Board of Directors and management, to ensure compliance with corporate governance principles.
- 4) When formulating, making changes to, revising, or reviewing the corporate governance policy, present it to the Board of Directors to consider.
- 5) Carry out any other responsibilities as assigned by the Board of Directors.

Scope of authority of the Risk Management Committee

The Board of Risk Management Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Determine the risk management policy as framework for risk management

- 2) Assess risks by considering possible risks, both external and internal, which may occur and affect the Company's conduct of business, in order to establish measures to prevent and manage risks such as business risk, financial risk, strategic risk and operational risks. i.e. procedures in conducting business such as construction methods, contractor problems, fluctuations in the price of materials, etc.
- 3) Analyze the impact of risks on the Company and the possibility of such risks materializing, by analyzing each risk individually and the severity of the impact should the risk materialize.
- 4) Formulate measures to follow up on operations that are causes of risk factors, to prevent and/or reduce the possibility of the risks materializing, and set levels of risks that can be accepted.
- 5) Monitor and evaluate risk management and report the risk assessment results to the Board of Directors.

Scope of authority of the Executive Committee

The Board of Executive Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Conduct management in the ordinary course of business and ensure compliance with Board of Directors's policies, relevant laws, conditions, and rules, memorandums of association, and company regulations
- 2) Review annual budget allocation to present to the Board of Directors for approval
- 3) Review investment projects to present to the Board of Directors
- 4) Review and approve the purchase of land and/or other assets for the Company and its subsidiary, and register such purchase at the Department of Lands, and approve temporary investment funds for use in the development of the land and/or other assets purchased, per the scope of authority and within the financial limit given to them by the Board of Directors

In light of this, approval of subsidiary transactions can only be done for a subsidiary in which the Company holds at least 90 percent of shares, and the transactions must not be related party transactions per Capital Market Supervisory Board's Notification or relevant laws.

- 5) Review and approve the sale of land and/or other assets of the Company or its subsidiary at no less than market value as at the date when the Board of Executive Committee passed a resolution approving the sale, per the scope of authority and within the financial limit given to them by the Board of Directors, and register such sale at the Department of Lands.
- 6) Review and approve transactions that were not in the work plan, that did not exceed a limit of 100 million baht.

- 7) Review and approve the Company's request for loan or credit from a financial institution, and use the fund obtained for the Company's ordinary course of business per the scope of authority and within the financial limit given to them by the Board of Directors.
- 8) Review and approve opening and closing of an account and use of Banking services, and assign a person authorized to make payment from the Company's accounts.
- 9) Review and approve legal transactions and corporate legal documents concerning asking for permission on project plan modification, method of project land allocation, land titling, subdivision and co-ownership of land, land survey, for instance, cadastral survey, subdivision in same ownership or in co-ownership, joint title deed, land allocation, and public use.
- 10) Prepare, make recommendations for, and formulate business policies and strategies and present to the Board of Directors.
- 11) Review and approve marketing, advertising, and public relations plans.
- 12) Evaluate the Company's operation results in terms of asset and financial management to ensure efficiency and effectiveness.
- 13) Carry out other duties assigned by the Board of Directors.

Assignment of authority, duties, and responsibilities to the Board of Executive Committee will be done in manners that will prevent executive director or persons assigned by them from approving transactions that may cause conflict of interest, as defined in Capital Market Supervisory Board's Notification. Exceptions are made in case of approval of transactions made in the ordinary course of business, in line with policies and regulations issued by the Board of Directors. The Board of Executive Committee will present such transactions to the Board of Directors and/or in a shareholders' meeting for approval of such transactions pursuant to laws governing securities and exchange and Capital Market Supervisory Board's Notification.

#### Scope of authority of the Management Committee

The Board of Management Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Set company objectives, policies and strategies
- 2) Set company objectives, policies and strategies
- 3) Set company objectives, policies and strategies
- 4) Review issues to be presented to the Board of Directors and the Board of Executive Committee

## 7.4 Management Information

### 7.4.1 Board of DirectorStructure

Names of directors as at 31 December 2020 consist of

	<u>Name</u>	<u>Position</u>
1)	Mr.Suthep Wongvorazathe	Chairman and Chairman of Executive Director
2)	Mr. Vorasit Pokachaiyapat	Chief Executive Officer
3)	Miss Dusadee Tancharoen	Managind Director
4)	Mrs. Sutida Suriyodorn	Deputy Managing Director Administrative and Financia Accounting Division
5)	Miss Rachanee Mahatdetkul	Capital Management Division
6)	Mr. Sakdina Manlerd	Senior Executive Vice President of Project Management Division
7)	Miss Pornphan Yantossilp	Senior Executive Vice President of Investment Management and Director Office Division
8)	Mr. Suthep Kittiwatcharapong	Executive Vice President of Project Procurement Department
9)	Mrs.Niramon Atsawakunkamnurd	Vice President of Accounting Department
10)	Miss Busara Rogesotorn	Vice President of Finance Department

Remark : Management means definition of The Securities and Exchange Commission.

The responsibility of the Chairman of the Board as follows:

- 1) Regulate and monitor to ensure that the Board of Directors operates efficiently and achieves the organization's objectives and goals;
- 2) Ensure that every director contributes to creating an ethics-based organizational culture and enforcing good corporate governance;
- 3) Set agendas for Board meetings after deliberation with the Chief Executive Officer, and ensure that measures for significant issues are included as meeting agendas;
- 4) Allocate sufficient time for management to raise issues and for directors to discuss significant issues thoroughly; encourage directors to exercise their judgment with care and express their opinions freely;
- 5) Promote amicable relations between executive and non-executive directors, as well as between the Board and management.

Scope of authority of Chief Executive Officer

- 1) Set policies, direction, and strategies for the Company's operations and present them to the Board of Directors, and ensure compliance with the policies, direction, and strategies approved by the Board of Directors
- 2) Set business plans, budget, and scope of authority of company departments and divisions, and present them to the Board of Directors for approval
- 3) Oversee company operations to ensure compliance with Board of Directors policies, relevant laws, conditions, rules, and memorandums of association, and company regulations
- 4) Appoint advisors to provide advice on the Company's operations
- 5) Review and approve the purchase of land and/or other assets for the Company and its subsidiary, and approve temporary investment funds for use in the development of the land and/or other assets purchased, per the scope of authority and within the financial limit given to them by the Board of Directors, and notify the Board of Executive Committee in a meeting in order for the Board of Executive Committee to pass a resolution authorizing the legal registration of such purchase at the Department of Lands

In light of this, approval of subsidiary transactions can only be done for a subsidiary in which the Company holds at least 90 percent of shares, and the transactions must not be related party transactions per Capital Market Supervisory Board's Notification or relevant laws.

- 6) Review and approve the sale of land and/or other assets of the Company or its subsidiary at no less than market value as at the date when the sale was approved, and notify the Board of Executive Committee in a meeting in order for the Board of Executive Committee to pass a resolution authorizing the legal registration of such purchase at the Department of Lands
- 7) Review and approve transactions that were not in the work plan, that did not exceed a limit of 50 million baht
- 8) Carry out other duties assigned by the Board of Directors

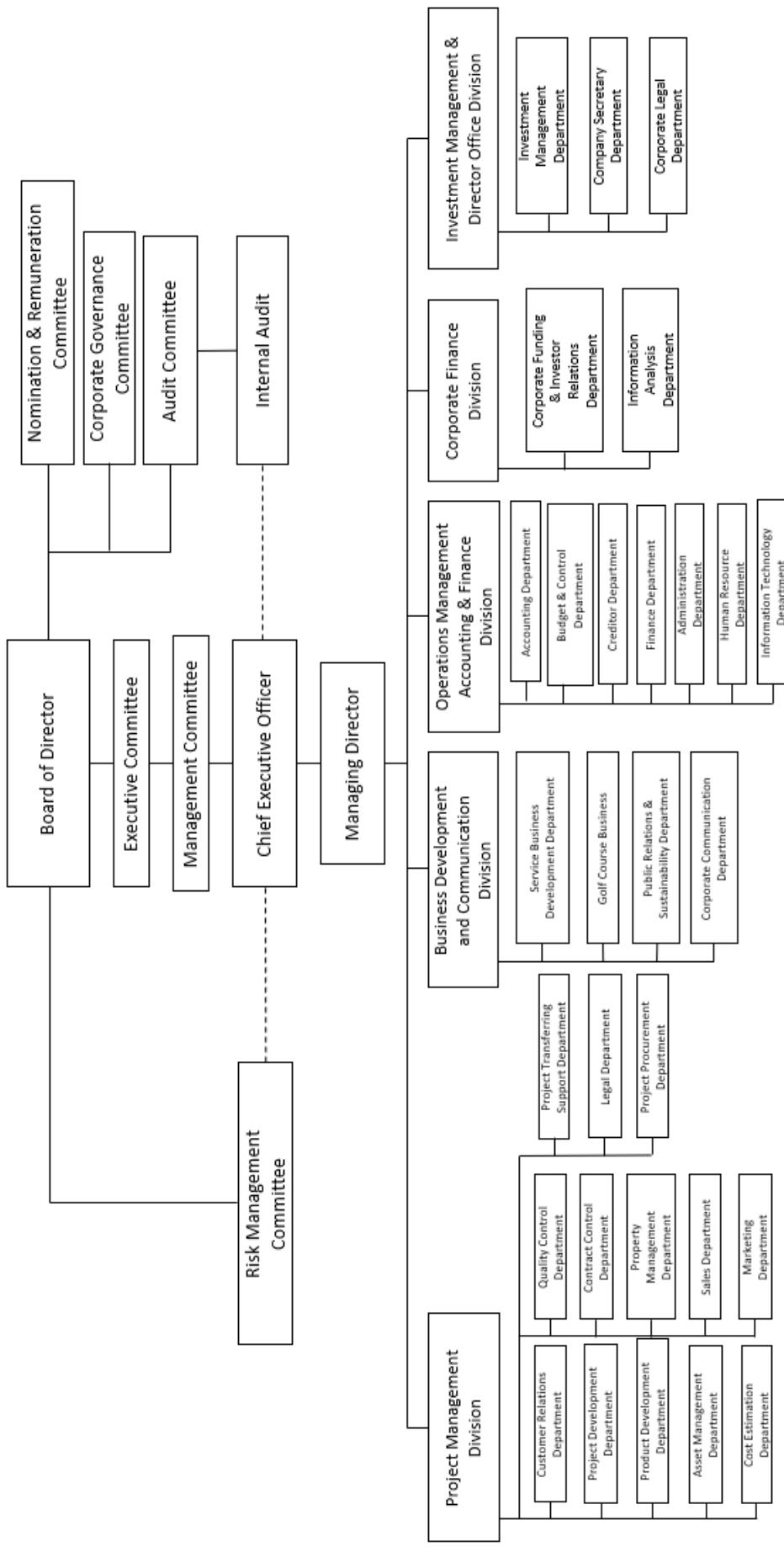
It should be noted that assignment of authority, duties, and responsibilities to Chief Executive Officer will be done in manners that will prevent Chief Executive Officer or persons assigned by them from approving transactions that may cause conflict of interest, as defined in Capital Market Supervisory Board's Notification. Exceptions are made in case of approval of transactions made in the ordinary course of business, in line with policies and regulations issued by the Board of Directors. Chief Executive Officer will present such transactions to the Board of Directors and/or in a shareholders'

meeting for approval of such transactions pursuant to laws governing securities and exchange and Capital Market Supervisory Board's Notification.

Scope of authority of Managing Director

- 1) Set business plans, budget, and scope of authority of company departments and divisions, and present them to Chief Executive Officer for approval
- 2) Oversee company operations to ensure compliance with Chief Executive Officer policies, relevant laws, conditions, rules, and memorandums of association, and company regulations
- 3) Review and approve transactions that were not in the work plan, that did not exceed a limit of 20 million baht
- 4) Carry out other duties assigned by Chief Executive Officer

It should be noted that assignment of authority, duties, and responsibilities to Managing Director will be done in manners that will prevent Managing Director or persons assigned by them from approving transactions that may cause conflict of interest, as defined in Capital Market Supervisory Board's Notification. Exceptions are made in case of approval of transactions made in the ordinary course of business, in line with policies and regulations issued by the Board of Directors. Managing Director will present such transactions to the Board of Directors and/or in a shareholders' meeting for approval of such transactions pursuant to laws governing securities and exchange and Capital Market Supervisory Board's Notification.



The Company has organization chart as picture below,

Note : Board of Directors' meeting 2/2021 held on 24 February 2021 approved this new organization chart

#### 7.4.2 Remuneration

##### 1. Remuneration in money

The remuneration of the company and a subsidiary company for 11 executive directors and executive officers includes salary, bonus, provident fund, social security contribution, medical benefit and the defined benefit plans expose the group to actuarial risk amounting to Baht 42,642,183.78.

##### 2. Other remuneration

- The Company has provided a provident fund for the management, where the Company contributes 5 percentage of the salary. In year 2020, the Company has made contributions to the provident fund for 8 executives totaling Baht 1,508,415.
- The warrants to the directors, executives and employees of the Company and its Subsidiaries No.1 (MK-WA) in the amount of not exceeding 26,000,000 units has details as follows:

Issues Date:	17 June 2019
Amount of Warrant:	26,000,000 units
Exercise price:	4 bath/share
Maturity:	Not exceeding 5 years from the warrant issuance and offering date.
Exercise ratio:	1 unit of Warrant (MK-WA) will be entitled to purchase 1 ordinary share.
Number of shares issued and reserved for exercising right of warrant:	26,000,000 units
Expiration date:	16 June 2024

15 managements of the Company were allocated 10,900,000 warrants, accounting for 41.92 percent of the Company's share warrants for the entire project.

Thus, issuing the warrants to purchase the newly issued ordinary shares to directors, management and employees of the Company and its subsidiaries No. 1 ( MK-WA) does not have directors, management and employees of the Company and subsidiaries. That has been allocated vouchers show the right to purchase ordinary shares of the company issued to the directors, management and employees of the company and its subsidiary No. 1 ( MK-WA) more than 5 percent of the total warrants issued in this time.

## 7.5 Employee Information

### Employee Development Policy

During the COVID-19 situation, the Company have to deal with risks, changes in business and working styles require human resource development to be more readily available and capable. The company recognize the importance of potential and measure the success of business operations. Therefore, objective and key results system has been introduced as one of the tools for evaluating employee performance in order to ensure that employees are aware of the company's progress goals and able to work principles of responsibility to meet the target, which has always held that people are the most important resource for successful business operations. The Company has set personnel policy as one of the main policies with a focus on developing human potential to have higher abilities to increase competitiveness while enhancing quality of life and a good working atmosphere as the following:

- 1) Internal communication: the Company has announced the Vision, Mission, Objective and Core Competency as well as the Annual Corporate Target as a direction for business operations. There is a communication campaign in the organization that employees in each division / department able to plan and perform operations in accordance with the Company's business goals and strategies. The goals of the performance of each department were communicated as well as the Company's goals to all departments to be continuously acknowledged.
- 2) Human resource development: The Company has a policy to develop personnel according to competency principles in order to enhance the personnel potential. Employee can work more efficiently. The Company has invested in information technology systems both in equipment (hardware) and work systems (software) to improve the overall operation of the organization. There is a standard working procedure to connect information and operations by modern systems. It is possible to integrate business information up to date. It is accurate and fast including a good internal control system. This has an important effect on enhancing the potential of the personnel to work effectively. Increasing skills and ability (Competency) in expertise in the field of managerial skills and business knowledge. In addition, there is also a career progress chart (Career Path) for employees. This starts with making an individual personnel development plan (IDP) for each position to develop the strengths and weaknesses of employees. They are also encouraged to continue their education in order to increase their knowledge and can be applied to work. It also provides a scholarship program to pursue a master's degree in a field of study that directly benefits the performance and business of an organization and employees can take short courses in Real Estate and Marketing Media.

The company also organizes internal training seminars by inviting speakers to give knowledge to employees along with encouraging employees to attend outside seminars. Internal training seminars are to educate executives about Risk Management, risks study and opportunities to identify the risks

and can prevent it in time. An analysis of the risk issues and the causes of the risks is carried out. With preventive measures By dividing risk issues according to the nature of responsibility of the line of work to be the driver. The development model emphasizes the participation of employees, with the knowledge of risk emphasizing the risk issues faced by the organization and applying them to the learning style, enabling employees to apply.

In year 2019 – 2020, the Company has organized training, educating, creating workflow work processes together with the preparation of Objective & Key Results (OKR) to monitor and measure performance, correctness, completeness, and can be used for real purposes. Guidelines for improving work processes (Workflow) cover important work processes throughout the Company to improve of the work process. Considering the points that can be improved in the current process and reducing work that relies on individual expertise and lack of intermediate standards. It focuses on working processes in the work related to Investment management, Quality control, Contract control, Procurement, Finance, Budgeting and etc.

Moreover, the Company also strives to create working values of MK's C-CRET to success by organizing various activities to employee for building awareness of personnel, customer and service focus, Continuous Improvement, Result Orientation, Ethics and Integrity and cooperation to work as a team.

3) Human Resource Management: the Company has improved the performance management system. To increase management efficiency. This focus is on performance management from assessments of job achievement (KPIs) and competency to be used in the development of personnel and work performance on a continuous basis. As well as managing returns according to performance fairly.

In year 2019 – 2020, the Company has developed readiness for employees to use Objective & Key Results (OKR), design system for evaluating employee performance with OKR, setting Objective (O), using Stretch Goal setting for Developing and learning Key Results (KR) assessments will reflect the achievement, which is the milestone that the organization needs.

4) Employee relations: The company has a policy to enhance the quality of life and a warm working atmosphere care of personnel like family members. There is an increasing in the right to leave, giving employees the right to take personal leave for 6 working days; Provident fund savings and investment education. In addition, there are still various to build relationships between employees. This is focusing on the participation of employees with the company such as the MK WE ARE FAMILY, the annual party, tourism activities, sports relations activities, Buddhist activities, and etc.

As of 31 December 2020, the Company has 332 employees. In the year 2020, the company has paid compensation to the employees. The total amount of 202,735,313.78 Baht, which returns include salary, overtime allowance, allowance, living allowance, bonus, special allowance, social Security and contributions to provident funds, and etc. In addition, the subsidiary paid remuneration to employees in the same manner as the company of 123,787,441.45 baht. The detail as table below;

Comapny/ Subsidiary Company	Employee (person)	Management (person)	Head Office-Employee (person)	Total (person)	Employee Compensation (baht)
Company					
M.K. Real Estate Development PCL	324	8	164	332	202,735,313.78
Subsidiary Company					
Mancon Co.,Ltd.	-	-	-	-	-
RX Wellness Co.,Ltd.	5	-	1	5	8,113,005.08
Prospect Development Co.,Ltd.	38	2	15	40	36,597,905.36
Prospect Reit Management Co.,Ltd.	4	1	5	5	8,968,884.94
Yours Property Management Co.,Ltd.	86	-	14	86	25,338,586.00
Munkong Life Co.,Ltd.	95	-	-	95	24,754,555.71
MKH Assets Co.,Ltd.	-	-	-	-	-
Health and Wellness Village Co.,Ltd.	69	-	-	69	20,014,504.36
Total of Subsidiary Company	297	3	35	300	123,787,441.45
Total	621	11	199	632	326,522,755.23

The Company has a policy to encourage the provident fund committee of the company to comply with the investment governance principles for institutional investors( Investment Governance Code: "I Code") and because a provident fund is considered a retirement savings fund for employees. The Company therefore encourages the Provident Fund Committee to select fund managers who adhere to I Code and / or manage investments responsibly, taking into account environmental, social and governance factors ("ESG"). Good compliance with investment governance principles. This is because it is an investment strategy that leads to the best interests of fund members, that is, the company's employees over the long term. The employees of the Company and subsidiaries participating in the provident fund program. The detail as table below;

Comapny/ Subsidiary Company	Having/ Not having PVD	Number of employees who having PVD (person)	Portion of employees having PVD/Total employee (%)
M.K. Real Estate Development PCL	Yes	268 persons	89.16 %
Mancon Company Limited	No	-	0.00 %
RX Wellness Company Limited	Yes	5 persons	100.00 %
Prospect Development Company Limited	Yes	36 persons	90.00 %
Prospect Reat Manament Company Limited	Yes	5 persons	100.00 %
Yours Property Management Co.,Ltd.	Yes	20 persons	23.26 %
Munkong Life Company Limited	Yes	58 persons	61.05 %
MKH Assets Company Limited	No	-	0.00 %
Health and Wellness Village Company Limited	Yes	45 persons	65.22 %

## 7.6 Other Information

### 7.6.1 List of persons assigned in the bookkeeping, Company secretary, Head of internal audit or external auditorHead of compliance

1. Those who assigned to be directly responsible for the control of the company's accounting.
  - (1) Mrs. Sutida Suriyodorn, Senior Executive Vice President of Operations Management Account and Finance Division is assigned as Chief financial officer (CFO)
  - (2) Mrs.Niramont Atsawakunkamnurd, Vice President of Accounting Department assigned person to the direct responsibility of accounting supervision

The detail of those who assigned to be directly responsible for the control of the company's accounting are in attachment 1

2. The Board of Directors appointed Miss Pormphan Yantossilp as a Company's secretary effective on 1 June 2016.Qualifications of a person holding a position as company secretary is in attachment 1

In this regard, the Company, per the approval of Audit Committee, engaged Multiplus Audit Co.,Ltd., an unrelated party, to carry out an internal audit at the Company, Multiplus Audit Co.,Ltd. appointed Mr.Surapol Thawalwitchajit as the main person in charge of carrying out the internal audit at the Company. Multiplus Audit Co.,Ltd. and Mr.Surapol Thawalwitchajit have experience in internal controls and audit, are independent, and, due to the availability of personnel at their disposal, are prepared to form a proper team to conduct an internal audit at the Company. In addition, they are able to audit individual parts of the Company's operations in line with the guidelines for the evaluation of the adequacy of an internal controls system, set by the Securities and Exchange Commission, and independently report their opinions to Audit Committee, to ensure that the internal controls system is effective and adequate for the prevention of risks to business operations.

### 7.6.2 Head of investor relation and contact information

Miss Ratchanee Mahatdetkul      Tel: 0-2234-8888 ext. 3101 Email: irc@mk.co.th

### 7.6.3 Audit fee

The Company and its subsidiary paid auditor's fees to the auditors of the Company and the subsidiary, for their audit of companies located in Thailand in the last accounting year, amounting to 4,270,000 Baht.

### 7.6.4 Non-audit fee

- none -

## 8. Report on key performance of corporate governance

### 8.1 Summary of the Board of Directors performance in the past year

In 2020, the Company aims to develop its business for continuous growth in low-rise property development for sales which is the main business of the Company and proper development for rental and service to have similar proportion within near term by increasing the proportion of projects that generate long-term recurring income from business, building for rent, and expand building and warehouse for rent business, and Park Court Sukhumvit 77 project and further expand to health business with emphasis on health and living for well-being. However, the Company is aware of good corporate governance practices. The Board of Directors has established the management framework under good corporate governance which continues to focus on taking into account the impact on the whole stakeholders in which the Company has emphasized on employees and all related parties to work with caution and careful to offer the worth products and services to customers and to promote the Company to be the country's leading residential property development company in the future.

In addition, the Corporate Governance Committee and the Board of Directors has determined the sustainability policy of the Company which is the part of the concept of business operation sustainability to promote environment, society, and good governance (ESG) because corporate governance including the vision and mission of the Company to have social and environmental responsibility is an important factor for the sustainable business operation of the Company as guideline for the management, employees of the Company and its subsidiaries can use as the guideline for operation.

#### 8.1.1 Nomination, development, and evaluation of the Board's performance

In the past year 2020, the Board of Directors and the Company's sub-committees have monitored, evaluated and supervised the operating result appropriately under the ethical, transparent, verifiable, as well as respect the right and be responsible for shareholders, investors, stakeholders, taking into account the benefits to society and taking care of the impact on environment, including adapting to the changes that always occurs. So that the Company can compete and have good operating results in long-term. To demonstrate transparency in operation and verifiable, the Company has set important criteria in recruiting and appoint directors and senior management as follows:

##### (1) *Independent directors*

###### Criteria for selection of independent directors

- 1) Must be persons selected by the Board of Nomination and Remuneration Committee and the Board of Directors, and must be appointed in a shareholders' meeting or Board of Directors' meeting

- 2) At least one thirds, but no fewer than three persons, of the Board of independent directors must be independent directors
- 3) Must have the qualifications suitable for the Company's business
- 4) Must be persons that fit the definition of "independent directors," i.e. an independent director must not be involved in the Company's management and/or conduct of business; must be independent from major shareholders, company management, and immediate family members of those persons, and can express independent opinions, taking the interest of the Company and shareholders into consideration

#### Selection process

The Board of Nomination and Remuneration Committee will consider the list of external persons with qualifications that are widely accepted in the business and academic circles to present in a Board of Directors' meeting for their consideration, or in a shareholders' meeting for appointment, as the case may be.

The selected persons must have qualifications according to the qualifications of independent director (Details in clause 6.1.1, Policies and guidelines related to the Board of Directors)

It should be noted that independent directors must not have business relations or provide any significant professional services to the Company, its parent company, or any subsidiary, associated company, or juristic person that may present cases of conflict of interest. In addition, the Company's independent directors cannot serve as independent directors for the parent company, any subsidiary, or associated company.

#### (2) *Selection of directors and members of the management committee*

The Board of Nomination and Remuneration Committee will select persons with the appropriate qualifications to be proposed for appointment as directors, in case where a position becomes vacant or an incumbent is about to end his tenure. The Board of Nomination Committee will select Chairman of Board of Director, Chairman of the Executive Director, Chief Executive Officer, and Managing Director, to present in a Board of Directors' meeting for their consideration. The Board of Directors may appoint directors, or present them in a shareholders' meeting for appointment, as the case may be. The Board of Directors consists of no less than five members, all of whom are selected in a shareholders' meeting to manage the Company. No fewer than half of the Board of Directors must reside in the Kingdom of Thailand, and have the qualifications required by the law. A shareholders' meeting selects directors using the following criteria and methods:

- 1) Each shareholder shall have a number of votes equal to the number of shares held by them.

- 2) In the election of directors, the shareholders may cast votes for individual or several directors simultaneously for the full number of all directors to be elected in that occasion as deemed appropriate by the shareholders meeting. In the voting whether for individual or several directors aforesaid each candidate shall receive the votes in accordance with the number of all shares held by such shareholder under (1) whereby such shareholder may not allocate his/her votes to any candidate for whatever amount of votes.
- 3) The candidates, ranking in order descending from the highest number of votes received to the lowest, shall be appointed as directors for the number of the directors eligible in that occasion. In case there is a tie of the votes for candidates in descending order in excess of the number of the eligible directors, the Chairman of the meeting shall have a casting vote.

In every Annual General Meeting of Shareholders, one-thirds of the directors will leave their position. If it is not possible to divide the directors into three equal-size groups, the number of directors that is closest to one-thirds will leave their position.

In the first year, the longest continuously serving directors will be the first to retire, with the next longest serving directors retiring in the subsequent years. Directors who are retired in this manner can be re-elected to resume the position. The retired directors will continue to operate as interim Board members, as necessary, until new members of the Board of Directors assume the position.

#### The Board of Directors performance evaluation

In evaluating directors and the Chief Executive Officer, the Board collectively appraise the performance of the Board and Sub-Committee during the year. This will allow the Board an opportunity to review what has been done and issues and challenges encountered in the past year in order to analyze the directors' performance and present recommendations for future operations. The findings shall also be used to review appropriateness of the makeup of the Board of Directors.

Nomination and Remuneration Committee and the Board of Directors has considered the criteria and methods for evaluating the performance of the year. The evaluation was conducted as a whole and of individual directors by means of self-evaluation.

In 2020, the performance assessment form for the Board of Directors was modified according to the form prepared and disclosed by the SET

- 1) The overall performance assessment of the Board of Directors.  
The average score of the assessment was 3.75 or 93.65 percent.
- 2) The performance assessment for each Member of the Board of Directors  
The average score of the assessment summary was 3.78 or 94.44 percent.

### 8.1.2 Meeting attendance and remuneration for individual directors

#### Meeting attendance for directors and executives

During 2020, the Board of Directors and various sub-committees have the meeting as follows:

Name	Position	Number of meetings / Number of meetings attended						
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
1) Mr. Suthep Wongvorazathe	Chairman	13/13					13/13	
2) Mr. Vorasit Pokachaiyapat	Chief Executive Officer	13/12		3/3		1/1	13/13	16/16
3) Miss Dusadee Tancharoen	Director and Managing Director	13/11				1/1	13/13	16/16
4) Mrs. Sutida Suriyodorn	Director and Executive Director	13/13				1/1	13/13	16/16
5) Miss Rachanee Mahatdetkul	Director and Executive Director	13/13				1/1	13/13	16/16
6) Mr. Att Tongyai Asavanund	Independent Director and Chairman of Audit Committee	13/13	5/5	3/3	1/1			
7) Mr. Chaiyapont Timsootheepant	Independent Director and Member of Audit Committee	13/13	5/5	3/3	1/1			
8) Mrs. Malai Rachataswan <sup>1/</sup>	Independent Director and Member of Audit Committee	13/10	5/4	3/2	1/0			
9) Mr. Theraphan Jittalarn	Independent Director and Member of Audit Committee	13/13	5/5	3/3	1/1			
10) Mr. Sakdina Manlerd	Senior Executive Vice President					1/1		16/16

Remark: <sup>1/</sup> Mrs. Malai Rachataswan has resigned from the Board of Directors, effective 28 January 2021.

Directors' remuneration

The Company has policy to determine the remuneration of the Company's directors in accordance with the resolution approved by the shareholders' meeting. The determination of remuneration for directors will be considered by the Nomination and Remuneration Committee who jointly consider for the appropriateness of the remuneration in each year. It is compared with other companies' compensation standard in the same business before presenting to the Board of Directors and shareholders' meeting for approval. The directors' remuneration is in the form of meeting allowances and annual gratuity.

(1) Monetary remuneration

(A) Board of Directors' remuneration

In 2020, the Company paid remuneration to all the directors amounting to 3,438,400 baht. Details are as follows:

		Meeting allowance for Board of Directors in year 2020 (Baht)				Retirement payment for directors in 2019	Total
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee		
1) Mr. Suthep Wongvorazathe	Chairman, Chairman of Executive Director	325,000					325,000
2) Mr. Vorasit Pokachaiyapat	Chief Executive Officer, Executive Director, Chairman of Risk Management Committee Chairman of Management Committee, Normination and Remuneration Committee, Management Committee	180,000		45,000			225,000
3) Ms.Dusadee Tancharoen	Managing Director Director, Executive Director Risk Management Committee, Management Committee	165,000					165,000
4) Mrs. Sutida Suriyodom	Director, Executive Director, Risk Management Committee, Management Committee	195,000					195,000
5) Miss Rachanee Mahatdetkul	Director, Executive Director , Risk Management Committee, Management Committee	195,000					195,000
6) Mr.Att Tongyai Asavanund	Director, Independent Director, Chairman of Audit Committee, Chairman of Normination Remuneration Committee and Chairman of Corporate Governance Committee	195,000	125,000	75,000	25,000	235,000	655,000

	Meeting allowance for Board of Directors in year 2020 (Baht)				Retirement payment for directors in 2019	Total
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee		
7) Mr.Chaiyapont Timsootheepant Director, Independent Director, Audit Committee, Nomination Remuneration Committee and Corporate Governance Committee	195,000	75,000	45,000	15,000	235,000	565,000
8) Mrs.Malai Rachataswan <sup>(3)</sup> Director, Independent Director, Audit Committee, Nomination Remuneration Committee and Corporate Governance Committee	150,000	60,000	30,000		235,000	475,000
9) Mr.Theraphan Jittalam Director, Independent Director, Audit Committee, Nomination Remuneration Committee and Corporate Governance Committee	195,000	75,000	45,000	15,000	235,000	565,000
10) Mr. Saksri Phurthamkul <sup>(2)</sup> Director					73,400	73,400
<b>Total</b>	<b>1,795,000</b>	<b>335,000</b>	<b>240,000</b>	<b>55,000</b>	<b>1,013,400</b>	<b>3,438,400</b>

Remarks : (1) Directors' remuneration consists of meeting allowance and special remuneration for directors, which have been approved in the 2020 Annual General Meeting of Shareholders, held on 29 April 2020. Details of the remuneration are as follows:

- 1) Meeting allowance for members of the Board of Directors, Audit Committee, Nominate and Remuneration Committee and Corporate Governance Committee who attended a meetingis as follows:
  - Chairman 25,000 baht per meeting
  - Director 15,000 baht per person per meeting
- 2) Special remuneration for 5 directors for the year 2019 at a rate of 235,000 Baht/director, totaling 1,013,400 Baht, calculated by the period of directorship of each director in the year 2019 since 5 Executive directors have requested not to receive the special remuneration.
- (2) Mr. Saksri Phurthamkul who is director who retired by rotation at the 2019 Annual General Meeting, has informed of his intention not to resume his position as a director of the Company.
- (3) Mrs. Malai Rachatsawan has resigned from the Board of Directors, effective 28 January 2021.

The Company's independent directors do not concurrently serve as independent directors for the parent company, subsidiaries, or affiliates. Therefore, the independent directors will not receive remuneration from the parent company, subsidiaries, or affiliates.

(2) Other remuneration (if any)

- Provident Fund ----- Yes -----
- Retirement payment (for Executive): Depending on numbers of years of working at the Company, as per Company regulations
- The ordinary share-purchase warrants to the directors, executives and employees of the Company and its Subsidiaries No.1 (MK-WA) in the amount of not exceeding 26,000,000 units in order to allocate to the directors, executives and employees of the Company and its Subsidiaries according to the scheme of issuance and offering of the ordinary share-purchase warrants to the directors, executives and employees of the Company and its Subsidiaries No.1 (MK-WA) in accordance to The Annual General Meeting of Shareholders for the year 2019 held on 25 April 2019.

8.1.3 Overseeing subsidiary and associated company operations

Mechanism in overseeing operations

The Company sends its representatives to serve as investing directors at both subsidiary and associated company, proportionate to the shareholding structure. Management will propose qualified persons to the Board of Directors to approve. The appointees will ensure that its subsidiary and associated company conducts business with maximum efficiency, and that they comply with rules and regulations governing listed companies, such as those regarding related party transactions, acquisition and disposal of assets, etc. The appointed persons will also compile information to include in the Company's financial statements. For any significant matters, they must make a decision or take action that in line with the Company's direction. The appointed persons must periodically report the operating results of the subsidiary or associated company to the Board of Directors, so that the latter will be constantly kept up-to-date with such entity's situation and make decisions in a timely manner.

Agreements between the Company and shareholders regarding management of subsidiary and associated companies (Shareholders' agreement)

-None-

8.1.4 Monitoring to ensure the implementation of the corporate governance policy and guidance

The Company has put in place a policy regarding the use of inside information, to prevent all personnel, including directors, executive officers, and employees to disclose company information to external parties or for use it for personal benefits, including trading of company securities while they are being listed, by informing directors, executive officers, and employees of and requiring their compliance with the following principles.

1. Directors, executive officers, and employees must keep all company data, including sensitive information, strictly confidential. They will not disclose such information to gain personal

benefits or for the benefits of other parties, whether directly or indirectly, and regardless of whether they have received something in return from so doing, unless such information is made publicly available.

2. Directors, executive officers, and employees that have become aware of the Company's financial data and/or other significant inside information that has an effect on securities value, should refrain from trading company securities before the financial statements or such inside information is made publicly available and from disclosing such information to other persons. The same applies to spouses and children who have not attained the legal age of directors, executive officers, and employees as well. In case where a Director, Executive Officer or employee violates or fails to comply with the Company's policy regarding the use of inside information in securities trading, that Director, Executive Officer or employee will face disciplinary action that includes a verbal warning, a written warning, suspension from work, and removal from position or dismissal without paying compensation as required by law, depending on the severity of the offence committed.

In this regard, the Company ensures that directors, executive officers and who that received inside information refrain from trading company securities, especially 30 days before the Company announces its operating results (in quarterly and annual financial statements) or makes publicly available significant information or data that can have an effect on the value of company securities. The Company will apply the highest form of penalty if it has found that directors, executive officers and who that received inside information has used inside information or acts in ways that can be seen as possibly causing damage to the Company or eroding its reputation.

In addition, the Company requests the cooperation from employees not to trade securities within 30 days before financial statements or other significant information that may affect the price of securities are made publicly available.

3. Directors and executives prepare and sumit reports of securities holding and future contracts of directors and executives, as well as their spouse or de facto spouse and children under the legal age, to the Securities and Exchange Commission, in accordance with Article 59 of the Securities and Exchange Act B.E. 2535 (1992), as specified in the regulation on reporting securities holding and future contracts of directors and executives within a specified period.

In case where a director or executive has reported on changes in securities holding and future contracts (Form 59) to the Securities and Exchange Commission as legally required, the Company's secretary shall summarize the changes in securities holding of the director/executive and present them in a Board of Directors' meeting on a quarterly basis.

In addition, the Company must follow up to achieve the following 4 issues of good corporate governance as follows:

## 1. Prevention of Conflicts of Interest

According to the good corporate governance policy and requirements of ethics and code of conduct which the Company has set practice guideline for avoiding conflicts of interest. The management and employees should not behave in a manner that may create a conflict of interest with the Company and/or its subsidiaries, either directly or indirectly to avoid such impropriety. The relationship of family members or any other person that may cause conflict of interest should be disclosed by reporting the supervisor in writing.

In recent year, the Company has examined the cases that may cause a conflict of interest with the following conclusions:

- (1) The Internal Audit Department has examined the Company's transactions with trading partners and found that there were no transactions involving the Board of Directors, executives and employees of the Company.
- (2) To raise the level of corporate governance in the organization, in the past year, the Company has established guidelines for the protection of personal information under the Personal Information Protection Act 2019 as a guideline for the treatment of customer information and prevention of the use of customer information to reduce the risk in such matters.

In this case, the Board of Directors has considered agenda related to the directors with interests. The Company has followed the policy on prevention of conflict of interest strictly by which directors who have interests must not be involved in any such consideration.

## 2. Use of inside information for benefits

The Company has put in place a policy regarding the use of inside information, to prevent all personnel, including directors, executive officers, and employees to disclose company information to external parties or for use it for personal benefits, including trading of company securities while they are being listed, by informing directors, executive officers, and employees of and requiring their compliance with the following principles.

1. Directors, executive officers, and employees must keep all company data, including sensitive information, strictly confidential. They will not disclose such information to gain personal benefits or for the benefits of other parties, whether directly or indirectly, and regardless of whether they have received something in return from so doing, unless such information is made publicly available.

2. Directors, executive officers, and employees that have become aware of the Company's financial data and/or other significant inside information that has an effect on securities value, should refrain from trading company securities before the financial statements or such inside information is made publicly available and from disclosing such information to other persons. The same applies to spouses and children who have not attained the legal age of directors, executive officers, and employees as well. In case where a Director, Executive Officer or employee violates or fails to comply with the Company's policy regarding the use of inside information in securities trading, that Director, Executive Officer or employee will face disciplinary action that includes a verbal warning, a written warning, suspension from work, and removal from position or dismissal without paying compensation as required by law, depending on the severity of the offence committed.

In this regard, the Company ensures that directors, executive officers and who that received inside information refrain from trading company securities, especially 30 days before the Company announces its operating results (in quarterly and annual financial statements) or makes publicly available significant information or data that can have an effect on the value of company securities. The Company will apply the highest form of penalty if it has found that directors, executive officers and who that received inside information has used inside information or acts in ways that can be seen as possibly causing damage to the Company or eroding its reputation.

In addition, the Company requests the cooperation from employees not to trade securities within 30 days before financial statements or other significant information that may affect the price of securities are made publicly available.

3. Directors and executives prepare and sumit reports of securities holding and future contracts of directors and executives, as well as their spouse or de facto spouse and children under the legal age, to the Securities and Exchange Commission, in accordance with Article 59 of the Securities and Exchange Act B.E. 2535 (1992), as specified in the regulation on reporting securities holding and future contracts of directors and executives within a specified period.

In case where a director or executive has reported on changes in securities holding and future contracts (Form 59) to the Securities and Exchange Commission as legally required, the Company's secretary shall summarize the changes in securities holding of the director/executive and present them in a Board of Directors' meeting on a quarterly basis.

3. Anti-corruption

Anti-corruption policy

1. The Company is against all forms of corruption, including all forms of bribery, during the course of business. The Company and its subsidiary will not commit any acts of corruption, including the request, collection, and payment of bribes.
2. Management and employees carry out their duties and make decisions on the basis of honesty and fairness to shareholders and other stakeholders, and always take into consideration the Company's benefits.
3. Management and employees are prohibited from requesting, committing, or accepting acts of corruption, whether for their own benefits or those of their family members, friends, and acquaintances.
4. Do not take or give cash or other forms of gifts, except during holiday seasons or when appropriate in particular occasions. In such cases, the value of the gifts must be reasonable, and the person obtaining them must consult their superiors in regards to appropriateness of the gifts.
5. The Company will not grant funding or use company resources to support any political candidates or parties, or use them in political campaigns or activities.
6. Donation to charities and financial sponsoring of any events must be done with transparency, respect to the laws, and moral principles.
7. Failure to comply with anti-corruption policy, whether committed by members of the Board of Directors, management, or employees, will result in disciplinary action, depending on the offense committed, in line with the Company's human resources policy.
8. The Company does not seek to demote or punish employees who have rejected acts of corruption, even though such action causes the Company to lose a business opportunity.
9. In addition, the Company has put in place an efficient internal control system and proper checks and balances, to prevent management and employees from committing or becoming involved in acts of corruption.
10. The Company also assesses the risk of corruption that may occur, in order to develop anti-corruption measures suitable for the level of risk.

11. The Board of Directors has assigned Audit Committee to oversee compliance with anti-corruption measures. Audit Committee does this by reviewing relevant internal control measures and reporting on the adequacy and efficiency of anti-corruption measures.
12. If the directors, executive or employee does not follow the anti-corruption policy, the Company will appoint a disciplinary punishment case by case under regulations of Human Resource Management.
13. The Company has no policy to degrade, punish or cause negative impact to those employees who refuse corruption even such action might bring benefit to the Company.
14. The Company will consider collaboration with private companies launching activities against corruption as another way to contribute our help to society.

The Company implements the effective internal control system by provides an independently outsourced Internal Auditor with auditing and balance power to prevent corruption among executives and staffs. In addition, the Company have evaluated risk of corruption that may occur to the Company in order to stipulate proper anti-corruption policy toward risk evaluation result.

The Audit Committee is assigned by Board of Directors to investigate the compliance to the anti-corruption policy by reviewing internal control system as well as reporting the validity and efficiency of the anti-corruption policy.

In this regard, the Company considers expressing its intent by cooperating in anti-corruption initiatives with the private sector, for collective benefits and practical steps to eradicating corruption. The Company's anti-corruption policy is published on its Website: [www.mk.co.th](http://www.mk.co.th).

#### 4. Whistleblowing

In recognition of stakeholders' equal rights, the Company has provided channels for whistleblowing reporting, through which stakeholders can report non-compliance of the Code of Conduct, illegal acts, fraudulent acts, or misconduct by employees of the Company or its subsidiaries, or deficiencies in the internal control system. Both employees and other stakeholders may voice their concerns. The Company has also put in place mechanisms for protecting whistleblowers, by establishing a reporting procedure whereby an illegal act or failure to comply with the Code of Conduct can be reported to the Company Secretary by email, at [whistleblowing@mk.co.th](mailto:whistleblowing@mk.co.th). The Company

has put in place measures to protect the whistleblower, treat the report received in confidence, limit the number of people that are informed of the report and disclose it to relevant people only, to provide assurance and a sense of security to the whistleblower. The whistleblower may choose to remain anonymous, and if deemed necessary the Company may implement special protection measures when the whistleblower is likely or believed to be in harm's way. The whistleblower shall be appropriately and fairly compensated by the Company or the person causing them to suffer from harm, in line with relevant operating procedures and laws.

#### Reporting of concerns

The Company encourages stakeholders to report or voice their concern about any suspected misconduct, illegal act, violation of the Code of Conduct, financial misreporting, or deficiency in the internal control system to the Board of Directors. They can do so through the channels provided by the Company. The Company will conduct an investigation to discover all relevant facts in with discretion and in confidence, and ensure that the whistleblower and everyone else involved are treated fairly and protected from intimidation of any kind.

#### Channels for raising whistleblowing concerns

A whistleblowing concern can be raised through any of the following channels:

1. Mail : Attn: Chairman of the Audit Committee  
M.K. Real Estate Development Public Company Limited  
7th Floor, 345 Surawong Building, No. 345, Surawong Road,  
Kwaeng Suriyawong, Khet Bang Rak, Bangkok, 10500  
Tel : 02-639-3720  
E-mail : chairman.auditcom@mk.co.th
  
2. Mail : Attn: Company Secretary  
M.K. Real Estate Development Public Company Limited  
7th Floor, 345 Surawong Building, No. 345, Surawong Road,  
Kwaeng Suriyawong, Khet Bang Rak, Bangkok, 10500  
Tel : 02-234-8888 Ext. 2101,9990  
Fax : 02-234-8880  
E-mail : whistleblowing@mk.co.th

An employee who has witnessed a violation or failure to comply with the Code of Conduct may report it to the Board of Directors, the Company Secretary, or their supervisor directly.

In recent year, the Company has no complaints related to fraud or violation of the corporate governance policy.

## 8.2 Report on the performance result of Audit Committee for the past year

### 8.2.1 Audit Committee meeting attendance table

Name	Position	Audit Committee meeting					
		No. 1/5	No. 2/5	No. 3/5	No. 4/5	No. 5/5	Total
1.Mr. Att Tongyai Asavanund	Independent Director and Chairman of Audit Committee	✓	✓	✓	✓	✓	5/5
2.Mr.Chaiyapont Timsootheepant	Independent Director and Audit Committee Member	✓	✓	✓	✓	✓	5/5
3.Mrs. Malai Rachataswan <sup>1/</sup>	Independent Director and Audit Committee Member	✓	✓	✓	✓	✗	5/4
4.Mr.Theeraphan Jittalarn	Independent Director and Audit Committee Member	✓	✓	✓	✓	✓	5/5

Remark: <sup>1/</sup> Mrs. Malai Rachataswan has resigned from the Board of Directors, effective 28 January 2021.

### 8.2.2 Operating result of the Audit Committee

In 2020, Audit Committee held a total of 5 meetings, which can be summarized as follows:

1. A review of financial statements of the Company and its subsidiaries before presenting them to the Board of Directors. Having reviewed the financial statements and heard explanations by the auditors and management, Audit Committee was of an opinion and convinced that the financial statements were prepared in accordance with generally accepted accounting principles, and disclosed all the significant information accurately and completely.
2. Recommended the appointment of auditors from KPMG Phoomchai Audit Company Limited and determined the audit fees for the year, and presented to the Board of Directors, who in turn presented to the shareholders' meeting for approval. Audit Committee was of an opinion that the persons being nominated for appointment as auditors had the right qualifications and were adequately independent to conduct auditing for the Company and its subsidiaries.
3. Considered engaging Multiplus Audit and Consulting Co.,Ltd., an unrelated company, to conduct internal auditing at the Company. This company was qualified for the task, considering its work

teams, personnel availability, experience, knowledge and skills, and the company's independence. The internal auditors reviewed each part of the Company's operations, based on the guidance on evaluating adequacy of the internal controls system.

4. Reviewed related party transactions, disclosed information relating for related party transactions, and acquisition and disposal of assets to ensure compliance with relevant laws and regulations.
5. Approved annual audit plans and reviewed internal controls, which were part of the Company's management policies. Approved procedures in the audit plans prepared in writing, for use as guidance in conducting the auditing that meets international standard.
6. Considered and listened to explanations of the report on the internal audit results from the internal auditors, who were appointed per the approval of Audit Committee and conducted the auditing based on the assessed significance of the risks Audit Committee prepared a summary of significant findings and presented them to the Board of Directors and management, including findings on corporate governance, compliance with laws and regulations, and adequate efficiency in assessing and mitigating risks that might occur in each department and to the Company
7. Reviewed and evaluated adequacy of the internal controls system for the year. In light of this, Audit Committee was of an opinion that the Company's internal controls system was efficient and adequate for risk prevention due to its compliance with company policies and strategy.
8. Held meetings with the auditors without the presence of management, to ensure that auditors were able to independently report issues or limitations that occurred while auditing financial statements. In this regard, the auditors did not note any material limitations.

In addition to the disclosure of the Audit Committee Report as detailed above, to raise the level of corporate governance, the Audit Committee can explain in order to expand their performance of other various aspects.

The Nomination and Remuneration Committee has determined the performance appraisal form for the committee and sub-committees. This is individual and faculty assessment of the performance of the Board of Directors for the operational period from 1 January 2020 to 31 December 2020. Therefore, the evaluation of the performance of the Audit Committee for the year 2020, in order for the Audit Committee to jointly consider the performance and revise, the criteria, methods, and assessment form are used by the Nomination and Remuneration Committee.

Moreover, the Audit Committee has discussed with the internal auditors and the management to jointly build an organizational culture on risk management and internal control to reduce the risks of various aspects of the Company in both business operation and internal control to achieve effective management and have regular follow-up on the results of such action.

### 8.3 Summary of performance result of other sub-committees

#### 8.3.1 Meeting of sub-committees

Name	Position	Number of meetings / Number of meetings attended						
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
1) Mr. Suthep Wongvorazathe	Chairman	13/13					13/13	
2) Mr. Vorasit Pokachaiyapat	Chief Executive Officer	13/12		3/3		1/1	13/13	16/16
3) Miss Dusadee Tancharoen	Director and Managing Director	13/11				1/1	13/13	16/16
4) Mrs. Sutida Suriyodom	Director and Executive Director	13/13				1/1	13/13	16/16
5) Miss Rachanee Mahatdetkul	Director and Executive Director	13/13				1/1	13/13	16/16
6) Mr. Att Tongyai Asavanund	Independent Director and Chairman of Audit Committee	13/13	5/5	3/3	1/1			
7) Mr. Chaiyapont Timsootheepant	Independent Director and Member of Audit Committee	13/13	5/5	3/3	1/1			
8) Mrs. Malai Rachataswan <sup>1/</sup>	Independent Director and Member of Audit Committee	13/10	5/4	3/2	1/0			
9) Mr. Theraphan Jittalarn	Independent Director and Member of Audit Committee	13/13	5/5	3/3	1/1			
10) Mr. Sakdina Manlerd	Senior Executive Vice President					1/1		16/16

Remark: <sup>1/</sup> Mrs. Malai Rachatasawan has resigned from the Board of Directors, effective 28 January 2021.

#### Nomination and Remuneration Committee meetings

The Company requires that Nomination and Remuneration Committee hold a general meeting at least twice a year and hold additional extraordinarymeetings as necessary. The invitation letters and meeting-related documents will be sent out before the meeting is held.In addition, minutes of the meetings are taken so they can be reviewed.

In 2020, the Board of Nomination and Remuneration Committee held a total of 3 meetings, which were chaired by Chairman of Nomination and Remuneration Committee. There is determination of executive compensation for 2020 based on the Company's performance in the past year. The Nomination and Remuneration Committee will consider to recruit qualified persons to serve as directors and executives of the Copany, consider the management compensation and the directors' gratuity at the appropriate level and in line with the type of business of the Company and economic conditions. In addition, the consideration of remuneration for the Company's management will take into consideration the duties and responsibilities, busines expansion, and compared with other companies' compensation standards in the same type of busines as the Company and the same size of busines as the Company.

#### Corporate Governance Committee meeetings

The Company requires that Corporate Governance Committee hold a general meeting at least once a year and hold additional extraordinary meetings as necessary. The invitation letters and meeting-related documents will be sent out before the meeting is held.In addition, minutes of the meetings are taken so they can be reviewed.

In 2020, the Board of Corporate Governance Committee held 1 meeting, which were chaired by Chairman of Corporate Governance Committee. The meeting reviewed the Company's good corporate governance policy, and ethics of the Company in order to be consistent with the business operation of the Company and in accordance with good corporate governance principles of listed companies, including adjustment and change in accordance with the guidelines of the Securities and Exchang Commission, the Stock Exchange of Thailand, and other related departments. This will affect the business operation of the Company sustainably. Therefore, the Company should review the corporate governance policy of the Company and business ethics of the Company annually.

#### Risk Management Committee meetings

The Company requires that hold a general meeting at least once a year and hold additional extraordinarymeetings as necessary. The invitation letters and meeting-related documents will be sent out before the meeting is held.In addition, minutes of the meetings are taken so they can be reviewed.

In 2020, the Board of Risk Management Committee held 1 meeting, which were chaired by Chairman of Risk Management Committee. The Risk Management Committee meeting emphasized on the continuous moitoring of risk managment through the participation of the executives and employees in various tasks to enable the organization to assess, collect and review risks that may arise due to internal and external factors and changes in various fields with emphasis on risk monitoring that affects

business operation, along with creating standard to support the risk, set the responsible person systematically which is building internal risk immunity. In addition, the Company has hired Rattakit Research Center Company Limited, a risk management expert advisor and internal control system to assist in analyzing and jointly plan risk management measures with the executives and employees in each mission of the Company. There is also review the Company's risk management policy and found that the current policy of the Company is still ready to handle the risk situation that may arise, as well as to prevent damage from the operation of the Company. Therefore, the current risk management framework and risk management policy are maintained and the Risk Management Committee's meeting has approved the Company to continuously monitor the risk management. The measures for risk management that may occur to the Company must be prepared appropriately.

#### Executive Committee meetings

The Company requires that hold a general meeting and hold additional extraordinary meetings as necessary. The invitation letters and meeting-related documents will be sent out before the meeting is held. In addition, minutes of the meetings are taken so they can be reviewed.

In 2020, the Board of Executive Committee held a total of 13 meetings, which were chaired by Chairman of Executive Committee. The Executive Committee meeting held a meeting to manage the business in accordance with the specified work plan, consideration of funding sources, loans, corporate bonds, and real estate projects of the Company, expansion of real estate business for sale and rental/service to continue to grow, real estate business operation, asset management and financial management to be effective, consideration the annual budget to present to the Board of Directors.

#### Management Committee meetings

The Company requires that hold a general meeting and hold additional extraordinary meetings as necessary. The invitation letters and meeting-related documents will be sent out before the meeting is held. In addition, minutes of the meetings are taken so they can be reviewed.

In 2020, the Board of Management Committee held a total of 16 meetings, which were chaired by Chairman of Management Committee. At the meeting of Management Committee, there were meetings to discuss guidelines for the management under the circumstances that have both internal and external impacts, such as the economic conditions, the government's approach to help stimulate the economy, monitoring the progress of the development of each project in accordance with the specified plans, setting power framework of the staff level in various departments, setting organization chart efficiency, consideration the project budget and annual budget for submission to the Executive Committee, scrutinizing various investment projects of the Company to present to the Board of Directors. Management Committee has closely monitored and processed the operation of each business line in order to achieve the Company's performance in line with the plans, including the formulation of measures to improve the operating plan under the situation of COVID-19, which has resulted in the Company having to delay the launch of the wellness project, as well as the improvement of its sales plan, marketing and advertising, public relations in accordance with the COVID-19 situation.

9. Internal Control and Related Party Transactions

9.1 Internal Control

The Board of Directors recognizes the importance of the internal controls system, which will be a fundamental mechanism for reduction of business risks and property protection. Internal controls also add credibility to financial reports, and protect the investments made by shareholders. Therefore, the Board of Directors has put Audit Committee in charge of implementing effective internal controls and making sure that risks remain at levels where they can be managed appropriately.

9.1.1 The adequacy and appropriateness of the Company's internal control

**Summary of the overhaul of organization-wide risk management system of M.K. Real Estate Development Public Company Limited**

Organization Risk Management	Control Activity	Risk Solution
Manage factors and control activities and operating procedures to remove causes of risk issues that may occur and cause the Company to suffer damage, or manage risks to ensure that any future impact remains at an acceptable level, is assessable, controllable, and verifiable systematically. Always place importance on the targets set in the business strategy, compliance with regulations, the Company's financial situation and its reputation. Obtain support and encourage participation in risk management by management and employees at all levels across the Company.	<p><b>1. Preventive Control:</b> Control established to prevent risks and errors;</p> <p><b>2. Detective Control:</b> Control established to detect errors that have occurred;</p> <p><b>3. Directive Control:</b> Control established to support or promote success in meeting the targets;</p> <p><b>4. Corrective Control:</b> Control established to correct errors that have occurred, or find solutions to prevent similar errors from reoccurring</p>	<p><b>1. Risk Acceptance:</b> Accepting the risk that has occurred as it is too costly to manage, control, or prevent it at this point;</p> <p><b>2. Risk Reduction:</b> Improving operating procedures or redesigning work process to reduce probability or impact to the level the Company finds acceptable;</p> <p><b>3. Risk Sharing:</b> Sharing or distributing the consequences of a risk to spread the responsibility for that risk among other people;</p> <p><b>4. Risk Avoidance:</b> Managing a high-level risk which is unacceptable to the line of work, which leads to decision to terminate that particular project/activity</p>

Proactive strategy	Reactive strategy
<ul style="list-style-type: none"> <li>■ Before incident</li> <li>■ Focused on preventing incident</li> <li>■ Focused on addressing cause of incident</li> </ul>	<ul style="list-style-type: none"> <li>■ After incident</li> <li>■ Focused on reducing impact, remedial action, putting an end to incident, or recovery</li> <li>■ Focused on dealing with outcomes</li> </ul>

#### 9.1.2 Summary of observations on the Company's internal control system

In 2020, the Board of Directors and four members of Audit Committee held a meeting. Some of the members of Audit Committee had knowledge of finance and accounting. The Board of Director had evaluated the internal controls system and the internal audit procedures, using the evaluation form issued by the Securities and Exchange Commission. It has reviewed the Company's internal controls system in five different areas, namely control environment, risk assessment, control activities, information & communication and monitoring activities, using an evaluation form for the adequacy of internal controls and risk management issued by the Securities and Exchange Commission. The department conducting the internal audit had reviewed and evaluated each item in the report on evaluation results regarding the adequacy of internal controls in 2020. The Board of Director was of an opinion that the Company's internal controls were appropriate and adequate for ensuring business operations are in line with the goals, objectives and relevant laws and regulations. The internal controls system is also adequate for prevention of fraud or loss to the Company's property, and the accounting records and reports are correctly prepared and credible. In addition, according to the independent auditor, no material errors were found.

#### Monitoring Activities

- The Company has improved the operating procedures to respond to changing situations and monitored the results of implementing these procedures to ensure that the goals and targets set in the Board of Directors' policies have been met.
- The Company has regularly arranged for reviews and monitoring of the results of internal control implementation.
- The Company requires that the review results be reported directly to the Audit Committee. The Audit Committee approved the hiring of Multiplus Audit and Consulting Company Limited to conduct an internal audit for the Company in 2020. The internal auditor conducted the audit and presented its findings to the Audit Committee, in the following topics.

- Internal audit on process of real estate delivery to customers on schedule

The audit team conducted an audit to ensure that;

- The company have process of real estate delivery and complying with that process

- The outstanding issues from the previous period have been followed up and corrective action has been made.

The audit team reported to the audit committee that the Company Collecting complaints in various matters from customers such as delays, product complaints, service work, security work, etc. to evaluate the performance of the construction department, sales / marketing department, legal department, every ownership transfer department, every 6 month in order to plan and improve future operations. Moreover, the company also has guidelines for collecting the work after the ownership transfer. So that all projects are the same standard The operating guidelines are set out in writing for the benefit of coordination within and between related departments

The Company has addressed all the outstanding issues from the fourth quarter of 2019

- Internal audit on the information system has reports for checking the accuracy of the sales data of the sales department and the construction progress reports from the construction department from the current information system

The audit team conducted an audit to ensure that;

- Sales data recorded in the information system has sufficient auditors for accuracy
- Additions / Editing And the improvement of the sales data recorded in the information system is properly and appropriately approved by the authorized person
- The construction progress report data is recorded in the information system
- Information of the construction progress report recorded in the information system is sufficiently audited by auditors.
- The outstanding issues from the previous period have been followed up and corrective action has been made

The audit team has reported the audit results to the Audit Committee. Which the audit results can be concluded that Currently, computer programming system is used to control operations for the main business segments such as sales department, construction department. If there is an update or correction of errors or information Approval will be requested before correcting any information in the system.

The Company has addressed all the outstanding issues from the second quarter of 2020

- Internal audit on assessment of adequacy of internal control system in 2020 and follow-ups on outstanding issues

The internal auditor has audited with the objective to ensure that:

- There is adequate internal control system in accordance with COSO framework
- There is following up the outstanding issues from previous period and corrections have been made

The audit team conducted an audit to ensure the objective as follow;

1. The program is used in the management of marketing, sales and service
2. The program is used in accounting, purchasing and construction works
3. The program used to Budget management
4. Programs for preparing reports in various formats Suitable for the analysis point of view  
Relationship And predict the outcome of the potential trend
5. Programs for use in construction quality inspections Before delivering to customers
6. The program is used in golf course management system, book golf caddy, golf cart

Thus, The Audit Committee receives audit reports from the audit team every quarter and acknowledge the operation of the management that has given the importance of organizing a work system and determining the operating procedures In order to control the operations of the company more effectively

#### **9.1.3 Summary of opinions of Audit Committee**

##### Audit Committee's report

As of 31 December 2020 Audit Committee of M.K. Real Estate Development Public Company Limited, consists of four (4) independent directors, These include Mr. Att Tongyai Asavanund, Chairperson of the Audit Committee, Mr. Chaiyapont Timsoothotheepant, Mrs. Malai Rachataswan and Mr. Theraphan Jittalarn as members of the Audit Committee, to support the work of the Audit Committee. In addition the Audit Committee consists of at least one member who has the knowledge and experience in reviewing financial statements for reliability.

Audit Committee has carried the duties assigned by the Board of Directors and based on the charter of Audit Committee, which is in line with the Stock Exchange of Thailand regulations. In the 2020 accounting period, Audit Committee held a total of 5 Meetings. All members of Audit Committee were present in these meetings, which were also attended by management, external auditors, and internal auditors, as appropriate

#### **9.1.4 Summary of opinions of the Audit Committee on the head of internal audit**

In this regard, the Company, per the approval of Audit Committee, engaged MultiplusAiudit and Consulting Co.,Ltd., an unrelated party, to carry out an internal audit at the Company, since 2008 Multiplus Audit and Consulting Co.,Ltd appointed Mr.Surapol Thawalwitchajit as the main person in charge of carrying out the internal audit at the Company. Both Multiplus Audit and Consulting Co.,Ltd and Mr.Surapol Thawalwitchajit have experience in internal controls and audit, are independent, and, due to the availability of personnel at their disposal, are prepared to form a proper team to conduct an internal audit at the Company. In addition, they are able to audit individual parts of the Company's operations in line with the guidelines for the evaluation of the adequacy of an internal controls system, set by the Securities and Exchange Commission, and independently report their opinions to Audit

Committee, to ensure that the internal controls system is effective and adequate for the prevention of risks to business operations

In addition, background and experience detail of head of internal control is in attachment 3

#### 9.1.5 Appointment, removal and transfer of the person holding the position of head of Internal Audit Supervisor

The consideration and approval of the appointment, removal, transfer of the head of the Company's internal audit department must be approved (or have been consented) from the audit committee.

#### 9.2 Related Party Transactions

The Company has related party transactions with the companies which relate by having common shareholders and/or directors during a period as follows;

Company Name	Established country	Relationship
Prospect Logistics and Industrial Leasehold Real Estate Investment Trust ("Trust")	Thailand	The Company invested in this trust 8.92% and it is considered as investment in associate of the Company because the Company has significant influence, as an indirect subsidiary has been appointed as REIT manager.

The pricing policies that were significantly changed during the twelve-month period ended 31 December 2020 are as follows

Items	Pricing Policy
Transaction Management Fee	Mutual Agreed
Property Management Fee	Mutual Agreed

The Company has related transactions with related parties by having shareholders and/or joint directors such transactions are in accordance with normal business operations, which in addition to taking into account the best interests of the company is important Can also support the business in the group, which will return the return on investment to the company

#### 9.2.1 Related Party Transactions in 2020

Related party transactions incurred during the year 2020 reported in the audited statement for the year ended 31 December 2020 (Balance as of 31 December 2018 and 2019 for comparison purpose)

## 1) Outstanding items

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)	Balance as of 31 December 2018 (million Bt)
(1) Accounts Receivable - Finansa Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, received property management fees	0.03	2.96	-
(2) Accrued Expenses - Finansa Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, paid management fees	0.05	0.06	0.02
(3) Loans from subsidiary - Mancon Co., Ltd. - RX Wellness Co., Ltd. - MKH asset Co., Ltd	Loans between related parties	- 21.00 -	- 30.00 -	158.00 34.00 10.00
(4) Accrued interest expense - Mancon Co., Ltd. - RX Wellness Co., Ltd.	Loans between related parties	- 1.44	- 1.53	1.89 0.71

## 2) Loan to related parties

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)	Balance as of 31 December 2018 (million Bt)
(1) Subsidiary - Munkong Living Co.,Ltd	Investment in property development projects and business for rent and services	857.52	1,000	842
Prospect Development Co., Ltd. - MK Life Co., Ltd. - Health and Wellness Village Co., Ltd. - MKH asset Co., Ltd.	Investment in business for rent and service Investment in business health and beauty	360 1,384 2.00	530 493 4.00 -	325 20.5 - -

## 3) Other current assets

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)	Balance as of 31 December 2018 (million Bt)
- Prospect Development Co., Ltd.	Security deposit for lease of office space, Finansa PCL	0.59	0.59	0.59
- Munkong Living Co.,Ltd - MK Life Co., Ltd. - Health and Wellness Village - MKH asset Co., Ltd. - Prospect Development Co., Ltd.	Interest receivables	71.85 55.05 - 0.05 1.53	34.28 8.60 0.03 - -	16.27 0.20 - - -
- MK Life Co., Ltd. - Health and Wellness Village	Accrued management fee income	16.05 -	16.05 10.70	- -

## 4) Revenue and expenses items

Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)	Balance as of 31 December 2018 (million Bt)
(1) Revenue for providing rent and services <u>Subsidiaries</u> - Mancon Co., Ltd. - Yours Property Management Co., Ltd. - RX Wellness Co., Ltd. <u>Associated</u> - Samakkee Cement Co., Ltd	The company received rent and services income for providing office space	Rent and Service Agreement	- 0.37 0.12 0.00	0.03 0.18 0.00 0.17	0.03 0.12 0.00 0.52
(2) Acquire / Sale Land / Servitude Compensation ( Subsidiaries ) - RX Wellness Co., Ltd.	The company sold servitude compensation	Mutual agreed	-	-	7.00
(3) Dividend (Subsidiaries ) - Mancon Co., Ltd.	The company received dividend	Dividend as the Company paid to shareholders	2.70	160.00	3.82

Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)	Balance as of 31 December 2018 (million Bt)
(4) Interest Income (Subsidiaries)	The company received interest for providing loan	Calculate from cost of debts plus margin	- 21.51 41.12 46.45 0.19 -	- 17.82 36.85 8.40 0.03 0.01	0.37 15.79 64.68 0.24 - -
(5) Management Fee <u>Subsidiaries</u>	The company received management fee	Service agreement	0.36 - 0.36 1.80 2.76 0.36 2.76 1.20	0.36 - 0.36 1.80 2.76 0.36 17.76 10.00	2.16 0.12 0.36 1.80 2.76 - - -
(6) Management Fees and Personnel Expenses (Subsidiaries)	The company paid personnel expenses and management fee for some projects during set up juristic persons	Service agreement	18.05	13.20	8.93

Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)	Balance as of 31 December 2018 (million Bt)
(7) Property Management Fee - Finansa Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, received property management fees	Contractual agreement , calculating from percentage of rent and service income	11.26	19.14	21.48
(8) Management Fee - Finansa Pcl. / Joint director	The Company paid back-office administrative expenses. Prospect Development Co., Ltd., a subsidiary, paid administrative fees for back office	Service agreement Service agreement	2.39 9.22	2.39 9.23	2.39 9.24
(9) Interest expense - Mancon Co., Ltd. - RX Wellness Co., Ltd. - MKH asset Co., Ltd	Loans between related parties	Per the loan agreement	- 0.70 -	1.23 0.89 0.01	2.29 1.13 -
(10) Commission Income <u>Joint Venture</u> - Frasers Property BFTZ Co., Ltd.	Prospect Development Company Limited received commission for bringing in customers bringing in customers	Service agreement	- 0.001	0.81	

## 5) Transactions between subsidiaries

No.	Items	Subsidiary companies entering the transaction		Transaction Amount (million Baht)		
		Payer	Recipient	Amount in period 2020 (million Bt)	Amount in period 2019 (million Bt)	Amount in period 2018 (million Bt)
(1)	Business development fee	Munkong Life Co., Ltd	RX Wellness Co., Ltd.	7.50	-	-
		Health and Wellness Village Co., Ltd.	RX Wellness Co., Ltd.	10.50	-	-
(2)	Accrued business development fee – Be arrested	Munkong Life Co., Ltd.	RX Wellness Co., Ltd.	1.61	-	-
(3)	Management fee for Back Office	Health and Wellness Village Co., Ltd.	Munkong Life Co., Ltd.	0.30	-	-
(4)	Other operating expenses	Health and Wellness Village Co., Ltd.	Munkong Life Co., Ltd.	0.62	-	-
		Mancon Co., Ltd.	Yours Property Management Co., Ltd.	0.01	-	-
		RX Wellness Co., Ltd.	Munkong Life Co., Ltd.	0.01	-	-
(5)	Other operating expenses accrued – Be arrested	RX Wellness Co., Ltd.	Munkong Life Co., Ltd.	0.01	-	-
(6)	Rental and service income	RX Wellness Co., Ltd.	Munkong Life Co., Ltd.	0.03	-	-
		Health and Wellness Village Co., Ltd.	Munkong Life Co., Ltd.	1.00	-	-
(7)	Debtor - Other Payables	RX Wellness Co., Ltd.	Munkong Life Co., Ltd.	0.18	-	-
		Health and Wellness Village Co., Ltd.	Munkong Life Co., Ltd.	6.69	-	-

No.	Items	Subsidiary companies entering the transaction		Transaction Amount (million Baht)		
		Payer	Recipient	Amount in period 2020 (million Bt)	Amount in period 2019 (million Bt)	Amount in period 2018 (million Bt)
(8)	Debtor - creditor Deposit, rental and service charges	RX Wellness Co., Ltd.	Munkong Life Co., Ltd.	0.06	-	-
		Health and Wellness Village Co., Ltd.	Munkong Life Co., Ltd.	2.00	-	-
(9)	Buy-sell tools and equipment	Health and Wellness Village Co., Ltd.	Munkong Life Co., Ltd.	46.85	-	-

### 9.2.2 Necessity and reasonableness of related transactions

The Audit Committee has the opinion that such connected transactions are subject to fair and reasonable transaction conditions. Fair trade conditions are treated in the same manner as individuals or other businesses that are not generally related without any action that would cause a transfer of interests between the companies and subsidiaries and companies/individuals who may have conflicts of interest, who has a significant stake or there may be a conflict of interest in the future and it is a transaction in the best interest of the company. In addition, such transactions are in accordance with normal business operations to support the operations of the Company and its subsidiaries. Moreover, it is in accordance with the Company's policy of inter-company transactions and the accounting standards regarding disclosure of information about related persons or businesses as prescribed by the Association of Accounting and Certified Public Accountants of Thailand.

### 9.2.3 Policy and trend on related party transactions in the future

The Company has a policy to enter into related party transactions during its normal course of business. These transactions principally take into account the Company's maximum benefits, are conducted at fair price and with fair terms and conditions, and are transparent and fair to customers, trading partners, and shareholders. However, whenever the Company or any of its subsidiaries (a company in which the Company holds at least 50 percent of its paid-up capital, directly or indirectly) enters into related party transactions, it should comply with the Securities and Exchange Act (No. 4) B.E. 2551, and codes and notifications by the Securities and Exchange Commission governing related party transactions.

#### Transaction approval process

The authorization power has been set in accordance with the predetermined credit limit and proposed to the Board of Directors meeting to review the transaction for the adequacy in order not to create a conflict of interest.

### Part 3 Financial Statement

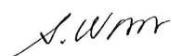
#### **Report of the Board of Directors's responsibility for financial statement**

The Board of Directors of M.K. Real Estate Development Public Company Limited is responsible for consolidated and separate financial statements of the Company and its subsidiaries, including financial information that are disclosed in the annual report of the Company. The Company's financial statement has been prepared in accordance with appropriate accounting standards and policies and practice regularly under conservative basis and reasonable in financial statement preparation, including adequate disclosure of important information for benefit of shareholders and general investors.

In addition, to establish an effective internal control and risk management system, appropriate and ensure that the accounting information is accurate, complete, adequate, and timely to protect the Company's assets, as well as to prevent fraud or any material unusual operation, the Board of Directors has appointed an Audit Committee that consists of independent directors to review the Company to has accurate and adequate financial reporting, supervise the quality and reliability of accounting system, audit system, appropriate and effective internal control system, including considering related transactions, connected transactions or transactions that may lead to conflict of interest in accordance with laws and regulations of the Stock Exchange of Thailand to ensure that such transactions are reasonable and in the best interest of the Company. In this regard, the Audit Committee has expressed its opinions in Audit Committee report which is shown in the Annual report.

The consolidated and separate financial statement of the Company for the year ended 31 December 2020 have been prepared in accordance with Thai Financial Reporting Standards and Accounting Standards and has been audited by certified public accountant from KPMG Phoomchai Audit Company Limited. It receives information and documents from the Company which is enough to audit the financial statement of the Company in order to express independent opinion from the Company in accordance with Code of Ethics of Accounting Professionals stipulated by the Federation of Accounting Professions in relating with financial statement audit. The auditor has expressed an opinion on the consolidated and separate financial statement of the Company in the auditor's report which is shown in the annual report.

The Board of Directors has opined that the Company's overall internal control system is sufficient and appropriate and able to reasonably build confidence that financial statement of the Company and its subsidiaries for year ended 31 December 2020 are reliable, accurate and in accordance with financial reporting standards and accounting standards generally accepted in Thailand, including relevant laws and regulations.



Mr. Suthep Wongvorazatthe

Chairman

### Independent Auditor's Report

#### To the Shareholders of M.K. Real Estate Development Public Company Limited

##### *Opinion*

I have audited the consolidated and separate financial statements of M.K. Real Estate Development Public Company Limited and its subsidiaries (the “Group”) and of M.K. Real Estate Development Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2020, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

##### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<b>Valuation of real estate projects under development</b>	
Refer to Notes 4 (f) and 7 to the consolidated and separate financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Group's real estate projects under development are measured at the lower of cost and net realisable value. The determination of the net realisable value of these real estate projects under development is dependent upon the Group's estimations of future selling prices and estimated cost to complete.</p> <p>As the situation of coronavirus pandemic (COVID-19) will affect to the future trends in real estate business markets. There is therefore a risk that the net realisable value is less than cost, due to changes in selling prices. Also future build costs are subject to a number of variables including market conditions in respect of materials and sub-contractor cost and construction issues.</p> <p>These inherent uncertainties require judgments which would result in the carrying value of real estate projects under development or gross profit, which my audit focused on.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- I inquired the management to understand and assessed the process of the estimation of net realisable value of real estate project under development and performed testing effectiveness of key controls over the process of approvals relating to the setting and updating selling price, setting budgets and reviewing cost forecasts;</li> <li>- I evaluated the appropriateness of the estimated selling prices by comparing sales estimates to sales made to date and real estate price trend information;</li> <li>- I evaluated the appropriateness of the estimated cost to complete by comparing the cost estimates to the actual costs and supporting documents, including checking that they were allocated to the appropriate site and development phase, and met the definition of development costs; and</li> <li>- I considered the adequacy of the Group's disclosure in accordance with Thai Financial Reporting Standard.</li> </ul>

#### *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 consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 and request that the correction be made.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

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

*Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

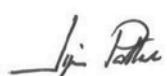
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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 and 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 Group's and 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 consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate 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.



(Vipavan Pattavanivek)

Certified Public Accountant

Registration No. 4795

KPMG Phoomchai Audit Ltd.

Bangkok

24 February 2021

## M.K. Real Estate Development Public Company Limited and its Subsidiaries

## Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2020	2019	2020	2019
(in Baht)					
<b>Current assets</b>					
Cash and cash equivalents	6	164,020,289	107,417,828	61,034,097	59,986,849
Other current financial assets (2019: <i>Current investment</i> )	28	191,063,479	934,767,933	170,053,423	885,739,222
Trade and other current receivables	28	78,391,443	20,641,127	-	-
Short-term loans to related parties	5	-	-	2,603,518,000	2,027,000,000
Short-term loans to other parties		105,000,000	100,000,000	85,000,000	100,000,000
Real estate development for sale	7, 8	5,665,617,857	5,638,899,809	4,615,660,257	4,356,076,523
Inventories		3,504,142	-	-	-
Deposits for purchase of land		-	33,560,975	-	33,560,975
Other current assets		113,574,604	71,771,784	179,230,962	78,645,603
<b>Total current assets</b>		<b>6,321,171,814</b>	<b>6,907,059,456</b>	<b>7,714,496,739</b>	<b>7,541,009,172</b>
<b>Non-current assets</b>					
Deposits pledged as collateral	8	4,649,898	4,649,898	4,070,000	4,070,000
Investments in associates	9	218,461,276	12,998,040	218,117,470	-
Investments in subsidiaries	10	-	-	4,903,818,483	4,819,568,483
Investments in joint venture	9	326,478,519	256,245,525	-	-
Other non-current financial assets (2019: <i>Other long-term investments</i> )	28	10,125,670	42,143,010	9,186,120	9,186,120
Land held for development	8	477,053,626	525,416,223	464,933,672	513,296,269
Investment properties	8, 11	5,403,932,060	2,119,110,859	35,998,579	23,088,781
Property, plant and equipment	8, 12	4,994,165,401	4,291,729,404	1,331,796,699	1,084,729,690
Leasehold right	8	-	2,368,871,249	-	129,921,291
Intangible assets	14	18,122,352	14,363,757	12,417,210	13,781,123
Deferred tax assets	25	75,631,583	30,933,396	37,020,799	15,977,136
Other non-current assets		135,454,860	133,331,023	4,096,463	4,500,531
<b>Total non-current assets</b>		<b>11,664,075,245</b>	<b>9,799,792,384</b>	<b>7,021,455,495</b>	<b>6,618,119,424</b>
<b>Total assets</b>		<b>17,985,247,059</b>	<b>16,706,851,840</b>	<b>14,735,952,234</b>	<b>14,159,128,596</b>

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

M.K. Real Estate Development Public Company Limited and its Subsidiaries  
Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December	31 December	31 December	31 December
					(in Baht)
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	15	873,195,943	736,163,090	873,195,943	736,163,089
Trade and other current payables		427,062,319	322,007,051	184,042,984	110,818,387
Current portion of long-term borrowings	15	290,342,993	146,350,922	191,842,992	21,998,922
Short-term debentures	15	647,627,752	249,813,545	647,627,752	249,813,545
Current portion of long-term debentures	15	1,720,307,277	1,153,528,007	1,583,373,019	999,229,519
Short-term loans from related parties	5, 15	-	-	21,000,000	30,000,000
Short-term loans from other parties	15	667,775,367	638,715,015	139,358,874	156,014,776
Current portion of lease liabilities <i>(2019: Current portion of finance lease liabilities)</i>	15	2,995,673	1,510,578	1,158,832	893,765
Current income tax payable		18,645,573	1,626,646	-	1,615,045
Customers' deposits		19,244,443	9,092,354	4,291,959	8,640,718
Other current liabilities	16	363,051,209	294,781,139	177,182,453	183,648,164
<b>Total current liabilities</b>		<b>5,030,248,549</b>	<b>3,553,588,347</b>	<b>3,823,074,808</b>	<b>2,498,835,930</b>
<b>Non-current liabilities</b>					
Payables for purchase of land	28	647,000,000	-	-	-
Long-term borrowings	15	1,680,982,575	1,887,500,437	965,102,866	794,102,152
Long-term debentures	15	3,435,233,233	4,150,958,137	2,918,769,547	3,818,304,797
Lease liabilities <i>(2019: Finance lease liabilities)</i>	15	301,532,752	5,238,610	157,720,836	2,250,708
Deferred tax liabilities	25	-	10,116,088	-	-
Non-current provisions for employee benefits	17	92,495,684	78,532,153	84,579,537	73,574,536
Other non-current liabilities	18	156,777,603	225,993,536	70,620,371	58,677,986
<b>Total non-current liabilities</b>		<b>6,314,021,847</b>	<b>6,358,338,961</b>	<b>4,196,793,157</b>	<b>4,746,910,179</b>
<b>Total liabilities</b>		<b>11,344,270,396</b>	<b>9,911,927,308</b>	<b>8,019,867,965</b>	<b>7,245,746,109</b>
<b>Equity</b>					
Share capital:	19				
Authorised share capital <i>(1,117,211,195 ordinary shares, par value at Baht 1 per share)</i>		<b>1,117,211,195</b>	<b>1,117,211,195</b>	<b>1,117,211,195</b>	<b>1,117,211,195</b>
Issued and paid-up share capital <i>(1,091,205,066 ordinary shares, par value at Baht 1 per share)</i>		<b>1,091,205,066</b>	<b>1,091,205,066</b>	<b>1,091,205,066</b>	<b>1,091,205,066</b>
Share premium on ordinary shares	19	1,484,159,623	1,484,159,623	1,484,159,623	1,484,159,623
Warrants	19	3,279,888	1,375,352	3,279,888	1,375,352
Retained earnings					
Appropriated					
Legal reserve	20	111,721,120	111,721,120	111,721,120	111,721,120
Unappropriated		3,976,224,838	4,106,463,371	4,025,718,572	4,224,921,326
Other components of equity		<b>(25,613,872)</b>	-	-	-
<b>Equity attributable to owners of the parent</b>		<b>6,640,976,663</b>	<b>6,794,924,532</b>	<b>6,716,084,269</b>	<b>6,913,382,487</b>
Non-controlling interests		-	-	-	-
<b>Total equity</b>		<b>6,640,976,663</b>	<b>6,794,924,532</b>	<b>6,716,084,269</b>	<b>6,913,382,487</b>
<b>Total liabilities and equity</b>		<b>17,985,247,059</b>	<b>16,706,851,840</b>	<b>14,735,952,234</b>	<b>14,159,128,596</b>

M.K. Real Estate Development Public Company Limited and its Subsidiaries  
 Statement of comprehensive income

Note	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2020	2019	2020	2019
(in Baht)				
<b>Revenues</b>				
Revenue from sale of real estate	2,530,402,587	3,936,766,462	2,359,401,061	2,996,483,832
Revenue from rental and rendering of services	374,266,635	341,187,933	7,036,969	6,589,637
Revenue from golf services and sport club	100,842,630	119,768,687	100,842,630	119,768,687
Revenue from management of real estate	48,373,656	40,387,971	-	-
Revenue from health and wellness	3,043,951	-	-	-
Gain on disposal of investments and investments income	10,728,752	11,174,066	124,595,758	291,814,141
Gain on disposal of investment properties	263,293,333	79,609,977	-	-
Other income	115,523,383	73,790,534	67,016,795	84,498,806
<b>Total revenues</b>	<b>3,446,474,927</b>	<b>4,602,685,630</b>	<b>2,658,893,213</b>	<b>3,499,155,103</b>
<b>Expenses</b>				
Cost of sale of real estate	1,904,879,768	2,754,086,911	1,771,576,572	2,058,063,434
Cost of rental and rendering of services	181,491,406	154,836,996	885,084	1,496,121
Cost of golf services and sport club	63,540,017	71,251,660	63,540,017	71,251,660
Cost of management of real estate	21,811,232	24,352,562	-	-
Cost of health and wellness	8,961,746	-	-	-
Distribution costs	242,394,009	332,217,084	185,080,180	247,751,189
Administrative expenses	660,986,659	678,549,217	430,485,127	490,310,647
<b>Total expenses</b>	<b>3,084,064,837</b>	<b>4,015,294,430</b>	<b>2,451,566,980</b>	<b>2,868,873,051</b>
Finance costs	24	(378,560,571)	(328,306,513)	(299,593,922)
Share of profit (loss) of joint venture and associates accounted for using equity method	9	6,311,284	(24,063,593)	-
<b>Profit (loss) before income tax expense</b>		<b>(9,839,197)</b>	<b>235,021,094</b>	<b>(92,267,689)</b>
Tax (expense) income	25	6,418,589	(57,574,328)	19,453,287
<b>Profit (loss) for the year</b>		<b>(3,420,608)</b>	<b>177,446,766</b>	<b>(72,814,402)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Loss on investments in equity instruments designated at fair value through other comprehensive income		(25,613,872)	-	-
Loss on remeasurements of defined benefit plans		(6,791,077)	(18,895,323)	(6,361,504)
Other comprehensive income for the year, net of tax	25	(32,404,949)	(18,895,323)	(6,361,504)
<b>Total comprehensive income for the year</b>		<b>(35,825,557)</b>	<b>158,551,443</b>	<b>(18,149,910)</b>

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

## M.K. Real Estate Development Public Company Limited and its Subsidiaries

## Statement of comprehensive income

Note	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2020	2019	2020	2019
<i>(in Baht)</i>				
<b>Profit (loss) attributable to:</b>				
Owners of the parent	(3,420,608)	177,446,766	(72,814,402)	372,773,547
Non-controlling interests	-	-	-	-
<b>Profit (loss) for the year</b>	<b>(3,420,608)</b>	<b>177,446,766</b>	<b>(72,814,402)</b>	<b>372,773,547</b>
 <b>Total comprehensive income attributable to:</b>				
Owners of the parent	(35,825,557)	158,551,443	(79,175,906)	354,623,637
Non-controlling interests	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(35,825,557)</b>	<b>158,551,443</b>	<b>(79,175,906)</b>	<b>354,623,637</b>
 Basic earnings (loss) per share	26	(0.0031)	0.1626	(0.0667)
				0.3416

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

M.K. Real Estate Development Public Company Limited and its Subsidiaries  
 Statement of changes in equity

**Consolidated financial statements**

Note	Share capital ordinary shares	Warrants	Share premium on paid-up share capital	Equity		Non- controlling interests	Total equity
				Legal reserve	Retained earnings <i>(in Baht)</i>		
Year ended 31 December 2019	1,484,159,623	-	99,201,018	4,070,649,768	6,646,020,586	-	6,646,020,586
Balance at 1 January 2019	992,010,177	-					
<b>Transactions with owners, recorded directly in equity</b>							
<i>Distributions to owners of the parent</i>							
Share-based payment transactions	19	-	-	1,375,352	-	1,375,352	-
Stock dividends	19,27	99,194,889	-	-	(99,194,889)	-	1,375,352
Dividends to owners of the Company	27	-	-	-	(11,022,849)	-	(11,022,849)
<i>Total distributions to owners of the parent</i>		99,194,889	-	1,375,352	-	(9,647,497)	-
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	177,446,766	-	177,446,766
Other comprehensive income	-	-	-	-	(18,895,323)	(18,895,323)	(18,895,323)
<i>Total comprehensive income for the year</i>		-	-	-	158,551,443	158,551,443	158,551,443
Transfer to legal reserve	20,27	-	-	-	12,520,102	(12,520,102)	-
Balance at 31 December 2019	1,091,205,066	1,484,159,623	1,375,352	111,721,120	4,106,463,371	6,794,924,532	6,794,924,532

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

M.K. Real Estate Development Public Company Limited and its Subsidiaries  
 Statement of changes in equity

Consolidated financial statements								
		Retained earnings			Other components of equity			
		Share premium on ordinary shares	Warrants	Legal reserve	Unappropriated (in Baht)	Loss on investments in equity instruments designated at fair value through other comprehensive income	Equity attributable to owners of the parent	Non- controlling interests
Year ended 31 December 2020		1,091,205,066	1,484,159,623	1,375,352	111,721,120	4,106,463,371	-	6,794,924,532
Balance at 1 January 2020								6,794,924,532
<i>Transactions with owners, recorded directly in equity</i>								
<i>Distributions to owners of the parent</i>								
Share-based payment transactions	19	-	-	1,904,536	-	-	1,904,536	-
Dividend to owners of the Company	27	-	-	-	-	(120,026,848)	-	(120,026,848)
<i>Total distributions to owners of the parent</i>		-	-	1,904,536	-	(120,026,848)	-	(118,122,312)
<i>Comprehensive income for the year</i>								
Loss for the year		-	-	-	-	(3,420,608)	-	(3,420,608)
Other comprehensive income		-	-	-	-	(6,791,077)	(25,613,872)	(32,404,949)
<i>Total comprehensive income for the year</i>		-	-	-	-	(10,211,685)	(25,613,872)	(35,825,557)
Balance at 31 December 2020		1,091,205,066	1,484,159,623	3,279,888	111,721,120	3,976,224,838	(25,613,872)	6,640,976,663
								6,640,976,663

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

M.K. Real Estate Development Public Company Limited and its Subsidiaries  
 Statement of changes in equity

Note	Share premium on ordinary shares	Warrants	Separate financial statements		Total equity
			Legal reserve	Unappropriated reserve	
Year ended 31 December 2019	1,484,159,623	-	99,201,018	3,993,035,369	6,568,406,187
Balance at 1 January 2019	992,010,177	-			
<i>Transactions with owners, recorded directly in equity</i>					
<i>Distributions to owners of the Company</i>					
Share-based payment transactions	19	-	1,375,352	-	1,375,352
Stock dividends	19, 27	99,194,889	-	-	(99,194,889)
Dividend to owners of the Company	27	-	-	-	(11,022,689)
<i>Total distributions to owners of the Company</i>	<u>99,194,889</u>	<u>-</u>	<u>1,375,352</u>	<u>-</u>	<u>(11,022,689)</u>
<i>Comprehensive income for the year</i>					
Profit for the year	-	-	-	-	372,773,547
Other comprehensive income	-	-	-	-	(18,149,910)
<i>Total comprehensive income for the year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,149,910)</u>
Transfer to legal reserve	20, 27	-	-	12,520,102	(12,520,102)
<i>Balance at 31 December 2019</i>	<u>1,091,205,066</u>	<u>1,484,159,623</u>	<u>1,375,352</u>	<u>111,721,120</u>	<u>4,224,921,326</u>
					<u>6,913,382,487</u>

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

M.K. Real Estate Development Public Company Limited and its Subsidiaries  
Statement of changes in equity

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

## M.K. Real Estate Development Public Company Limited and its Subsidiaries

## Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2020	2019	For the year ended 31 December 2020	2019
	(in Baht)			
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	(3,420,608)	177,446,766	(72,814,402)	372,773,547
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Depreciation and amortisation	254,172,520	210,622,685	64,852,090	51,510,989
(Gain) loss on disposal of equipment and intangible assets	67,696	(1,254,659)	(679,812)	(1,286,133)
Loss on declining in value of real estate				
development for sales	754,936	-	754,936	-
Loss on disposal of other non-current assets	11,472	3,131,881	-	-
Gain on disposal of investment properties	(263,293,333)	(79,609,977)	-	-
Unrealised (gain) loss on other current financial assets				
(2019 : Current investment)	598,801	(633,419)	608,450	(615,128)
Gain on disposal of other current financial assets	(3,301,945)	-	(3,003,985)	-
Share-based payment	1,904,536	1,375,352	1,904,536	1,375,352
Gain on disposal of investment in subsidiary	-	-	-	(57,995,200)
Realisation of deferred rental income	-	(221,758)	-	(221,758)
Interest income	(6,850,275)	(5,637,100)	(115,775,905)	(68,563,489)
Dividend income	(1,175,334)	(1,827,634)	(6,424,318)	(161,639,564)
Finance costs	378,560,571	328,306,513	299,593,922	204,216,906
Share of (profit) loss of joint venture and associates				
accounted for using equity method	(6,311,284)	24,063,593	-	-
Tax expense (income)	(6,418,589)	57,574,328	(19,453,287)	53,291,599
	345,299,164	713,336,571	149,562,225	392,847,121
<i>Changes in operating assets and liabilities</i>				
Trade and other current receivables	(17,456,316)	(8,282,628)	-	68,706
Real estate development for sale	(85,166,304)	901,043,286	(215,111,837)	215,315,790
Inventories	(3,504,142)	-	-	-
Deposits for purchase of land	-	(33,560,975)	-	(33,560,975)
Other current assets	(13,357,989)	(34,930,091)	(106,544)	(17,069,535)
Land held for development	48,362,597	15,995,240	48,362,597	15,995,240
Other non-current assets	10,281,898	(3,897,615)	666,739	(276,026)
Trade and other current payables	237,385,145	(44,967,979)	98,734,661	(55,318,653)
Customers' deposits	10,152,089	(412,894,394)	(4,348,759)	(22,452,360)
Other current liabilities	71,967,455	39,637,795	(1,836,451)	763,487
Non-current provisions for employee benefits	5,425,561	2,866,071	3,053,121	1,422,483
Other non-current liabilities	(64,945,788)	(69,056,692)	11,942,385	971,899
Net cash generated from operating activities	544,443,370	1,065,288,589	90,918,137	498,707,177
Income tax paid	(52,741,798)	(98,455,239)	(27,071,130)	(56,993,070)
<b>Net cash from operating activities</b>	<b>491,701,572</b>	<b>966,833,350</b>	<b>63,847,007</b>	<b>441,714,107</b>

The accompanying notes form an integral part of the financial statements

## M.K. Real Estate Development Public Company Limited and its Subsidiaries

## Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2020	2019	2020	2019
(in Baht)				
<b>Cash flows from investing activities</b>				
Interest received	6,620,193	5,688,034	30,142,504	42,134,380
Dividends received	3,855,858	1,827,634	6,424,318	161,639,564
Acquisition of investment properties	(1,847,487,736)	(927,697,947)	-	(17,442,999)
Acquisition of other long-term investment	-	(32,017,340)	-	-
Acquisition of buildings and equipment	(733,125,203)	(504,556,044)	(36,798,920)	(205,663,742)
Acquisition of leasehold right	-	(397,008,204)	-	(38,400,000)
Acquisition of intangible assets	(8,665,783)	(4,027,902)	(2,603,880)	(3,815,343)
Proceeds from sale of buildings and equipment	910,160	3,903,321	771,752	4,119,116
Proceeds from sale of investment properties	1,912,752,411	1,162,509,632	-	-
Increase in short-term loans to related parties	-	(400,000)	(1,694,000,000)	(2,068,500,000)
Proceeds from short-term loans to related parties	-	400,000	1,053,000,000	1,229,000,000
Decrease (increase) in short-term loans to other party, net	(5,000,000)	11,267,340	15,000,000	-
Decrease in deposits pledged as collateral	-	270,621	-	213,214
Decrease (increase) in other current financial assets <i>(2019 : Current investment)</i>	746,407,598	(934,134,514)	718,081,334	(885,124,094)
Net cash outflow on acquisition of subsidiary	-	-	(62,639,329)	(13,249,805)
Net cash outflow on acquisition of associate	(218,117,470)	-	(218,117,470)	-
Net cash outflow on acquisition of joint venture	(53,948,000)	(112,420,000)	-	-
<b>Net cash used in investing activities</b>	<b>(195,797,972)</b>	<b>(1,726,395,369)</b>	<b>(190,739,691)</b>	<b>(1,795,089,709)</b>
<b>Cash flows from financing activities</b>				
Finance costs paid	(398,084,469)	(338,798,978)	(304,486,431)	(229,069,296)
Dividends paid	(120,026,848)	(11,022,849)	(120,026,848)	(11,022,689)
Increase in short-term borrowings from financial institutions	113,238,841	91,928,222	113,238,842	91,928,222
Increase in short-term loans from related parties	-	-	-	9,000,000
Repayment of short-term loans from related parties	-	-	(9,000,000)	(181,000,000)
Increase (decrease) in short-term loans from other parties, net	(1,555,734)	261,100,364	(21,828,277)	152,667,909
Payment of lease liabilities <i>(2019: Finance lease payments)</i>	(19,772,723)	(4,974,728)	(9,503,148)	(4,376,478)
Proceeds from long-term borrowings	2,009,639,280	1,954,380,679	1,762,039,280	922,122,678
Repayment of long-term borrowings	(2,071,539,486)	(2,528,150,242)	(1,364,293,486)	(746,634,767)
Proceeds from issue of debentures	2,153,800,000	2,700,500,000	1,831,800,000	2,502,500,000
Repayment of debentures	(1,905,000,000)	(1,346,000,000)	(1,750,000,000)	(1,159,000,000)
<b>Net cash from (used in) financing activities</b>	<b>(239,301,139)</b>	<b>778,962,468</b>	<b>127,939,932</b>	<b>1,347,115,579</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>56,602,461</b>	<b>19,400,449</b>	<b>1,047,248</b>	<b>(6,260,023)</b>
Cash and cash equivalents at beginning of year	107,417,828	88,017,379	59,986,849	66,246,872
<b>Cash and cash equivalents at ending of year</b>	<b>164,020,289</b>	<b>107,417,828</b>	<b>61,034,097</b>	<b>59,986,849</b>

The accompanying notes form an integral part of the financial statements

## M.K. Real Estate Development Public Company Limited and its Subsidiaries

## Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2020	2019	For the year ended 31 December 2020	2019
	(in Baht)			
<i>Supplement disclosures of cash flows information</i>				
Non-cash transactions				
Acquisition of equipment under finance leases	-	6,306,000	-	3,153,000
Transfers real estate development for sale to investment properties	102,920,154	178,415,486	-	-
Transfers real estate development for sale to property, plant and equipment	22,899,630	-	22,899,630	-
Transfers property, plant and equipment to investment properties	177,100,835	-	-	-
Transfers deposit for purchase of land to real estate development for sale	33,560,975	76,300,000	33,560,975	76,300,000
Acquisition of subsidiary by transferring promissory notes	-	-	21,610,671	-
Capitalised amortisation of leasehold rights to property, plant and equipment	-	8,164,718	-	8,164,718
Acquisitions of buildings and equipment for which payments have not yet been made	-	138,602,028	-	25,576,190
Acquisitions of investment properties for which payments have not yet been made	647,000,000	-	-	-
Disposal of investment properties for which receives have not yet been made	40,294,000	-	-	-
Acquisitions of right-of-use assets under leases	302,689,293	-	156,843,267	-
Transfers leasehold right to investment properties	2,212,344,074	-	3,573,773	-
Transfers leasehold right to property, plant and equipment	156,527,175	-	126,347,518	-
Transfers advance payment for constructions to property, plant and equipment	-	11,929,519	-	11,929,519
Proceeds accrued management fee and accrued interest income by transferring promissory notes	-	-	10,610,671	-
Acquisition of subsidiary by transferring its investment in another subsidiary	-	-	-	1,060,000,000

The accompanying notes form an integral part of the financial statements

M.K. Real Estate Development Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

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**M.K. Real Estate Development Public Company Limited and its Subsidiaries**

**Notes to the financial statements**

**For the year ended 31 December 2020**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 24 February 2021.

**1 General information**

M.K. Real Estate Development Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 26 March 1990. The Company’s registered office at 345 Surawong 345 Building 6-8<sup>th</sup> Floor, Surawong Road, Suriyawong, Bang Rak District, Bangkok 10500.

The Company’s major shareholders during the financial year were Finansa Public Company Limited, incorporated in Thailand (26.54% shareholding) and Mr. Prateep Tangmatitham (12.38% shareholding).

The principal activities of the Group are property development for sale including land, land and house, condominium, construction for the Company’s own projects, building and parking rental, golf course business and sport club, and health and wellness center. Details of the Company’s subsidiaries, associates and joint venture as at 31 December 2020 and 2019 are given in notes 9 and 10.

**2 Basis of preparation of the financial statements**

**(a) Statement of compliance**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2020. The application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies.

The Group has initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* and relevant standards and interpretations and TFRS 16 *Leases* and disclosed impact from changes in accounting policies in note 3.

In addition, the Group has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Group has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional currency.

(c) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) *Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Notes 4 (k), 11,12 and 13    Leases:

- whether an arrangement contains a lease;
- whether the Group is reasonably certain to exercise extension options;
- whether the Group exercise termination options;
- whether the Group has transferred substantially all the risks and rewards incidental to the ownership of the assets to lessees;

Notes 4 (s) and 21

Revenue recognition:

- whether performance obligations in a bundled sale of products is capable of being distinct;
- whether revenue from sales and services are recognised over time or at a point in time; and

Note 9

Equity-accounted investees: whether the Group has significant influence over an investee.

(ii) *Assumptions and estimation uncertainties*

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 4 (k)              Determining the incremental borrowing rate to measure lease liabilities;

Note 7                      Estimation of total cost of real estate development for sale and allowance for decline in value of real estate development for sale;

Note 17                      Measurement of defined benefit obligations: key actuarial assumptions;

Note 25                      Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised; and

Note 28                      Determining the fair value of financial instruments on the basis of significant unobservable inputs.

### 3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16.

Impact of changes in accounting policies are as follows:

#### (a) *TFRS - Financial instruments standards*

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The details of accounting policies are disclosed in note 4 (d) and 4 (l). The impact from adoption of TFRS - Financial instruments standards are as follows;

##### (a.1) Classification and measurement of financial assets and financial liabilities

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. Previously, the Group recognised interest income and interest expenses at the rate specified in the contract.

The Group intends to hold non-marketable equity securities amounted of Baht 42.14 million for the long-term strategic purposes. The Group has designated them as measured at FVOCI. The accumulated gain (loss) on measurement to fair value of these investments will not be reclassified to profit or loss.

##### (a.2) Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas previously the Group estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, lease receivables, except for investments in equity instruments.

The Group has determined that the application of TFRS 9's impairment requirements at 1 January 2020 results no material impact on the impairment.

(b) *TFRS 16 Leases*

From 1 January 2020, the Group has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Group, as a lessee, recognised payments made under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Group assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Group recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Group recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Group also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics.

	Consolidated	
	financial statements	Separate financial statements
<i>Impact from the adoption of TFRS 16</i>		
(in thousand Baht)		
<b>At 1 January 2020</b>		
Increase in property, plant and equipment	305,842	270,734
Increase in investment properties	2,253,814	14,210
Decrease in leasehold rights	(2,368,871)	(129,921)
Increase in lease liabilities	(195,055)	(155,023)
Decrease in other non-current liabilities	4,270	-
<i>Measurement of lease liabilities</i>		
(in thousand Baht)		
Operating lease commitment as disclosed at 31 December 2019	481,851	378,300
Recognition exemption for leases of low-value assets	(458)	-
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	481,393	378,300
Discounted using the incremental borrowing rate at 1 January 2020	195,055	155,023
Finance lease liabilities recognised as at 31 December 2019	6,749	3,144
<b>Lease liabilities recognised at 1 January 2020</b>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Weighted-average incremental borrowing rate (% per annum)	5.09 - 5.27	5.27
Right-of-use assets and lease liabilities shown above were presented as part of real estate and rental warehouse, factory and others segments.		

#### 4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3.

##### (a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint venture.

###### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as described in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

###### *Acquisitions from entities under common control*

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their

carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### *Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### *Interests in equity - accounted investees*

The Group's interests in equity - accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity - accounted investees, until the date on which significant influence or joint control ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) *Investments in subsidiaries, associates and joint ventures*

Investments in subsidiaries, associates and joint venture in the separate financial statements of the Company are measured at cost less allowance for impairment.

*Disposal of investments in the separate financial statements*

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

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(c) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

(d) *Financial instruments*

*Accounting policies applicable from 1 January 2020*

(d.1) *Recognition and initial measurement*

Trade receivables, debt securities issued and trade payables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is

initially measured at the transaction price. A financial asset measured at FVTPL is initially recognised at fair value.

*(d.2) Classification and subsequent measurement*

*Financial assets - classification*

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL;

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets – business model assessment*

The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets – assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

*Financial assets – subsequent measurement and gains and losses*

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Equity investments at FVOCI** These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

*Financial liabilities – classification, subsequent measurement and gains and losses*

Financial liabilities, classified as measured at amortised cost, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*(d.3) Derecognition*

*Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

*Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

*(d.4) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*Accounting policies applicable before 1 January 2020*

*Investments in mutual fund*

Investments in mutual fund securities, which are marketable, held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

*Investments in other equity securities*

Equity securities which are not marketable are stated at cost less any impairment losses.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(e) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdraft that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(f) *Trade and other receivables*

A receivable is recognised when the Group has an unconditional right to receive consideration.

A receivable is measured at transaction price less allowance for expected credit loss (*2019: allowance for doubtful accounts*) which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(g) *Real estate development for sale*

Real estate development for sale is real estate that is held with the intention to sell in the ordinary course of business. This real estate is measured at the lower of cost and net realisable value.

The cost of real estate development for sale comprises the cost of land, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding real estate development projects are capitalised as part of the cost of the property until the completion of development. Cost of real estate development for sale includes an allocation of common area property development expenditure based on saleable area.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

When real estate development for sale are sold, the cost of that real estate is recognised as an expense in the period in which the related revenue is recognised.

(h) *Investment properties*

Investment properties are properties included properties that are held as right-of-use assets, as well as properties that are owned by the Group. Investment property are held to earn rental income, for capital

appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property and are recognised in profit or loss.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property.

The estimated useful lives are as follows:

Warehouse / factory buildings	term of the lease, 23 - 30 Years
Buildings on rental land	term of the lease, 22 - 35.5 Years
Rental buildings and facility systems	10 - 20 Years
Facility on rental land	10 Years
Furniture and fixture	5 Years

No depreciation is provided on freehold land or assets under construction.

(i) *Property, plant and equipment*

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

#### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Golf course	30	Years
Buildings and constructions	15 - 35.5	Years
Machinery and equipment	5	Years
Furniture, fixtures and office equipment	5	Years
Vehicles	4 - 5	Years

No depreciation is provided on freehold land or construction in progress.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### *(j) Intangible assets*

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

#### *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licenses	5	Years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### *(k) Leases*

##### *Accounting policies applicable from 1 January 2020*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

*As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable. The lease payments also include amount under purchase, extension or termination option if the Group is reasonably certain to exercise option.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment.

*As a lessor*

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of revenue of rental. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the accounting period in which they are earned.

#### *Accounting policies applicable before 1 January 2020*

As a lessee, leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Assets held under other leases were classified as operating leases and lease payments are recognised in profit or loss on a straight-line basis over the term of the lease.

As a lessor, rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

#### **(I) Impairment of financial asset**

##### *Accounting policies applicable from 1 January 2020*

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, loans to others and related parties), lease receivables which are not measured at FVTPL.

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments, the recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in financial instruments's credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognised as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the

estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes significant financial difficulty, a breach of contract such as more than 90 days past due, probable the debtor will enter bankruptcy.

#### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

#### *Accounting policies applicable before 1 January 2020*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

#### *Reversal of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

#### *(m) Impairment of non-financial assets*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

#### *Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *Reversal of impairment*

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) *Contract liabilities*

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

(o) *Employee benefits*

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI.

The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) *Share-based payments*

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and

non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(q) *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(r) *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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(s) ***Revenues***

Revenue is recognised when an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and specific business tax and is after deduction of any discounts and consideration payable to the customer.

*Revenue from sale of real estate*

Revenue from sale of real estate is recognised when a customer obtains control of the real estate.

For bundled packages, the Group accounts for individual real estate and other products separately if they are distinct and a customer can benefit from it separately. The consideration received is allocated based on their relative stand-alone selling prices.

Deposits and instalments received from customers on real estate sold prior to the date of revenue recognition are presented as contract liabilities in the statement of financial position. Deposits and instalments received from customers are recognised as revenue when the Group transfers control over the real estate to the customers. For advances that contain a significant financing component interest expense. Interest expense is recognised using the effective interest method.

*Sale of goods and rendering of services*

Revenue from sale of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data. Revenue for rendering of services is recognised over time when the services are provided.

(t) *Other income*

Other income comprises dividend, interest income and others. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(u) *Interest*

*Accounting policies applicable from 1 January 2020*

*Effective Interest Rate (EIR)*

Interest income or expense is recognised using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

*Accounting policies applicable before 1 January 2020*

Interest income is recognised in profit or loss at the rate specified in the contract.

Interest expense and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

(v) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint venture to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(w) *Earnings per share***

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

**(x) *Related parties***

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(y) *Segment reporting*

Segment results that are reported to the Group's the CEO (chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5 Related parties

Relationships with subsidiaries, associates and joint venture are described in notes 9 and 10.

Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Finansa Public Company Limited	Thai	Major shareholder, 26.54% shareholding and common director.
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from rental and rendering of services	Market price
Dividend income	Declared dividend payment
Interest income	4.00% - 5.00% per annum
Property management income	Contractual prices
Commission income	Contractual prices
Service income	Agreed prices
Management service income	Contractual prices
Service fee income	Contractual prices
Management fee	Contractual prices
Project and personal management fee	Contractual prices
Interest expense	2.00% - 4.25% per annum
Management fee income	Contractual prices
Property management income	Contractual prices

Significant transactions for the years ended 31 December with related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
<i>Year ended 31 December</i>	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
<b>Subsidiaries</b>				
Revenue from rental and rendering of services	-	-	492	178
Dividend income	-	-	2,700	160,000
Interest income	-	-	109,308	63,093
Management service income	-	-	9,600	33,400
Project and personal management fee	-	-	18,052	13,201
Management fee	-	-	440	415
Interest expense	-	-	700	2,131
<b>Associates</b>				
Revenue from rental and rendering of services	-	171	-	171
Management fee income	4,230	-	-	-
Property management income	19,219	-	-	-
<b>Joint venture</b>				
Service fee income	3,649	278	3,649	278
Interest income	-	1	-	-
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	44,277	35,412	32,328	35,412
Post-employment benefits	1,202	2,028	1,202	2,028
Other long-term benefits	1	1	1	1
Share-based payment	600	433	600	433
Total key management personnel compensation	<u>46,080</u>	<u>37,874</u>	<u>34,131</u>	<u>37,874</u>
<b>Other related parties</b>				
Property management income	10,899	18,681	-	-
Management fee	11,779	11,791	2,557	2,557

Balances as at 31 December with related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
<b><i>Trade and other current receivables</i></b>				
Associate	12,327	-	-	-
Other related parties	29	2,959	-	-
<b>Total</b>	<b>12,356</b>	<b>2,959</b>	<b>-</b>	<b>-</b>
<b><i>Other current assets</i></b>				
Subsidiaries				
Interest receivables	-	-	128,479	42,907
Accrued management fee income	-	-	16,050	26,750
Joint venture				
Accrued income	1,052	278	1,052	278
<b>Total</b>	<b>1,052</b>	<b>278</b>	<b>145,581</b>	<b>69,935</b>
<b><i>Other non-current assets</i></b>				
Other related parties	589	589	-	-
<b><i>Accrued expenses (included in other current liabilities)</i></b>				
Subsidiaries	-	-	1,438	1,561
Other related parties	229	443	214	428
<b>Total</b>	<b>229</b>	<b>443</b>	<b>1,652</b>	<b>1,989</b>
 <b>Interest rate</b>				
<b>Separate financial statements</b>				
<b>Loans to</b>	<b>At 31 December</b>	<b>1 January</b>	<b>Increase</b>	<b>Decrease</b>
			<i>(in thousand Baht)</i>	
<b>2020</b>				
Subsidiaries	4.00 - 5.00	2,027,000	1,694,000	(1,117,482)
<b>Total</b>		<b>2,027,000</b>		<b>2,603,518</b>
<b>2019</b>				
Subsidiaries	4.00 - 4.50	1,187,500	2,068,500	(1,229,000)
<b>Total</b>		<b>1,187,500</b>		<b>2,027,000</b>

<i>Loans from</i>	<i>Interest rate</i>		<i>Separate financial statements</i>		
	<i>At 31 December</i>	<i>1 January</i>	<i>Increase</i>	<i>Decrease</i>	<i>31 December</i>
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>		
<b>2020</b>					
Subsidiaries	2.00 - 4.25	30,000	10,611	(19,611)	21,000
<b>Total</b>		<b><u>30,000</u></b>			<b><u>21,000</u></b>
<b>2019</b>					
Subsidiaries	2.00 - 4.25	202,000	9,000	(181,000)	30,000
<b>Total</b>		<b><u>202,000</u></b>			<b><u>30,000</u></b>

### Significant agreements

#### *Property management agreements*

A subsidiary entered into the agreements with a related party to provide the property management service to the related party's property with the terms and service fees as specified in the agreements.

#### *Service agreement*

A subsidiary entered into the agreement with a related party to receive management support service with the term and service fee as specified in the agreement.

The Company entered into the agreements with subsidiaries to provide management support service with the terms and service fees as specified in the agreements.

#### *Shareholder agreement*

Under shareholder agreement, a subsidiary agreed with a joint venture to provide service in recommending new tenants to the joint venture with the commission income as the specified rate in the shareholder agreement.

#### *Property Management Appointment Agreement*

A subsidiary entered into the Property Management Appointment Agreement with Prospect Logistics and Industrial Leasehold Real Estate Investment Trust (the "Trust"), an associate, to manage the Trust's properties. The subsidiary will receive monthly remuneration from the Trust which are summarised as follows;

1. Property management fee at 4.0% of rental and service income for the amount not exceeding Baht 500 million. At 3.0% of rental and service income for the amount that exceeding Baht 500 million but not exceeding Baht 750 million. At 2.0% of rental and service income for the amount that exceeding Baht 750 million.
2. Incentive fee at 6.0% of performance on operation for the amount not exceeding Baht 400 million. At 5.0% of performance on operation for the amount that exceeding Baht 400 million but not exceeding Baht 600 million. At 4.0% of performance on operation for the amount that exceeding Baht 600 million.

3. Commission fee at 0.5 month of rental and service rate for extend contract lessee and 1.0 month of rental and service rate for new lessee.

*Service agreement*

A subsidiary entered into service agreement with the Trust to service secondary road at rates ranging from Baht 1.32 - 2.25 per sqm per month until the year 2039.

*REIT Manager Appointment Agreement*

An indirect subsidiary entered into the REIT Management Appointment Agreement with the trustee of the Trust to be appointed as REIT manager, which will receive a monthly management fee from the Trust at 0.30% of cost of main assets of the Trust including book value of investments in financial instruments and/or deposits at financial institutions which is not lower than Baht 10 million per annum.

*Guarantee obligations with related party*

The Company has joint - guaranteed of long-term borrowings from a local financial institution of Frasers Property BFTZ Co., Ltd, a joint venture, amounting to Baht 1,281 million (2019: 1,281 million). Under guarantee obligations, the Company entered into letter of undertaking agreements with the joint venture and the joint venture agreed to pay service fee at the rate as specified in the agreements. As at 31 December 2020, the joint venture utilised the credit facilities totaling Baht 1,141.79 million (2019: 389.19 million).

**6 Cash and cash equivalents**

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
(in thousand Baht)				
Cash on hand	2,019	773	663	623
Cashier cheques	65	473	-	473
Cash at banks - current accounts	20,913	14,189	1,830	751
Cash at banks - savings accounts	140,673	91,693	58,210	57,868
Highly liquid short-term investments	350	290	331	272
<b>Total</b>	<b>164,020</b>	<b>107,418</b>	<b>61,034</b>	<b>59,987</b>

**7 Real estate development for sale**

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
(in thousand Baht)				
Land and construction developing				
for sales	4,748,576	4,163,629	4,118,110	3,535,702
Houses and sample houses	918,405	1,475,880	498,913	820,984

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
(in thousand Baht)				
Construction materials	777	776	777	776
Total	5,667,758	5,640,285	4,617,800	4,357,462
Less allowance for devaluation	(2,140)	(1,385)	(2,140)	(1,385)
<b>Net</b>	<b>5,665,618</b>	<b>5,638,900</b>	<b>4,615,660</b>	<b>4,356,077</b>
Finance costs capitalised in real estate				
development for sale	34,565	34,148	34,565	34,148
Capitalisations rate (% per annum)	3.50-4.75	4.53-4.78	3.50-4.75	4.53-4.78
Write-down to net realisable value				
recognised in 'cost of sales of real estate'	755	-	755	-

In 2020, the Group transferred land and constructions thereon under real estate development for sale to investment properties amounting to Baht 102.92 million (2019: Baht 178.42 million) since the land and constructions are leased to other parties.

At 31 December 2020, land and contruction developings for sales of the Group and the Company which are expected to complete over the next year as of report date are in amount of Baht 3,698.82 million (2019: Baht 3,244.66 million).

## 8 Assets used as collateral

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
(in thousand Baht)				
Savings accounts	463	463	-	-
Fixed deposit accounts - 12 months	4,187	4,187	4,070	4,070
	4,650	4,650	4,070	4,070
Real estate development for sale	3,384,349	3,400,977	2,962,115	3,243,819
Land held for development	1,258,978	72,033	634,897	72,033
Investment properties	2,430,387	869,291	-	-
Land and buildings	1,787,153	-	468,731	-
Leasehold right	-	1,119,416	-	-
<b>Total</b>	<b>8,865,517</b>	<b>5,466,367</b>	<b>4,069,813</b>	<b>3,319,922</b>

Assets used as collateral are pledged as collateral with banks in respect of letters of guarantee. The issuing bank's letters of guarantee to a government agency are used to guarantee infrastructure for the developing projects of the Group and liabilities to financial institutions.

## 9 Investments in associates and joint venture

Consolidated financial statements									
	Type of business	Ownership interest	Paid-up capital	Cost	Equity	Fair value of listed securities	Dividend income for the year	2020	2019
		2020	2019	2020	2019	(in thousand Baht)		2020	2019
<i>Associates</i>									
Samukkee Cement Co., Ltd.	Cement producer	40.64	40.64	235,000	154,079	12,998	-	-	-
	Sand supplier	36.07	36.07	18,000	6,493	-	-	-	-
Subnorasing Co., Ltd.	Prospect Logistics and Industrial Leasehold								
Real Estate Investment Trust	Trust	8.92	-	2,450,000	-	218,117	-	188,974	-
<i>Joint venture</i>									
Frasers Property BFTZ Co., Ltd.	Property development for lease	40.00	40.00	765,920	631,050	306,368	252,420	326,479	256,246
Total						685,057	412,992	544,940	269,244

All associates and joint venture were incorporated and mainly operated in Thailand.

Type of business	Ownership interest (%)	Separate financial statements						Fair value of listed securities	Dividend income for the year
		2020	2019	Paid-up capital	Cost	Impairment	At cost - net		
	(%)	2020	2019	2020	2019	2020	2019	2020	2019
<i>Associates</i>									
Prospect Logistics and Industrial Leasehold									
Real Estate Investment Trust	8.92	-	2,450,000	-	218,117	-	-	218,117	-
					<u>218,117</u>			<u>218,117</u>	

*Acquisition and calling-up the share capital*

*Associate*

During 2020, the Company invested in Prospect Logistics and Industrial Leasehold Real Estate Investment Trust (the “Trust”) of 21,847,100 units, totaling Baht 218.12 million, at 8.92% of the Trust’s public offering units. The Trust was considered as investment in associate of the Company because the Company has significant influence, as an indirect subsidiary has been appointed as REIT manager.

*Joint venture*

In July and November 2020, a joint venture of the subsidiary has additional called-up share capital totaling Baht 23.80 million and Baht 30.15 million, respectively as details below;

				Additional
		Ownership	Registered	paid-up capital
	Held by	interest	capital	by proportion 40%
		(%)		<i>(in million Baht)</i>
Prospect				
Frasers Property	Development Co.,			
BFTZ Co., Ltd.	Ltd	40.00	803.00	53.95

*Associates and joint venture*

The following table summarises the financial information of the associates and joint venture as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	Samukkee Cement Co., Ltd.			Subnorasing Co., Ltd.			Real Estate Investment Trust			Prospect Logistics and Industrial Leasehold			Frasers Property			BFITZ Co., Ltd.		
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	
<i>(in thousand Baht)</i>																		
Revenue	12,692	44,221	77	77	152,957	-	-	-	-	-	-	-	131,937	57,446	-	-	-	
Profit (loss) from operations	(62,153) <sup>a</sup>	(63,452) <sup>a</sup>	-	-	-	33,901 <sup>a</sup>	-	-	-	-	-	-	40,713 <sup>a</sup>	4,308 <sup>a</sup>	-	-	-	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income (100%)	(62,153)	(63,452)	-	-	-	-	33,901	-	-	-	-	-	40,713	4,308	-	-	-	
Ownership interest (%)	40.64	40.64	36.07	36.07	-	-	8.92	-	-	-	-	-	40.00	40.00	-	-	-	
Total comprehensive income (Group's interest)	(25,259)	(25,787)	-	-	-	-	3,024	-	-	-	-	-	16,285	1,723	-	-	-	
Group's share of total comprehensive income	(12,998)*	(25,787)	-	-	-	-	3,024	-	-	-	-	-	16,285	1,723	-	-	-	
Current assets	14,967 <sup>b</sup>	20,136 <sup>b</sup>	10,813 <sup>b</sup>	10,812 <sup>b</sup>	280,012 <sup>b</sup>	-	-	-	-	-	-	-	133,635 <sup>b</sup>	163,838 <sup>b</sup>	-	-	-	
Non-current assets	392,268	409,168	12	12	3,363,407	-	-	-	-	-	-	-	2,045,460	1,082,483	-	-	-	
Current liabilities	(10,090) <sup>c</sup>	(11,915) <sup>c</sup>	(244) <sup>c</sup>	(244) <sup>c</sup>	(217,058) <sup>c</sup>	-	-	-	-	-	-	-	(368,490) <sup>c</sup>	(233,870) <sup>c</sup>	-	-	-	
Non-current liabilities	(227,074) <sup>d</sup>	(385,406) <sup>d</sup>	(10,790) <sup>d</sup>	(10,852) <sup>d</sup>	(1,027,813) <sup>d</sup>	-	-	-	-	-	-	-	(994,407) <sup>d</sup>	(371,837) <sup>d</sup>	-	-	-	
<b>Net assets (100%)</b>	<b>(29,929)</b>	<b>31,983</b>	<b>(209)</b>	<b>(272)</b>	<b>2,398,548</b>	-	-	-	-	-	-	-	<b>816,198</b>	<b>640,614</b>	-	-	-	
Ownership interest (%)	40.64	40.64	36.07	36.07	8.92	-	-	-	-	-	-	-	40.00	40.00	-	-	-	
Group's interest in net assets of investee (Group's interest)	-	12,998	-	-	213,950	-	-	-	-	-	-	-	326,479	256,246	-	-	-	
Adjustment accounting policy of the Group	-	-	-	-	4,511	-	-	-	-	-	-	-	-	-	-	-	-	
Carrying amount of interest in associates/joint venture	-	12,998	-	-	218,461	-	-	-	-	-	-	-	326,479	256,246	-	-	-	

\*During the year 2020, the Group recognised share of loss of Samukkee Cement Co., Ltd., an associate, amounting to Baht 13 million until interests in the associate decreased to zero.

Therefore, the Group stopped recognition additional loss because the Group has no legal obligation with the associate.

Prospect Logistics

and Industrial Leasehold

	Samukkee Cement Co., Ltd.		Subnorasing Co., Ltd.		Real Estate Investment Trust		Frasers Property BFTZ Co., Ltd.	
	2020	2019	2020	2019	2020	2019	2020	2019
<i>(in thousand Baht)</i>								
Remark:								
a. Includes:								
- depreciation and amortisation	16,842	16,842	-	-	-	-	9,422	12,680
- interest expense	26,450	24,077	-	-	16,345	-	8,090	8,012
- tax expense	-	-	-	-	-	-	489	1,544
b. Includes cash and cash equivalents	158	719	1	9	24,534	-	49,531	29,145
c. Includes current financial liabilities <i>(excluding trade and other payables and provisions)</i>	(4,781)	(9,517)	-	-	(2247)	-	(195,792)	(22,329)
d. Includes non-current financial liabilities <i>(excluding trade and other payables and provisions)</i>	(422,196)	(380,442)	(10,790)	(10,852)	-	-	(994,407)	(371,837)

Remark:

a. Includes:

- depreciation and amortisation
- interest expense
- tax expense
- b. Includes cash and cash equivalents
- c. Includes current financial liabilities  
*(excluding trade and other payables and provisions)*
- d. Includes non-current financial liabilities  
*(excluding trade and other payables and provisions)*

## 10 Investments in subsidiaries

	Type of business	Ownership interest 2020 (%)	Paid-up capital 2020	2019	Cost 2020	2019	Separate financial statements			At cost-net of impairment the year 2020	Dividend income for the year 2020		
							(in thousand Baht)						
							Paid-up capital (%)	Impairment 2020	2019				
<b>Direct subsidiaries</b>													
Mancor Company Limited	Property development	100.00	100.00	20,000	20,000	32,870	32,870	-	-	32,870	2,700		
	Property development and health and wellness	100.00	100.00	100,000	100,000	100,000	100,000	-	-	100,000	100,000		
RX Wellness Co., Ltd.	Property development for lease	100.00	100.00	2,260,000	2,260,000	2,045,450	2,045,450	-	-	2,045,450	2,045,450		
Prospect Development Co., Ltd.													
Yours Property Management Co., Ltd.	Property management Property development for rent and rehabilitation	100.00	100.00	3,000	3,000	3,000	3,000	-	-	3,000	3,000		
Munkong Life Co., Ltd.	Property development	100.00	100.00	2,600,000	2,600,000	2,599,999	2,599,999	-	-	2,599,999	2,599,999		
MKH Assets Co., Ltd.													
Health and Wellness													
Village Co., Ltd.	Medical and health and wellness	100.00	100.00	87,500	3,250	87,500	3,250	-	-	87,500	3,250		
Total						4,903,818	4,819,568	-	-	4,903,818	4,819,568		
<b>Indirect subsidiaries</b>													
Munkong Living Co., Ltd. (100% shareholding through Prospect Development Co., Ltd.)	Property development	100.00	100.00	1,002,005	1,002,005	-	-	-	-	-	-		
Prospect Reit Management Co., Ltd. (100% shareholding through Prospect Development Co., Ltd.)	REIT management	100.00	100.00	10,000	10,000	-	-	-	-	-	-		
Total													
All subsidiaries were incorporated and operate in Thailand. None of the Company's subsidiaries are publicly listed and consequently do not have published price quotations													

**Acquisitions**

At the Board of Directors' meeting of Health and Wellness Village Co., Ltd., a subsidiary, held on 24 March 2020, the Board of the subsidiary approved for additional call-up for 75% of its par value of the ordinary share capital. The Company has paid the share for capital amounting to Baht 6.75 million. Subsequently, at the extraordinary general meeting of the shareholders of the subsidiary, held on 14 May 2020, the shareholders approved to increase its registered share capital from Baht 10 million to Baht 50 million by issuing of 400,000 ordinary shares with a par value of Baht 100 per share. The subsidiary registered the increase in the authorised share capital with the Ministry of Commerce on 14 May 2020. The Company paid the share capital for a consideration of Baht 40 million.

At the extraordinary general meeting of the shareholders of Health and Wellness Village Co., Ltd., a subsidiary, held on 16 October 2020, the shareholders approved to increase its registered share capital from Baht 50 million to Baht 200 million by issuing of 1,500,000 ordinary shares with a par value of Baht 100 per share and call-up for 25% of its par value of the increased share capital. The subsidiary registered the increase in the authorised share capital with the Ministry of Commerce on 19 October 2020. The Company paid the share capital for a consideration of Baht 37.50 million.

**11 Investment properties**

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
(in thousand Baht)					
<b>Cost</b>					
At 1 January		2,253,233	2,208,105	24,087	6,644
Recognition of right-of-use asset on					
initial application of TFRS 16	3(b)	2,580,578	-	15,755	-
At 1 January - as adjusted		4,833,811	2,208,105	39,842	6,644
Additions		2,618,325	928,898	-	17,443
Disposals	13.2	(2,008,055)	(1,062,185)	-	-
Transfer from real estate development					
for sale	8	102,920	178,415	-	-
Transfer from property, plant and equipment	12	176,278	-	-	-
At 31 December		5,723,279	2,253,233	39,842	24,087
<b>Accumulated depreciation and impairment losses</b>					
At 1 January		134,122	73,470	998	634
Recognition of right-of-use asset on					
initial application of TFRS 16	3(b)	326,764	-	1,545	-

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		(in thousand Baht)			
At 1 January - as adjusted		460,886	73,470	2,543	634
Depreciation charge for the year		177,586	60,652	1,300	364
Transfer to property, plant and equipment	12	(823)	-	-	-
Disposals	13.2	(318,302)	-	-	-
At 31 December		<u>319,347</u>	<u>134,122</u>	<u>3,843</u>	<u>998</u>
Net book value				2,119,11	35,999
At 31 December		<u>5,403,932</u>	<u>1</u>		

During the year 2020, the Group capitalised borrowing costs to investment properties amounting to Baht 15.31 million (2019: Baht 0.87 million).

At 1 January 2020, the Group and the Company classified leasehold rights to right-of-use assets which are included in investment properties amounting to Baht 2,212.34 million and Baht 3.57 million, respectively, and recognised right-of-use assets increased during the year of Baht 41.47 million and Baht 10.64 million, respectively, because the Group and the Company subleased right-of-use assets to other parties as an operating lease (*note 3*).

Information relating to leases are disclosed in note 13.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
<i>Amounts recognised in profit or loss</i>				
Rental income	374,267	159,894	6,544	650
Repair and maintenance expense:				
- property that generated rental income	4,352	3,944	-	-

In 2020, total cash outflow for leases of the Group and the Company were Baht 19.77 million and Baht 9.50 million, respectively.

As at 31 December 2020, investment properties which have carrying amount of Baht 3,309.30 million (2019: Baht 1,850 million) were revalued by independent external property valuers and the management, at projected discounted cash flows. The appraised value was Baht 3,354.23 million (2019: Baht 2,465 million). In addition, another portion of investment properties amounting to Baht 2,094.63 million (2019: Baht 269 million) were in the process of construction. Management considered that the fair value was approximate to carrying amount. The fair value of investment property has been categorised as a Level 3 fair value.

**Valuation technique**

*Discounted cash flows;* The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods and occupancy rate. The expected net cash flows are discounted using discount rate.

**Significant unobservable inputs**

- Expected rental growth rate (2.5% - 7% every 3 years)
- Occupancy rate (between 76% - 100%)
- Discount rate (7% and 8%)
- Warehouse rental rates (150 - 220 Baht/square meter/month)
- Residential rental rates ( 460 - 686 Baht/square meter/month)
- Office rental rates (300 - 320 Baht/square meter/month)
- Land and office rental for services rates (30,000 -500,000 Baht/month)



		Consolidated financial statements						
Note	Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	Total
<i>Accumulated depreciation</i>								
At 1 January 2019	-	142,760	46,056	64,718	19,189	24,265	-	296,988
Depreciation charge for the year	-	7,178	19,713	8,279	4,121	3,749	-	43,040
Disposals / transfers	-	-	(4)	(2,294)	(5,450)	(9,979)	-	(17,727)
Write-off	-	-	(58)	-	(2,865)	-	-	(2,923)
At 31 December 2019	-							
And 1 January 2020	-	149,938	65,707	70,703	14,995	18,035	-	319,378
Recognition of depreciation of right-of-use asset on initial application of TFRS 16	4	-	-	24,936	-	-	-	24,936
At 1 January 2020 - as adjusted	-	149,938	90,643	70,703	14,995	18,035	-	344,314
Depreciation charge for the year	-	7,178	46,278	8,134	7,466	3,201	-	72,257
Transfers from (to)								
Investment properties	11	-	-	892	-	(69)	-	823
Disposals / transfers	-	-	(120)	(1,048)	(1,665)	(2,482)	-	(5,315)
Write-off	-	-	-	(877)	(7)	-	-	(884)
At 31 December 2020	-	157,116	137,693	76,912	20,720	18,754	-	411,195

		Consolidated financial statements					
		Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	Total
<i>Net book value</i>							
At 31 December 2019							
Owned assets		59,324	473,724	21,425	19,570	1,791	4283,504
Assets under finance leases		-	-	-	-	8,225	8,225
		<u>3,256,811</u>	<u>59,324</u>	<u>473,724</u>	<u>21,425</u>	<u>19,570</u>	<u>4,291,729</u>
At 31 December 2020							
Owned assets		52,146	1,247,414	76,743	28,469	12,654	225,966
Right-of-use assets		-	262,829	-	-	7,536	-
		<u>3,080,408</u>	<u>52,146</u>	<u>1,510,243</u>	<u>76,743</u>	<u>28,469</u>	<u>20,190</u>

					Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	Total
	Note	Land	Golf course	Buildings and constructions	(in thousand Baht)				
<b>Cost</b>									
At 1 January 2019		507,465	209,262	258,566	89,559	26,557	31,566	45,504	1,168,479
Additions	-	-	-	1,035	4,893	11,389	3,270	233,900	254,487
Disposals / transfers	-	-	-	278,624	(2,495)	(5,986)	(11,126)	(278,641)	(19,624)
Write-off	-	-	-	(58)	-	(2,952)	-	-	(3,010)
At 31 December 2019		507,465	209,262	538,167	91,957	29,008	23,710	763	1,400,332
Recognition of right-of-use asset on initial application of TFRS 16	3(b)	-	-	294,668	-	-	-	-	294,668
At 1 January 2020 - as adjusted		507,465	209,262	832,835	91,957	29,008	23,710	763	1,695,000
Additions	-	-	-	1,488	1,347	4,346	3,080	2,849	13,110
Transfers from real estate									
development for sale	5,423	-	-	17,477	-	-	-	-	22,900
Disposals / transfers	-	-	-	3,140	(1,059)	(663)	(2,501)	(3,460)	(4,543)
Write-off	-	-	-	-	(895)	(14)	-	-	(909)
At 31 December 2020		512,888	209,262	854,940	91,350	32,677	24,289	152	1,725,558
<i>Accumulated depreciation</i>									
At 1 January 2019	-	142,760	46,056	64,614	17,211	23,012	-	-	293,653
Depreciation charge for the year	-	7,178	19,595	8,246	3,557	3,174	-	-	41,750

								Separate financial statements
Note	Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	Total
Disposals / transfers	-	-	(4)	(2,275)	(5,759)	(8,839)	-	(16,877)
Write-off	-	-	(58)	-	(2,866)	-	-	(2,924)
<b>At 31 December 2019</b>								
<b>And 1 January 2020</b>	<b>-</b>	<b>149,938</b>	<b>65,589</b>	<b>70,585</b>	<b>12,143</b>	<b>17,347</b>	<b>-</b>	<b>315,602</b>
Recognition of depreciation of right-of-use asset on initial application of TFRS 16	3(b)	-	23,934	-	-	-	-	23,934
<b>At 1 January 2020 - as adjusted</b>		<b>149,938</b>	<b>89,523</b>	<b>70,585</b>	<b>12,143</b>	<b>17,347</b>	<b>-</b>	<b>339,536</b>
Depreciation charge for the year	-	7,177	36,383	8,254	5,393	2,377	-	59,584
Disposals / transfers	-	-	(120)	(1,048)	(826)	(2,482)	-	(4,476)
Write-off	-	-	-	(877)	(6)	-	-	(883)
<b>At 31 December 2020</b>		<b>157,115</b>	<b>125,786</b>	<b>76,914</b>	<b>16,704</b>	<b>17,242</b>	<b>-</b>	<b>393,761</b>
<i>Net book value</i>								
At 31 December 2019								
Owned assets	507,465	59,324	472,578	21,372	16,865	1,755	763	1,080,122
Assets under financial leases	-	-	-	-	-	4,608	-	4,608
	<b>507,465</b>	<b>59,324</b>	<b>472,578</b>	<b>21,372</b>	<b>16,865</b>	<b>6,363</b>	<b>763</b>	<b>1,084,730</b>

							Separate financial statements	
Note	Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	Total
							(in thousand Baht)	
At 31 December 2020								
Owned assets	512,888	52,147	466,325	14,436	15,973	3,447	152	1,065,368
Right-of-use assets	-	-	262,829	-	-	3,600	-	266,429
	<b>512,888</b>	<b>52,147</b>	<b>729,154</b>	<b>14,436</b>	<b>15,973</b>	<b>7,047</b>	<b>152</b>	<b>1,331,797</b>

The gross amount of the Group's and the Company's fully depreciated property and equipment that was still in use as at 31 December 2020 amounted to Baht 118.74 million and Baht 111.74 million, respectively (2019: Baht 102 million and Baht 95 million, respectively).

During the year 2020, the Group capitalised borrowing costs to property, plant and equipment amounting to Baht 27.24 million (2019: Baht 8.14 million).

During the year 2019, the Group capitalised the amortised leasehold right to property, plant and equipment amounting to Baht 8.16 million.

At 1 January 2020, the Group and the Company classified leasehold rights to right-of-use assets which are included in property, plant and equipment amounting to Baht 156.53 million and Baht 126.35 million, respectively (note 3), and recognised right-of-use assets increased during the year of Baht 149.31 million and Baht 144.38 million, respectively.

## 13 Lease Agreements

*As a lessee*

*The Company*

- 13.1 The Company entered into a land lease agreement with a company for a period of 30 years from 1 November 2018 to 31 October 2048. The Company agreed to pay land sublease compensation for the whole period to the lessor totalling Baht 420.8 million. During the years 2018 and 2019, the Company paid the land sublease compensation amounting to Baht 125.4 million. Under the land sublease agreement, the ownership of building will be transferred to the lessor at the maturity date. Subsequently, at the Board of Directors' meeting of the Company, held on 20 August 2019, the Board approved to amend the land lease agreement with the lessor by extension a period of 30 years to 35 years 6 month from 1 November 2018 to 30 April 2054. The Company paid compensation for the amendment of land lease agreement amounting to Baht 30 million.

*Subsidiaries*

- 13.2 On 18 August 2010, a company ("lessor") entered into a land sublease agreement with a subsidiary to lease land from 18 August 2010 to 31 December 2038. The subsidiary agreed to pay a total of land sublease compensation to the lessor on the land sublease registered date. The Group recognised the leasehold right at fair value on the acquisition date in 2015 amounting to Baht 602.66 million.

On that date, the lessor entered into another 2 land sublease agreements with the subsidiary to lease land from 18 August 2010 to 8 January 2040, and from 18 August 2010 to 25 December 2039. The subsidiary agreed to pay a total of land sublease compensation to the lessor on the land sublease registered date. The Group recognised the leasehold right at fair value on the acquisition date in 2015 amounting to Baht 534.12 million. Under the sublease agreements, ownership of building on leasehold land will be transferred to land owner after the completion of construction and the Group records as part of leasehold right of Baht 1,393.27 million.

On 18 August 2020, the sublessor entered into an amendment of land sublease agreement with a subsidiary. The subsidiary agreed to return partially land sublease of Bangkok Free Trade Zone project which is included in investment properties to the sublessor with the carrying amount of Baht 1,689.75 million. The sublessor agreed to pay compensation to the subsidiary as a result of the amendment of land sublease agreement to terminate sublease area. The subsidiary will receive compensation amounting to Baht 1,953.04 million. Subsequently, the subsidiary has already received the compensation amounting to Baht 1,912.75 million and the remaining amount of Baht 40.29 million will receive within one year according to the amendment which was presented in other current receivable in the consolidated statement of financial position as at 31 December 2020. In addition, the Group recognised gain on disposal of investment properties of Baht 263.29 million in the consolidated statement of comprehensive income for the year ended 31 December 2020.

- 13.3 On 1 August 2018, a company ("lessor") entered into a land sublease agreement with a subsidiary to lease land from 1 August 2018 to 31 July 2041. The subsidiary agreed to pay land sublease compensation for the whole period totalling Baht 3.93 million. Under the land sublease agreement, the ownership of building will be transferred to the lessor at the maturity date.

- 13.4 On 19 December 2018, a temple ("lessor") entered into a right of use land agreement to develop car park building with a subsidiary for a period of 30 years after the date of completion of building. The subsidiary agreed to pay for the building construction to compensate the right of use the land. As at 31 December 2020, the subsidiary recorded the building construction costs as part of leasehold right, included in property, plant and equipment, amounting to Baht 63.10 million. Under right of use agreement, the ownership of building will be transferred to the lessor at the maturity date.
- 13.5 On 26 December 2018, a third party ("lessor") entered into a land sublease agreement with a subsidiary to lease land from 26 December 2018 to 6 March 2021. The subsidiary agreed to pay land sublease compensation to the lessor on the land sublease registration date amounting to Baht 2.2 million.
- 13.6 On 16 May 2020, the Group entered into land lease agreement for 30 years to develop warehouse and factory for lease by paying annual rental fee as specified in the agreement. The agreement will be ended on 15 May 2050. The Group paid the land lease compensation at the agreement date of Baht 52.72 million and recognised right-of-use assets, included in investment properties, increased during the period of Baht 108.53 million.

*As a lessor*

- 13.7 The Group entered into lease agreements to lease office rental, warehouse and condominium to other parties ("lessees") for periods starting from 1 to 4 years ending December 2024. The lessees agreed to pay monthly compensation as specified in the agreement.
- On 7 May 2020, the Group entered into land and constructions lease agreement with a company ("lessee") for a period of 8 years after the date of grand opening starting from 1 December 2020 to 30 November 2028. The lessee agreed to pay monthly compensation as specified in the agreement and additional compensation at percentage of incremental of gross profit from the lessee's operations as specified in the agreement.

14 Intangible assets

	Consolidated financial statements	Separate financial statements
Software licenses	Software licenses	Software licenses
<i>(in thousand Baht)</i>		
<b>Cost</b>		
At 1 January 2019	17,817	16,989
Additions	4,028	3,815
Disposals	(586)	(578)
At 31 December 2019 and 1 January 2020	21,259	20,226
Additions	8,665	2,604
Disposals	(651)	-
At 31 December 2020	29,273	22,830

			Separate financial statements	Consolidated financial statements		
			Software licenses	Software licenses		
<i>(in thousand Baht)</i>						
<i>Accumulated amortisation</i>						
At 1 January 2019			4,958	4,691		
Amortisation charge for the year			2,520	2,332		
Disposals			(583)	(578)		
At 31 December 2019 and 1 January 2020			6,895	6,445		
Amortisation charge for the year			4,329	3,968		
Disposals			(73)	-		
At 31 December 2020			11,151	10,413		
<i>Net book value</i>						
At 31 December 2019			14,364	13,781		
At 31 December 2020			18,122	12,417		
15 Interest-bearing liabilities						
			Consolidated financial statements			
			2020	2019		
	Note	Secured	Unsecured	Total	Secured	Unsecured
<i>(in thousand Baht)</i>						
Short-term borrowings						
from financial institutions		-	873,196	873,196	-	736,163
Short-term debentures		-	647,628	647,628	-	249,814
Short-term loans from other parties		-	667,775	667,775	-	638,715
Long-term borrowings		1,971,326	-	1,971,326	2,033,851	-
Long-term debentures		-	5,155,540	5,155,540	-	5,304,486
Lease liabilities (2019: <i>Finance lease liabilities</i> )		-	304,528	304,528	-	6,750
<b>Total interest-bearing liabilities</b>		<b>1,971,326</b>	<b>7,648,667</b>	<b>9,619,993</b>	<b>2,033,851</b>	<b>6,935,928</b>

	Separate financial statements					
	2020			2019		
Note	Secured	Unsecured	Total	Secured	Unsecured	Total
<i>(in thousand Baht)</i>						
Short-term						
borrowings from						
financial institutions	-	873,196	873,196	-	736,163	736,163
Short-term						
debentures	-	647,628	647,628	-	249,814	249,814
Short-term loans from						
related parties	5	-	21,000	21,000	-	30,000
Short-term loans from						
other parties	-	139,359	139,359	-	156,015	156,015
Long-term borrowings	1,156,946	-	1,156,946	816,101	-	816,101
Long-term						
debentures	-	4,502,143	4,502,143	-	4,817,535	4,817,535
Leases liabilities						
<i>(2019: Finance lease liabilities)</i>	-	158,880	158,880	-	3,145	3,145
<b>Total interest-bearing liabilities</b>	<b>1,156,946</b>	<b>6,342,206</b>	<b>7,499,152</b>	<b>816,101</b>	<b>5,992,672</b>	<b>6,808,773</b>

As at 31 December 2020, the Group and the Company had unutilised credit facilities from local financial institutions totaling Baht 4,686.40 million and Baht 2,640 million, respectively (*2019: Baht 3,081.11 million and Baht 2,677.11 million, respectively*).

The above borrowings from financial institutions are collateralised by the assets pledged or mortgaged (see note 8).

#### *Long-term loans from financial institutions - secured*

##### *The Company*

At 31 December 2020, the Company had entered into loan agreements with local financial institutions with credit facilities totalling Baht 4,989.42 million at MLR-0.25% to MLR-2.50% interest rate per annum. The Company mortgaged a part of land and construction as the loan collateral (see note 8).

##### *Subsidiaries*

At 31 December 2020, the subsidiaries had entered into loan agreements with local financial institutions with credit facilities totalling Baht 2,890 million at MLR-1% to MLR-1.50% interest rate per annum. The subsidiaries mortgaged land and construction and a part of land sublease agreement as the loan collateral (see note 8).

The Company and subsidiaries have to comply with certain conditions under right and duty of borrowers such as the maintenance of debt to equity ratio.

***Debentures***

Unsecured debentures	Par value						
	Number (thousand units)	per unit (in Baht)	Total value (in million Baht)	Issue date	Term	Maturity date	Coupon rate (% per annum)
<b>Short-term debentures</b>							
The Company							
No. 3/2020 (repayment interest on maturity date)	250	1,000	250	28 October 2020 9	180 days	26 April 2021	3.80
No. 4/2020 (repayment interest on maturity date)	400	1,000	400	December 2020	182 days	9 June 2021	3.80
<b>Total</b>			<b>650</b>				
<b>Long-term debentures</b>							
The Company							
No. 2/2016 (repayment interest every 3 months)	500	1,000	500	8 April 2016	5 years	8 April 2021	4.70
No. 3/2016 (repayment interest every 3 months)	500	1,000	500	28 October 2016	5 years	28 October 2021	4.00
No. 1/2018 (repayment interest every 3 months)	584	1,000	584	17 May 2018	3 years	17 May 2021	4.10
No. 1/2019 (repayment interest every 3 months)	687.5	1,000	687.5	11 June 2019	3 years	11 June 2022	5.00
No. 2/2019 (repayment interest every 3 months)	1,565	1,000	1,565	December 2019	11 months	1 December 2023	5.75
No. 1/2020 Set.1 (repayment interest every 3 months)	230.3	1,000	230.3	28 August 2020	5 months	15 February 2022	4.80
No. 1/2020 Set.2 (repayment interest every 3 months)	451.5	1,000	451.5	28 August 2020	2 years	28 February 2023	5.60
<b>Subsidiary</b>			<b>4,518.3</b>				
No. 1/2018 (repayment interest every 3 months)	137	1,000	137	5 April 2018	10 months	16 February 2021	5.50

	Par value						
Unsecured debentures	Number (thousand units)	per unit (in Baht)	Total value (in million Baht)	Issue date	Term	Maturity date	Coupon rate (% per annum)
No. 1/2019 (repayment interest every 3 months)	198	1,000	198	2 August 2019 13 February	2 years 6 months	2 February 2022	6.25
No. 1/2020 (repayment interest every 3 months)	157	1,000	157	2020 3 December	2 years 6 months	13 August 2022	6.25
No. 2/2020 (repayment interest every 3 months)	165	1,000	165	2020	2 years	2022	6.25
<b>Total</b>			<b>657</b>				
			<b>5,175.3</b>				

At the annual general meeting of the shareholders of the Company, held on 25 April 2019, the shareholders approved to increase total amount and an outstanding value for issuance and offering of debenture at a particular time from not exceeding Baht 3,000 million to be not exceeding Baht 6,000 million to supporting working capital and business expansion of the Group, including land purchases for project development and debt repayments.

At the Board of Directors of the subsidiary, held on 24 January 2020, the Board approved the issuance and offering of debentures in the amount equal to or not exceeding Baht 1,000 million to a private placement not exceeding 10 persons for its working capital.

Movements for the year ended 31 December of debentures were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
<b><i>Short-term debentures</i></b>				
As at 1 January	250,000	659,000	250,000	659,000
Issued	1,150,000	250,000	1,150,000	250,000
Repayment	(750,000)	(659,000)	(750,000)	(659,000)
<b>As at 31 December</b>	<b>650,000</b>	<b>250,000</b>	<b>650,000</b>	<b>250,000</b>
<b><i>Long-term debentures</i></b>				
As at 1 January	5,326,500	3,563,000	4,836,500	3,084,000
Issued	1,003,800	2,450,500	681,800	2,252,500
Repayment	(1,155,000)	(687,000)	(1,000,000)	(500,000)
<b>As at 31 December</b>	<b>5,175,300</b>	<b>5,326,500</b>	<b>4,518,300</b>	<b>4,836,500</b>

	Consolidated financial statements	Separate financial statements
31 December 2020		
<i>(in thousand Baht)</i>		
Short-term debentures	650,000	650,000
Less deferred expense	(2,372)	(2,372)
<b>Unsecured short-term debentures</b>	<b>647,628</b>	<b>647,628</b>
Long-term debentures	5,175,300	4,518,300
Less deferred expenses	(19,760)	(16,157)
	5,155,540	4,502,143
Less current portion of long-term debentures	(1,720,307)	(1,583,373)
<b>Unsecured long-term debentures</b>	<b>3,435,233</b>	<b>2,918,770</b>

The Company and a subsidiary have to comply with certain conditions under right and duty of debenture issuer such as the maintenance of debt to equity ratios, dividend payments.

#### *Finance lease liabilities*

Finance lease liabilities as at 31 December 2019 were payable as follows:

	Consolidated financial statements			Separate financial statements		
			Present value of			Present value of
	Minimum lease payments	Interest	minimum lease payments	Minimum lease payments	minimum lease payments	minimum lease payments
<i>(in thousand Baht)</i>						
Within 1 year	1,830	319	1,511	1,067	173	894
1 - 5 years	5,631	392	5,239	2,465	214	2,251
<b>Total</b>	<b>7,461</b>	<b>711</b>	<b>6,750</b>	<b>3,532</b>	<b>387</b>	<b>3,145</b>

The Group has hire-purchase agreements to purchase motor vehicles from local leasing companies with a term of repayment in 4-5 years, and repaid in monthly installments, with certain conditions and restrictions as specified in the hire-purchase agreements.

**16 Other current liabilities**

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
(in thousand Baht)				
Retentions	127,858	108,196	50,083	50,776
Accrued administrative expenses	115,745	51,756	41,572	39,902
Others	119,448	134,829	85,527	92,970
<b>Total</b>	<b><u>363,051</u></b>	<b><u>294,781</u></b>	<b><u>177,182</u></b>	<b><u>183,648</u></b>

**17 Non-current provisions for employee benefits**

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plan exposes the Group to actuarial risks, such as longevity risk and interest rate risk.

<i>Present value of the defined benefit obligations</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
At 1 January	78,532	52,099	73,575	49,465
<b>Included in profit or loss</b>				
Current service costs and interest	9,664	8,092	7,280	7,227
Past service cost	514	5,716	-	5,138
	<u>10,178</u>	<u>13,808</u>	<u>7,280</u>	<u>12,365</u>
<b>Included in other comprehensive income</b>				
Actuarial (Gain) loss				
-Demographic assumptions	(61)	320	-	327
-Financial assumptions	3,929	7,778	3,743	7,657
-Experience adjustment	4,670	15,469	4,209	14,703
	<u>8,538</u>	<u>23,567</u>	<u>7,952</u>	<u>22,687</u>
Others				
Benefits paid	(4,752)	(10,942)	(4,227)	(10,942)
<b>At 31 December</b>	<b><u>92,496</u></b>	<b><u>78,532</u></b>	<b><u>84,580</u></b>	<b><u>73,575</u></b>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

<i>Principal actuarial assumptions</i>	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
			(%)	
Discount rate	1.41	1.68	1.41	1.68
Future salary growth	4.00 - 7.00	4.00 - 8.00	4.00 - 7.00	4.00 - 8.00
Employee turnover rate	0.00 - 20.00	0.00 - 20.00	0.00 - 20.00	0.00 - 20.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2020, the weighted-average duration of the defined benefit obligations was 10.3 years (2019 11.9 years).

#### *Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
(in thousand Baht)				
<b>At 31 December 2020</b>				
Discount rate (1% movement)	(7,206)	7,627	(6,514)	6,871
Future salary growth (1% movement)	7,783	(6,955)	7,010	(6,280)
Employee turnover rate (20% movement)	(2,919)	3,431	(2,209)	2,575
<b>At 31 December 2019</b>				
Discount rate (1% movement)	(5,643)	6,433	(5,167)	5,876
Future salary growth (1% movement)	6,964	(6,206)	6,379	(5,700)
Employee turnover rate (20% movement)	(2,840)	3,239	(2,447)	2,778

**18 Other non-current liabilities**

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
Contractual deposits from customers	81,235	156,510	-	-
Accrued for public utilities for establishing legal entities	58,754	46,691	58,174	46,111
Others	16,789	22,793	12,446	12,567
<b>Total</b>	<b>156,778</b>	<b>225,994</b>	<b>70,620</b>	<b>58,678</b>

**19 Share capital**

	Par value per share	2020		2019	
		Number	Amount	Number	Amount
	<i>(in Baht) (thousand shares / in thousand Baht)</i>				
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	1,117,211	1,117,211	992,010	992,010
Issue of new shares	1	-	-	125,201	125,201
At 31 December					
- ordinary shares	1	<u>1,117,211</u>	<u>1,117,211</u>	<u>1,117,211</u>	<u>1,117,211</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	1,091,205	1,091,205	992,010	992,010
Issue of new shares	1	-	-	99,195	99,195
At 31 December					
- ordinary shares	1	<u>1,091,205</u>	<u>1,091,205</u>	<u>1,091,205</u>	<u>1,091,205</u>

At the annual general meeting of the shareholders of the Company held on 25 April 2019, the shareholders approved to increase in its authorised share capital of the Company to facilitate the dividend payment and Employee Stock Option Plan for the directors, executives and employees of the Company and its subsidiaries No. 1 (MK-WA) by increasing its authorised share capital of Baht 125.20 million from the existing share capital of Baht 992.01 million to Baht 1,117.21 million by issuing newly 125.20 million ordinary shares with the par value of Baht 1 per share. The Company registered the increase in the authorised share capital with the Ministry of Commerce on 14 May 2019.

On the same date, the shareholders approved the issuance and offering of the ordinary share- purchase warrants to the directors, executives and employees of the Company and its subsidiaries No.1 (MK-WA) of not exceeding 26 million units as the details as following:

Grant date	17 June 2019
Number of offered warrants	26,000,000 units
Exercise price	4 Baht/share
Term of warrants	5 years from the grant date
Exercise rate	1 warrant per 1 ordinary share
Number of reserved shares	26,000,000 shares
Expired date of warrants	16 June 2024

#### *Fair value measurement*

The Group measured approximate fair value of the options granted through the plan by using the binomial model. The weighted average fair value at the grant date was from Baht 0.18 - Baht 0.22 per unit. The key assumptions were as follows:

Share price at the grant date	3.36 Baht/share
Expected volatility	24% per quarter
Life of warrants	3.12 - 4.62 years
Expected dividend	6% per annum
Risk-free interest rate	1.69% - 1.89% per annum depend on period of time

The Group and the Company recognised share-based payment expense of Baht 1.90 million in the consolidated and separate financial statements for the year ended 31 December 2020 (2019: Baht 1.38 million).

During the year 2020, there was no change in the number of outstanding warrants for the year ended 31 December 2020 because the average market price of ordinary shares during the year did not exceed the exercise price of the warrants.

#### *Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

## 20 Reserve

#### *Appropriations of profit and/or retained earnings*

##### *Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

## 21 Segment information and disaggregation of revenue

Management determined that the Group has five reportable segments which are the Group's strategic divisions for different products and services, and are managed separately because they require different marketing strategies. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Real estate
- Segment 2 Rental warehouse, factory and others
- Segment 3 Golf services and sport club
- Segment 4 Property management
- Segment 5 Health and wellness center

Each segment's performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's chief operating decision maker (CODM). Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

		Consolidated financial statements													
		Real estate		Rental warehouse, factory and others		Golf services and sport club		Property management		Health and wellness center		Others		Eliminations	Total
<i>For the year ended 31 December</i>		2020	2019	2020	2019	2020	2019	2020	2019	2019	2020	2019	2020	2019	
<b>Reportable segments</b>															
Revenue from															
external customers	2,530,402	3,936,766	374,266	341,188	100,843	119,769	48,374	40,388	3,044	-	-	-	-	3,056,929	
Inter-segment revenue	-	-	1,523	178	-	-	17,947	13,201	10,300	-	-	(29,770)	(13,379)	-	
<b>Total revenues</b>	<b>2,530,402</b>	<b>3,936,766</b>	<b>375,789</b>	<b>341,366</b>	<b>100,843</b>	<b>119,769</b>	<b>66,321</b>	<b>53,589</b>	<b>13,344</b>	<b>-</b>	<b>-</b>	<b>(29,770)</b>	<b>(13,379)</b>	<b>3,056,929</b>	
<b>Timing of revenue recognition</b>															
At a point in time	2,530,402	3,936,766	-	341,266	341,188	100,843	119,769	-	3,044	-	-	-	-	2,634,289	
Over time	-	-	374,266	374,266	341,188	100,843	119,769	48,374	40,388	-	-	-	-	422,640	
<b>Total revenues</b>	<b>2,530,402</b>	<b>3,936,766</b>	<b>375,789</b>	<b>341,366</b>	<b>100,843</b>	<b>119,769</b>	<b>66,321</b>	<b>53,589</b>	<b>13,344</b>	<b>-</b>	<b>-</b>	<b>(29,770)</b>	<b>(13,379)</b>	<b>3,056,929</b>	
Segment profit (loss) before income tax	(271,834)	107,602	321,316	100,737	9,489	25,172	13,213	8,162	(88,114)	(32,297)	(220)	49,709	-	(16,150)	
Share of profit (loss) of joint venture and associates accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-	6,311	(24,064)	



**(a) Geographical segments**

The Group is managed and operates principally in Thailand. There are no revenues derived from, or assets located in, foreign countries.

**(b) Major customer**

There is no single external customer that contributed 10% or more of the Group's total revenues for the year 2020.

In 2019, revenue from sale of land in the project from one customer of the Group's segment 1 represents approximately Baht 1,273.94 million of the Group's total revenues.

**(c) Revenue expected to be recognised in the future related to performance obligations that are unsatisfied**

At 31 December 2020, the Group has revenue expected to be recognised in the future arising from performance obligations that are unsatisfied amounting to Baht 103.88 million (2019: Baht 199.46 million). The Group will recognise this revenue when a customer obtains control of the real estate development for sale, which is expected to occur within 12 months.

**22 Employee benefit expenses**

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
(in thousand Baht)				
Salary	214,675	164,356	128,704	123,526
Bonus	20,877	34,329	10,252	26,425
Termination benefits	10,065	14,481	7,280	12,365
Others	80,907	76,115	56,499	63,599
<b>Total</b>	<b>326,524</b>	<b>289,281</b>	<b>202,735</b>	<b>225,915</b>

*Defined contribution plan*

The defined contribution plan comprises provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 15% of their basic salaries and by the Group at rates ranging from 5% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

**23 Expenses by nature**

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
Employee benefit expenses	326,524	289,281	202,735	225,915
Depreciation and amortisation	254,173	218,788	64,852	59,676
Promotion and public relation expenses	144,644	155,338	95,529	104,812
Specific business tax	85,760	139,480	79,377	108,427
Bank fees	6,153	103,218	6,153	37,726
Transfer expenses	10,446	29,879	8,637	26,992
Cleaning and security expenses	31,744	26,906	25,023	24,309
Lease-related expenses				
<i>(2019: Lease payment)</i>	3,096	7,666	2,474	6,117

**24 Finance costs**

	Note	Consolidated		Separate		
		financial statements		financial statements		
		2020	2019	2020	2019	
<i>(in thousand Baht)</i>						
<i>Interest expense:</i>						
Related parties	5	-	-	700	2,131	
Financial institutions		436,594	355,256	319,892	229,787	
<b>Total interest expense</b>		<b>436,594</b>	<b>355,256</b>	<b>320,592</b>	<b>231,918</b>	
Other finance costs		19,080	16,201	13,567	6,447	
		<b>455,674</b>	<b>371,457</b>	<b>334,159</b>	<b>238,365</b>	
<i>Less: amounts included in the cost of qualifying assets:</i>						
- Real estate development						
for sale	7	34,565	34,148	34,565	34,148	
- Investment properties	11	15,309	867	-	-	
- Property, plant and equipment	12	27,239	8,135	-	-	
		<b>77,113</b>	<b>43,150</b>	<b>34,565</b>	<b>34,148</b>	
<b>Net</b>		<b>378,561</b>	<b>328,307</b>	<b>299,594</b>	<b>204,217</b>	

## 25 Income tax expense

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements				Separate financial statements		
	2020		2019		2020	2019	
	(in thousand Baht)						
<b>Current tax expense</b>							
Current year	40,246		55,822		-	54,171	
Under provided in prior years	-		381		-	482	
	<u>40,246</u>		<u>56,203</u>		<u>-</u>	<u>54,653</u>	
<b>Deferred tax expense</b>							
Movements in temporary differences	(46,665)		1,371		(19,453)	(1,361)	
(Income) tax expense	<u>(6,419)</u>		<u>57,574</u>		<u>(19,453)</u>	<u>53,292</u>	
 <b>Consolidated financial statements</b>							
 Before Tax Net of Before Tax Net of <i>Income tax</i> tax Expense tax tax Expense tax							
 (in thousand Baht)							
 <i>Recognised in other comprehensive income</i>							
Defined benefit plan							
actuarial losses	8,538	(1,747)	6,791	23,567	(4,672)	18,895	
Loss on investments							
in equity instruments							
designated at FVOCI	32,017	(6,403)	25,614	-	-	-	
Total	<u>40,555</u>	<u>(8,150)</u>	<u>32,405</u>	<u>23,567</u>	<u>(4,672)</u>	<u>18,895</u>	
 <b>Separate financial statements</b>							
 Before Tax Net of Before Tax Net of <i>Income tax</i> tax Expense tax tax Expense tax							
 (in thousand Baht)							
 <i>Recognised in other comprehensive income</i>							
Defined benefit plan							
actuarial losses	7,952	(1,591)	6,361	22,687	(4,537)	18,150	
Total	<u>7,952</u>	<u>(1,591)</u>	<u>6,361</u>	<u>22,687</u>	<u>(4,537)</u>	<u>18,150</u>	

*Reconciliation of effective*

tax rate	Consolidated financial statements				Separate financial statements				
	2020		2019		2020		2019		
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	
Profit (loss) before income									
tax expense		(9,839)		235,021		(92,268)		426,065	
Income tax using the Thai									
corporation tax rate	20	(1,968)	20	47,004	20	(18,454)	20	85,213	
Income not subject to tax		(222)		(470)		(748)		(32,451)	
Expenses with additional									
deduction for tax purposes		(6,545)		(31,520)		(5,013)		(1,315)	
Expenses not deductible									
for tax purposes		1,717		5,570		4,762		1,363	
Recognition of previously									
unrecognised tax losses		(87)		(1,822)		-		-	
Current year losses for									
which no deferred tax									
losses asset									
was recognised		150		26,378		-		-	
Elimination in									
consolidation		536		12,053		-		-	
Under provided in									
prior years		-		381		-		482	
Total		65	(6,419)	24	57,574	21	(19,453)	13	53,292

Deferred tax	Consolidated financial statements				Separate financial statements			
	Assets		Liabilities		Assets		Liabilities	
	At 31 December	2020	2019	2020	2019	2020	2019	2020
(in thousand Baht)								
Total	83,523	46,910	(7,891)	(26,093)	37,021	15,977	-	-
Set off of tax	(7,891)	(15,977)	7,891	15,977	-	-	-	-
Net deferred tax								
assets								
(liabilities)	75,632	30,933	-	(10,116)	37,021	15,977	-	-

	Consolidated financial statements			
	Credited (Charged) to			
	At 1 January	Profit or loss	comprehensive income	At 31 December
<i>Deferred tax</i>				
<i>(in thousand Baht)</i>				
<b>2020</b>				
<i>Deferred tax assets</i>				
Non-current provisions for				
employee benefits	15,522	1,085	1,747	18,354
Right-of-use assets	-	2,547	-	2,547
Financial assets measured at				
FVOCI	-	-	6,403	6,403
Loss carry forward	30,126	23,878	-	54,004
Others	1,262	953	-	2,215
<b>Total</b>	<b>46,910</b>	<b>28,463</b>	<b>8,150</b>	<b>83,523</b>
<i>Deferred tax liabilities</i>				
Investment properties	(5,055)	(2,662)	-	(7,717)
Leasehold right	(21,038)	21,038	-	-
Lease liabilities	-	(174)	-	(174)
<b>Total</b>	<b>(26,093)</b>	<b>18,202</b>	<b>-</b>	<b>(7,891)</b>
<b>Net</b>	<b>20,817</b>	<b>46,665</b>	<b>8,150</b>	<b>75,632</b>
<b>2019</b>				
<i>Deferred tax assets</i>				
Non-current provisions for				
employee benefits	10,343	507	4,672	15,522
Loss carry forward	34,351	(4,225)	-	30,126
Others	186	1,076	-	1,262
<b>Total</b>	<b>44,880</b>	<b>(2,642)</b>	<b>4,672</b>	<b>46,910</b>
<i>Deferred tax liabilities</i>				
Investment properties	(5,055)	-	-	(5,055)
Leasehold right	(22,309)	1,271	-	(21,038)
<b>Total</b>	<b>(27,364)</b>	<b>1,271</b>	<b>-</b>	<b>(26,093)</b>
<b>Net</b>	<b>17,516</b>	<b>(1,371)</b>	<b>4,672</b>	<b>(20,817)</b>

Deferred tax	January	Separate financial statements			At 31 December	
		Credited (Charged) to				
		Other	comprehensive income	At 31 December		
(in thousand Baht)						
<b>2020</b>						
<b>Deferred tax assets</b>						
Non-current provisions for						
employee benefits	14,715	610	1,591	16,916		
Accrued for public utilities for						
establishing legal entities	-	1,054	-	1,054		
Loss carry forward	-	17,062	-	17,062		
Right-of-use-assets	-	346	-	346		
Others	1,262	381	-	1,643		
<b>Net</b>	<b>15,977</b>	<b>19,453</b>	<b>1,591</b>	<b>37,021</b>		

**2019**

**Deferred tax assets**

Non-current provisions for				
employee benefits	9,893	285	4,537	14,715
Others	186	1,076	-	1,262
<b>Net</b>	<b>10,079</b>	<b>1,361</b>	<b>4,537</b>	<b>15,977</b>

The tax losses expire in 2025. The deductible temporary difference do not expire under current tax legislation of Baht 0.15 million. The Group had not recognised these items as deferred tax assets because it is not probable that the Group will have future taxable profit which the Group can utilise the benefits therefrom.

**20 Basic earnings (loss) per share**

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
(in thousand Baht / thousand shares)				
Profit (loss) attributable to ordinary				
shareholders of the Company (basic)	(3,421)	177,447	(72,814)	372,774
Number of ordinary shares outstanding	1,091,205	1,091,205	1,091,205	1,091,205
<b>Basic earnings (loss) per share (in Baht)</b>	<b>(0.0031)</b>	<b>0.1626</b>	<b>(0.0667)</b>	<b>0.3416</b>

The warrants during the year ended 31 December 2020 and 2019 have not a dilutive effect because the average market price of ordinary shares during the year did not exceed the exercise price of the warrants.

## 27 Dividends

At the Board of Directors' meeting of the Company held on 29 September 2020, the Board approved the appropriation of interim dividends of Baht 0.11 per share, amounting to Baht 120.03 million. The dividend was paid to shareholders on 26 October 2020.

At the annual general meeting of the shareholders of the Company held on 25 April 2019, the shareholders approved the appropriation of dividends of Baht 0.11 per share, amounting to Baht 110 million with the detail as follow;

- 1) Payment in the form of stock dividends in the amount of approximately 99.20 million shares with a par value of Baht 1 per share to the shareholders, at the ratio of 10 existing shares to 1 new share, totalling Baht 99.20 million. In case that any shareholders have remaining shares after the allocation, the dividend shall be paid by cash in the amount of Baht 0.10 per share.
- 2) Payment in the form of cash in the amount of approximately Baht 0.01 per share, totalling Baht 11.02 million

The dividend was paid in the form of stocks and cash to shareholders in May 2019. In addition, the Company has appropriated the legal reserve amounting to Baht 12.52 million by the approval of the shareholders.

(a) **Carrying amounts and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

Consolidated financial statements						
	Carrying amount			Fair value		
	Fair value through profit or loss	Amortised income	Total	Level 1	Level 2	Total
At 31 December 2020						
<i>Financial assets</i>						
Other current financial assets						
- Mutual fund security - debt instrument	191,063	-	191,063	-	191,063	-
Other non-current financial assets						
- Other long-term investments	-	10,126	-	-	-	10,126
<i>Financial liabilities</i>						
Payables for purchase of land	-	647,000	647,000	-	-	633,943
Long-term loans from financial institutions	-	-	1,971,326	1,971,326	-	2,004,464
Long-term debentures	-	-	5,155,540	5,155,540	4,473,266	648,948
						5,122,214

	Carrying amount				Fair value
	Fair value through other comprehensive profit or loss	income	Amortised cost	Total	Total (in thousand Baht)
<i>At 31 December 2020</i>					
<i>Financial assets</i>					
Other current financial assets					
- Mutual fund security - debt instrument	170,053	-	-	170,053	-
Other non-current financial assets					
- Other long-term investments	-	9,186	-	-	9,186
					9,186
<i>Financial liabilities</i>					
Long-term loans from financial institutions	-	-	1,156,946	1,156,946	-
Long-term debentures	-	-	4,502,143	4,502,143	-
				4,473,266	-
					4,473,266

	Consolidated financial statements		Separate financial statements					
	Carrying Fair value	amount	Carrying Fair value	amount				
<i>(in thousand Baht)</i>								
<b>31 December 2019</b>								
<i>Financial asset measured at fair value</i>								
Mutual fund securities held for trading								
(Level 2)	934,768	934,768	885,739	885,739				
<i>Financial liabilities not measured at fair value</i>								
value								
Long-term loans from financial institutions								
(Level 3)	2,085,937	2,033,851	841,233	816,101				
Long-term debentures (Level 2 and 3)	5,335,511	5,304,486	4,849,430	4,817,535				
<i>Financial instruments measured at fair value</i>								
Type	<b>Valuation technique</b>							
Mutual fund securities	The net asset value as of the reporting date							
Other long-term investments	Adjusted net asset							
The Company's debentures	Determined based on quoted prices in the debentures market from the Thai Bond Market Association by using the closing price at the end of the reporting period							
Payables for purchase of land, long-term loans from financial institutions and subsidiary's debentures	Discounted cash flows							
<b>(b) Movement of marketable equity securities</b>								
<b>Consolidated financial statements</b>								
<i>Marketable equity securities</i>	At 1 January	Purchase	Disposal	Fair value adjustment At 31 December				
				<i>(in thousand Baht)</i>				
<b>2020</b>								
<i>Other current financial assets</i>								
Mutual fund securities								
measured at FVTPL	934,768	3,344,000	(4,087,106)	(599) 191,063				
<b>2019</b>								
<i>Current investments</i>								
Mutual fund securities - debt instrument	-	3,716,500	(2,782,365)	633 934,768				

Consolidated financial statements					
<i>Marketable equity</i>	At 1	Purchase	Disposal	Fair value adjustment	At 31
<i>securities</i>	January				December
(in thousand Baht)					
<b>2020</b>					
<i>Current financial assets</i>					
Mutual fund security					
measured at FVTPL	<u>885,739</u>	<u>3,072,000</u>	<u>(3,787,077)</u>	<u>(609)</u>	<u>170,053</u>
<b>2019</b>					
<i>Current investments</i>					
Mutual fund securities -					
debt instrument	<u>-</u>	<u>3,566,500</u>	<u>(2,681,376)</u>	<u>615</u>	<u>885,739</u>

**(c) Financial risk management policies**

*Risk management framework.*

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

*(c.1) Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

*(c.1.1) Trade receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk

of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 21.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets

<i>Trade receivables</i>	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
Within credit terms	65,738	5,258	-	-
Overdue:				
Less than 3 months	9,837	14,293	-	-
3 - 6 months	2,296	1,090	-	-
6 - 12 months	520	-	-	-
Over 12 months	-	-	-	-
Total	78,391	20,641	-	-
Less allowance for expected credit loss <i>(2019 : Allowance for doubtful account)</i>	-	-	-	-
Net	<u>78,391</u>	<u>20,641</u>	<u>-</u>	<u>-</u>

During the year 2020, loss rates are based on actual credit loss experience over the past 2 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The normal credit term granted by the Group ranges from 5 days to 30 days.

#### (c.1.2) Cash and cash equivalents

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with credit rating for which the Group considers to have low credit risk.

#### (c.2) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows through an adequate amount of committed credit facilities.

The following table are the remaining contractual maturities of financial liabilities at the 31 December 2020. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

	<i>At 31 December 2020</i>	Consolidated financial statements					
		Contractual cash flows					
		Carrying amount	1 year or less	More than 1 year but less than 2 years	More than less than 5 years	More than 5 years	Total
				(in thousand Baht)			
<i>Financial liabilities</i>							
Trade and other current payables	427,062	427,062		-	-	-	427,062
Payables for purchase of land	647,000		-	647,000	-	-	647,000
Short-term borrowings from							
financial institutions	873,196	880,000		-	-	-	880,000
Short-term debentures	647,628	659,682		-	-	-	659,682
Short-term loans from other parties	667,775	680,000		-	-	-	680,000
Loans from financial institutions	1,971,326	358,929	232,218	1,446,660	172,871	2,210,678	
Long-term debentures	5,155,540	1,753,760	1,549,069	2,333,721	-	5,636,550	
Lease liabilities	304,528	18,329	18,349	54,560	546,734	637,972	
	<b>10,694,055</b>	<b>4,777,762</b>	<b>2,446,636</b>	<b>3,834,941</b>	<b>719,605</b>	<b>11,778,944</b>	

	<i>At 31 December 2020</i>	Separate financial statements					
		Contractual cash flows					
		Carrying amount	1 year or less	More than 1 year but less than 2 years	More than less than 5 years	More than 5 years	Total
				(in thousand Baht)			
<i>Financial liabilities</i>							
Trade and other current payables	184,043	184,043		-	-	-	184,043
Short-term borrowings from							
financial institutions	873,196	880,000		-	-	-	880,000
Short-term debentures	647,628	659,682		-	-	-	659,682
Short-term loans from related parties	21,000	21,000		-	-	-	21,000
Short-term loans from other parties	139,359	140,000		-	-	-	140,000
Loans from financial institutions	1,156,946	230,279	96,907	947,688	-	1,274,874	
Long-term debentures	4,502,143	1,615,790	979,880	2,333,721	-	4,929,391	

At 31 December 2020	Carrying amount	Separate financial statements				
		Contractual cash flows				
		1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 5 years	5 years	More than 5 years
		(in thousand Baht)				
Lease liabilities	158,880	9,899	9,982	28,808	325,800	374,489
	<u>7,683,195</u>	<u>3,740,693</u>	<u>1,086,769</u>	<u>3,310,217</u>	<u>325,800</u>	<u>8,463,479</u>

The following table are the remaining contractual maturities of financial assets and financial liabilities as at 31 December 2019 which is an accounting policy applicable before 1 January 2020.

At 31 December 2019	Effective interest rate (%) per annum)	Consolidated financial statements				
		Maturity period				
		Within 1 year	but within 5 years	After 5 years	Total	
		(in thousand Baht)				
<b>Financial assets</b>						
Short-term loans to other parties	6.50	100,000	-	-	100,000	
<b>Total</b>		<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	
<b>Financial liabilities</b>						
Short-term borrowings from financial institutions	2.65 - 6.87	736,163	-	-	736,163	
Short-term debentures	3.70	249,814	-	-	249,814	
Short-term loans from other parties	2.60 - 5.75	638,715	-	-	638,715	
Long-term borrowings	4.28 - 5.03	146,351	1,887,500	-	2,033,851	
Long-term debentures	4.00 - 6.25	1,153,528	4,150,958	-	5,304,486	
Finance lease liabilities	5.55 - 7.88	1,511	5,239	-	6,750	
<b>Total</b>		<u>2,926,082</u>	<u>6,043,697</u>	<u>-</u>	<u>8,969,779</u>	
<b>Separate financial statements</b>						
At 31 December 2019	Effective interest rate %) per annum)	Maturity period				
		Within 1 year	but within 5 years	After 5 years	Total	
		(in thousand Baht)				
<b>Financial assets</b>						
Short-term loans to related parties	4.00 - 4.50	2,027,000	-	-	2,027,000	
Short-term loans to other parties	6.50	100,000	-	-	100,000	
<b>Total</b>		<u>2,127,000</u>	<u>-</u>	<u>-</u>	<u>2,127,000</u>	

	At 31 December 2019	Effective interest rate (% per annum)	Consolidated financial statements		
			Maturity period		
			Within 1 year	but within 5 years	After 5 years
					Total
<i>Financial liabilities</i>					
Short-term borrowings from					
financial institutions	2.65 - 6.87	736,163	-	-	736,163
Short-term debentures	3.70	249,814	-	-	249,814
Short-term loans from related parties	2.00 - 4.25	30,000	-	-	30,000
Short-term loans from other parties	2.60 - 3.70	156,015	-	-	156,015
Long-term borrowings	4.28 - 4.75	21,999	794,102	-	816,101
Long-term debentures	4.00 - 5.75	999,230	3,818,305	-	4,817,535
Finance lease liabilities	5.55 - 6.96	894	2,251	-	3,145
<b>Total</b>		<b>2,194,115</b>	<b>4,614,658</b>	<b>-</b>	<b>6,808,773</b>

### (c.3) Market risk

The Group is exposed to normal business risks from changes in market interest rates, currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

#### (c.3.1) Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases which denominated in foreign currencies. However, the purchases in no material during the year so the Group did not utilise forward exchange contracts to hedge such financial liabilities denominated in foreign currencies.

#### (c.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows.

Exposure to interest rates risk at 31 December	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
(in thousand Baht)				
<i>Financial instruments with fixed interest rates</i>				
Financial assets				
-Short-term loans to related parties	-	-	2,603,518	2,027,000
-Short-term loans to other parties	105,000	100,000	85,000	100,0000
	<u>105,000</u>	<u>100,000</u>	<u>2,688,518</u>	<u>2,127,000</u>
Financial liabilities				
-Short-term loans from financial institutions	873,196	736,163	873,196	736,163
-Short-term loans from related parties	-	-	21,000	30,000
-Short-term loans from other parties	667,775	638,715	139,359	156,015
-Short-term debentures	647,628	249,814	647,628	249,814
-Long-term debentures	5,155,540	5,304,486	4,502,143	4,817,535
-Lease liabilities ( <i>2652: Finance lease liabilities</i> )	304,528	6,750	158,880	3,145
	<u>7,648,667</u>	<u>6,935,928</u>	<u>6,342,206</u>	<u>5,992,672</u>
<i>Financial instruments with variable interest rates</i>				
Financial liabilities				
-Long-term loans from financial institutions	<u>1,971,326</u>	<u>2,033,851</u>	<u>1,156,946</u>	<u>816,101</u>

*Fair value sensitivity analysis for fixed-rate instruments*

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

*Cash flow sensitivity analysis for variable-rate instruments*

A reasonable possible change of 1% in interest rates at the reporting date would have increased (decreased) in profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Consolidated financial statements			
Profit or loss			
	1% increase	1% decrease	
<i>At 31 December 2020</i>	in interest rate	in interest rate	
<i>(in thousand Baht)</i>			
Financial instruments with variable interest			
rate	(19,713)	19,713	
Interest rate swaps	-	-	
<b>Cash flow sensitivity (net)</b>	<b>(19,713)</b>	<b>19,713</b>	
Separate financial statements			
Profit or loss			
	1% increase	1% decrease	
<i>At 31 December 2020</i>	in interest rate	in interest rate	
<i>(in thousand Baht)</i>			
Financial instruments with variable interest			
rate	(11,569)	11,569	
Interest rate swaps	-	-	
<b>Cash flow sensitivity (net)</b>	<b>(11,569)</b>	<b>11,569</b>	

## 29 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

## 30 Commitments with non-related parties

	Consolidated		Separate	
	financial statements	2020	financial statements	2020
	2019		2019	
<i>(in thousand Baht)</i>				
<i>Future minimum lease payments under non-cancellable operating lease commitments</i>				
Within 1 year	384	12,145	-	8,400
1-5 years	339	51,744	-	34,800
After 5 years	1,594	417,962	-	335,100
<b>Total</b>	<b>2,317</b>	<b>481,851</b>	<b>-</b>	<b>378,300</b>

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>(in thousand Baht)</i>				
<i>Other commitments</i>				
Agreements for public utilities				
development for projects	273,296	436,964	273,296	436,964
Development and construction				
agreements	392,791	510,567	86,978	31,154
Agreements to buy and sell land	-	235,000	-	235,000
Bank guarantees	446,765	474,080	418,701	473,158
<b>Total</b>	<b>1,112,852</b>	<b>1,656,611</b>	<b>778,975</b>	<b>1,176,276</b>

*Other Agreements*

On 21 May 2019, the Group entered into management agreement with a company to operate and manage Health and Wellness Center for a period of 10 years after the date of grand opening starting from 1 December 2020 to 30 November 2030. The Group agreed to pay monthly service fee as specified in the agreement.

**31 Events after the reporting period**

At the Board of Directors' meeting of Health and Wellness Village Co., Ltd., a subsidiary held on 1 February 2021, the Board approved to call-up for 33.50% of its par value of the increased share capital. The Company paid the share capital for a consideration of Baht 50.25 million.

**32 Impact of COVID-19 Outbreak**

Due to the COVID-19 outbreak at the beginning of 2020, Thailand and many other countries have enacted several protective measures against the outbreak, e.g. the order to temporarily shut down operating facilities or reduce operating hours, social distancing, etc. This has significantly affected world economy, production, supply chain of goods and business operation of many entities in wide areas. The management is closely monitoring the situation to ensure the safety of the Group's staff and to manage the negative impact on the business as much as possible. The situation of COVID-19 outbreak is still ongoing, resulting in estimation uncertainty on the potential impact.

**Details of directors, executives, controlling persons, the person taking the highest responsibility in finance and accounting,  
the person supervising accounting, secretary and contact agent in case of foreign company**

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Time period	Position	Work experience from past 5 years Retrospect (As of 31 December 2020)	Organization/ Company name
1. <b>Mr.Suthep Wongvorazathé</b> Chairman / Chairman of the Board Executive Committee Authorized Director / (Appointed date was on 15 June 2019)	72 years old	- Master Degree/ MBA , University of Wisconsin USA - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 48/2005	5.54	- None -	2015 - Present 2014 - Present 2012 - Present 2011 - Present 2018 - Present 2018 - Present 2015 - Present 2011 - Present 2009 - Present 2013 - 2021	Chairman, Chairman of Executive Director Chairman of Executive Director Director Chairman Director Director Director Director Director Chairman	M.K. Real Estate Development PLC Krungthai Zmico Securities Co.Ltd. Bangchak Corporation PLC Khonburi Sugar PLC SE Digital Company Limited CPD asset Company Limited CPD Holding Company Limited News Corp Company Limited Asia Kangnam Company Limited Seamico Capital PLC	Bangchak Corporation PLC Khonburi Sugar PLC None None None
<b>Holding any position in other parties or organizations in the past year</b>								
<ul style="list-style-type: none"> <li>- Director at other listed company and group 2 companies</li> <li>- Advisor of other company and companies in the group</li> <li>- Managing Partner, Limited partnership</li> <li>- Advisor , Law firm</li> </ul>								

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years	
					Time period	Position
2. Mr.Yorasit Pokachaiyapat Director / Executive Director / Chief Executive Officer / Chairman of Risk Management Committee / Nomination and Remuneration Committee Member / Member of Management committee / Authorized Director (Appointed date was on 26 October 2016)	57 Years old	- Bachelor degree / Economics and Business administration ,Carnegie-Mellon University, USA - Director Training Program Thai Institute of Directors (IOD) Director Certification Program (DCP) year 2002	- None -	- None -	2015 – Present 2002 - Present 2010 – Present 1994 – Present 2019 – Present 2018 - Present 2003 - Present 2016 – Present 2007 – Present 1998 – 2018 2011 – 2015	Chief Executive Officer Managing Director Director Director Director Director Director Director Independent Director Director
Holding any position in other parties or organizations in the past year					2002 - Present	Managing Director Finansa PLC None None None None

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years	
					Time period	Position
3. Miss Dusadde Tancharoen Director / Managing Director / Executive Director / Member of Risk Management Committee / Member of Management Committee / Authorized Director / (Appointed date was on 25 April 2017)	49 years old	- Bachelor degree of Arts, Chulalongkorn University - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 12/7/2016	- None -	- None -	2017 – Present	Director / Managing Director / Executive Director / Risk Management Committee / Authorized Director / Member of Management Committee Senior Vice President of Marketing
Holding any position in other parties or organizations in the past year						None None None None None
- Director at other listed company and group – company - Advisor of other company and companies in the group - Managing Partner, Limited partnership - Advisor , Law firm						None None None None
4. Mrs. Sutida Suryodorn Director / Executive Director / Authorized Director / Risk Management Committee / Member of Management	58 years old	- Master degree of Business Administration Thammasat University - Master degree of Economics University of the	0.05	- None -	2015 – Present	Director / Executive Director / Risk Management Committee / Senior Executive Vice President Of Operations Management Account and Finance Division

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Time period	Position	Work experience from past 5 years Retrospect (As of 31 December 2020)
Committee / Senior Executive Vice President of Operations Management Account and Finance Division (CFO)  (Apointed date was on 15 June 2015)	Thai Chamber of Commerce - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 12/7/2016 Director Certification Program (DCP) 243/2017	Thai Chamber of Commerce - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 12/7/2016 Director Certification Program (DCP) 243/2017	2011 - 2015	Deputy Managing Director	Finansa Fund Management Company Limited		
		Training:- - Management Accounting for Planning and Decision, Class 1/20  - Risk Management (Advance) – COSO ERM 2017 Class 2/20 by Federation of Accounting Professions Under The Royal Patronage of His Majesty The King					
	Holding any position in other parties or organizations in the past year	- Director at other listed company and group – company - Advisor of other company and companies in the group - Managing Partner, Limited partnership - Advisor , Law firm	- None -	2015 - Present	Director/ Executive Director / Risk Management Committee Member of Management Committee	M.K. Real Estate Development PLC	

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Time period	Position	Work experience from past 5 years Retrospect (As of 31 December 2020)	Organization/ Company name
Member of Management Committee  (Appointed date was on 26 October 2015)		(IOD) Director Accreditation Program (DAP) year 2005 Director Certification Program (DCP) 25/1/2018 Strategic CFO program in Capital Markets Program Batch 4/2017 of SET			Present	Senior Vice President of Investment Director		Finansa Public Company Limited
					Present	Managing Director Director		Finansa Capital Company Limited
					2019 – Present	Director		Prospect Development Company Limited
					2017 – Present	Director		Prospect Reit Management Co., Ltd.
					2016 – Present	Director		FB Food Service (2017) Company Limited
					2011 - 2015	Director		Frsers Property BFTZ Company Limited
					2011 - 2015	Director		Chalyan Group Service Co.,Ltd.
								Pro-M Co .Ltd.
<b>Holding any position in other parties or organizations in the past year</b>								
- Director at other listed company and group – company					Present	Vice President of Investment		Finansa Public Company Limited
- Advisor of other company and companies in the group							None	None
- Managing Partner, Limited partnership							None	None
- Advisor , Law firm							None	None
<b>6. Mr. Att Tongyai Asavanund</b> Independent Director / Chairman of Audit Committee / Chairman of the Nomination and Remuneration Committee /	47	- Master degree, MBA, Sasin years old	- None -	- None -	2015 - Present	Independent Director /	M.K. Real Estate Development PLC	
						Chairman of Audit Committee /		
						Chairman of the Nomination and Remuneration Committee		
						Chairman of the Corporate		

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Time period	Position	Work experience from past 5 years Retrospect (As of 31 December 2020)	Organization/ Company name
Chairman of the Corporate Governance Committee  (Appointed date was on 15 June 2015)		Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 59/2006 - Audit Committee Program (ACP) 34/2012 - Advanced Audit Committee Program (AACP) 28/2018			2020 – Present 2019 – Present 2020 – Present 2013 – Present 2018 – 2020 2018 – 2019 2018 – 2019 2018 – 2019 2015 - 2017 2014 - 2015 2014 - 2015 2013 - 2014	Governance Committee Chairman of Audit Committee Director Executive Director Director Director Director Executive Executive Executive Deputy Chief Executive Officer Director Director Finance Executive		Stone One PLC Kantana Group PLC KMG Garage CO., LTD. SE Digital Company Limited Infinite Capital Co.,Ltd. Black bull Sport Co.,Ltd. Scomadi (Thailand) Co.,Ltd. Marine Engineering Co.,Ltd. Donaco Entertainment and Marketing Attlan Group Limited Mazda Chonburi Company Limited Beyond Green Company Limited
				Holding any position in other parties or organizations in the past year				
				- Director at other listed company and group – company - Advisor of other company and companies in the group - Managing Partner, Limited partnership - Advisor , Law firm				

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years	
					Time period	Position
7. Mr. Chaiyapont Timsoothapeepant Independent Director / Audit Committee / Member of the Nomination and Remuneration Committee / Corporate Governance Committee  (Appointed date was on 15 June 2015)	66 years old	- Master degree of Arts Program in Social Development, National Institute of Development Administration (NIDA)  - Director Training Program Thai Institute of Directors (IOD)  Director Accreditation Program (DAP) 136/2017  Advanced Audit Committee Program (AACP) 28/2018	- None -	2015 – Present	Independent Director / Audit Committee / Member of the Nomination and Remuneration Committee / Corporate Governance Committee  Electoral Staff	M.K. Real Estate Development PLC  Election Commission of Thailand
		Holding any position in other parties or organizations in the past year				
		- Director at other listed company and group – company - Advisor of other company and companies in the group - Managing Partner, Limited partnership - Advisor , Law firm				

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years	
					Time period	Position
8. Mrs. Malai Rachataswan Independent Director / Audit Committee / Member of the Nomination and Remuneration Committee / Corporate Governance Committee Independent Director / (Appointed date was on 28 April 2015)	65 years old	- Bachelor degree of Science Mahidol University - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 127/2016 - Advanced Audit Committee Program (AACCP) 28/2018	- None -	2015 – Present	Independent Director / Audit Committee / Member of the Nomination and Remuneration Committee / Corporate Governance Committee	M.K. Real Estate Development PLC
Holding any position in other parties or organizations in the past year						
<ul style="list-style-type: none"> <li>- Director at other listed company and group – company</li> <li>- Advisor of other company and companies in the group</li> <li>- Managing Partner, Limited partnership</li> <li>- Advisor , Law firm</li> </ul>						
<ul style="list-style-type: none"> <li>None</li> <li>None</li> <li>None</li> <li>None</li> </ul>						

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years	
					Time period	Position
9. Mr.Theraphan Jittalam Independent Director / Audit Committee / Member of the Nomination and Remuneration Committee / Corporate Governance Committee Independent Director / (Appointed date was on 17 March 2017)	65 years old	- Master degree of Business Administration Kasetsart University - Bachelor degree of Science Kasetsart University - Special qualifications, Certificates Senior Executive Capital Market (Program WTT.) Batch 2 - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 140/2017 - Advanced Audit Committee Program (AACP) 28/2018	- None -	- None -	2017 - Present 2018 – 2020 2010 – 2015 2008 - 2010	Independent Director / Audit Committee / Member of the Nomination and Remuneration Committee / Corporate Governance Committee Director Managing Director and Chief Executive Officer Managing Director and Chief Executive Officer

Holding any position in other parties or organizations in the past year

- Director at other listed company and group – company
- Advisor of other company and companies in the group
- Managing Partner, Limited partnership
- Advisor , Law firm

Name - Surname / Position / Date of appointment		Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Time period	Position	Work experience from past 5 years Retrospect (As of 31 December 2020)	Organization/ Company name
10. <b>Mr. Sakdina Manlerd</b> Risk Management Committee / Member of Management Committee / Senior Executive Vice President of Project Management Division	52	- Bachelor degree of years old	Engineering Kasetsart University - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 141/2017	- None -	- None -	Present	Risk Management Committee / Member of Management Committee / Senior Executive Vice President of Project Management Division Senior Vice President	2011 - 2015	M.K. Real Estate Development PLC Sansiri Public Company Limited
Holding any position in other parties or organizations in the past year									
- Director at other listed company and group – company							None		None
- Advisor of other company and companies in the group							None		None
- Managing Partner, Limited partnership							None		None
- Advisor, Law firm							None		None
11. <b>Miss Pormphan Yantossilp</b> Senior Executive Vice President of Investment Management and Director Office Division / Company Secretary	50	- Master degree EMBA Sasin years old	School of Management - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 129/2016	- None -	- None -	Present	Senior Executive Vice President of Investment Management and Director Office Division Company Secretary	2012 - Present	M.K. Real Estate Development PLC Kongpoon Asset Company Limited

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Time period	Position	Organization/ Company name
Work experience from past 5 years Retrospect (As of 31 December 2020)							
- Director at other listed company and group – company						None	None
<u>Holding any position in other parties or organizations in the past year</u>							
- Advisor of other company and companies in the group						None	None
- Managing Partner, Limited partnership						None	None
- Advisor , Law firm						None	None
12. Mr. Suthep Kittiwatcharapong Executive Vice President of Project Procurement Department	59 years old	- Bachelor degree of Laws Thammasat University - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 120/2015	0.08	- None -	2011 – Present	Executive Vice President of Project Procurement Department	M.K. Real Estate Development PLC
<u>Holding any position in other parties or organizations in the past year</u>							
- Director at other listed company and group – company						None	None
- Advisor of other company and companies in the group						None	None
- Managing Partner, Limited partnership						None	None
- Advisor , Law firm						None	None

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Time period	Position	Organization/ Company name
13. Mrs.Niramorn Atsawakunkamnud Vice President of Accounting Department	54 years old	- Bachelor degree of Accounting Sripatum University	- None -	- None -	2016 - Present	Vice President of Accounting Department	M.K. Real Estate Development PLC
The assigned person to the direct responsibility of accounting supervision		Training: - Insight into accounting standard about assets - Pursue DisclosureForm for transfer pricing regulation					
Holding any position in other parties or organizations in the past year							
- Director at other listed company and group – company							None
- Advisor of other company and companies in the group							None
- Managing Partner, Limited partnership							None
- Advisor , Law firm							None
14. Miss Busara Rogesotorn Vice President of Finance Department	50 years old	- Master degree in Financial Management Kasetart University	0.00	- None -	2016 - Present	Vice President of Finance Department	M.K. Real Estate Development PLC
Holding any position in other parties or organizations in the past year							
- Director at other listed company and group – company							None
- Advisor of other company and companies in the group							None
- Managing Partner, Limited partnership							None
- Advisor , Law firm							None

Remark: Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

## Details of the Directors of the subsidiary

	Company list	M.K. Real Estate Development PLC	Mancor Co., Ltd.	Munkong Living Co., Ltd.	Munkong Life Co., Ltd.	RX Wellness Co., Ltd.	Prospect Development Co., Ltd.	Youths Property Management Co., Ltd.	MKH Assets Co., Ltd.	Health and Wellness Village Co., Ltd.	Prospect Reit Management Co., Ltd.	Frasers Property BFTZ Co., Ltd.	Subnorasing Co., Ltd.	Associated Company Samukkee Cement Co., Ltd.
Management name list														
1	Mr. Suthep Wongvorazathe	XXX	-	-	-	-	-	-	-	-	-	-	-	-
2	Mr. Vorasit Pokachaiyapat	//	/	/	/	/	/	/	/	/	/	/	/	-
3	Miss Dusadee Tancharoen	//	-	/	/	/	/	-	/	/	-	-	-	-
4	Mrs. Sutida Suriyodom	//	-	/	/	/	/	-	/	/	-	-	-	-
5	Miss Rachanee Mahatdetkul	//	/	/	/	/	/	-	/	/	/	/	/	-
6	Mr. Att Tongyai Asavanund	XX	-	-	-	-	-	-	-	-	-	-	-	-
7	Mr.Chaiyapont Timsootheepant	//	-	-	-	-	-	-	-	-	-	-	-	-
8	Mrs. Malai Rachataswan	//	-	-	-	-	-	-	-	-	-	-	-	-
9	Mr.Theraphan Jittalarm	//	-	-	-	-	-	-	-	-	-	-	-	-
10	Mr. Sakdina Manerd	///	-	-	-	-	-	-	-	-	-	-	-	-
11	Miss Pomphan Yantosip	///	/	-	-	-	-	-	-	-	-	-	-	-
12	Mr.Suthep Kitwatcharapong	///	/	-	-	-	-	-	/	-	-	-	-	-
13	Miss Busara Rogesotorn	///	-	-	-	-	-	-	-	-	-	-	-	-
14	Mrs.Niramorn Aisawakunkamurd	///	-	-	-	-	-	-	-	-	-	-	-	-

Remarks :-

- 1) XXX = Chairman of the Board    XX = Chairman of the Audit Committee    // = Director    // = Executive Director    /// = Independent Director and Audit Committee    //// = Management  
 2) Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

Company Name List	Subsidiary Company								
	Mancon Co., Ltd	Munkong Life Co., Ltd.	MKH Assets Co., Ltd.	Health and Wellness Village Co., Ltd.	Yours Property Management Co., Ltd.	Prospect Development Co., Ltd	RX Wellness Co., Ltd.	Munkong Living Co., Ltd.	Prospect Reit Management Co., Ltd.
1 Mr.Suthep Wongvorazathe	-	-	-	-	/	/	-	-	/
2 Mr.Vorasit Pokachaiyapat	/	/	/	/	-	/	/	/	-
3 Miss Dusadee Tancharoen	-	/	/	/	-	/	/	/	-
4 Mrs. Sutida Suriyodorn	-	/	/	/	/	/	/	/	-
5 Miss Rachanee Mahatdetkul	/	/	/	/	-	/	/	/	/
6 Mr. Att Tongyai Asayanund	-	-	-	-	-	-	-	-	-
7 Mr.Chaiyapont Timsootoheepant	-	-	-	-	-	-	-	-	-
8 Mrs. Malai Rachataswan	-	-	-	-	-	-	-	-	-
9 Mr.Theraphan Jittalam	-	-	-	-	-	-	-	-	-
10 Mr.Suthep Kittiwatcharapong	/	-	-	-	-	-	-	-	-
11 Miss Pornphan Yantossip	/	-	-	-	-	-	-	-	-
12 Mr.Patan Somburanasin	-	-	-	-	-	-	-	-	/

Remarks :-

1) / = Director

2) Mrs. Malai Rachataswan resigned from director and effective as of 28 January 2021

## Details about head of internal audit and head of compliance of the Company

## Details of Internal audit department

Audit company : Multiplus Audit and Consulting Company Limited  
Office address : 8/2 Multiplus building, Ramkhamhaeng Road, Minburi Subdistrict,  
Minburi District, Bangkok 10510  
Telephone : 0-2540-0183

#### **Details of Internal audit supervisor**

Head of office	: Mr. Suraphon Thawanwichit
Educational qualification	: Master of Business Administration, Thammasat University Bachelor of Accounting, Chulalongkorn University
Certified Public Accountant of Thailand	: Registration No. 3941
Certified Professional Internal Auditing (CPIAT) of the Institute of Internal Auditors of Thailand	: Registration No. 734

## Responsibility :

1. Prepare annual internal audit plan based on risk factors to propose the management and the audit committee for approval
  2. Conduct inspection to achieve as planned, including special projects requested and/or directed by the management and the audit committee
  3. Report audit result, including the progress of work against the planned plan
  4. Support operation, including providing information necessary for the operation of the Audit Committee and the management in connection with audit work
  5. Develop personnel of the audit department to have sufficient professional and business knowledge and support to establish relevant professional certifications
  6. Perform other tasks as assigned

#### **Work experience and related training**

Year 2013 – Present	: Multiplus Audit and Consulting Company Limited / Executive Director
Year 2012 – 2013	: KPMG Phoomchai Audit Company Limited / Executive Director
Year 1999 - 2011	: S.T. & Associates Auditing Company Limited / Executive Director

## Training course

Year 2020 : - Preparation of Operational Consolidated Financial Statement, Class 1/20  
- Corporate Finance, Class 1/20  
- Analytical Thinking in the Internal Audit Process, Class 2/20

- J-SOX : Internal control, concepts, principles, and implementation
  - The Role of IT Auditor with PDPA
  - Crisis risk management
- Year 2019 :
- Issues that accountants need to be aware of and prepare for NPAEs in present
  - Prepare to adjust the accounting system and NPAEs for single account audit
  - Improvement of accounting information and accounting errors in accordance with the Financial Reporting Standard
  - Revenue recognition according to the new standard (TFRS 15) and significant and impactful changes to the accounting standard set for PAEs and NPAEs
  - Integrated Internal Audit (Class 1/62)
  - IT Governance and IT Risk Management 4.0 Era, Class 1/19
  - Financial instruments : IFRS9
- Year 2018 :
- Accounting for financial instruments
  - Audit and consideration when the entity uses computer data processing
  - Capture key issues in the auditing report of the auditors according to the new standard
  - Training program for obtaining the Internal Audit Certificate (Course 10) Quality Assurance of Internal Auditing, Standard 1300, Methods for Establishing Quality in Internal Audit, Methods of Applying Standards for Quality Improvement, Methods for Developing Quality in Practice, Measuring Quality as KPIs
  - M – Score Index..? Financial Statement and Laws of Accounting
  - Improvement of accounting information and accounting errors in accordance with the Financial Reporting Standard
- Year 2017 :
- Internal Audit in Disruptive Technology
  - COSO 2013 Framework for Internal Control System Guidelines, Class 3/17
  - Handle the new revenue recognition criteria according to TFRS15 for general business, Class 2/17
- Year 2016 :
- IT Risk and IT governance, Class 2/16
- Year 2013 :
- The latest framework for internal control systems, COSO2013, Federation of Accounting Professions
- Year 2011 - 2013 :
- KPMG In-house and on-line training SEC practice
  - Financial Statement Consolidation
  - ISQC Practice
  - Risk Assessment & Management
  - Writing audit report in new format
  - Risk assessment for audit planning
  - DCP Class 40, DAP

## Assets used in business operation and details of asset appraisal

No.	Project	Location / Items	Remaining area(SQ. wah)	Appraiser	Appraisal year	Appraisal price (thousand baht)	Obligation
1	Chuan Chuen Bangna	Soi Kiatphiphatthani, Bangna-Trad Rd., Km 29, Bang Bo, Samut Prakan	152	Bangkok Property Appraisal Co Ltd	2019	9,203	-
	Chuan Chuen Flora Ville, Brokside	Bangkok-Patumthani Rd., Bang Khu Wat, Mueang Pathum Thani, Pathum Thani	1,557	Bangkok Property Appraisal Co Ltd	2019	41,195	-
	Chuan Chuen Golf Avenue	Bangkok-Patumthani Rd., Bang Khu Wat, Mueang Pathum Thani, Pathum Thani	2,817	Bangkok Property Appraisal Co Ltd	2019	74,548	-
	Belle Park Chuan Chuen City	Watcharaphon Rd., Tha Raeng, Bang Khen, Bangkok	678	Bangkok Property Appraisal Co Ltd	2019	23,716	-
	Chuan Chuen Town Kaeo In-Bangyai	Soi Kaew In, Bang Mae Nang, Bang Yai (Bang Bua Thong), Nonthaburi	653	Bangkok Property Appraisal Co Ltd	2020	74,269	Siam Commercial Bank
	Chuan Chuen Rangsit-Klong 1	Rangsit-Nakhon Nayok Rd., Prachathipat, Thanyaburi, Pathum Thani	2,757	Bangkok Property Appraisal Co Ltd	2018	338,301	Siam Commercial Bank
	Chuan Chuen Town Ratchapruetk 345	Nonthaburi-Bang Bua Thong Rd., Lam Pho, Bang Bua Thong, Nonthaburi	4,208	Bangkok Property Appraisal Co Ltd	2018	526,472	Kiatnakin Bank
	Chuan Chuen Prime Ville Bangkok-Pathum	Bangkok-Patumthani Rd., Bang Khu Wat, Mueang Pathum Thani, Pathum Thani	403	Bangkok Property Appraisal Co Ltd	2018	29,356	-
	Chuan Chuen Watcharaphon-Raminta	Watcharaphon Rd., Tha Raeng, Bang Khen, Bangkok	2,419	Bangkok Property Appraisal Co Ltd	2018	263,143	-
	Chuan Chuen Town Bangyai	Soi Phra Non, Bang Mae Nang, Bang Yai (Bang Bua Thong), Nonthaburi	6,092	Bangkok Property Appraisal Co Ltd	2019	697,401	Kiatnakin Bank
	Chuan Chuen Town Chaiyapruek-Chaengwattana	Phimonrat Subdistrict, Bang Bua Thong, Nonthaburi	7,783	Bangkok Property Appraisal Co Ltd	2019	1,101,178	Kiatnakin Bank
	Chuan Chuen Prime Village Bangna Prakan	Soi Kiat Phiphatthani, Bangna-Trad Rd., Km 29, Bang Bo, Samut Prakan	12,792	Bangkok Property Appraisal Co Ltd	2019	1,136,842	Siam Commercial Bank

No.	Project	Location / Items	Remaining area(SQ. wah)	Appraiser	Appraisal year	Appraisal price (thousand bant)	Obligation
	Chuan Chuen Town Village Bangna Prakan	Soi Kiat Phiphatthani, Bangna-Trad Rd., Km 29, Bang Bo, Samut Prakan Sala Klang, Bang Kruai, Nonthaburi	8,063	Bangkok Property Appraisal Co Ltd	2020	766,419	Siam Commercial Bank
	Chuan Chuen Park Pinkao-Kanchana	Khlong Sam, Khlong Luang, Pathum Thani	7,915	Bangkok Property Appraisal Co Ltd	2020	730,223	Siam Commercial Bank
	Chuan Chuen Town Rangsit-Klong 3	Sukhumvit Rd., Prakanong Nuea, Wattana, Bangkok	5,524	Bangkok Property Appraisal Co Ltd	2020	743,973	Siam Commercial Bank
	Park Court - Sukhumvit 77	Others	4,568	T.A.Management Corporation (1999) Co Ltd	2018	513,583	Tisco Bank (some parts)
			155,325	Bangkok Property Appraisal Co Ltd, Thai Surveyer And Advisory Co Ltd, Fast And Fair Valuation Co Ltd	2018-2020	1,662,489	(some parts) :Siam Commercial Bank, Krungthai BAnk, Kiatnakinphatra bank
		Other land development for sale		Bangkok Property Appraisal Co Ltd, T.A.Management Corporation (1999) Co Ltd , Petchsiam Appraisal Co Ltd	2018-2020	2,750,488	
2	Investment properties					5,723,279	
3	Other buildings and structures and golf course					5,163,572	
	Total					22,359,650	
	Less Accumulated depreciation					(614,156)	
	Net					21,755,494	

Remarks:

Asset No. 1 is land with buildings developed for sale and land for development as noted in the financial statements no. 7, 8

Asset No. 2-3 is investment property, buildings and other structures, and golf course which has useful life and depreciation according to Note 4 (h) of the financial statement



## **Corporate Governance Policy**

**M.K.REAL ESTATE DEVELOPMENT PLC.**

## Corporate governance policy

The Board of Directors of M.K. Real Estate Development Public Company Limited has recognized the importance of good corporate governance, viewing it as crucial to the efficient conduct of business, the continuous and steady growth of the Company, and the maintenance of its competitiveness, all of which create confidence among shareholders, investors, and other relevant parties, and maximum benefits for the Company in the long run.

The Company has therefore implemented a policy enabling it to conduct business efficiently and with good corporate governance and good management, by emphasizing on the maximization of benefits for shareholders and stakeholders, committing itself to moral principles and code of conduct, and disclosing accurate and complete information in transparent and accountable manners. The company has formulated a good corporate governance policy, in compliance with corporate governance principles for listed companies set by the Stock Exchange of Thailand, to make sure the Company has good corporate governance and serve as a guideline for the Board of Directors, executives, and employees. The Board of Directors has made the policy known to Directors , Executive and employees of all levels and make sure they comply with it, with details as follows:

- All shareholders and stakeholders will be treated equally and fairly.
- The Board of Directors are committed to increasing the value of the Company in the long term, managing the Company with caution and vigilance, carrying out their duties and responsibilities with sufficient competency and efficiency with the aim of creating maximum benefits for shareholders, ensuring that no conflict of interest arises, and taking responsibility for their decisions and actions.
- The Company shall conduct business with transparency, fairness, and accountability. The company shall disclose sufficient and credible information, financial and otherwise, in a timely manner, in order that the Company's shareholders and stakeholders have equal access to significant information. The company also has a department responsible for providing information to investors and the general public.
- The Company shall conduct business with caution, especially in regards to risk management. It shall conduct risk assessments, prepare strategies for remedial action, and follow up on risk management appropriately and on a regular basis.
- The Board of Directors has laid out principles regarding the duties and responsibilities and code of conduct for management and employees. All directors, executive officers, and employees must strictly adhere to these principles. In particular, they must take customers' needs into consideration, deliver quality products and pleasant after-sales service, and treat customers with honesty and fairness. In addition, in compliance with the Stock Exchange of Thailand's guidance, the Company has put in place a good corporate

governance policy that emphasizes internal control and audit, to ensure that management carries out company policies with efficiency, in order to ensure long-term benefits for shareholders in accordance with legal requirements and code of conduct.

- The Company encourages all directors and members of management to undertake relevant trainings at the Thai Institute of Directors Association (IOD) and other institutes, in order to increase knowledge in various areas relating to the duties and responsibilities of directors and management.

The corporate governance policy has continuously been implemented in accordance with the guidelines set by the Thailand Stock of Exchange, including Good Governance Code for Listed Companies 2002, Good Governance Code for Listed Companies 2006, Good Governance Code for Listed Companies 2012, and most recently the policy has been revised to align with Corporate Governance Code for Listed Companies 2017. The policy consists of the following eight main principles for the Board of Directors:

- |                    |   |
|--------------------|---|
| <u>Principle 1</u> | Establish Clear Leadership Role and Responsibilities of the Board |
| <u>Principle 2</u> | Define Objectives that Promote Sustainable Value Creation         |
| <u>Principle 3</u> | Strengthen Board Effectiveness                                    |
| <u>Principle 4</u> | Ensure Effective CEO and People Management                        |
| <u>Principle 5</u> | Nurture Innovation and Responsible Business                       |
| <u>Principle 6</u> | Strengthen Effective Risk Management and Internal Control         |
| <u>Principle 7</u> | Ensure Disclosure and Financial Integrity                         |
| <u>Principle 8</u> | Ensure Engagement and Communication with Shareholders             |

The Company has laid down guidelines and approaches for complying with each of these principles as follows:

### Principle 1

#### Establish Clear Leadership Role and Responsibilities of the Board

### Principle 1.1

The Board of Directors understand their role and responsibility as the organization's leader to ensure good corporate governance, which includes:

1. defining objectives;
2. determining means to attain the objectives; and
3. monitoring, evaluating, and reporting on performance.

### Guidelines 1.1

The Board of Directors understand their role and responsibility as the organization's leader, which includes ensuring good corporate governance and organizational management. These encompass the setting of goals, strategies and operating policies, the procurement of resources to achieve the goals and policies set, and performance monitoring and assessment.

### Principle 1.2

The Board of Directors is committed to creating value for the Company in a sustainable manner, and is therefore focused on bringing out governance outcome in order to achieve its business objectives, as follows:

- (1) The Company maintains its competitive edge and good operating results, with long-term perspectives
- (2) The Company is an ethical entrepreneur and is respectful and responsible to shareholders and stakeholders.
- (3) The Company conducts business/activities that are beneficial to society, and cares about or minimizes impacts on the environment
- (4) The Company maintains its corporate resilience in the face of change.

### Guidelines 1.2

- (1) In defining operating success, in addition to operating results, the Board shall consider ethics as well as social and environmental impacts as major factors. The Company understands the importance of being socially responsible and acts accordingly, believing that a business's success does not rely solely on operating performance but also on contributing positively to society and the community. Therefore it continuously implements long-term sustainable community projects as part of its strategy, by instilling a sense of environment consciousness and encouraging giving back to society.
- (2) The Board of Directors plays an instrumental role in building and driving forward an organizational culture committed in ethics, and members of the Board act as examples as the leader of corporate governance.

- (3) The Board has issued policies for directors, management, and employees outlining principles and approaches for operations in writing. These policies are announced and communicated to all of them so they acknowledge and strictly comply with them. These include the code of conduct, corporate governance policy, anti-corruption policy, whistle-blowing policy, and Delegation of Authority (DOA)
- (4) The Board of Directors ensures that the policies are internally communicated, so that the directors, management, and all employees are well informed and adequate mechanisms are put in place to enable compliance, implementation monitoring, policy review, and consistent implementation.

The code of conduct is as follows.

#### **Code of conduct**

The Company has put in place and strictly implemented regulations on the code of conduct among directors, executive officers, and all employees, who understand the importance of strict compliance with such regulations, as expected of them from the Company and shareholders. The code of conduct encompasses the following principles.

1. Rule of law
2. Transparency
3. Fairness and justice
4. Focus on customers
5. Responsibility towards society
6. Non-involvement in politics

The code of conduct for management and employees can be divided into the following areas:

#### **Towards the Company**

- Management is responsible for the declaration of code of conduct and must ensure that all employees are informed of and understand the code of conduct.
- Management is responsible for compliance with the Company's code of conduct
- Management pays attention to the necessary procedures for employees' compliance with the code of conduct.

Management, including the Board of Directors and directors that are not members of the Board of Directors, conducts the Company's business.

#### **Towards owners or shareholders**

- Management has an obligation towards owners or shareholders, as they do not own the Company
- Management must act or make any decision with honesty and fairness to all shareholders, including minority shareholders, for the Company's benefits, as follows:
  - Operate under the scope of authority and for the Company's benefits
  - Carry out their duties to the best of their ability and with caution, as expected of persons of their calibers

- Ensure that no company assets sustain damage or become unusable
- Regularly report operating results that are complete and accurate. Report both positive and negative aspects of the Company, in reasonable and credible manners, and backed up with sufficient facts.
- Do not disclose confidential information to other parties without appropriate authorization, especially to competitors
- Compile and explain any necessary data and information to the auditor to facilitate their work

#### Towards customers

- Management must
  - Disclose information on products to customers completely, accurately, and honestly
  - Sell products at the agreed price, or at the fair price in case where there are no prior agreements
  - Not cause unrealistic expectations or misunderstanding in the products in terms of quality, price, quantity, or conditions
- Management has a responsibility for customers in terms of product quality: by setting and maintaining product standard
  - Set minimum standard that can be accepted for products and ensure that it is met.
  - Make it known that a higher standard than commonly achieved, leads to higher remuneration
  - Procure channels to receive complaints from customers in regards to product quality, and respond to customer needs promptly
  - Ensure that all products are made in accordance to company standard
- Management manages the Company with the objectives of decreasing costs and protecting the interest of customers as much as possible, especially by:
  - Being committed to increasing the Company's efficiency
  - Making sure that employees constantly realize that company resources are limited and use them efficiently
  - Decreasing company costs, insofar as that does not negatively affect operations or product standards
- Management must ensure to protect customers' information and treat it with strict confidentiality, and will not use such information for their own benefits or those of others.

#### Towards trading partners and creditors

- Management must ensure good practices when purchasing from trading partners, by:
  - Not requesting, obtaining, or paying bribes to trading partners, or informing trading partners of their employees' intention to bribe the Company employees
  - Ending transactions with trading partners who have bribed the Company's employees
  - Making sure that no bribes are made to employees of trading partners

- Management will ensure that any liabilities, including loans, with trading partners are in line with trading conditions, by
  - Strictly complying with obligations towards creditors, in terms of repayment, maintenance of pledged securities, and other conditions, including not using the loans obtained for purposes that violate the loan agreements
  - Managing the Company in manners that do not increase risk for its creditors
  - Reporting the Company's financial status to creditors based on complete and accurate facts
  - Considering the creditors' interest, in case where the term of the loan is extended
  - Notifying creditors in advance, in case where the Company is unable to comply with the obligations in the agreements, and work with the creditors to find a solution

#### Towards competitors

- Management must
  - Act in accordance with fair trade practices
  - Not make dishonest or groundless accusations against competitors or their products
  - Not gain access to competitors' confidential information by illegal or inappropriate means

#### Towards employees

- Management must
  - Pay appropriate compensation to employees, based on their individual levels of skills, competencies, responsibilities, and performance
  - Emphasize training and development for all employees, so that they can obtain career advancement and job security
  - Outline measures to ensure safety for employees and their belongings, and ensure that there are adequate tools and equipment and that they are properly maintained
  - Promote employees' participation in setting the Company's direction and finding solutions to problems faced by the Company
  - Appoint, transfer, promote, reward or punish employees with honesty
  - Strictly comply with labor laws and other relevant regulations
  - Publish the code of conduct and distribute to all employees, and make sure they understand practices and roles expected of them
  - Not act in manners that jeopardize job security of employees without reason
  - Treat employees with respect for human dignity and rights

#### Towards society

- In the conduct of business, management will
  - Take into consideration environmental impacts, natural resources, and public benefits
  - Not decrease operating costs without considering society's overall welfare
  - Take part in ongoing company projects aimed at increasing quality of life

#### Employees' responsibility towards the Company

- Carry out their duties with responsibility, honesty, and loyalty, to achieve career advancement, job security, and company growth
- Maintain harmony at the workplace, and work to address any problems efficiently together as a team
- Carry out their duties with care, dedication, and patience, to achieve quality, efficiency, and profits and lead the Company to business excellence
- Use company resources efficiently, and prevent damage and loss
- Keep the information of customers, trading partners, and the Company strictly confidential, and not disclose the Company's data and production technology
- Cooperate with and assist other colleagues for the Company's benefits, and respect the rights of other employees
- Always take care to achieve safety at the workplace and favorable working conditions
- Share knowledge and experience with colleagues, with company interest and goals in mind
- Not make unfair or groundless accusations against the Company, management, or fellow employees
- Notify relevant departments or management, in case where an illegal or inappropriate act is committed at the Company
- Respect superiors and employees more senior to them
- Not seek personal benefits, or help others to gain benefits, on the basis of their position
- Not act in manners that damage the Company's image or reputation

#### **Principle 1.3**

The Board of Directors shall ensure that all directors and management carry out their job duties with responsibility, care and loyalty, and ensure that all operations are in compliance with relevant laws, regulations and resolutions passed by shareholders.

#### **Guideline 1.3**

- (1) The Board of Directors has considered that directors and management have carried out their job duties with responsibility, care, and loyalty based on relevant laws, rules, and regulations. These include Securities and Exchange Act B.E. 2535 (1992), notifications and regulations of the Committee on Capital Markets Regulation, the Office of the Securities and Exchange Commission, and the Stock Exchange of Thailand. The Securities and Exchange Act B.E. 2535 (1992) specifies the role of directors in Articles 89/7, 89/8 89/9 and 89/10.
- (2) The Board of Directors has ensured that the Company has an adequate system or mechanism in place that will make sure that its operations are in compliance with the laws, regulations, shareholders' resolutions, company policies and guidelines. There should also be an approval procedure for significant

operations, such as investment, conduct of transactions that can have a significant impact on the organization, conduct of transactions with related parties, acquisition/disposal of assets, dividend payments, etc., in accordance with the laws.

#### **Principle 1.4**

The Board of Directors understands the scope of duties and responsibilities of directors, sets the scope of duties and responsibilities for the Managing Director and management clearly and monitors their performance of the assigned duties.

#### **Guideline 1.4**

(1) The Board of Directors has prepared a charter or board charter as reference of duties for all directors.

The purpose of this is to reassess the appropriateness of the roles assigned to committees, the Chief Executive officer, and management regularly and ensure alignment with the Company's vision.

(2) The Board of Directors shall understand the scope of its duties and grant managing authority to management in writing. However, doing so does not relieve the Board of Directors of its duties and responsibilities. The Board of Directors shall monitor management's performance of the assigned duties, as follows.

##### **1) Board of Directors' authority and responsibilities**

Under the scope of authority of the directors as approved by the Board of Directors and/or in a shareholders' meeting, The Board of Directors are authorized and required to set company policies and direction and ensure efficient and effective implementation of such policies, with the main focus being on increasing the value of the Company and creating maximum benefits for shareholders. It carries out its duties in accordance with the laws, company objectives and regulations, as well as shareholders' resolutions and with honesty.

Furthermore, the Board of Directors' responsibilities include setting the Company's vision and mission, overseeing management to ensure that it implements strategies that are in line with said vision and mission, and overseeing risk management and internal control. The duties and responsibilities of members of the Board of Directors and management are separated clearly, as are those of Chairman, Chairman of Executive Director and Chief Executive Officer and Managing Director. In addition, the Board of Directors and management must prevent conflict of interest from arising, to ensure efficient conduct of business.

##### **2) Scope of authority of the Executive Committee**

- 1) Conduct management in the ordinary course of business and ensure compliance with Board of Directors's policies, relevant laws, conditions, and rules, memorandums of association, and company regulations
- 2) Review annual budget allocation to present to the Board of Directors for approval

- 3) Review investment projects to present to the Board of Directors
- 4) Review and approve the purchase of land and/or other assets for the Company and its subsidiary, and register such purchase at the Department of Lands, and approve temporary investment funds for use in the development of the land and/or other assets purchased, per the scope of authority and within the financial limit given to them by the Board of Directors  

In light of this, approval of subsidiary transactions can only be done for a subsidiary in which the Company holds at least 90 percent of shares, and the transactions must not be related party transactions per Capital Market Supervisory Board's Notification or relevant laws.
- 5) Review and approve the sale of land and/or other assets of the Company or its subsidiary at no less than market value as at the date when the Board of Executive Committee passed a resolution approving the sale, per the scope of authority and within the financial limit given to them by the Board of Directors, and register such sale at the Department of Lands
- 6) Review and approve transactions that were not in the work plan, that did not exceed a limit of 100 million baht
- 7) Review and approve the Company's request for loan or credit from a financial institution, and use the fund obtained for the Company's ordinary course of business per the scope of authority and within the financial limit given to them by the Board of Directors
- 8) Review and approve opening and closing of an account and use of Banking services, and assign a person authorized to make payment from the Company's accounts
- 9) Review and approve legal transactions and corporate legal documents concerning asking for permission on project plan modification, method of project land allocation, land titling, subdivision and co-ownership of land, land survey, for instance, cadastral survey, subdivision in same ownership or in co-ownership, joint title deed, land allocation, and public use.
- 10) Prepare, make recommendations for, and formulate business policies and strategies and present to the Board of Directors
- 11) Review and approve marketing, advertising, and public relations plans
- 12) Evaluate the Company's operation results in terms of asset and financial management to ensure efficiency and effectiveness
- 13) Carry out other duties assigned by the Board of Directors

Assignment of authority, duties, and responsibilities to the Board of Executive Committee will be done in manners that will prevent executive director or persons assigned by them from approving transactions that may cause conflict of interest, as defined in Capital Market Supervisory Board's Notification. Exceptions are made in case of approval of transactions made in the ordinary course of business, in line with policies and regulations issued by the Board of Directors. The Board of Executive Committee will present such transactions to the Board of Directors and/or in a shareholders' meeting

for approval of such transactions pursuant to laws governing securities and exchange and Capital Market Supervisory Board's Notification.

**1) Scope of authority of the Management Committee**

- 1) Set company objectives, policies and strategies
- 2) Set operation plans and overall company direction
- 3) Ensure all objectives are met
- 4) Review issues to be presented to the Board of Directors and the Board of Executive Committee

**2) Scope of authority of Chief Executive Officer**

- 1) Set policies, direction, and strategies for the Company's operations and present them to the Board of Directors, and ensure compliance with the policies, direction, and strategies approved by the Board of Directors
- 2) Set business plans, budget, and scope of authority of company departments and divisions, and present them to the Board of Directors for approval
- 3) Oversee company operations to ensure compliance with Board of Directors policies, relevant laws, conditions, rules, and memorandums of association, and company regulations
- 4) Appoint advisors to provide advice on the Company's operations
- 5) Review and approve the purchase of land and/or other assets for the Company and its subsidiary, and approve temporary investment funds for use in the development of the land and/or other assets purchased, per the scope of authority and within the financial limit given to them by the Board of Directors, and notify the Board of Executive Committee in a meeting in order for the Board of Executive Committee to pass a resolution authorizing the legal registration of such purchase at the Department of Lands

In light of this, approval of subsidiary transactions can only be done for a subsidiary in which the Company holds at least 90 percent of shares, and the transactions must not be related party transactions per Capital Market Supervisory Board's Notification or relevant laws.

- 6) Review and approve the sale of land and/or other assets of the Company or its subsidiary at no less than market value as at the date when the sale was approved, and notify the Board of Executive Committee in a meeting in order for the Board of Executive Committee to pass a resolution authorizing the legal registration of such purchase at the Department of Lands
- 7) Review and approve transactions that were not in the work plan, that did not exceed a limit of 50 million baht
- 8) Carry out other duties assigned by the Board of Directors

It should be noted that assignment of authority, duties, and responsibilities to Chief Executive Officer will be done in manners that will prevent Chief Executive Officer or persons assigned by them from approving transactions that may cause conflict of interest, as defined in Capital Market Supervisory Board's Notification. Exceptions are made in case of approval of transactions made in the

ordinary course of business, in line with policies and regulations issued by the Board of Directors. Chief Executive Officer will present such transactions to the Board of Directors and/or in a shareholders' meeting for approval of such transactions pursuant to laws governing securities and exchange and Capital Market Supervisory Board's Notification.

**5) Scope of authority of Managing Director**

- 1) Set business plans, budget, and scope of authority of company departments and divisions, and present them to Chief Executive Officer for approval
- 2) Oversee company operations to ensure compliance with Chief Executive Officer policies, relevant laws, conditions, rules, and memorandums of association, and company regulations
- 3) Review and approve transactions that were not in the work plan, that did not exceed a limit of 20 million baht
- 4) Carry out other duties assigned by Chief Executive Officer

It should be noted that assignment of authority, duties, and responsibilities to Managing Director will be done in manners that will prevent Managing Director or persons assigned by them from approving transactions that may cause conflict of interest, as defined in Capital Market Supervisory Board's Notification. Exceptions are made in case of approval of transactions made in the ordinary course of business, in line with policies and regulations issued by the Board of Directors. Managing Director will present such transactions to the Board of Directors and/or in a shareholders' meeting for approval of such transactions pursuant to laws governing securities and exchange and Capital Market Supervisory Board's Notification.

**Principle 2**

Define Objectives that Promote Sustainable Value Creation

**Principle 2.1**

The Board of Directors has defined the Company's main objectives in order to achieve sustainability, in accordance with its goal of creating value for the organization, customers, stakeholders, and the public in general.

**Guideline 2.1**

- (1) The Board of Directors ensures that the Company has clear and appropriate objectives, on which a business model can be based, and communicates this internally so that everyone in the organization works towards the same goal. This is embodied in the Company's Vision and Organizational Values.
- (2) The Board of Directors has devised a business model that can create value for the organization stakeholders, and society alike. It takes into consideration creating economic value for the organization

and maintaining maximum benefits for shareholders. It shall implement the business model in compliance with the laws, company objectives and regulations, and shareholders' resolutions, and with honesty.

- (3) The Board of Directors has set Organizational Values that reflect good corporate governance principles, such as accountability, integrity, transparency, and due consideration of social and environmental responsibilities.
- (4) The Board of Directors has supported communications and encouraged all levels of decision-making and operations to reflect the Company's main objectives and goals, to the point that this has become an organizational culture. The Company's Vision continuing from 2015, is as follows.

#### Vision

Strives to be one of Thailand's leading residential property development companies, and offer quality products and services at reasonable prices.

#### Missions

- 1) **Financial mission:** Build financial stability and generate greatest benefits for shareholders, through sustained sales growth and efficient cost management
- 2) **Marketing mission:** Deliver quality products – in terms of location, construction standards, and environment– at reasonable prices, provide excellent customer service, and constantly make the "ChuanChuen" brand known to the public as a leading residential property development company
- 3) **Production and service mission:** Deliver quality products and excellent services on time and with efficiency, and continue to improve product quality
- 4) **Management mission:** Enhance competitiveness, always make an all-out effort to achieve the goals set for all operations, and promote good governance
- 5) **Personnel mission:** Instill a sense of responsibility in maintaining quality and providing service, and create a culture of continuous learning and development in a friendly working environment

#### Principle 2.2

The Board has ensured that the Company's medium-term or annual objectives, goals, and strategies align with the Company's main objectives and goals, and employed innovation and technology where appropriate and safely.

#### Guideline 2.2

- (1) The Board of Directors ensures that the annual strategy or plan aligns with the Company's main objectives and goals, taking into consideration the various factors affecting the Company at the time, as well as opportunities and acceptable risks. It shall also encourage the setting or revision of objectives, goals and strategies for the medium term, i.e. 3-5 years to make sure that they consider impacts in a longer term and still have considerable prediction power.

The Board of Directors plays a part in setting the Company's vision, mission, strategy, goals, and budget and ensuring that business plans are efficiently implemented and opinions are expressed freely when decisions are made about anything. It shall also monitor the executives' performance and review it on a quarterly basis.

- (2) In setting the annual strategy and plans, the Board shall ensure that there is an analysis of the factors and risks that may affect stakeholders in the value chain, and factors that may affect the achievement of main objectives. A mechanism that will make it possible to truly understand what the stakeholders want should be put in place.
- (3) In setting a strategy, the Board shall encourage of the use of innovation. It shall use innovation and technology to enhance the Company's competitive edge and respond to stakeholders' demands, while at the same time maintaining responsibility towards society and the environment.
- (4) The goals should be set based on business environment and the organization's capability. They should include both monetary and non-monetary ones. The Board should take into consideration the risk of setting goals that could lead to illegal or unethical conduct.
- (5) The Board of Directors shall ensure that objectives and goals are communicated through its strategy and operating plans organization-wide.
- (6) The Board of Directors shall ensure appropriate resource allocation and control of operations, and monitor the implementation of the annual strategy and operating plans. It may designate responsible persons to monitor operating performance.

### Principle 3

#### **Strengthen Board Effectiveness**

### Principle 3.1

The Board of Directors shall be responsible for setting and reviewing the structure of the Board, in terms of size, components, and ratio of independent directors as appropriate and necessary, in order to achieve the main objectives and goals.

#### Guideline 3.1

- (1) The Board of Directors consists of directors with different qualifications, in terms of skills, expertise, capability, and specific attributes necessary – and is made up of different sexes and ages – for the achievement of the main objectives and goals.

In this regard, Members of the Board of Directors are persons with accepted qualifications. The Board of Directors plays an important role in providing guidance and setting company policies, vision, strategies, goals, and direction. The Board of Directors, together with the management committee, formulates work

plans, both short- and long-term, as well as financial policy and the overall organizational structure. It plays a leading role in independently overseeing, reviewing, and evaluating the Company's operating results and the performance of the management committee to ensure its compliance with company plans. In addition, the Board of Directors ensures that management implements company policies efficiently and effectively, complies with the laws, company objectives and regulations, and shareholders' resolutions, and carries out their responsibilities with honesty, prudence, and in accordance with good practices, to achieve maximum benefits to the Company and create investors' confidence. In addition, the Company has in place internal control, internal audit, evaluation, and management systems that operate efficiently, follows up on these issues regularly through the Company's internal auditor, and always presents them in meetings of the Board of Audit Committee.

- (2) The number of members of the Board of Directors shall be as determined in the shareholders' meeting. The Board shall consist of no fewer than five (5) members per company regulations, and no less than half of which shall reside within the country. At least one out of three, but not fewer than three, shall be independent directors. Each director shall have suitability in terms of age, qualifications, capability, experience, and expertise and possess the attributes as specified in Article 68 of the Limited Public Company Act B.E. 2535 (1992) and other relevant laws. The Nomination and Remuneration Committee shall nominate and consider persons with specific skills, experience, profession, and qualifications as deemed vital to the Company's business and present them in the Board's meeting where members shall consider to elect them as directors. Then they will be presented in a shareholders' meeting for approval.
- (3) The Board of Directors has disclosed its members and information thereof, including their age, sex, educational background, experience, shareholding percentage, the number of years they have held the position of director, and the position(s) they occupy in other listed companies, in the Company's Annual Report and on its website: [www.mk.co.th](http://www.mk.co.th).
- (4) Checks and Balances of non-executive directors  
The Board of Directors consists of no fewer than five directors who have been appointed in a meeting to manage the Company. No fewer than half of the members of the Board must reside in the Kingdom of Thailand and possess the qualifications required by law. The Company also requires that at least one in three, or no fewer than three members of the Board, serve as Audit Committee, all of whom possess all the qualifications set out in the Stock Exchange of Thailand announcement regarding qualifications and scope of work of Audit Committee, so that checks and balances are achieved in the Company's conduct of business.

#### Definition of "independent directors"

The Company defines "independent directors" in line with the regulations announced by Capital Market Supervisory Board . Independent directors must have the following qualifications:

- (1) Hold no more than one percent of the total voting shares of the Company, its parent company, subsidiary, associated companies, major shareholders, any person having controlling power over the Company. The number of shares held by any related person of such an independent director must also be counted.
- (2) Not be and have not been a director participating in management role of the Company, or an employee or an officer of the Company, or an advisor of the Company which receives regular salary from the Company, and not be and have not been a person having controlling power over the Company, subsidiary or associated company, unless such an independent director has not been a person referred to above for at least two years before being appointed as independent director. Such restriction or prohibition shall not apply to 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 person having controlling power over the Company.
- (3) Not be a person having relationship either through blood or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any management person, major shareholder, or any person having power to control the Company or the Company's subsidiary, or of the person being nominated to be a management person of or a person having power to control the Company or the Company's subsidiary.
- (4) Not have and have not had any business relationship with the Company, subsidiary, associated company, or major shareholder, or with the person having power to control the Company that may have conflict of interest, in the manner in which their independent discretion might be affected, and not be and have not been a substantial shareholder of or a person having power to control the person that has business relationship with the Company, subsidiary, associated company major shareholder or the person having power to control the Company unless such an independent director has not been a person referred to above for no fewer than two years prior to being appointed as independent director. Business relationships referred to in the first paragraph above shall include any ordinary course of business or trade for business engagement purpose, any lease taking or lease out of any property, any transaction relating to asset or service, any financial support or acceptance of financial support by way of either borrowing, lending, guaranteeing or collateral providing or any other manner similar thereto that could result to an obligation required to be performed by the applicant or the party thereto in an amount of three percent or more of the net tangible asset value of the applicant, or twenty million baht or more, whichever is lesser. In light of this, the method for calculating the value of related party transactions pursuant to the Capital Market Supervisory Board's Notification, Re: Regulations in respect of an Entering into a Connected Transaction shall be applied mutatis mutandis for the purpose of calculation of such amount of debt of the applicant, provided that the amount of the debt incurred during the past one year prior to the date on which such a business relationship with such a business relationships with such person exists.

- (5) Not be and have not been an auditor of the Company, subsidiary, associated company, major shareholder or any of the person having power to control the Company, and not be and have not been a substantial shareholder of, a person having power to control over, or a partner of any auditing firm or office in which the auditor of the Company, or subsidiary, or major shareholder, or the person having power to control the Company, unless such an independent director has not been a person referred to above for at least two years prior to being appointed as independent director.
- (6) Not be and have not been a professional advisor, including legal or financial advisor who obtains fee more than two million baht a year from the Company, subsidiary, associated company or major shareholder, or the person having power to control the Company, and not be and have not been a substantial shareholder of, a person having power to control over, or a partner of any of such professional service provider firm or office, unless such an independent director has not been a person referred to above for at least two years prior to being appointed as independent director.
- (7) Not be a director appointed to serve a representative to protect the interest of a director of the Company, a major shareholder, or a shareholder which is a related person of a major shareholder.
- (8) Not engage in any business the nature of which is the same as that of the Company or the Company's subsidiary and which, in any material respect, is competitive with the business of the Company or the Company's subsidiary, or not be a substantial partner in a partnership, a director participating in any management role, an employee or officer, an advisor obtaining regular salary from, or a shareholder holding more than one percent of the voting shares of a company engaging in any business the nature of which is the same as that of the Company or the Company's subsidiary and which, in any material respect, is competitive with the business of the Company or the Company's subsidiary.
- (9) Not have any characteristics by which their independent comment or opinion on the Company's operation may be affected
- After a person having qualifications stated in (1) to (9) above is appointed as an independent director, such appointed independent director may be assigned by the Board of Directors to make decision in respect of business operation of the Company, subsidiary, associated company, major shareholder, or the person having controlling power over the Company, provided that such decision making by such appointed independent director must always be made on a collective decision basis.

### **Principle 3.2**

The Board of Directors shall select a suitable person to act as the Chair of the Board and ensure that the makeup of the Board and its operations are conducive to the exercise of independence in decision-making.

### **Guideline 3.2**

- (1) Chairman of the board is not the same person as Chief Executive Officer and Managing Director, in order to segregate the duties of persons in charge of formulating supervisory policies and those in charge of

managing the Company. The Company has specified the scope of work of management persons in each level clearly and in writing, in the announcement of the Company's operating authority which has been approved by the Board of Directors. The Company clearly segregates the duties of approval or authorization, recording of transactions, and custody of assets, to achieve proper checks and balances and accountability.

- (2) The Company has clearly segregated the duties and responsibilities of directors and those of management. Directors are responsible for formulating policies and overseeing management implementation of such policies, whereas management manages the Company based on such policies. Therefore, Chairman and Chief Executive Officer and Managing Director are different persons. The two positions are selected by the Board of Directors, based on their qualifications.
- (3) Although Chairman of the board and Chairman of Executive Director are the same person, the structure of the Board of Directors, at least one-thirds of, or no fewer than three persons among which, are independent directors, creates proper checks and balances and allows reviews of management. In addition, the duties, roles, and responsibilities between Chairman Chairman of Executive Director and Chief Executive Officer and Managing Director are clearly segregated.
- (4) The responsibility of the Chairman of the Board as follows:
  - (A) Regulate and monitor to ensure that the Board of Directors operates efficiently and achieves the organization's objectives and goals;
  - (B) Ensure that every director contributes to creating an ethics-based organizational culture and enforcing good corporate governance;
  - (C) Set agendas for Board meetings after deliberation with the Chief Executive Officer, and ensure that measures for significant issues are included as meeting agendas;
  - (D) Allocate sufficient time for management to raise issues and for directors to discuss significant issues thoroughly; encourage directors to exercise their judgment with care and express their opinions freely;
  - (E) Promote amicable relations between executive and non-executive directors, as well as between the Board and management.
- (5) The Board of Directors has appointed Sub-committees to oversee the Company's operations, in order to increase efficiency and achieve investors' confidence in its careful operations. There are six of them, namely 1) Audit Committee 2) Nomination and Remuneration Committee 3) Corporate Governance Committee 4) Executive Committee 5) Risk Management Committee and 6) Management Committee
  - 1) Audit Committee consist of at least three independent directors, whose responsibilities are specified in the charter of Audit Committee.
  - 2) The Nomination and Remuneration Committee consist of at least three (3) company directors who are not Chairman of the Board of Directors shall constitute the Nomination and Remuneration Committee of which at least two (2) of the members shall be independent directors. In addition, more than half of the members of the Nomination and Remuneration Committee shall be independent directors. Their

responsibilities are specified in the charter of The Nomination and Remuneration Committee and as assigned by the Board of Directors.

- 3) The Corporate Governance Committee shall consist of at least three (3) company directors. More than half of the Corporate Governance Committee shall be independent directors, to ensure that they conduct their work with transparency and independence. Their responsibilities are specified in the charter of The Corporate Governance Committee and as assigned by the Board of Directors.
- 4) Executive Committee consists of at least five directors, the scope of authorities of whom is specified in the directive regarding the appointment of Executive Committee and as assigned by the Board of Directors.
- 5) Risk Management Committee consists of four directors and one executive. Their responsibilities are specified in the charter of Risk Management Committee and as assigned by the Board of Directors.
- 6) Management Committee consists of four directors and one executive, the scope of authority of whom is specified in the directive regarding the appointment of Management Committee and as assigned by the Board of Directors.

Sub-committees will report progress and performance reviews to the Board of Directors, with the scope of authority as follows:

#### Scope of authority of the Audit Committee

The Board of Audit Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Review the Company's financial reporting process to ensure that it is accurate and adequate.
- 2) Review the Company's internal control system and internal audit system to ensure that they are suitable and effective, determine an internal audit unit's independence, and approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of internal audit
- 3) Review the Company's compliance with the law on securities and exchange, Stock Exchange of Thailand regulations, and the laws relating to the Company's business
- 4) Consider, select and nominate an independent person to be the Company's auditor, propose such person's remuneration, and hold a meeting with the auditor, in which no members of management attend, at least once a year
- 5) Review related party transactions, or transactions that may lead to conflict of interests, to ensure that they are in compliance with the laws and Stock Exchange of Thailand regulations, reasonable and for the highest benefits of the company
- 6) Prepare, and disclose in the Company's Annual Report, an the Board of Audit Committee report which must be signed by chairman of the Board of Audit Committee and include at least the following information

- (A) An opinion on the accuracy, completeness and creditability of the Company's financial reports
  - (B) An opinion on the adequacy of the Company's internal control system
  - (C) An opinion on compliance with the law on securities and exchange, the Stock Exchange of Thailand regulations, or the laws relating to the Company's business
  - (D) An opinion on the suitability of the auditor
  - (E) An opinion on the transactions that may lead to conflict of interests
  - (F) The number of the Board of Audit Committee's meetings, and attendance in such meetings by each committee member,
  - (G) An overall opinion or comment about Audit Committee's implementation of its duties in accordance with the charter
  - (H) Other transactions which 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
- 7) Perform any other act as assigned by the Company's Board of Directors, with the approval of the Board of Audit Committee

When carrying out duties under this scope of authority, the Board of Audit Committee can call members of Management Officer, a department head, or relevant employees to attend a meeting and express opinions, or submit related documents. In addition, the Board of Audit Committee may seek external advice from independent advisors or other experts, as it deems necessary and appropriate. All the expenses incurred for this purpose will be borne by the Company.

Chairman of the Board of Audit Committee and Audit Committee have a tenure length of 3 years. When their tenure is completed, they may be appointed yet again.

#### Scope of authority of the Nomination and Remuneration Committee

The Board of Nomination and Remuneration Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Determine criteria and principles for the selection of company directors, and nominate suitably qualified persons and present them to the Board of Directors for appointment, or to a shareholders' meeting for election, as company directors, as the case may be.
- 2) Consider criteria and procedures for paying remuneration to company directors and subcommittee members, and present to the Board of Directors and then in a shareholders' meeting for approval.
- 3) Determine criteria and principles for the selection of executive officers, and nominate suitably qualified persons for the positions, and present to the Board of Directors for their consideration and approval.

- 4) Prepare criteria and procedures of annual performance reviews for the Chairman of the Executive Committee and the Chief Executive Officer and present them to the Board of Directors for approval.
- 5) Ensure that the qualifications of independent directors are suitable for the nature of the Company's business and in line with the criteria set by the Securities and Exchange Commission, Thailand.
- 6) Give advice about the preparation and review of succession plans for Executive Officers.
- 7) Appoint one (1) company employee to serve as Secretary to the Nomination and Remuneration Committee.
- 8) Carry out any other responsibilities as assigned by the Board of Directors.

Scope of authority of the Corporate Governance Committee

The Board of Corporate Governance Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Formulate the Company's corporate governance policy and its code of conduct for business operations relevant to its business operations.
- 2) Revise the Company's corporate governance policy and its code of conduct for business operations to ensure relevance to its business operations and compliance with corporate governance principles for listed companies. Make changes to them to align with the guidelines provided by the Securities and Exchange Commission of Thailand, the Stock Exchange of Thailand, and any other regulatory body.
- 3) Give advice and recommendations as guidance for operations to be implemented by the Board of Directors and management, to ensure compliance with corporate governance principles.
- 4) When formulating, making changes to, revising, or reviewing the corporate governance policy, present it to the Board of Directors to consider.
- 5) Carry out any other responsibilities as assigned by the Board of Directors.

Scope of authority of the Risk Management Committee

The Board of Risk Management Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Determine the risk management policy as framework for risk management
- 2) Assess risks by considering possible risks, both external and internal, which may occur and affect the Company's conduct of business, in order to establish measures to prevent and manage risks such as business risk, financial risk, strategic risk and operational risks. i.e. procedures in conducting business such as construction methods, contractor problems, fluctuations in the price of materials, etc.
- 3) Analyze the impact of risks on the Company and the possibility of such risks materializing, by analyzing each risk individually and the severity of the impact should the risk materialize

- 4) Formulate measures to follow up on operations that are causes of risk factors, to prevent and/or reduce the possibility of the risks materializing, and set levels of risks that can be accepted
- 5) Monitor and evaluate risk management and report the risk assessment results to the Board of Directors.

Scope of authority of the Executive Committee

The Board of Executive Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Conduct management in the ordinary course of business and ensure compliance with Board of Directors's policies, relevant laws, conditions, and rules, memorandums of association, and company regulations
- 2) Review annual budget allocation to present to the Board of Directors for approval
- 3) Review investment projects to present to the Board of Directors
- 4) Review and approve the purchase of land and/or other assets for the Company and its subsidiary, and register such purchase at the Department of Lands, and approve temporary investment funds for use in the development of the land and/or other assets purchased, per the scope of authority and within the financial limit given to them by the Board of Directors  

In light of this, approval of subsidiary transactions can only be done for a subsidiary in which the Company holds at least 90 percent of shares, and the transactions must not be related party transactions per Capital Market Supervisory Board's Notification or relevant laws.
- 5) Review and approve the sale of land and/or other assets of the Company or its subsidiary at no less than market value as at the date when the Board of Executive Committee passed a resolution approving the sale, per the scope of authority and within the financial limit given to them by the Board of Directors, and register such sale at the Department of Lands
- 6) Review and approve transactions that were not in the work plan, that did not exceed a limit of 100 million baht
- 7) Review and approve the Company's request for loan or credit from a financial institution, and use the fund obtained for the Company's ordinary course of business per the scope of authority and within the financial limit given to them by the Board of Directors
- 8) Review and approve opening and closing of an account and use of Banking services, and assign a person authorized to make payment from the Company's accounts
- 9) Review and approve legal transactions and corporate legal documents concerning asking for permission on project plan modification, method of project land allocation, land titling, subdivision and co-ownership of land, land survey, for instance, cadastral survey, subdivision in same ownership or in co-ownership, joint title deed, land allocation, and public use.

- 10) Prepare, make recommendations for, and formulate business policies and strategies and present to the Board of Directors
- 11) Review and approve marketing, advertising, and public relations plans
- 12) Evaluate the Company's operation results in terms of asset and financial management to ensure efficiency and effectiveness
- 13) Carry out other duties assigned by the Board of Directors

Assignment of authority, duties, and responsibilities to the Board of Executive Committee will be done in manners that will prevent executive director or persons assigned by them from approving transactions that may cause conflict of interest, as defined in Capital Market Supervisory Board's Notification. Exceptions are made in case of approval of transactions made in the ordinary course of business, in line with policies and regulations issued by the Board of Directors. The Board of Executive Committee will present such transactions to the Board of Directors and/or in a shareholders' meeting for approval of such transactions pursuant to laws governing securities and exchange and Capital Market Supervisory Board's Notification.

#### Scope of authority of the Management Committee

The Board of Management Committee has the following duties and responsibilities and must report the following to the Board of Directors

- 1) Set company objectives, policies and strategies
- 2) Set operation plans and overall company direction
- 3) Ensure all objectives are met
- 4) Review issues to be presented to the Board of Directors and the Board of Executive Committee
- (6) The Committee has disclosed its roles and duties and those of the Sub-Committees, the number of meetings held, the number of meetings attended by each Committee member in the past year, and reported on the performance of every Sub-Committee in the Annual Information Form (Form 56-1).
- (7) The term of directorship shall be in accordance with the Public Company Act and shall not limit the number of term of continuously holding the position.
- (8) The Board of Directors' meeting and Sub-committees meeting as follows:

#### Board of Directors' meetings

Director has prepared the schedule for Board of Directors' general meetings, and notified each director of any upcoming meeting in advance, to allow directors ample time to prepare for and make the necessary arrangements to ensure their availability to attend the meeting. Normally, a Board of Directors' meeting is held once a month and, at a minimum, on a quarterly basis. Extraordinary meetings are called when necessary. At each meeting, Chairman or a person assigned by Chairman will send an invitation for the meeting at least seven days prior to the meeting. However, in case of urgency, or in case where the Company's rights or interest are at risk, a meeting may be called and notified to directors by other means

and held within fewer than seven days. In this regards, two directors or more may request Chairman to call a Board of Directors' meeting. In such cases, Chairman must call a meeting within 14 days after the request was submitted.

When a meeting is called, the meeting agenda must be clearly outlined, and must always include a follow up on operating results. Chairman and Chief Executive Officer will collectively set the meeting agenda. Meanwhile, it is possible for two directors or more to ask Chairman to call a Board of Directors' meeting and submit topics for discussion to include in the meeting agenda. Procedures for the conduct of Board of Directors are as follows:

Pre-meeting: Each director may suggest topics to be included in the meeting agenda, though they must provide the reasons and necessity of the inclusion of such topics. Chairman will review the meeting agenda before preparing invitation letters. These invitation letters, along with meeting-related documents, will be sent out to each director prior to the meeting date, to allow them ample time to study all the necessary information before attending the meeting, making the conduct of meeting more efficient and effective. In case where any director wishes to obtain additional information based on which to make decisions in each of the meeting topics, the Board of Director can coordinate with Company's Secretary for assistance.

During the meeting: During a Board of Directors' meeting, Chairman is responsible for conducting the meeting by order of the topics as submitted in the invitation letter, and allocating sufficient time for discussion of each topic. In case where the Board of Directors wishes to obtain additional information, relevant management persons will be called to the meeting to provide explanations to the Board. The minutes of the meeting are taken and kept after being certified by the Board of Directors, for review by the Board and other relevant persons.

Post-meeting: The Company recognizes the importance of preparing reports on Board of Directors' meetings. In this regard, Company's Secretary is responsible for taking minutes and preparing reports on Board of Directors' meetings. All the important details of the meeting are recorded, such as date, time and place where it was held, meeting start and end time, list of names of directors that were both present in and absent from the meeting, important discussions including questions and concerns for each topic discussed, Board of Directors' resolution for each topic discussed, etc. The reports on Board of Directors' meetings and other related documents are prepared and compiled by Company's Secretary in order that the Board of Directors and other relevant persons can review them later.

Per company regulations, at least half of the members of the Board of Directors must be present at a meeting, in order to constitute a quorum. In case where the Chairman is not present or unable to carry out their duties, the Deputy of Chairman can act as the chairperson at the meeting instead. If the Deputy of Chairman is not present or unable to carry out their duties, the directors that are in attendance shall choose one among them to become chairperson at the meeting. The decision in the meeting is made by means of majority vote. In light of this, a director has one vote each. However, a director that has interest in a particular matter being discussed cannot vote in such matter. In the event of a tie vote, the chairperson shall have the casting vote.

#### Audit Committee meetings

The Company requires that Audit Committee hold a general meeting at least on a quarterly basis and hold additional extraordinary meetings as necessary. The invitation letters and meeting-related documents will be sent out before the meeting is held. In addition, minutes of the meetings are taken so they can be reviewed.

#### Nomination and Remuneration Committee meetings

The Company requires that Nomination and Remuneration Committee hold a general meeting at least twice a year and hold additional extraordinary meetings as necessary. The invitation letters and meeting-related documents will be sent out before the meeting is held. In addition, minutes of the meetings are taken so they can be reviewed.

#### Corporate Governance Committee meetings

The Company requires that Corporate Governance Committee hold a general meeting at least once a year and hold additional extraordinary meetings as necessary. The invitation letters and meeting-related documents will be sent out before the meeting is held. In addition, minutes of the meetings are taken so they can be reviewed.

#### Risk Management Committee meetings

The Company requires that hold a general meeting at least once a year and hold additional extraordinary meetings as necessary. The invitation letters and meeting-related documents will be sent out before the meeting is held. In addition, minutes of the meetings are taken so they can be reviewed.

#### Executive Committee meetings

The Company requires that hold a general meeting and hold additional extraordinary meetings as necessary. The invitation letters and meeting-related documents will be sent out before the meeting is held. In addition, minutes of the meetings are taken so they can be reviewed.

#### Management Committee meetings

The Company requires that hold a general meeting and hold additional extraordinary meetings as necessary. The invitation letters and meeting-related documents will be sent out before the meeting is held. In addition, minutes of the meetings are taken so they can be reviewed.

### **Principle 3.3**

The Board of Directors should ensure that the policy and procedures for the selection and nomination of directors are clear and transparent resulting in the desired composition of the board.

#### Guideline 3.3

- (1) The Board of Directors has appointed the Nomination and Remuneration Committee, chaired by an independent director and consisting predominantly of independent directors.

(2) The Nomination and Remuneration Committee shall consider criteria and methods for nomination of individuals with the right qualifications, review their background, and present their opinions to the Board of Directors before nominating them in a shareholders' meeting where they can be named directors. The Nomination and Remuneration Committee shall conduct their assigned duties in accordance with the Charter for Nomination and Remuneration Committee.

Criteria for selection of independent directors

- 1) Must be persons selected by the Board of Nomination and Remuneration Committee and the Board of Directors, and must be appointed in a shareholders' meeting or Board of Directors' meeting
- 2) At least one thirds, but no fewer than three persons, of the Board of independent directors must be independent directors
- 3) Must have the qualifications suitable for the Company's business
- 4) Must be persons that fit the definition of "independent directors," i.e. an independent director must not be involved in the Company's management and/or conduct of business; must be independent from major shareholders, company management, and immediate family members of those persons, and can express independent opinions, taking the interest of the Company and shareholders into consideration

Selection process

- 1) The Board of Nomination and Remuneration Committee will consider the list of external persons with qualifications that are widely accepted in the business and academic circles to present in a Board of Directors' meeting for their consideration, or in a shareholders' meeting for appointment, as the case may be. In line with the regulations announced by The Securities and Exchange commission, Thailand and The Stock Exchange of Thailand.
- 2) Shareholders will select independent directors, by means of majority vote, i.e. more than half of the votes cast by those who have voting shares and attend the meeting.

It should be noted that independent directors must not have business relations or provide any significant professional services to the Company, its parent company, or any subsidiary, associated company, or juristic person that may present cases of conflict of interest. In addition, the Company's independent directors cannot serve as independent directors for the parent company, any subsidiary, or associated company.

Selection of directors and members of the management committee

The Board of Nomination and Remuneration Committee will select persons with the appropriate qualifications to be proposed for appointment as directors, in case where a position becomes vacant or an incumbent is about to end his tenure. The Board of Nomination Committee will select Chairman of Board of Director, Chairman of the Executive Director, Chief Executive Officer, and Managing Director, to present in a Board of Directors' meeting for their consideration. The Board of Directors may appoint directors, or

present them in a shareholders' meeting for appointment, as the case may be. The Board of Directors consists of no less than five members, all of whom are selected in a shareholders' meeting to manage the Company. No fewer than half of the Board of Directors must reside in the Kingdom of Thailand, and have the qualifications required by the law. A shareholders' meeting selects directors using the following criteria and methods:

- 1) Each shareholder shall have a number of votes equal to the number of shares held by them.
- 2) In the election of directors, the shareholders may cast votes for individual or several directors simultaneously for the full number of all directors to be elected in that occasion as deemed appropriate by the shareholders meeting. In the voting whether for individual or several directors aforesaid each candidate shall receive the votes in accordance with the number of all shares held by such shareholder under (1) whereby such shareholder may not allocate his/her votes to any candidate for whatever amount of votes.
- 3) The candidates, ranking in order descending from the highest number of votes received to the lowest, shall be appointed as directors for the number of the directors eligible in that occasion. In case there is a tie of the votes for candidates in descending order in excess of the number of the eligible directors, the Chairman of the meeting shall have a casting vote.

In every annual general meeting of shareholders, one third of the directors shall vacate their positions. If the number of directors cannot be divided into three parts, then the directors shall vacate by the closest number to one-third.

The director who must retire in the first year of registration shall be the first director who has been in position for the longest term. In the following years, the directors who has been in position for the next longest shall retire. The director who vacates under this article may be re-elected by allowing the retiring directors to carry on the business of the Company for a while as necessary until the director is newly appointed.

- (3) The Nomination and Remuneration Committee shall review criteria and methods of director nomination and present their opinions to the Board of Directors before setting out to nominate someone to replace a director nearing the end of their term. In this regard, the Committee is able to nominate the same director, based on the director's performance.
- (4) In case where the Committee has appointed an advisor to the Committee, the advisor's information shall be disclosed in the Annual Report, including in regard to their independence and confirmation of no conflict of interest.

#### Principle 3.4

When proposing director remuneration to the shareholders' meeting for approval, the board should consider whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, linked

to their individual and company performance, and provide incentives for the board to lead the company in meeting its objectives, both in the short and long term.

**Guideline 3.4**

- (1) The Board of Directors also sets up the Nomination and Remuneration Committee and its scope of authorities, duties and responsibilities in the Nomination and Remuneration Committee Charter which has been approved by the Board of Director in order to determine criteria and principles for nomination and remuneration. At least three (3) company directors who are not Chairman of the Board of Directors shall constitute the Nomination and Remuneration Committee of which at least two (2) of the members shall be independent directors. In addition, more than half of the members of the Nomination and Remuneration Committee shall be independent directors.
- (2) Remuneration of directors and management. Directors' remuneration is approved by a resolution passed in a shareholders' meeting. It is determined by Nomination and Remuneration Committee who will review the appropriateness of the amount each year, taking into consideration the levels of pay of other companies within the same industry. The amount is then presented to the Board of Directors and shareholders for approval.

Directors' remuneration comes in the forms of meeting allowances and annual pay. Management remuneration is paid in the form of salary and bonus, the latter of which is based on the Company's operating results and individual performance. The Company presents the amounts of remuneration of directors and management committee in the Annual Report, and the Annual Information Form on an annual basis.

**Principle 3.5**

The Board of Directors shall ensure that all directors carry out their responsibilities and allocate sufficient time to this end.

**Guideline 3.5**

- (1) The Board of Directors shall ensure a proper support mechanism to help directors understand their roles.
- (2) In considering criteria for a director occupying a position in another company, the Board of Directors is of the opinion that the director still allocates their time fully to carry out duties as director of the Company, including policy setting and providing recommendations or solutions to problems arising in the conduct of business within the scope of duties assigned to company directors, and that their position in another listed company does not affect these duties. Therefore the Company has not issued any regulations regarding the number of listed companies in which a director can hold the position of director.
- (3) Directors are required to reveal any director positions concurrently held at other companies to the Board of Directors. In addition, the management committee must also inform the Board of Directors of any director positions concurrently held at other companies.

- (4) In case where a director or executive has a stake, whether direct or indirect, in another business which causes a conflict, or presents an opportunity whereby the director can use company information for personal gains, the Board shall ensure that adequate prevention mechanisms are in place and that shareholders are duly notified.
- (5) Each director shall attend no less than 75% of all Board meetings held in a year.

#### Principle 3.6

The Board of Directors shall ensure that a framework and mechanisms are in place to regulate the policies and operations of subsidiaries and other entities in which the Company has made significant investments, at the level appropriate to each organization, and ensure that the subsidiaries and other entities in which the Company has made significant investments share a correct understanding.

#### Guideline 3.6

- (1) Mechanism in overseeing subsidiary and associated company operations

The Company sends its representatives to serve as investing directors at both subsidiary and associated company, proportionate to the shareholding structure. Management will propose qualified persons to the Board of Directors to approve. The appointees will ensure that its subsidiary and associated company conducts business with maximum efficiency, and that they comply with rules and regulations governing listed companies, such as those regarding related party transactions, acquisition and disposal of assets, etc. The appointed persons will also compile information to include in the Company's financial statements. For any significant matters, they must make a decision or take action that in line with the Company's direction.

The appointed persons must periodically report the operating results of the subsidiary or associated company to the Board of Directors, so that the latter will be constantly kept up-to-date with such entity's situation and make decisions in a timely manner.

- (2) Put in place an adequate internal control system in subsidiaries to ensure that transactions are conducted in accordance with the relevant laws and regulations, in regard to disclosure of financial position and operating results and related party transactions.

#### Principle 3.7

An annual evaluation shall be conducted for the Board, Sub-Committees and individual directors. The evaluation results shall be used to improve performance of duties.

#### Guideline 3.7

- (1) In evaluating directors and the Chief Executive Officer, the Board collectively appraise the performance of the Board and Sub-Committee during the year. This will allow the Board an opportunity to review what has been done and issues and challenges encountered in the past year in order to analyze the directors'

performance and present recommendations for future operations. The findings shall also be used to review appropriateness of the makeup of the Board of Directors.

- (2) The Board of Directors conducts the evaluation of the Board as a whole and of individual directors by means of self-evaluation. A cross evaluation may also be conducted. The criteria, methods, and results of evaluation shall be disclosed in the Annual Report.
- (3) In case where an external advisor is engaged to provide guidelines and criteria for evaluating the performance of the Board, this shall be reflected in the Annual Report.

### **Principle 3.8**

The Board of Directors shall ensure that the Board and each director understand the nature of business and relevant laws, and encourage all directors to enhance their knowledge and capabilities regularly.

#### **Guideline 3.8**

- (1) The Board of Directors ensures that a newly appointed director has all the necessary information for the conduct of duties and understands the Company's main objectives, vision, mission, Organizational Values, the nature of business, and operating guidelines, by providing:

##### Directors Orientation

The Company organizes orientation programs for newly appointed directors, so that they will be informed of the Company's business policies and other relevant information, such as capital structure, shareholders, operating results, and other laws and regulations. They will also be handed a directors' manual, which contains all the necessary information for their director position. The directors' manual consists, at a minimum, of the following:

##### Directors' manual:

1. Public Limited Companies Act B.E. 2535 (1992)
2. Securities and Exchange Act B.E. 2535 (1992)
3. Affidavit of the Company
4. Company objectives
5. Company regulations
6. Good corporate governance handbook
7. SEC manual on directors of listed companies

##### Information for directors:

1. Guidelines on the provision of information for management of listed companies
2. Related party transactions of listed companies
3. Principles of good corporate governance for listed companies, issued in 2012 and revised in 2018
4. Company profile
5. Annual Report of the previous year

- (2) The Board of Directors ensures that directors regularly receive training to enhance their knowledge and capabilities relevant to the conduct of their duties.

As it is the Company's policy to promote knowledge and understanding of good corporate governance to its directors, all directors are encouraged to attend relevant training courses offered by Thai Institute of Directors Association (IOD), such as Director Accreditation Program (DAP), and courses held by other institutes. These training courses can help them understand their roles and duties better, including in regard to good corporate governance, so that they can use the knowledge gained to improve the performance of the Company.

In addition, the Company places importance on encouraging executives to attend relevant training courses to increase their knowledge and capabilities. Executives are also required to act as resource persons, explaining the nature of the Company's business and its conduct to new directors and answering any question that may arise, so that new directors can catch on quickly and apply their knowledge and capabilities for the maximum benefits of the Company and its shareholders.

- (3) The Board of Directors understands the relevant laws, regulations, standards, risks, and the business environment and is up-to-date with the current situation.
- (4) The Board of Directors discloses information relating to continuous training and skill development undertaken by directors in the Annual Report.

#### **Principle 3.9**

The Board of Directors ensures that its operations are smooth, that it has access to the necessary information, and that a secretary with the suitable knowledge and experience is there to provide support to the Board.

#### **Guideline 3.9**

- (1) The Board of Directors recognizes the importance of the roles of duties of the Company's secretary, and therefore assigns a suitable permanent employee to assume this position. Company's secretary helps to facilitate the Company's operations and ensures that the Company is run efficiently and in line with good corporate governance principles. The main duties and responsibilities of the Company's secretary are:
1. Provide legal and other regulatory advisories to the Board of Directors
  2. Assist in all activities of the Board of Directors
  3. Coordinate with other people to ensure the Board of Directors' resolutions are efficiently implemented
  4. Prepare and maintain the following documents
    - List of directors
    - Invitation letters to attend Board of Directors' meetings, and reports on such meetings
    - Invitation letters to attend shareholders' meetings, and reports on such meetings
  5. Maintain reports on interest, disclosed by directors or management

- (2) The Company's secretary has completed the Company Secretary Program (CSP) offered by the Thai Institute of Directors.

**Principle 4**

Ensure Effective CEO and People Management

**Principle 4.1**

The Board of Directors shall ensure that qualified individuals are nominated as Managing Director and high-ranking executives, and that they have the necessary knowledge, skills, experience, and qualifications that will drive the Company towards its goals.

**Guideline 4.1**

- (1) The Board of Directors assigns the Nomination and Remuneration Committee to consider criteria and methods for nominating the suitable person as the Chief Executive Officer.
- (2) To ensure continuous operations, the Board of Directors requires that the Chief Executive Officer report the plans of operations and succession plans of their own and other high-ranking executives regularly, under the supervision of the Nomination and Remuneration Committee. Such plans shall indicate how work can be handed over to the designated successor in case where the incumbent is no longer able to carry out their work duties.
- (3) The Board of Directors encourages the Chief Executive Officer and other high-ranking executives to receive training and development to enhance their knowledge and skills necessary for their work.
- (4) As directors can still carry out their duties at the Company, including formulating policies and providing advisories on various issues and problems that may arise in the course of business, at full capacity, without being affected by their holding of director positions at other listed companies, the Company therefore does have prohibitions regarding the number of listed companies in which its directors can hold director positions.

**Principle 4.2**

The Company ensures an appropriate structure of remuneration and performance evaluation.

**Guideline 4.2**

- (1) The Board of Directors shall consider a remuneration structure as incentive for the Chief Executive Officer, high-ranking executives, and other personnel to work towards the main objectives and goals, in line with long-term interest of the Company. These shall include:
  - 1) Considering appropriateness of proportion of remuneration consisting of salary, short-term benefits such as bonus, and long-term benefits such as Employee Stock Ownership Plan (ESOP);

- 2) When setting a policy on remuneration, factors that should be considered shall include levels of remuneration - higher than or comparable to what is being offered within the same industry and the Company's operating;
  - 3) Criteria for evaluation shall be set and communicated so that everyone involved is informed.
- (2) The Board of Directors excluding executive directors shall play a role relating to remuneration of the Chief Executive officer and high-level executives.
- (3) The Board of Directors shall approve of the criteria and factors for performance evaluation and the structure of remuneration for high-ranking executives, and ensure that the Managing Director evaluate high-ranking executives based on these criteria and factors for evaluation.
- (4) The Board of Directors ensures that there are criteria and factors for performance evaluation that are applied organization-wide.

#### **Principle 4.3**

The Board of Directors shall understand the structure and relations of shareholders which may affect the Company's administration and operations.

#### **Guideline 4.3**

- (1) The Board of Directors shall understand the structure and relations of shareholders. At present, there is no agreement between major shareholders that can affect control and administration of the Company.
- (2) In case where there is an agreement between major shareholders, the Board shall ensure that such agreement in (1) does not obstruct the Board's conduct of duties, e.g. regarding nomination of suitable person as successor.
- (3) If an agreement between major shareholders affects control of the Company, the Board of Directors shall disclose this information in the 56-1 Form and in the Annual Report.

#### **Principle 4.4**

The Board of Directors oversees management and development of human resources, to ensure an adequate number of staff and that they have suitable knowledge, skills, experience, and incentives.

#### **Guideline 4.4**

- (1) The Board of Directors ensures human resource management is in alignment with the Company's business direction and strategy and that employees at all levels have the necessary knowledge, are provided with suitable incentives, and treated fairly. This is to ensure that capable employees stay with the Company. The Company also has a policy and guidelines for enhancing their knowledge and capabilities, and discloses the average number of hours each employee attends training.
- (2) The Board of Directors ensures that a provident fund or a similar scheme is set up for employees and that employees have enough savings set aside for after their retirement. The Board shall encourage employees

to have adequate knowledge about financial management and choosing investments appropriate to their age range and risk level.

In 2016, the Company set up a provident fund as another option and an additional benefit for employees.

For existing employees, participation in the provident fund is optional. Those who choose not to take part in the provident fund will receive retirement pay when retiring from the Company.

### Principle 5

#### Nurture Innovation and Responsible Business

### Principle 5.1

The Board of Directors shall place importance on and encouraging the development of innovation that can create value for the business while at the same time benefiting customers or relevant parties in socially and environmentally responsible manners.

#### Guideline 5.1

- (1) The Board of Directors places importance on building an organizational culture conducive to creating innovations and ensures that management takes this into consideration when revising the Company's strategy, making plans for operations improvements, and monitoring performance.
- (2) The Board of Directors promotes innovation for value creation in an ever-changing environment, which may influence its business model, way of thinking, concepts of product and service design and improvements, research, improvement of production and operating procedures, and cooperation with trading partners.

### Principle 5.2

The Board of Directors ensures that management conducts business with responsibility towards society and the environment, which is reflected in its operational plan, to make sure that all units of the Company work towards the Company's main objectives, goals, and strategies.

#### Guideline 5.2

- (1) Taking the role of stakeholders into consideration, the Company recognizes the rights of stakeholders and resolves to treat all of them equally in regards to the Company's operations, whether they are employees, executives, clients, trading partners, creditors, the public sector, or other related agencies. These stakeholders are what makes the Company competitive and helps it to succeed in making profits in the long term. The Board of Directors respects the rights of stakeholders, and treats them in accordance with the rights, conditions, relevant laws, and regulations to ensure they are well treated, with details as follows:

Shareholders: The Company is committed to conducting business in order to create maximum benefits and satisfaction among shareholders. It takes into consideration the growth of the Company's value in the long term, stable operating gains, and disclosure of information in transparent and credible manners.

Employees: The Company recognizes the importance of employees as the driving forces behind the various work plans that lead the Company to achieve its business objectives. Therefore, the Company treats all employees fairly and equally, as follows:

1. The Company has put in place a policy and guiding principles regarding employee remuneration and benefits. The Company pays appropriate remuneration to its employees, in line with the remuneration within the same industry. It also provides various benefits for its employees, such as annual physical exam, activities, sports game, company outing, year-end party, etc. It also emphasizes long-term personnel development by creating learning opportunities and promoting training and development.

In 2016 the Company set up a provident fund as another option and an additional benefit for employees. For existing employees, participation in the provident fund is optional. Those who choose not to take part in the provident fund will receive retirement pay when retiring from the Company.

2. The Company resolves to protect human dignity, human rights, and freedom, by ensuring that the Company's operations does not violate human rights, that personal data and information and employees' privacy are protected, and that all employees are treated equally. It also allows employees to file written complaints with their superiors.

3. The Company has put in place a policy and guiding principles regarding safety and health in the workplace. It discloses accidents at work statistics, the rate of taken leave, and the rate of occupational illnesses. It aims to achieve zero accidents in all departments, which is one of the Company's goals.

4. The Company has put in place a policy and guiding principles regarding training and development to increase employees' skills and competencies. It also discloses the average number of hours employees take part in trainings per year.

Executive officers: The Company recognizes the importance of executive officers, as they play a leading role in formulating strategies and work plans, and overseeing the Company's operations to ensure it is in line with the direction and business goals set by the Board of Directors. Therefore, the Company pays appropriate and fair remuneration to executive officers, as incentive for the, to manage the Company with

determination and dedication, which will allow the Company to achieve its business goals.

Business partners: The Company recognizes the importance of business partners, for their role in supporting and driving the Company's operations, allowing the Company to grow and achieve its business goals. Therefore, the Company respects its business partners and treats them with fairness, taking into consideration the interest of both parties when conducting business and strictly complying with trading conditions to which both parties have agreed.

Customers: The Company resolves to provide services as agreed with customers, and always put customers first. It will foster good and stable relationships with customers. The Company has put in place a policy and guiding principles regarding the treatment of customers under the topic of "Code of conduct – towards customers."

Trading partners: The Company recognizes the importance of trading partners for their role in supporting and driving the Company's operations, and enabling a smooth conduct of business. The Company therefore treats trading partners with fairness and in compliance with the trading conditions to which both parties have agreed. The Company has also put in place a policy and guiding principles regarding the treatment of trading partners and creditors under the topic of "Code of conduct – towards trading partners and creditors."

Competitors: The Company aims to conduct business by adhering to fair trade practices. It focuses on increasing its competitiveness by increasing potential and service quality. It does not wish to damage competitors' reputation by means of libel or other dishonest means. The Company has also put in place a policy and guiding principles regarding the treatment of trading partners and creditors under the topic of "Code of conduct – towards competitors."

Environment: The Company cares about the environment. Some of the initiatives undertaken by the Company include the implementation of energy- and water-saving strategies, and a campaign encouraging people to refraining from smoking at the workplace, etc.

Community/ society: The Company supports social projects and activities that aim to increase the quality of life for people in the community. It also promotes and instills a sense of responsibility towards society among employees of all levels.

Public agencies and other supervisory organizations: The Company recognizes the importance of public agencies and other supervisory organizations for their roles, duties, and responsibilities in overseeing the Company's operations. The Company is committed to cooperating with these agencies and complying with relevant laws, rules, and regulations, to facilitate the

work of such agencies. It has also assigned the secretary to review compliance with relevant laws, rules, and regulations, and the internal auditor to review compliance with operating manuals and relevant standards, and report the review results to Audit Committee on an annual basis.

The Company has put in place a policy to protect the rights of all stakeholders and treat them equally, as the support of these stakeholders helps increase the Company's competitiveness and create profits, thereby contributing to its success in the long term. The Company respects the rights of each group of stakeholders, by complying with the regulations, laws, and rules, as well as contracts and agreements made between one another. It also discloses sufficient information to allow stakeholders to perform their parts efficiently. It does not take action that violates or negatively affects any stakeholders.

## (2) Corporate Social Responsibility (CSR)

The business operations of M.K. Real Estate Development Plc. are based on an organizational culture focused on achieving sustainable business development, environmental preservation and responsibility towards stakeholders in all areas. Therefore, the Company recognizes the importance of corporate social responsibility. It believes that a business' success is not only measured by its operating results, but also its role in and to the community and society. In this regard, the Company has continued to implemented social impact projects in line with its business strategy, by fostering a sense of care towards the environment and giving back to society.

In addition, the Company encourages employees to have a sense of responsibility in their duties and act with moral principles and fairness towards the Company and all stakeholders. It has put in place a policy to serve as a guidance on responsibility towards the environment and society, so that employees can incorporate it in business management and operations, which will lead to sustainable development. The Company strives to conduct business with transparency, disclose significant information in compliance with relevant laws and regulations, act with accountability, comply with good corporate governance principles and the Code of Conduct, and take into account the benefits to shareholders, employees, the community, society, trading partners, the media, customers, the general public, trading competitors, creditors, government agencies, and all stakeholders. It also sets priorities appropriately to achieve maximum satisfaction for the Company and all stakeholders, in order to become successful in a sustainable manner. The following are guiding principles for corporate social responsibility.

Guiding principles for corporate social responsibility

### (1) Fair conduct of business

In order to the Company's business to operate smoothly, which will in turn lead it to achieve its business objectives/strategy, the Company is committed to conducting business with integrity, fairness, and accountability. The Company treats its trading partners fairly and in strict compliance with all the relevant terms and conditions and business ethics. It also treats all stakeholders –shareholders, employees, the community, society, trading partners, the media, customers, the general public,

business competitors, creditors, government agencies, and other stakeholders—fairly. It does not engage in copyright infringement.

(2) Firm stance against corruption

The Company is committed to conducting business fairly and managing its operations based on transparency and accountability. The Company and its subsidiaries do not engage in corruption in their business operations. In addition, the Company has clearly formulated an anti-corruption policy.

In light of this, the Company has made sure all employees are informed of its anti-fraud and anti-corruption policy, and made the policy known to the public by publishing it on its Website, [www.mk.co.th](http://www.mk.co.th).

(3) Taking into account the interest of stakeholders

The Company maintains the interest of stakeholders by adhering to its Code of Conduct which outlines its responsibility towards customers, trading partners, employees, and the general public.

In addition, the Company has prepared a handbook on the Code of Conduct and issued announcements regarding the Code of Conduct for company management and employees outlining their responsibility towards customers, trading partners, creditors, business competitors, employees, and the general public, so that the Code is known to all employees. The Code is also published on the Company's Website, [www.mk.co.th](http://www.mk.co.th), and included in the directors' handbook, which is distributed to all directors.

(4) Fair treatment of employees

In order to support employees and ensure they are fairly compensated, the Company determines an appropriate salary for employees, in line with the rate of salary within the same industry. It also provides its employees with other benefits, including annual physical exams, annual company trips, and annual company party, etc. It also recognizes the importance of long-term training and development of personnel, to create learning opportunities and improve employee competencies. In this regard, it discloses the average number of hours an employee spends in training per year.

**Principle 5.3**

The Board of Directors ensures that management allocates and manages resources efficiently and effectively, taking into consideration the impact and resource development throughout the value chain, in order to achieve the objectives and goals in sustainable manners.

**Guideline 5.3**

The Board of Directors monitors management to ensure complete efficiency and effectiveness of resource management and development, and that due consideration is given to impacts and resource development throughout the value chain, in line with its goal of sustainability.

**Principle 5.4**

The Board of Directors provides a framework for regulating and managing information technology at the organizational level in line with the Company's requirements. It shall ensure that information technology is appropriately used to increase business opportunities and improve operations and risk management, so that the Company can achieve its main objectives and goals.

**Guideline 5.4**

The Board of Directors provides a framework for regulating and managing information technology appropriate to the Company's business conditions and requirements, and in a way that accommodates the way its employees work. This is to achieve improved efficiency and implement risk management, which will add more business opportunities for the Company.

In this regard, the Company has set a policy for information technology safety, with which all employees shall comply. It has also set a guideline for using Social Network, which requires that employees refrain from sharing photos, messages, or information that may contain confidential information of the Company or its customer. Employees are also required to refrain from wrongly accuse other people or expressing opinions that may cause division within the Company on Social Network, in order to prevent harm to the employees and the Company.

**Principle 6****Strengthen Effective Risk Management and Internal Control****Principle 6.1**

The Board of Directors ensures that the Company has in place a risk management system and internal controls, which will drive the Company effectively towards achieving its goals. It shall also ensure compliance with the relevant standards and laws.

**Guideline 6.1**

- (1) The Board of Directors understands the Company's significant risks and identifies acceptable risks.
- (2) The Company considers and approves a risk management policy that aligns with its main objectives, goals, strategies, and acceptable risks, to provide an operating framework for risk management so that everyone is heading towards the same direction. For this reason, the Board places importance on warning signs and ensures that the risk management policy is regularly reviewed.

**Risk Management**

In order for risk management to address the right problems and benefit the Company in practice, the Company places importance on the procedures of determining the risk management framework. Its main concern is to enable responsible personnel in every mission manage and reduce risks to an acceptable level. A number of measures can be taken to address or respond to risks and can be adjusted as deemed

appropriate to changing conditions. When a risk has been assessed and strategy devised to manage it, the next thing to do is determine action or measures to eradicate or reduce that risk to an acceptable level. Moreover, a time frame must be set for each action to be taken, and the departments to be responsible for carrying out risk management plans must be specified.

The Company requires that risk management is communicated organization-wide, that risk prevention and management measures be put in place, that efforts be made to ensure compliance with relevant laws and regulations, and that risk management reports be prepared. A risk assessment shall consider risk probability and impacts, in order to establish measures to control, prevent, and manage risks in line with international standards.

In addition, the Company has considered the possibility of other related risks which may affect its business, in order to establish additional control and preventive measures. In this regard, the Company has put in place a risk management policy, applicable organization-wide. Details are as follows:

#### Company-wide risk management policy

1. All management personnel and employees should be encouraged to become aware of operational risks; to consider these risks as collectively theirs and share the responsibility to prevent them from materializing appropriately; and to prepare to handle any situation with caution and clarity.
2. Management and employees in all divisions and departments are required to understand the Company's risk management policy and play a role in and contribute to the development of risk management plans. Support should be provided to encourage them to learn and understand their obligations relating to risk management.
3. Effective risk management processes should be put in place in every operating procedure, in line with good governance principles, to reduce uncertainties and increase the likelihood of the Company achieving its business targets.
4. Risk management should be supported so that it is successfully implemented organization-wide. Existing resources should be used efficiently in the conduct of risk assessment, and appropriate risk control and management measures should be established.
5. Risk management should be supported and promoted as part of the organizational culture, with everyone recognizing the importance of risk management to the Company's business operations.

#### Organization-wide risk management structure

The organization-wide risk management structure consists of directors, management, and all departments in the Company. The Committee on Organization-wide Risk Management, members of which are appointed by the Board of Directors, is responsible for ensuring that an effective and efficient risk management system is in place and everyone involved understands the risks that may have a serious effect on the Company, and for creating confidence that appropriate measures are taken to address those

risks. It acts as a central body for coordinating with and supporting management and various departments relating to risk management, to ensure it is continually and effectively implemented.

Therefore, management and all employees shall be informed of and understand the risk management policy thoroughly, including procedures to take in order to manage or reduce risk probability during business operations and how to assess risks based on the criteria set by the Company. This can be achieved by inviting management and employees in each line of work to attend meetings, where they can brainstorm and discuss the risk issues arising during the course of their work.

After each department has identified its risk issues, all the information obtained shall be used to conduct a more careful risk assessment. Each risk issue should be analyzed in regards to probability and impact once it has materialized. This is because some risk issues are less likely to occur, but tend to cause serious impacts once they do. Acceptable levels of these risks should also be determined, as are the measures to manage each of them.

#### Principle 6.2

The Board of Directors has set up an Audit Committee who shall conduct its work independently and freely.

#### Guideline 6.2

- (1) The Board of Directors has set up an Audit Committee consisting of at least three directors. All of the members of the Committee are independent directors and have the qualifications and duties as specified by the Securities and Exchange Commission and the Stock Exchange of Thailand.
- (2) The Board of Directors has outlined the duties of the Audit Committee in writing in the Audit Committee Charter, to include the following:
  - 1) Review the Company's financial reporting process to ensure that it is accurate and adequate.
  - 2) Review the Company's internal control system and internal audit system to ensure that they are suitable and effective, determine an internal audit unit's independence, and approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of internal audit
  - 3) Review the Company's compliance with the law on securities and exchange, Stock Exchange of Thailand regulations, and the laws relating to the Company's business
  - 4) Consider, select and nominate an independent person to be the Company's auditor, propose such person's remuneration, and hold a meeting with the auditor, in which no members of management attend, at least once a year
  - 5) Review related party transactions, or transactions that may lead to conflict of interests, to ensure that they are in compliance with the laws and Stock Exchange of Thailand regulations, reasonable and for the highest benefits of the company

- 6) Prepare, and disclose in the Company's Annual Report, an the Board of Audit Committee report which must be signed by chairman of the Board of Audit Committee and include at least the following information
  - (A) An opinion on the accuracy, completeness and creditability of the Company's financial reports
  - (B) An opinion on the adequacy of the Company's internal control system
  - (C) An opinion on compliance with the law on securities and exchange, the Stock Exchange of Thailand regulations, or the laws relating to the Company's business
  - (D) An opinion on the suitability of the auditor
  - (E) An opinion on the transactions that may lead to conflict of interests
  - (F) The number of the Board of Audit Committee's meetings, and attendance in such meetings by each committee member,
  - (G) An overall opinion or comment about Audit Committee' s implementation of its duties in accordance with the charter
  - (H) Other transactions which 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
- 7) Perform any other act as assigned by the Company's Board of Directors, with the approval of the Board of Audit Committee

In addition, the Audit Committee is tasked by the Board of Committee to oversee implementation of anti-corruption measures. The Committee shall review relevant internal control measures and report on the adequacy and efficiency of these measures.

- (3) The Board of Directors recognizes the importance of an internal control system as a tool to help reduce business risks, protect company assets, generate credibility in financial reports and protect shareholders' investments. It has therefore assigned Audit Committee to establish an efficient internal control system and manage risks to ensure they remain at the appropriate level. An internal auditor, who independently conducts an auditand reports to Audit Committee, is responsible for auditing the Company's operations for efficiency and effectiveness. The internal auditor will report the audit results directly to Audit Committee. In addition, Audit Committee will review the appropriateness and adequacy of the internal control system at least once a year, and present its findings to the Board of Directors to obtain their opinions on the issue. The Board's opinions will be included in the Annual Report and the Annual Information Form (Form 56-1).
- (4) The Audit Committee has access to the information they need in order to conduct its work. For instance, the Committee may summon involved individuals to provide information, consult with the auditor, or seek an independent opinion of a professional advisor to form a basis of their judgment
- (5) The Board of Directors has established an independent internal audit department, who shall be responsible for developing and reviewing the efficiency of risk management and internal controls and reporting results to the Audit Committee. The results shall be disclosed in the Annual Report.

- (6) The Audit Committee has expressed an opinion on the adequacy of the risk management system and internal controls, and disclosed this in the Annual Report.

**Principle 6.3**

The Board of Directors monitors and manages conflicts of interest that may arise from the Company, management, the Board, or shareholders. It shall prevent misappropriation of company assets and opportunities, and inappropriate transactions with related parties.

**Guideline 6.3**

- (1) The Company ensures data protection, and has put in place a policy and guideline for maintaining confidentiality, integrity, availability and managing market sensitive information. Moreover, the Board ensures that directors, high-ranking executives, employees as well as relevant external parties such as legal counsel strictly protect data privacy.

**Inside information management**

The Board of Directors has put in place a policy regarding the use of inside information, to prevent all personnel, including directors, executive officers, and employees to disclose company information to external parties or for use it for personal benefits, including trading of company securities while they are being listed, by informing directors, executive officers, and employees of and requiring their compliance with the following principles.

1. Directors, executive officers, and employees must keep all company data, including sensitive information, strictly confidential. They will not disclose such information to gain personal benefits or for the benefits of other parties, whether directly or indirectly, and regardless of whether they have received something in return from so doing, unless such information is made publicly available.
2. Directors, executive officers, and employees that have become aware of the Company's financial data and/or other significant inside information that has an effect on securities value, should refrain from trading company securities before the financial statements or such inside information is made publicly available and from disclosing such information to other persons. The same applies to spouses and children who have not attained the legal age of directors, executive officers, and employees as well. In case where a Director, Executive Officer or employee violates or fails to comply with the Company's policy regarding the use of inside information in securities trading, that Director, Executive Officer or employee will face disciplinary action that includes a verbal warning, a written warning, suspension from work, and removal from position or dismissal without paying compensation as required by law, depending on the severity of the offence committed.

In this regard, the Company ensures that directors, executive officers and who that received inside information refrain from trading company securities, especially 30 days before the Company announces its operating results (in quarterly and annual financial statements) or makes publicly available significant information or data that can have an effect on the value of company securities.

The Company will apply the highest form of penalty if it has found that directors, executive officers and who that received inside information has used inside information or acts in ways that can be seen as possibly causing damage to the Company or eroding its reputation.

In addition, the Company requests the cooperation from employees not to trade securities within 30 days before financial statements or other significant information that may affect the price of securities are made publicly available.

3. Directors and executives prepare and sumit reports of securities holding and future contracts of directors and executives, as well as their spouse or de facto spouse and children under the legal age, to the Securities and Exchange Commission, in accordance with Article 59 of the Securities and Exchange Act B.E. 2535 (1992), as specified in the regulation on reporting securities holding and future contracts of directors and executives within a specified period.

In case where a director or executive has reported on changes in securities holding and future contracts (Form 59) to the Securities and Exchange Commission as legally required, the Company's secretary shall summarize the changes in securities holding of the director/executive and present them in a Board of Directors' meeting on a quarterly basis.

- (2) The Board of Directors ensures that potential cases of conflict of interest are managed and monitored, and that a guideline and principle is put in place to make such cases follow operating procedures and make related disclosure in accordance with the laws, for the interest of the Company and shareholders. Stakeholders shall not take part in this decision making. In addition, the Board of Directors requires that the directors report their stakes before considering meeting agendas, and these are recorded in the minutes of the Board's meetings. The guideline is as follows:

#### Conflict of interest

The Board of Directors and management resolve to carefully prevent conflict of interest from arising, by conducting business with honesty, reasonableness, independence, and in compliance with the code of conduct for the Company's benefits.

Therefore, in order to achieve transparency and prevent personnel from gaining personal interest, the Company requires its directors, executive officers, and related persons to disclose information that may cause conflict of interest to the Board of Directors, by providing this information to Company Secretary. In addition, directors and executive officers are required to report any company securities held, per Securities and Exchange Commission regulations. Moreover, in meetings of the Board of Directors and Sub-Committees, all stakeholders who have entered into transactions or may have conflict of interest with the Company are required to abstain from expressing their opinions and casting their vote in such transactions/matters.

Furthermore, directors and executive officers are required to report their interest relating to management of the Company or its subsidiary, or that of related persons, to the Company, pursuant to Article 89/14 of

the Securities and Exchange Act B.E. 2535 (1992), amended for the fourth time in 2008. In addition, the information in such report will make it easier for the Company to ensure that directors and executive officers honor their fiduciary obligations. Therefore, directors and executives are required to declare their interest in a form prepared by Thai Listed Companies Association. The form must be submitted within 30 days after the Board of Directors have passed a resolution, or after their appointment as director or executive officer. In case where there is a change in information, the director or executive officer must fill in another form and submit it to Company Secretary no later than 15 days after the change has occurred.

In addition, the Company has put in place a policy and procedures for the approval of transactions that may cause conflict of interest or related party transactions, requiring disclosure of names, relationships between related parties, pricing policy, transaction values, as well as Board of Directors opinion on such transactions. This is in strict compliance with the Securities and Exchange Commission and Stock Exchange of Thailand regulations governing related party transactions, and is aimed at protecting all shareholders' interest equally.

The Company or its subsidiary may have transactions with a director, executive officer, or other related person. However, the transactions must have terms and conditions normally expected of transactions made between ordinary parties, and not be influenced by the fact that one of the parties is a director, executive officer, or related person, pursuant to Article 89/12 of the Securities and Exchange Act B.E. 2551 (2008), (fourth amendment). The Board of Directors may approve such transactions between the Company or its subsidiary and a director, executive officer, or other related person, as it sees appropriate.

As a result, for the benefits and appropriateness of the Company's business operation, the Board of Directors' Meeting No. 6/2017 on 1 November 2017 approved that management committee may enter into transactions between the Company or subsidiaries and directors, executives or a related persons if such transaction has the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person. As for connected transactions of other manners, they shall be in compliance with the Securities and Exchange Act (No. 4) B.E. 2551 and the Notification of the Office of the Board of Governors of the Stock Exchange of Thailand. The Company shall propose to the Board of Directors together with the Audit Committee to consider approving the transactions, or propose to the shareholders' meeting for approval as the case may be.

The Company recognizes the importance of entering into related party transactions. All related party transactions must be conducted with the Company's and its shareholders' maximum interest taken into consideration, and in line with general pricing and trade competition conditions. The price and other selling conditions of related party transactions are similar to those of arms-length transactions. All related party transactions must be reviewed by Audit Committee, which consists wholly of independent directors. Audit Committee have presented related party transactions and transactions that present cases of conflict of

interest to the Board of Directors for their careful consideration, strictly adhered to the rules set by the Stock Exchange of Thailand in its report, and disclosed all this information on a quarterly basis. They have also disclosed all the significant information in the Annual Registration Statement (Form 56-1).

#### **Principle 6.4**

The Board of Directors ensure that an anti-corruption policy and guideline is clearly established and communicated organization-wide as well as externally, for actual implementation.

#### **Guideline 6.4**

The Company has issued anti-corruption guidelines and supported activities that promote compliance with the relevant laws and regulations by all employees. In its anti-corruption initiatives, the Company remains steadfast in combating corruption and fraud in all forms. Therefore it has issued a policy to serve as a guideline, under a general framework of complying with Thailand's laws against corruption in all forms. It has communicated this policy with its directors, executives and employees and required their strict compliance. The policy is as follows.

##### **Anti-corruption policy**

1. The Company is against all forms of corruption, including all forms of bribery, during the course of business. The Company and its subsidiary will not commit any acts of corruption, including the request, collection, and payment of bribes.
2. Management and employees carry out their duties and make decisions on the basis of honesty and fairness to shareholders and other stakeholders, and always take into consideration the Company's benefits.
3. Management and employees are prohibited from requesting, committing, or accepting acts of corruption, whether for their own benefits or those of their family members, friends, and acquaintances.
4. Do not take or give cash or other forms of gifts, except during holiday seasons or when appropriate in particular occasions. In such cases, the value of the gifts must be reasonable, and the person obtaining them must consult their superiors in regards to appropriateness of the gifts.
5. The Company will not grant funding or use company resources to support any political candidates or parties, or use them in political campaigns or activities.
6. Donation to charities and financial sponsoring of any events must be done with transparency, respect to the laws, and moral principles.
7. Failure to comply with anti-corruption policy, whether committed by members of the Board of Directors, management, or employees, will result in disciplinary action, depending on the offense committed, in line with the Company's human resources policy.
8. The Company does not seek to demote or punish employees who have rejected acts of corruption, even though such action causes the Company to lose a business opportunity.

9. In addition, the Company has put in place an efficient internal control system and proper checks and balances, to prevent management and employees from committing or becoming involved in acts of corruption.
10. The Company also assesses the risk of corruption that may occur, in order to develop anti-corruption measures suitable for the level of risk.
11. The Board of Directors has assigned Audit Committee to oversee compliance with anti-corruption measures. Audit Committee does this by reviewing relevant internal control measures and reporting on the adequacy and efficiency of anti-corruption measures.
12. If the directors, executive or employee does not follow the anti-corruption policy, the Company will appoint a disciplinary punishment case by case under regulations of Human Resource Management.
13. The Company has no policy to degrade, punish or cause negative impact to those employees who refuse corruption even such action might bring benefit to the Company.
14. The Company will consider collaboration with private companies launching activities against corruption as another way to contribute our help to society.

The Company implements the effective internal control system by provides an independently outsourced Internal Auditor with auditing and balance power to prevent corruption among executives and staffs.

The Company have evaluated risk of corruption that may occur to the Company in order to stipulate proper anti-corruption policy toward risk evaluation result.

The Audit Committee is assigned by Board of Directors to investigate the compliance to the anti-corruption policy by reviewing interal control system as well as reporting the validity and effeciency of the anti-corruption policy

In this regard, the Company considers expressing its intent by cooperating in anti-corruption initiatives with the private sector, for collective benefits and practical steps to eradicating corruption. The Company's anti-corruption policy is published on its Website: [www.mk.co.th](http://www.mk.co.th).

#### **Principle 6.5**

The Board of Directors ensures that a mechanism is put in place to receive complaints and a procedure is set up to take action when complaints are made.

#### **Guideline 6.5**

- (1) The Board of Directors ensures that a mechanism and a procedure are in place to record and monitor progress, address an issue, and report a complaint filed by stakeholder, and ensures that more tha one channels are provided to faciliite the submission of complaints. Its policy for filing complaints and related procedures shall be made available on [www.mk.co.th](http://www.mk.co.th), in 56-1 Form, or the Annual Report.

- (2) The Board of Directors ensures that there is a clear policy and guideline governing complaints by indicating channels for complaint filing, such as letter, telephone, fax, and email to the Chair of the Audit Committee and/or the Company's secretary. A procedure on reviewing the complaint, further action on the complaint, and report to the Board shall also be set up.
- (3) The Board of Directors ensures that the person filing a complaint in honesty is protected.

In recognition of stakeholders' equal rights, the Company has provided channels for whistleblowing reporting, through which stakeholders can report non-compliance of the Code of Conduct, illegal acts, fraudulent acts, or misconduct by employees of the Company or its subsidiaries, or deficiencies in the internal control system. Both employees and other stakeholders may voice their concerns. The Company has also put in place mechanisms for protecting whistleblowers, by establishing a reporting procedure whereby an illegal act or failure to comply with the Code of Conduct can be reported to the Company Secretary by email, at whistleblowing@mk.co.th. The Company has put in place measures to protect the whistleblower, treat the report received in confidence, limit the number of people that are informed of the report and disclose it to relevant people only, to provide assurance and a sense of security to the whistleblower. The whistleblower may choose to remain anonymous, and if deemed necessary the Company may implement special protection measures when the whistleblower is likely or believed to be in harm's way. The whistleblower shall be appropriately and fairly compensated by the Company or the person causing them to suffer from harm, in line with relevant operating procedures and laws.

#### Reporting of concerns (whistleblowing)

The Company encourages stakeholders to report or voice their concern about any suspected misconduct, illegal act, violation of the Code of Conduct, financial misreporting, or deficiency in the internal control system to the Board of Directors. They can do so through the channels provided by the Company. The Company will conduct an investigation to discover all relevant facts in with discretion and in confidence, and ensure that the whistleblower and everyone else involved are treated fairly and protected from intimidation of any kind.

#### Channels for raising whistleblowing concerns

A whistleblowing concern can be raised through any of the following channels:

1. Mail : Attn: Chairman of the Audit Committee  
M.K. Real Estate Development Public Company Limited  
7<sup>th</sup> Floor, 345 Surawong Building, No. 345, Surawong Road,  
Kwaeng Suriyawong, Khet Bang Rak, Bangkok, 10500  
Tel : 02-639-3720  
E-mail : [chairman.auditcom@mk.co.th](mailto:chairman.auditcom@mk.co.th)
2. Mail: Attn: Company Secretary  
M.K. Real Estate Development Public Company Limited

7<sup>th</sup> Floor, 345 Surawong Building, No. 345, Surawong Road,  
Kwaeng Suriyawong, Khet Bang Rak, Bangkok, 10500

Tel : 02-234-8888 Ext. 2101,9990

Fax : 02-234-8880

E-mail : [whistleblowing@mk.co.th](mailto:whistleblowing@mk.co.th)

An employee who has witnessed a violation or failure to comply with the Code of Conduct may report it to the Board of Directors, the Company Secretary, or their supervisor directly.

The Company regularly disclosed sufficient and credible information in a timely manner to ensure that all stakeholders were informed of any significant information equally. The Company also treated all stakeholders fairly, without taking advantage of or discriminating against any of them. It also formulated fair and straightforward regulations. Moreover, the Company has always supported activities for society, the community and the environment.

#### Principle 7

Ensure Engagement and Communication with Shareholders

#### Principle 7.1

The Board of Directors is responsible for overseeing the system for preparing financial reports and disclosure of significant information to ensure accuracy, adequacy, timeliness and compliance with relevant rules, standards, and guidelines.

The Board of Directors is responsible for preparing the financial statements of the Company and its subsidiary, and other financial information contained in the Annual Report, which are prepared in accordance with generally accepted accounting principles. It also discloses sufficient information in the notes to financial statements, on which authorized director will sign and affix the company seal to certify correctness.

In this regard, the Board of Directors has assigned Audit Committee to oversee the procedures in preparing and disclosing information in the financial reports, the internal control system, and the internal audit; consider the adequacy and appropriateness of the internal control system; and prepare financial statements that are based on facts, complete, sufficient, and credible. The Company's secretary maintains all the Board of Directors' meeting reports.

#### Guideline 7.1

- (1) The Board of Directors ensures that personnel responsible for preparing and disclosing information have the knowledge, skills, experience suitable for their responsibility, and that there are enough people for this task. These personnel include the highest ranking position in accounting and finance, accountants, internal auditors, company secretary, and investor relations division.

- (2) The Board of Directors ensures appropriate disclosures in financial reports which include the following at a minimum:
- (A) Results of evaluating adequacy of internal controls
  - (B) Auditor's opinion on financial statements and observations on internal controls, including auditor's observations via other channels (if any)
  - (C) Opinions of the Audit Committee
  - (D) Alignment of the Company's main objectives, goals, strategies, and policies
- (3) The Board of Directors ensures disclosures that include financial statements, Annual Reports, and 56-1 Form which adequately reflect the financial status and operating performance. It shall ensure that the Company prepares management discussion and analysis (MD&A) to accompany financial statements on a quarterly basis. This is to ensure that investors have all the necessary information and are up-to-date with changes in financial status and operating performance in each quarter, in addition to the figures presented in financial statements.
- (4) In case of disclosures relating to a specific director, that director shall ensure that the disclosures are complete and accurate, e.g. information of shareholders in their group or shareholders' agreement of their group.

#### Principle 7.2

The Board of Directors monitors capital adequacy and ability to repay loans.

#### Guideline 7.2

The Board of Directors monitors the Company and subsidiaries' capital adequacy and financial status to ensure they are able to repay loans.

#### Principle 7.3

When experiencing financial difficulty and when financial difficulty becomes likely, the Board shall be confident that the Company has a plan or other mechanisms to handle it, keeping in the mind the rights of stakeholders.

#### Guideline 7.3

The Board of Directors shall monitor financial status in order to make the necessary plans in case where the Company is likely to suffer financial difficulty, whether due to the conditions of its business, market competition, or the country's economy or business conditions in general.

#### Principle 7.4

The Board of Directors shall consider preparing a sustainability report as it deems appropriate.

#### Guideline 7.4

The Company remains committed in its organizational culture in the conduct of business, which is focused on sustainable development in conjunction with environmental protection and responsibility towards stakeholders

in all dimensions. The Company recognizes the importance of being socially responsible and acts accordingly, as it believes that a business's success does not come solely from its operating results, but also from its role in contributing positively to members of the community and society. It has also engaged continuously in community activities to promote sustainability in line with the Company's strategy, by instilling environment consciousness and encouraging giving back to society.

**Principle 7.5**

The Board of Directors ensures that management set up an investor relations division or assign persons in charge of investor relations. The division or persons shall be responsible for communicating with shareholders and other stakeholders, such as investors and analysts, keeping in mind appropriateness, equal treatment, and timeliness.

**Guideline 7.5**

- (1) The Board of Directors shall provide communications and disclosure of information to ensure that all communications and disclosure of information to external parties are carried out appropriately, timely, and on an equal basis. The Board shall also ensure that appropriate channels are used, that no confidential or sensitive information (such as information that could affect the price of securities) is made public, and that everyone in the Company shares the same understanding in this regard organization-wide.
- (2) The Board of Directors recognizes the importance of accurately and completely disclosing information that may affect investors' decision and stakeholders, which includes financial data and other information such as shareholding structure, risk factors, related party transactions, in manners that are credible, comprehensive, timely, and in compliance with the Stock Exchange of Thailand regulations. A division responsible for investor relations will act as coordinator, providing company information and distributing it to investors, analysts, and the general public through various channels such as the Stock Exchange of Thailand, print media, and the Company's Website, [www.mk.co.th](http://www.mk.co.th)

The Board of Directors disclosed significant information, including financial reports and other non-financial information, correctly and completely pursuant to regulations by the Securities and Exchange Commission and the Stock Exchange of Thailand. It disclosed such information through channels such as the Securities and Exchange Commission and the Stock Exchange of Thailand. Those wishing to obtain such information can download it from their Websites: [www.sec.or.th](http://www.sec.or.th) and [www.set.or.th](http://www.set.or.th). In addition, the Company also publishes information regularly on its Website, [www.mk.co.th](http://www.mk.co.th), including its Annual Reports which contains information such as good corporate governance policy, report on the responsibilities of the director towards financial reports, auditor's report, and financial statements which were prepared in accordance with generally accepted accounting principles and reviewed by a certified auditor, and directors' remuneration as approved in a shareholders' meeting. The Company also set up an investors relation division, in charge of

disclosing information relating to the Company's operations for those interested in obtaining this information and investors.

- (3) The Board of Directors ensures that management set a direction for and support the investor relations division. For example, criteria shall be set for providing company information, as well as a policy for managing information that can affect the price of securities. The duties and responsibilities of the division of investor relations shall be clearly outlined, to ensure efficient communication and disclosure of information.

#### **Principle 7.6**

The Board of Directors shall encourage the use of information technology for communication purposes.

#### **Guideline 7.6**

The Board of Directors encourages the use of information technology in communicating the Company's information. This includes making company information and news available on its website, as a channel for investors, customers, and stakeholders to receive information they need for decision-making. It also publishes information in the Thailand Stock of Exchange (SET)'s portal, in line with the regulations and methods set by the Securities and Exchange Commission and the Thailand Stock of Exchange.

#### **Principle 8**

##### **Ensure Engagement and Communication with Shareholders**

#### **Principle 8.1**

The Board of Directors ensures that shareholders are actively engaged in making important decisions for the Company. The Board has issued a policy to be implemented in accordance with good corporate governance, which encompasses the following:

1. Shareholders and stakeholder rights
2. The Board of Directors are committed to increasing the value of the Company, managing the Company with caution, and conducting risk assessments on a regular basis, to ensure maximum benefits of the shareholders
3. The Board of Directors shall conduct business with transparency and disclose accurate and complete information.
4. The Board of Directors shall take the code of conduct into consideration in the conduct of business

The Company recognizes the importance of, and will protect shareholders' rights.

#### **Guideline 8.1**

- (1) The Board of Directors oversees important issues including legal stipulations and issues that could affect the Company's operations, which have been reviewed and/or approved by the shareholders. These important issues should be included as agendas in shareholders' meetings.

The Board of Directors recognizes the rights of shareholders and the importance of treating all shareholders – regardless of whether they are members of management, and including foreign shareholders, and minority shareholders – fairly and equally. It also respects and upholds shareholders' fundamental rights. Therefore, all shareholders have an equal right in the sale, purchase and transfer of shares, have an equal share in the Company's profits, have sufficient access to the Company's information and data, can attend meetings to exercise their voting right on matters such as the appointment or removal of directors, the appointment of an auditor, and other matters that may affect the Company such as dividend payment (if any), issuance or modification of regulations or memorandum of associations, capital increase or decrease, and approval of special transactions, etc.

The Company allows shareholders to submit topics for discussion to be included in a meeting agenda and nominate persons to be considered for appointment as directors. The topic submission and personnel nomination can be done no less than one month before the Annual General Meeting of Shareholders is held, per company regulations.

The shareholders' rights, which consist of the following:

1. Voting right

Shareholders have equal voting rights as specified in Company Articles of Association , i.e. each shareholder has one vote per share. In other words, each shareholder is entitled to the number of votes equivalent to the number of shares held by them.

2. Right to be informed of the Company's operating results

Shareholders have the right to be informed of the Company's operating results, particularly annual operating results. In this regard, the Company prepares a report on its annual operating results, which includes all the significant information on the operations of the past year.

3. Right to review and approve the Company's financial statements

Shareholders have the right to review and approve the Company's financial statements. In this regard, the Company prepares financial statements that are correct, complete, credible, and include significant information in accordance with generally accepted accounting standards. The Company's financial statements are audited by an independent, reputable auditor.

4. Right to receive dividend from the Company's operating results

Shareholders have the right to review and approve dividend payment from the Company's operating results. In this regard, the Company prepares all the necessary information and data needed for the calculation of a dividend to be paid, such as dividend policy, comparison of the actual dividend amount against the dividend policy, and comparison of the current year's dividend against that of the previous year, and ensures the amount of dividend complies with the dividend policy. The amount of

dividend being paid to shareholders is carefully calculated, reviewed, and approved by the Board of Directors, before being presented in a shareholders' meeting for final approval.

In case where the Company is unable to pay a dividend from its operating results, the Company shall explain the reasons and necessity for its inability to make the dividend payment.

5. Right to consider and appoint individual members of the Board of Directors

Shareholders have the right to consider and appoint individual members of the Board of Directors. The Company prepares the biography of the person being nominated that includes all the information needed for shareholders' consideration, such as the person's background, date of appointment, type of director they are being nominated for, selection criteria and methods, shareholding in the Company, the position(s) they are occupying at other companies, whether or not such position is related to the Company's conduct of business, etc. The Company also prepares the definition of independent directors, in case where they are being appointed, which is included in the meeting invitation letters and the Company's Annual Report. The person being nominated will have been carefully selected and reviewed by Nominating and Remuneration Committee or the Board of Directors (as the case may be) and approved by the Board of Directors, before being presented to the shareholders for final approval.

6. Right to review and approve Board of Directors' remuneration

Shareholders have the right to review and approve Board of Directors' remuneration. The amount of remuneration being presented to the shareholders will have been carefully reviewed by Nomination and Remuneration Committee and approved by the Board of Directors, before being presented in a shareholders' meeting for final approval.

7. Right to appoint auditor and approve audit fee

Shareholders have the right to appoint an auditor and approve an audit fee. The Company prepares all the necessary information for shareholders' consideration, such as auditor's name and organization, auditor's independence, the number of years the person has audited the Company, and the auditor's remuneration, set separately from the audit fee and other fees (if any). The proposed auditor and their remuneration will have been carefully considered and reviewed by Audit Committee, which will evaluate the auditor's previous work and compare the proposed audit fee against the audit fee of the previous year, and approved by the Board of Directors, before being presented in a shareholders' meeting for final approval.

To make sure that the auditor can review and audit the Company's financial statements with independence, the Company will propose a new auditor in a shareholders' meeting for consideration and approval at least every seven accounting years.

8. Right to review and approve related party transactions

In order to protect their interest, shareholders have the right to review and approve material related party transactions. The conduct of related party transactions must take the maximum benefits of the

Company and its shareholders into consideration, and must be reviewed by Audit Committee, which consists wholly of independent directors.

9. Other fundamental rights of the shareholders, per relevant rules, regulations, and laws

The Company will prepare all the necessary details regarding capital increase for shareholders' consideration, such as the objectives and necessity of the capital increase, methods and conditions in the capital increase, effects of the capital increase on the Company and shareholders, etc. The capital increase will have been carefully reviewed and approved by the Board of Directors, before being presented in a shareholders' meeting for final approval.

An Annual General Meeting of Shareholders is held once a year, no later than four months from the end of the accounting year. In case where urgent matters arise, such as matters that may affect shareholders' interest, those that relate to conditions or relevant regulations or laws that require shareholders' approval, the Company may call an extraordinary general meeting. The directors will ensure that shareholders' meetings are held in compliance with company regulations, relevant laws, Stock Exchange of Thailand's Board of Governors' policy governing the conduct of shareholders' meetings of listed companies, and the Securities and Exchange Commission handbook on shareholders' meetings, to ensure that all shareholders are treated equally.

(2) The Board of Directors encourages shareholders' participation and treats all shareholders equally in meetings, as follows:

- 1) All shareholders have an equal right to express their opinions, per company regulations. Each shareholder has one vote per share.
- 2) The Company distributes its information and data to shareholders on a regular basis, through channels such as the Stock Exchange of Thailand and the Company's Website
- 3) The Company allows shareholders to submit topics for discussion to be included in a meeting agenda and nominate persons to be considered for appointment as directors. The topic submission and personnel nomination can be done no less than one month before the Annual General Meeting of Shareholders is held, per company regulations.
- 4) The Company allows shareholders to submit questions related to the meeting agenda before the meeting takes place, per company regulations, to ensure maximization of shareholders' benefits and protect their interest.

In this regard, the Company has rules for sending in questions in advance which are announced on the Company's website.

- 5) The Company sends out invitation letters, along with meeting-related documents which include topics for discussion that are accompanied by directors' opinions, to shareholders no less than seven days before a meeting is held, unless required otherwise by regulations, notices, or directives issued by the Stock Exchange of Thailand or the Securities and Exchange Commission. It also publishes invitation letters and meeting-related documents, containing the same information and data as that

in posted documents, on the Company's Website before a meeting is held. The purpose of doing so is to allow shareholders ample time to study all the necessary information ahead of the meeting, so they can make informed decisions.

- 6) The Company informs shareholders of how to attend a meeting and any rules and regulations governing the conduct of meetings in the invitation letters. It also informs shareholders of the voting procedures in the meeting. In a shareholders' meeting, all the procedures are clearly laid out, namely presenting topics, raising questions, casting votes, and adopting a resolution. The Company assists all shareholders equally by allowing shareholders to register for the meeting from at least one hour before the meeting takes place, until the meeting is over.

At the Annual General Meeting of Shareholders, the Company invited legal advisors from a legal office to take part in the meeting, to act as a neutral party and count the votes cast.

- 7) The Company does not deprive the right of shareholders to study the information and data that it is required to disclose per various regulations, or the right of shareholders to attend meetings. For example, the Company does not suddenly distribute additional documents with significant information during a shareholders' meeting, does not add topics for discussion into the meeting agenda or change significant information without first notifying shareholders, or does not prohibit shareholders arriving late from attending the meeting.
- 8) The Company provides opportunities for, and encourages shareholders to exercise their voting right in a shareholders' meeting. For example, it ensures that the meeting proceeds in the order that has been outlined in the invitation letter. Moreover, for the appointment of directors, shareholders can cast their vote to select directors individually. Shareholders are also allowed ample time to ask questions and express their opinions related to the topic under discussion.

- 9) In case where a shareholder cannot attend a meeting, the Company will send out an authorization letter (Form Khor), which allows the shareholder to express their opinions regarding the matters for which the votes are needed. The shareholder can download Form Kor and Form Khor of the authorization letter from the Company's Website, and nominate at least one independent director of the Company as an authorized person to attend the meeting on their behalf.

This measure will allow shareholders who cannot attend a meeting to exercise their voting right by assigning another person or authorizing an independent director (the Company will propose at least one independent director to shareholders for this purpose) to do so on their behalf, therefore giving shareholders options to select an authorized person to act on their behalf.

- (3) The Board of Directors ensures that meeting invitation letters contain necessary and accurate information, sufficient for the exercise of rights of the shareholders.
- (4) The Company prepares meeting invitation letters for shareholders and related documents in English, to be sent out simultaneously with the Thai ones.

## Principle 8.2

The Board of Directors ensures that shareholders' meetings are held in accordance with the Company's regulations, laws, Stock Exchange of Thailand policies regarding the code of conduct on shareholders' meetings of listed companies, as well as the Handbook on Shareholders Meetings published by Securities and Exchange Commission, to support fair and equal treatment of all shareholders.

### Guideline 8.2

- (1) When setting a meeting, the Board shall take into consideration whether the selected meeting date, time, and venue is convenient for the shareholders. The Board shall also allow sufficient time for the shareholders to raise questions or express their opinions and for the relevant directors to answer the questions.
- (2) The Company shall make it easy for the shareholders and encourage them to attend and exercise their voting right in the shareholders' meeting.
- (3) The Company shall engage an independent, unrelated company to count the votes cast for each agenda.
- (4) A shareholders' meeting shall be presided over by the Chairperson of the Board, who shall provide all the shareholders with equal opportunities to examine the Company's operations, ask questions, express their opinions, or make recommendations.
- (5) The Company shall not distribute any new meeting documents with important information, add any new meeting agenda, or make any change to important information while the meeting is being held without informing the shareholders beforehand. The Company shall not deny any shareholders who arrive late the right to attend the meeting.
- (6) Directors and executives dealing with issues being discussed in the meeting shall attend the meeting to provide the shareholders with relevant information and answer any question they may have.
- (7) The Company shall inform the shareholders of the number the attendees, both those who attend for themselves and those attending through their proxy, and the attendee ratio before the meeting commences. It shall also inform them of meeting instructions including how to vote in each agenda.
- (8) The Company's shareholders have the right to consider and appoint individual directors. The Company shall prepare the backgrounders for each person who has been nominated for the position, in order to help the shareholders make an informed decision.
- (9) For each meeting, the Company shall prepare vote cards for each agenda. The Company shall inform the attendees of the vote results for each agenda and document them in the minutes of the meeting. The Company shall also engage a legal advisor from a law firm to act as an intermediary and to count the votes.

### Principle 8.3

The Board of Directors ensures accurate and full disclosure of meeting resolutions and proper preparation of minutes of shareholders' meetings.

#### Guideline 8.3

- (1) The Company shall disclose resolutions passed in a shareholders' meeting, along with vote results for each agenda, on the date of the meeting or on the following day via SET Portal and on the Company's website.
- (2) The Company shall submit a copy of the minutes of the shareholders' meeting to the Stock Exchange of Thailand within 14 days of the meeting date.
- (3) The minutes of the shareholders' meeting shall include the names of directors and executives, the ratio of directors in attendance, how the votes were cast, the vote results for each agenda, and the questions raised and their answers during the meeting.



## **CODE OF CONDUCT AND WORK RULES**

**2016 Revised Edition**

**M.K. REAL ESTATE DEVELOPMENT  
PUBLIC COMPANY LIMITED**

## Introduction

The Board of Directors of the M.K. Real Estate Development Public Company Limited has prescribed work rules of the board, executives and the Company's staffs regarding to responsibility and business ethics so these mentioned persons shall use as a work guideline so as to comply with and according to the good corporate governance especially in responsibility, business ethics and code of conduct.

### 1. Definition

Company	Means	M.K. Real Estate Development Public Company and/or subsidiaries;
Subsidiaries	Means	The company with power of control in any of these following relations: 1) Holding the Company's shares with the voting right over 50% of all eligible votes; 2) Power of control in majority votes at the Company's meeting of shareholder either directly or indirectly or any other reasons; 3) Power of control in board appointment or removal at least half of the board members either directly or indirectly;
Executives	Means	1) the board of directors and non-executive directors whose work related to the company's business; 2) The Executive Officer of the company meaning Chief Executive Officer and the first four persons down from Chief Executive Officer and every person at the same level of the fourth person including high ranking executive of financial and accounting department, based on the criteria of the Capital Market Supervisory Board;
Staffs	Means	Superiors /equivalent;
Business Ethics	Means	Good practice in business running of the company, subsidiaries, executives and staffs which shall lead the organization to the good corporate governance especially in responsibility and ethics of directors, executives and staffs;
Property	Means	Immovable property, movable property, technology, license, copyright, title deed, right, patent including invention of the company and/or subsidiaries (if any);
Specific Information	Means	Information where the company and/or subsidiaries are the owner or controller of such valuable information in economic both at present and in the future, in addition, such information is a limited knowledge and shall not be disclosed to the outsiders without the authority's permission, i.e., information about customer, staff, sale and marketing, products and services, account, business plan, marketing plan, financial plan that have not yet disclosed to the public, etc.;
Stakeholders	Means	Individual and/or juristic person whose involved in business of the company and/or subsidiaries including shareholder, executive and staff of the company and/or subsidiaries, customer, trader, creditor, competitor and communal society, etc.;

Adhere to the Rule of Law	Means	Decision making and business running according to the provisions prescribed by related Rule of Law;
Justice and moral principle	Means	Duty conducted with honest, equality and no discrimination based on Fairness and Morality;
Transparency	Means	Transparency in decision making and operation disclosing to the public and accountability under the rule and legal frame;
Integrity	Means	Honesty in duty must be abided by law, rules, custom and good morality;
Duty Recognition	Means	Duty Recognition must be followed with all one's ability and effectiveness (Responsibility);
Responsibility on duty performance	Means	Acceptance of duty performance either positive and negative results (Accountability);
Vision	Means	Having creative vision for business value added in long term and excellence in work.

## 2. Business Ethics

The company and subsidiaries shall have ethics in business operation which executives and staffs adhere to as the principle and guideline as the representatives of the company and subsidiaries as shown hereunder:

### 2.1 Adhere to the Rule of Law

The company and subsidiaries shall hold the principle of the rule of law for the business operation. It is also the duty of executives and staffs to learn the company's rules, additional information and relevant laws including forthcoming laws which might affect the administration and one's own work.

#### Guideline

2.1.1 The Executives and staffs shall learn and understand main rules in the governmental process both currently applicable and forthcoming ones.

2.1.2 The Executives and staffs shall not seek to benefit from competitors' trade secret and specific information with illegal means e.g., theft, espionage or breach of non-disclosure agreement either from customers or other persons.

### 2.2 Transparency

Decision making and working process of the company and subsidiaries shall be transparent and available for information disclosure to stakeholders and accountability under the relevant rule, practice and legal frame of the company and subsidiaries including prevention of the trade secret leaking to the competitors.

#### Guideline

2.2.1 The Executives and staffs shall provide actual reports on accounting, finance, business environment and performance showing financial status and performance of the company and subsidiaries. All the reports must be accurate by the accountant standard, reliability and accountability as prescribed by the Examination Board.

2.2.2 The Executives and staffs shall strictly follow the procurement process according to the policy of the company or subsidiaries with transparency, clear and fair to all parties.

In case where the Executives, staffs or shareholders of the company are relatives or living in the same dwelling, these persons shall promptly notify the superior in writing and shall not involve in the procurement transaction. In any case, process shall be abided by policy or rules relevant to any item.

2.2.3 The Executives and staffs shall strictly follow workbook and performance authority of the company and/or subsidiaries.

2.2.4 The Executives and staffs dealing with procurement process including their relatives and those living together should avoid joining activities including having meal or playing sports with customers. In the unavoidable necessity, there should not be a representative of the company or subsidiaries participating more than one person and a prior written notification to the superior is compulsory.

### 2.3 Persist in Justice and moral principle

The company or subsidiaries shall adhere to justice and morality to stakeholder for a good relationship continuously in business operation. It is also not an unfair discrimination to anybody to judge something based on one's personal view and relationship and to offer an equal opportunity without nationality, race, religion or gender discrimination.

#### Guideline

2.3.1 The Executives and staffs shall be fair and not discriminate the stakeholders in business operation. Benefit to consumers should hold to guideline and policy of the company.

2.3.2 The Executives shall administrate business deliberately so as to shareholder is reliable on and acknowledge their decision that any action would be fair and concern the highest benefit of all shareholders.

2.3.3 The Executives and staffs shall be fair and not discriminate in employment regulation including personnel recruitment, remuneration consideration and employment benefits, level promotion, transfer, performance evaluation, training, rules and regulation implementation, employment termination, layoffs and recruit new staff including social participation and recreation activity, etc.

2.3.4 The Executives and staffs shall always provide the services above customers' expectation with honesty, fairness and shall not take advantage of or defraud customers.

2.3.5 The Executives and staffs shall follow trade conditions binding consumers/creditors honestly and fairly. In case the condition cannot be fulfilled, notification shall be reported to customers/creditors in order to find a solution together. In this regard, the Executives shall ensure that a good practice on purchasing from the company's traders will be applied as provided here below.

- 1) Shall not demand, receive or bribe traders and report the company; on bribery or traders' bribed intention to the company's staffs;
- 2) Shall terminate the trade with the trader who bribed the company's staffs;
- 3) Shall ensure that no bribe payment to traders' staffs;

In addition, the Executives shall scrutinize the business so as to ensure that liability with traders is complied with the trade conditions including lending as follows;

- 1) Shall strictly keep and follow conditions as agreed with creditors both in return payment and collateral treatment and also other conditions including unpaid capital took on loan contrary to conditions agreed with the lender;
- 2) Shall administrates business in the way that it shall not increase risks to the company's creditor;
- 3) Shall report the company's financial status to the creditors with the accurate and factual information;
- 4) Shall consider creditors' benefit where the period of payment is extended;
- 5) Shall report creditors in advance if the contract commitment cannot be carried out and find the solution together;

#### 2.4 Customer Oriented

The Executives and staffs of the company and subsidiaries shall aim at the good corporate governance for the customers' highest satisfaction. The significance is then by a goods and services control for a good quality which shall satisfy customers including customers' complaint handling with care and making an effort to solve any defects that might cause from the working process and services providing.

##### Guideline

2.4.1 The Executives and staffs shall know and understand goods and services of the company and subsidiaries properly and shall provide customers with the accurate and completed information.

2.4.2 The Executives and staffs shall learn and understand customers' demand in details before offering goods or services in order to fulfill customers' demand accurately. Additionally, the Executives and staffs shall always pursue knowledge and gain working experiences for more efficiency for the customers' satisfactory at the end.

2.4.3 The Executives and staffs shall treat customers politely, honor customers and use polite language.

2.4.4 The Executives and staffs shall have a good attitude on customer service, give priority to services and fully provide services which resulted in services to be valuable and effective and lead to the service excellency.

2.4.5 The Executives and staffs shall respect a decision making and opinion of customers including shall not violate the customers' privacy rights.

#### 2.5 Social Responsibility

The company and subsidiaries realize in importance and social responsibility including continuously sustain environment so as to make a good relationship and concern possible effects to

shareholders, staffs, community, customers, traders, governmental organizations, society and country. Attitude and corporate culture building shall be imposed in order that staffs shall have social responsibility. It is treated as a main mission to create benefit projects and activities in community and society development. The company then imposes business operation policy with Corporate Social Responsibility; CSR, which shall emphasize in relevant details in main business of the company and subsidiaries.

#### Guideline

2.5.1 Corporate Governance: the company and subsidiaries shall be engrossed in building reliability for stakeholders, adding value and supporting a sustainable growth of the organizations. International good corporate governance shall be implied in order to achieve goals and maintain moral excellence as the main foundation of the leading organization.

2.5.2 Human Rights: the company and subsidiaries give priority to fundamental human rights, shall not discriminate, support equality, have no gender and class discrimination, have no child labor and have anti-all corruption policy to be concreted.

As such, the company has anti-corruption policy as details shown below:

1. The company shall operate the business with anti-all corruptions and have prohibition on giving or receiving bribe in all kinds and activities under the company's control.

2. The business operation of company and subsidiaries shall adhere to principle irrelevant to corruption no matter by giving, receiving or paying bribe.

3. The company's Executives and staffs shall be honest and make a decision with good faith and fair to shareholders, stakeholders with the consideration of the benefit as a whole.

4. The company prohibits Executives and staffs not to demand, proceed with or accept corruption for benefit of one's own, family, friends and acquaintance.

5. Not to receive or give cash as present or alike things except during festival or conventionality for a suitable value under the consultation with direct superior for a suitable advice.

6. The Company shall not use its investment fund or resources for political support to any political candidates or parties for a political campaign or proceed with political activities.

7. Donation to charity shall be transparent and not breach any laws and good morality.

8. The company's policy is to comply with Thai laws regarding anti-all corruption.

9. The company shall arrange for an effective internal control system with accountability and balance exercise of power suitably in order not to allow the Executives and staffs corrupt or participate in corruption.

10. The company shall evaluate risk concerning corruption that may cause for determining a suitable anti-corruption measure considering with the evaluable risks.

11. The company's board shall assign the examination committee be the controller in anti-corruption measure by verifying relevant internal control measure including reports on sufficiency and efficiency of anti-corruption measure.

12. If the company's board, Executives and staffs do not follow anti-corruption policy, disciplinary penalties according to the company's human resource Executives, as the case may be, shall be applied.

13. The company have no policy on position decrease, sanction imposed, negative result to the staff who denies corruption although such event may make business chances of the company lost, where there is no reason to do such act.

14. The company shall consider participation in showing intention by co-operating with a private campaign activity in anti-corruption that benefit for all and be able to concreted perform.

2.5.3 Labor practice: wages shall be scrutinized in the suitable rage, structural change and reorganizing organization shall be abided by Thai legal frame and relevant regulation regarding occupational health and safety, working environmental arrangement is suitable and safe.

2.5.4 Environment: the company and subsidiaries have an explicit environmental policy and strictly treat it as a guideline, e.g., environmental effect decrease measure in every activities in order to protect the community's ecology and environment where the company is on the business including create corporate culture and cultivate consciousness of staffs for aiming at sustainable green culture and network.

2.5.5 Fair operation: the company and subsidiaries is concentrated in fair operation, morality, follow the law, respect social rules and be neutral in politics.

2.5.6 Relationship with customers and suppliers: the company and subsidiaries is concentrated in good administration for the highest satisfactory of customers, handling complaints with sincerity including to solve any defects that may cause from working process and service provision. In the meantime, the company and subsidiaries expect to receive alike goods and services from the organization/suppliers.

2.5.7 Participation and community development: the company and subsidiaries shall consider the community's demand; have a personnel promotion for co- learning, be a partner with people involved in local area connected to the enterprise regarding education development, culture and society; be a part in improving a better quality of life including promote and support staffs' participation in volunteer and commonwealth activity with community.

Furthermore, the Executives shall operate the company's business in consideration of effect to natural resources, environmental condition and commonwealth; shall not economize expenses without considering a good living of the society entirely and shall participate in projects which assists in enhancing community where the company operates the business.

#### 2.6 Political Disinterested

The company and subsidiaries respect and support stakeholders to exercise their rights and freedom under the constitution so as to the company and subsidiaries shall have political neutrality.

##### Guideline

2.6.1 The Executives and staffs shall not quote their position, duty, time, property or any other facilities of the company and subsidiaries in promoting or supporting any political activities or parties or members of political organizations.

2.6.2 The Executives and staffs shall not exercise their own authority in persuading, pressing or compelling colleagues including subordinates to support any political activities or parties or members of political organizations.

### 3. Code of Conduct

The company and subsidiaries shall prescribe code of conduct for Executives and staff as a guideline as shown hereunder:

#### 3.1 Responsible to the Company

To the company; the Executives should responsible for the staffs' dissemination and promotion in staffs' acknowledgement of code of conduct.

##### Guideline

3.1.1 The Executives are responsible for disseminating code of conduct and ensure that all staffs of the company understand such code.

3.1.2 The Executives are responsible for adherence to the company code of conduct.

3.1.3 The Executives may put necessary procedure for adherence to the company code of conduct for personnel.

#### 3.2 Responsible to the owner or shareholders and have a leadership

The Executives should have ethics and follow the suitable leadership role; behave to be generally accepted in the society including making Executives beneficial for the company and subsidiaries.

##### Guideline

3.2.1 The Executives shall have commitment in this regards as not in the position of entrepreneur.

3.2.2 The Executives shall have honesty including making a decision with sincerity and fairness to shareholders both majority and minority as provided here below:

- 1) To conduct any engagement under power boundary and benefits of the company;
- 2) To act with competency and precaution as a knowledgeable and experienced person shall do;
- 3) To manage the company's property not to be useless damaged or lost;
- 4) To report overall operation regularly and factual completely and report trend both positive and negative sides of the company based on reasonability and accountability with enough supporting information;
- 5) Not wrongfully disclose secret information of other company especially competitors;

- 6) To provide information with explanation where necessary for the auditor's duty performance.

3.2.3 The Executives shall show vision in administration including realizing in duty and responsibility to performance to be accountable and accepted to the society.

3.2.4 The Executives shall provide and bring quality assurance system to apply for the benefit of reducing procedures and increasing working efficiency; be concentrated in seeking a suitable innovation including having personnel training and development in accordance with innovation and quality administration system for work administration of the company and subsidiaries to be sustainable and be a business leadership.

3.2.5 The Executives shall examine complaints of stakeholders or other persons in order to gain fact and solve problems dramatically and fairly. In case of an anonymous accusation, the Executives might not carry it out.

3.2.6 The Executives shall promote and support leadership among staffs and make all classes to be participated in the company development.

3.2.7 The Executives shall be participated in and support staffs to participate in commonwealth activities in community and society so the company would be a part of community in development and to create a good relationship among members in the community and society overall.

### 3.3. Honest

The Executives and staffs shall carry out their duty with honest and carefulness in benefit of the company and subsidiaries.

#### Guideline

3.3.1 The Executives shall treat customers as defined hereunder:

1) To disclose information on goods that customers cannot know by themselves completely, accurately and not a fact distortion;

2) To sell the goods at the agreed price or in case of no such price, fair price will be applied;

3) Not to cause expectation or misunderstanding in goods regarding quality, price, quantity or any conditions of products.

3.3.2 The Executives shall responsible, on the company's products to the customers, for prescribing assured quality standard and maintain it.

1) To prescribe the admissible minimum standard of products and ensure that the standard has been implemented;

2) To show that higher quality standard than the current standard make a higher remuneration;

3) To provide tools for customers' complaints regarding the quality of company's goods and to quickly respond to customers' demand;

4) To certify that the goods is complied with the company's standard

3.3.3 The Executives shall administrate the company with the purpose of reducing expenses and maintain customers' benefits at their best try especially in the following items;

1) Intention to increase the company's efficiency;

2) Realization in existing limited resources of company and always be concern with the limitation by using them efficiently;

3) Operating with suitable and possible lowest cost in order to maintain the product quality to be always standardized;

3.3.4 The Executives shall administrate the company with the purpose of reducing expenses and maintain customers' benefits at their best try especially in village juristic committee Executives and project Executives after delivery, etc.;

3.3.5 The Executives and staffs shall perform their duties with honesty without bias and not seek benefit to their own or others by the duties.

3.3.6 The Executives and staffs shall not report or record intentionally false or wrong and not conceal or present false or wrong information intentionally to the company and/or subsidiaries. Once come across any report or record with incorrect or wrong information, it must be reported to the superior promptly.

3.3.7 The Executives and staffs shall take times to work efficiently as prescribed in the regulations and during working hours, shall not to act or persuade colleagues, subordinates, to work for other activities irrelevant to benefit of the company and/or subsidiaries.

3.3.8 The Executives and staffs shall work with full knowledge, capability and be aware of duty and responsibility to their function.

3.3.9 The Executives shall treat competitors as the following treatment;

1) To perform under the good competition frame;

2) Not to blame trade competitor company or his products with dishonesty and without the truth;

3) Not access the competitor's information with dishonest or other unsuitable methods;

### 3.4 Law and regulation Abiding

The Executives and staffs shall perform their duties to be strictly complied with business and working regulation of the company and/or subsidiaries. In addition, any acts resulted in reputation of the companies negatively must be avoided.

#### Guideline

3.4.1 The Executives and staffs shall not breach, avoid, resist or ignore the company's regulation, notification and instruction including legal instruction of the superior.

3.4.2 The Executives and staffs shall not manufacture or possess illegal item for their own usage, distribution or anybody.

3.4.3 The Executives and staffs shall use communication and computer system with responsibility and shall not cause disharmony, other person's damage, demolition or hostility atmosphere building.

3.4.4 The Executives and staffs shall not use communication and computer system in an illegal act or against policy of the company and/or subsidiaries and shall not use internet or similar services that may cause damage, disgrace, unreliability or reputation dilution.

### 3.5 Property Preservation

The Executives and staffs should perform duty in maintaining and using property of the company and/or subsidiaries to be the most beneficial to the business of the company and/or subsidiaries only and not to use for other persons' benefits or misapplication of use.

#### Guideline

3.5.1 The Executives and staffs shall follow safety principle of the company and/or subsidiaries in equipment and working environmental usage.

3.5.2 The Executives and staffs shall not bring, use, sell, give, borrow, lend or dispose properties of the company and/or subsidiaries without permission no matter how much the value is or how the condition of the property is.

3.5.3 The Executives and staffs shall not intend to damage, overturn or demolish properties of the company and/or subsidiaries.

3.5.4 The Executives and staffs shall not use properties of the company and/or subsidiaries for their own benefit or external affairs except with the superior's permission.

3.5.5 The Executives and staffs shall assist or make an effort to gain patent, copyright or protect trademark which is intellectual property of the company and/or subsidiaries.

### **3.6 Conduct oneself to superiors, colleagues and subordinates**

The Executives and staffs shall maintain working environment to be deprived of personal right violation but to be respect each other including to go along with and present opinion and to solve problems together.

#### **Guideline**

3.6.1 The Executives shall treat staffs as the following manners:

- 1) To provide a suitable remuneration to individual staff considering one's capability, responsibility and performance;
- 2) To place importance on training and knowledge and capability gaining in overall in order to have progress and stability in career path;
- 3) To provide safe working rule to staff's life and property including sufficient equipment, machinery and supervision suitability;
- 4) To support staffs' participation in working direction and the company's solution of work;
- 5) The consideration of staffs' appointment, transference and promotion including reward or punishment must be in good faith. ;
- 6) To strictly follow relevant labor law and regulation;
- 7) To disseminate and emphasize code of conduct to staffs and also duty that be able to carry out;
- 8) Not to administrate risky to stability of staffs' duty unreasonably;
- 9) To treat staffs based on humanity dignity ground and to respect to personal right;

3.6.2 The staffs shall responsible to the company as follows:

- 1) To perform their duty with responsibility, honesty, royalty to the company for progress and stability of the company and their own;
- 2) To maintain and create harmony and solidarity among staffs to co-work and solve problems as a team working efficiently;
- 3) To take interest in and carry out company's work with sacrifice and patient in order to create the company to be with quality, efficient and with profit including developing to the excellence;
- 4) To use the company's property efficiently, economically and to maintain property not to be diluted or lost;
- 5) To strictly keep secret of customers, traders and company and shall not disclose information, news and production technology of the company;

6) To cooperate and assist team workers for the company's benefit and to respect rights of other staffs' who are working at the same company;

7) To take interest in and do all possible way to maintain safety and good environment in working place;

8) To provide knowledge and pass it on to co-workers with the company's benefit and goals importantly;

9) Not to defame the company/Executives or co-workers without truth and unfair treatment;

10) To notify relevant organizations and the Executives if any illegal acts are encountered;

11) To esteem and respect superiors and seniority;

12) Not to employ one's own duty to seek illegal exploitation for oneself or others;

13) Not to carry out any acts that damage the company's image and reputation;

3.6.3 The Executives and staffs shall not instigate, defame or imitate that brings disharmony and shall make an exception of claiming other person's work to be one's own;

3.6.4 The Executives and staffs shall not do any act that considered sexual harassment to co-workers. If such action comes across, the report shall be immediately presented to the superiors.

3.6.5 The Executives and staffs shall be discipline, not to do any act that not respect superior and treat co-workers and subordinates politely, generously and with good relation.

### 3.7 Being a good citizen

The Executives and staffs should act as a good citizen living with others in the society proudly.

#### Guideline

3.7.1 The Executives and staffs shall develop themselves to be valued with morality and educational gain in order to perform duty efficiently and effectively.

3.7.2 The Executives and staffs shall not behave themselves to be objectionable, use assaulted language, act delinquent, be insolvent, be gambler, use addictive substances, drink alcoholic beverages during work or act in any immoral ways.

3.7.3 The Executives and staffs shall not carry arms to work.

### 3.8 Over Reciprocal is prohibited

The Executives and staffs shall not receive money, benefit or anything from whom it may concern with the business of company group and company if such gain may be interpreted that receiver is lean to or has a specific business relationship with the giver that might damage to the company and/or subsidiaries.

**Guideline**

3.8.1 The Executives, staffs, relatives or persons who lives in the same dwelling shall not request or join social activity, sport activity, reception party; receive gift, present or reward for oneself or others from the person who are in the business with.

3.8.2 In inevitable cases, the Executives and staffs may receive benefit or gift for the purpose of business advertisement or conventionality if the value is not over 3,000 baht and in case of over 3,000 baht gift, the Executives and staffs shall notify superior in writing and hand in those benefit and gift to the company.

3.8.3 In case where the Executives and staffs are the representatives of the company and subsidiaries joining the trader's reception party or training or field trip and receive an over 3,000 baht benefit or gift no matter how it comes; competes for the prize or reward, draws lots or receives souvenir, the practice will be treated as provided in 3.8.2.

**3.9 No conflict of Interest**

The Executives and staffs should not perform in the way of having conflict of interest with the company and/or subsidiaries.

**Guideline**

3.9.1 The Executives, staffs, families and persons who lives in the same dwelling shall not carry on any business/activity that make general public understand that such business/activity is conflict with the company and/or subsidiaries' interest either directly or indirectly.

3.9.2 The Executives and staffs together with their family members or intimates should not operate any business/activity that may cause the conflict of interest with the company and/or subsidiaries either directly or indirectly. In order to avoid such impropriety, it should be a disclosure a relationship of family members or any other persons that may cause the conflict of interest by reporting to superior in writing.

**3.10 No abuse of Specific Information Use****Guideline**

3.10.1 The Executives and staffs who are on duty of using the specific information shall take a precaution not letting others hear, monitor, eavesdrop or record and shall not have a conversation in public through a communication device or have a conversation with family members or intimates that might lead to disclosure to others.

3.10.2 The Executives and staffs shall manage, store, differentiate specific information to be complied with regulation of the company and/or subsidiaries strictly.

3.10.3 The Executives and staffs shall not disclose specific information of the company and/or subsidiaries to those who have no rights to acknowledge according to the regulation or business agreement except with the written consent from the authorized person and in-charged organization.

3.10.4 The Executives and staffs shall not use specific information or provide such information for others for securities trading.

#### 4. Q & A Examples

To be a guideline for compliance with "Code of Conduct and Work Rules" of the company and/or subsidiaries, examples of questions and answers are set out below:

##### \* Adhere to the Rule of Law

1) Q        The company has a policy on adjusting internal working system to be more efficient by applying finished program which is offered on sale at a high price and copyrighted. A friend of your subordinate is working at the marketing department of one trader company using such program, your subordinate copies the program to try out in order to save cost and also to claim it from superior. If you know it, what should you do?

A        Using copyrighted program illegally is risky for a law suit and is illegal which might dilute the company's reputation subsequently although it is only a try out, it is still not suitable. You should instruct him to delete such program out of the company's computers and reiterate not to use computer software that is not under the correct procurement of the company.

##### \* Transparency

2) Q        One procurement staff has a duty on receiving construction auction information and adjusting the company's branch. One tender, the Executives receive a trader (bidder)'s complaint that one specific company received information before bidding and got most of auction and had met that procurement staff having dinner with staff of the bidding company. What should the Executives do?

A        The company's policy is to transparent, clear and fair in procurement process. The Executives should investigate staff for fact and if found guilty, punishment according to the regulation should be applied. Remedy measure should be clear and fair to all parties and also place recommendation/warning to the relevant persons with the procurement process to behave suitable to the duty especially for having meal with trader, more than one person should attend and shall notify superior.

##### \* Persist in Justice and moral principle

3) Q        I work with the company. My sister who used to work at the subsidiaries has requested to transfer to work in my division. Is this a situation a conflict to the company's policy?

A        Yes, it is because your sister shall report to you indirectly through the line superior. You therefore influenced and has authority in consideration of your sister performance, for example, performance evaluation, wages promotion, etc., which might be bias. Considering from personal relationship or family members, transfer of your sister here is unsuitable.

**\* Customer Oriented**

4) Q The Executives receives a customer's complaint that a detached house contract has been settled with the agreed hand over and premium but the company handed over and transferred late. What should the company proceed?

A The company has taken into consideration on hand over to be punctual with the standardized quality examined before hand over and transfer a house including other conditions that all accurate. Regarding problems relevant to services where the company place importance to agreement with customers, even though the company has a strict measure on putting working timetable, hand over and transfer within time limit, if a complaint raises, quality control committee shall immediate investigate fact, e.g., purchase order receiving process must be complied with construction plan and hand over date, passing on instruction to other relevant division, delivery timetable and deed transfer, etc., and shall report the Executives for protection guideline and solution including cooperating with and report customers consecutively.

**\* Honest**

5) Q I found one colleague record over-time work sheet falsely, what should I do?

A A false or incorrect over-time work sheet record is a serious fault. Such act costs the company expenses and would be treated as fraudulent to the company. You have to report the case to superior so as to inform personnel department to proceed by the rules.

**\* Law and regulation Abiding**

6) Q One colleague likes to play illegal lottery, being a rotating saving group leader, a loan middleman, persuade me to join a rotating saving group and always talks on lottery, what should I do?

A You should not join any activities that breach the company's regulation and should warn your colleague or report the relevant division to proceed with the case.

7) Q One colleague likes dirty jokes chatting or double-meaning questions which annoy different gender colleague and other persons. What should I cease this situation?

A The company has regulation prohibited such behavior so that you can solve the problem by telling the person directly your feeling or report to superior or relevant division.

8) Q One colleague earns extra income by selling products of one direct sale company and takes office hours to do using the company's telephone and email to make a sell. I am one of the target, what should I do?

A According to the company's regulation, staffs are prohibited to misappropriate office working hours and use the company's equipment for benefits of their own or others. You should warn your colleague or report to superior or relevant division for further action.

\* Property Preservation

9) Q My division received new computer in replace of the old one. I would donate the old one on behalf of the company to school in my responsible area, is it possible?

A Although office equipment is out of date but the donation shall be abided by the company's regulation and must be approved by the authorized person in advance.

\*Not to take an excessive reciprocation

10) Q I am about to travel overseas to have a meeting with trading company for the first time and by conventionality, gift exchange between trading company would be taken place, do the company has the policy on this issue?

A It is a customary manner in gift exchange for business relation but the gift should not be a high value. If you receive the excessive valued gift, you must take it on behalf of the company and shall report to superior and hand over such gift to the company.

11) Q I am selecting external consulting company in order to establish marketing activity in a special occasion. My younger sister/brother is doing the marketing consultation business so I consider that she/he is qualified, is it possible to hire her/him?

A No, although your younger sister/brother is qualified because it causes a conflict of interest to the company. However, your younger sister/brother still has a chance to be selected as the company's consultant but you shall not be involved in selection, making a decision and offer the hire.

\* No abuse of Specific Information Use

12) Q I have a job of teaching after work and would like to apply information I have been working with the company with my lecture. Is such act breach the company's policy?

A It might be breached due to the information you produced, used or in-hand information while you are working with the company may be a specific information or intellectual property. You should consult superior before using the company's information out of your own duty.

5. Epilogue and Declaration No. 009/2002

This business Code of Conduct and Work Rules are only a guideline for working of the Executives and staffs. As such, if any unclear issue or any problem in their practice out of code of conduct and work rules arises, they should consult superior sequentially so as to co-consider the solution or suitable rule for further action.

This business Code of Conduct and Work Rules and the Declaration No. 009/2002 shall be treated as discipline which the Executives and staffs shall take into consideration for understanding and adhere to it including shall not conduct any acts that breach the business Code of Conduct and Work Rules.

M.K. REAL ESTATE DEVELOPMENT PUBLIC COMPANY LIMITED

The Declaration No. 009/2002

Subject: The code of conduct for Executives and Staffs of the Company

In accordance with the good corporate governance in terms of the responsibility and business ethics for Executives and Staffs of M.K. Real Estate Development Public Company Limited (the "Company").

The Board of Directors of the Company has prescribed work rules regarding the responsibility and business ethics for executives and the company's staffs to be strictly implemented with the following details:

**The code of conduct for Executives and Staffs of the Company**

**1. Towards the Company**

- 1.1 Executives is responsible for the declaration of code of conduct and must ensure that all Staffs are informed of and understand the code of conduct.
- 1.2 Executives is responsible for compliance with the Company's code of conduct.
- 1.3 Executives pays attention to the necessary procedures for Staffs' compliance with the code of conduct.
- 1.4 Executives, including the Board of Directors and directors that are not members of the Board of Directors, conducts the Company's business.

**2. Towards owners or shareholders**

- 2.1 Executives has an obligation towards owners or shareholders, as they do not own the Company.
- 2.2 Executives must act or make any decision with honesty and fairness to all shareholders, including minority shareholders, for the Company's benefits, as follows:
  - 2.2.1 Operate under the scope of authority and for the Company's benefits.
  - 2.2.2 Carry out their duties to the best of their ability and with caution, as expected of persons of their calibers.
  - 2.2.3 Ensure that no company assets sustain damage or become unusable.
  - 2.2.4 Regularly report operating results that are complete and accurate. Report both positive and negative aspects of the Company, in reasonable and credible manners, and backed up with sufficient facts.
  - 2.2.5 Do not disclose confidential information to other parties without appropriate authorization, especially to competitors.
  - 2.2.6 Compile and explain any necessary data and information to the auditor to facilitate their work.

**3. Towards customers**

- 3.1 Executives must
  - 3.1.1 Disclose information on products to customers completely, accurately, and honestly.

- 3.1.2 Sell products at the agreed price, or at the fair price in case where there are no prior agreements.
  - 3.1.3 Not cause unrealistic expectations or misunderstanding in the products in terms of quality, price, quantity, or conditions.
- 3.2 Executives has a responsibility for customers in terms of product quality: by setting and maintaining product standard
- 3.2.1 Set minimum standard that can be accepted for products and ensure that it is met.
  - 3.2.2 Make it known that a higher standard that that commonly achieved, leads to higher remuneration.
  - 3.2.3 Procure channels to receive complaints from customers in regards to product quality, and respond to customer needs promptly.
  - 3.2.4 Ensure that all products are made in accordance to company standard.
- 3.3 Executives manages the Company with the objectives of decreasing costs and protecting the interest of customers as much as possible, especially by:
- 3.3.1 Being committed to increasing the Company's efficiency.
  - 3.3.2 Making sure that Staffs constantly realize that company resources are limited and use them efficiently.
  - 3.3.3 Decreasing company costs, insofar as that does not negatively affect operations or product standards.
- 3.4 Executives must ensure to protect customers' information and treat it with strict confidentiality, and will not use such information for their own benefits or those of others.

#### 4. Towards trading partners and creditors

- 4.1 Executives must ensure good practices when purchasing from trading partners, by:
- 4.1.1 Not requesting, obtaining, or paying bribes to trading partners, or informing trading partners of their Staffs' intention to bribe the Company Staffs.
  - 4.1.2 Ending transactions with trading partners who have bribed the Company's Staffs.
  - 4.1.3 Making sure that no bribes are made to Staffs of trading partners.
- 4.2 Executives will ensure that any liabilities, including loans, with trading partners are in line with trading conditions, by
- 4.2.1 Strictly complying with obligations towards creditors, in terms of repayment, maintenance of pledged securities, and other conditions, including not using the loans obtained for purposes that violate the loan agreements.
  - 4.2.2 Managing the Company in manners that do not increase risk for its creditors.
  - 4.2.3 Reporting the Company's financial status to creditors based on complete and accurate facts.
  - 4.2.4 Considering the creditors' interest, in case where the term of the loan is extended.

- 4.2.5 Notifying creditors in advance, in case where the Company is unable to comply with the obligations in the agreements, and work with the creditors to find a solution

## 5. Towards competitors

### 5.1 Executives must

- 5.1.1 Act in accordance with fair trade practices.
- 5.1.2 Not make dishonest or groundless accusations against competitors or their products.
- 5.1.3 Not gain access to competitors' confidential information by illegal or inappropriate means

## 6. Towards Staffs

### 6.1 Executives must

- 6.1.1 Pay appropriate compensation to Staffs, based on their individual levels of skills, competencies, responsibilities, and performance.
- 6.1.2 Emphasize training and development for all Staffs, so that they can obtain career advancement and job security.
- 6.1.3 Outline measures to ensure safety for Staffs and their belongings, and ensure that there are adequate tools and equipment and that they are properly maintained.
- 6.1.4 Promote Staffs' participation in setting the Company's direction and finding solutions to problems faced by the Company.
- 6.1.5 Appoint, transfer, promote, reward or punish Staffs with honesty.
- 6.1.6 Strictly comply with labor laws and other relevant regulations.
- 6.1.7 Publish the code of conduct and distribute to all Staffs, and make sure they understand practices and roles expected of them.
- 6.1.8 Not act in manners that jeopardize job security of Staffs without reason.
- 6.1.9 Treat Staffs with respect for human dignity and rights

## 7. Towards society

### 7.1 In the conduct of business, Executives will

- 7.1.1 Take into consideration environmental impacts, natural resources, and public benefits.
- 7.1.2 Not decrease operating costs without considering society's overall welfare.
- 7.1.3 Take part in ongoing company projects aimed at increasing quality of life.

## 8. Staffs' responsibility towards the Company

### 8.1 Carry out their duties with responsibility, honesty, and loyalty, to achieve career advancement, job security, and company growth.

### 8.2 Maintain harmony at the workplace, and work to address any problems efficiently together as a team.

### 8.3 Carry out their duties with care, dedication, and patience, to achieve quality, efficiency, and profits and lead the Company to business excellence.

- 8.4 Use company resources efficiently, and prevent damage and loss.
- 8.5 Keep the information of customers, trading partners, and the Company strictly confidential, and not disclose the Company's data and production technology.
- 8.6 Cooperate with and assist other colleagues for the Company's benefits, and respect the rights of other Staffs.
- 8.7 Always take care to achieve safety at the workplace and favorable working conditions.
- 8.8 Share knowledge and experience with colleagues, with company interest and goals in mind.
- 8.9 Not make unfair or groundless accusations against the Company, Executives, or fellow Staffs.
- 8.10 Notify relevant departments or Executives, in case where an illegal or inappropriate act is committed at the Company.
- 8.11 Respect superiors and Staffs more senior to them.
- 8.12 Not seek personal benefits, or help others to gain benefits, on the basis of their position.
- 8.13 Not act in manners that damage the Company's image or reputation.

Effective from June 3, 2002 onward.

Announcement on June 3, 2002

-Sign-

(Mr. Chuan Tangmatitham)

President and Managing director

### Audit Committee's report

As at 31 December 2020, Audit Committee of M.K. Real Estate Development Public Company Limited, consists of four (4) independent directors, these include Mr. Att Tongyai Asavanund, Chairman of the Audit Committee, Mr. Chaiyapont Timsootheepant, Mrs. Malai Rachataswan and Mr. Theraphan Jittalarn as members of the Audit Committee, to support the work of the Audit Committee. In addition the Audit Committee consists of at least one member who has the knowledge and experience in reviewing financial statements for reliability.

Audit Committee has carried the duties assigned by the Board of Directors and based on the charter of Audit Committee, which is in line with the Stock Exchange of Thailand regulations. In the 2020 accounting period, Audit Committee held a total of 5 Meetings. All members of Audit Committee were present in these meetings, which were also attended by management, external auditors, and internal auditors, as appropriate. These meetings can be summarized as follows:

In 2020, Audit Committee held a total of 5 meetings, which can be summarized as follows:

1. A review of financial statements of the Company and its subsidiaries before presenting them to the Board of Directors. Having reviewed the financial statements and heard explanations by the auditors and management, Audit Committee was of an opinion and convinced that the financial statements were prepared in accordance with generally accepted accounting principles, and disclosed all the significant information accurately and completely.
2. Recommended the appointment of auditors from KPMG Phoomchai Audit Company Limited and determined the audit fees for the year, and presented to the Board of Directors, who in turn presented to the shareholders' meeting for approval. Audit Committee was of an opinion that the persons being nominated for appointment as auditors had the right qualifications and were adequately independent to conduct auditing for the Company and its subsidiaries.
3. Considered engaging Multiplus Audit and Consulting Co.,Ltd., an unrelated company, to conduct internal auditing at the Company. This company was qualified for the task, considering its work teams, personnel availability, experience, knowledge and skills, and the company's independence. The internal auditors reviewed each part of the Company's operations, based on the guidance on evaluating adequacy of the internal controls system.
4. Reviewed related party transactions, disclosed information relating for related party transactions, and acquisition and disposal of assets to ensure compliance with relevant laws and regulations.
5. Approved annual audit plans and reviewed internal controls, which were part of the Company's management policies. Approved procedures in the audit plans prepared in writing, for use as guidance in conducting the auditing that meets international standard.

6. Considered and listened to explanations of the report on the internal audit results from the internal auditors, who were appointed per the approval of Audit Committee and conducted the auditing based on the assessed significance of the risks Audit Committee prepared a summary of significant findings and presented them to the Board of Directors and management, including findings on corporate governance, compliance with laws and regulations, and adequate efficiency in assessing and mitigating risks that might occur in each department and to the Company
7. Reviewed and evaluated adequacy of the internal controls system for the year. In light of this, Audit Committee was of an opinion that the Company's internal controls system was efficient and adequate for risk prevention due to its compliance with company policies and strategy.
8. Held meetings with the auditors without the presence of management, to ensure that auditors were able to independently report issues or limitations that occurred while auditing financial statements. In this regard, the auditors did not note any material limitations.

Audit Committee has carried out the assigned duties with prudence and to the best of each member's ability, for the benefits of the Company, shareholders, and stakeholders.

On behalf of Audit Committee



(Mr. Att Tongyai Asavanund)

Chairman of Audit Committee

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