



Annual Report 2018

M.K. REAL ESTATE DEVELOPMENT PLC.

CONTENT

M	essage from the Chairman	1
P	olicies and Overview of Business Operations	2
N	ature of Business	10
R	isk Factor	21
B	oard of Directors	24
G	eneral and Other Significant Information	35
S	ecurities and Shareholders	37
M	anagement Structure	38
C	orporate Governance	45
C	orporate Social Responsibility (CSR)	106
I	nternal Controls and Risk Management	116
R	elated Party Transactions	125
M	anagement Discussion and Analysis of Financial Position and Operating Results	131
I	ndependent Auditor's Report	134
S	tatement of financial position	138



Massage from the Chairman

The idea of wellness is increasingly gaining ground these days. More and more people are becoming health conscious and focusing on what they eat, how they exercise, as well as on how technology can be used to help them recover from work-related physical exhaustion. Many people are trying to achieve well-being - a state of well-balanced where people, nature, and animals live in harmony, where it is possible to create quality living environments in terms of energy consumption, environmental conservation, health, and safety, and ultimately, achieve sustainable happiness.

Simply put, well-being is a concept that the Company has long emphasized and used to guide its business operations. Our focus is on creating happiness for society as a whole, starting within the Company itself, by striving to take care of employees as if they were family members. Here, we support career growth, promote good working conditions, nurture a warm environment, foster financial and physical health and pass on happiness to consumers via our goods and services. We aim to develop goods that respond to functional needs with universal design, taking into account lifestyles of people from all ages and all walks of life. We also make use of modern technology, including it in the design of playgrounds that promote learning, known as education playgrounds. We select environmentally-friendly and energy-efficient materials and take into consideration the surrounding communities, to provide good quality of life and a sense of relaxation, making our homes suitable for long-term living. Subsequently, we received the Award for Developed Houses with Excellence in Energy Efficiency in 2018, for the category of Developed Houses, from the Department of Alternative Energy Development and Efficiency, Ministry of Energy. We are ready to expand this concept to our potential new business segments in the future.

In regards to the Company's operational planning, after restructuring and expanding business segments to enhance growth and competitiveness in the real estate sector in current conditions, the main products that we are developing remain horizontal property which is where our expertise and credibility lies. We have gained trust from our customers for the past 60 years and have been known for good value for money - our prices respond to the needs of our customer bases both in Bangkok and in Metropolitan Regions, which range from 2-10 million baht. Our projects include single-family detached houses, duplex houses, and townhouses, such as Chuanchuen Town Ratchapruuk-345, Chuanchuen Town Rangsit-Khlong 1, Chuanchuen Prime Ville Bangkok-Pathumthani, Chuanchuen City Northville-Watcharaphon, Chuanchuen City Southville-Watcharaphon and Chuanchuen City Watcharaphon-Ramnitra. We have also continue to invest and acquired more suitable land for future products to expand our customer bases to areas with increasing potential in the foreseeable future such as Rangsit-Nakhon Nayok.

At the same time, we have a new business plan for property for rent, to increase the proportion of income from assets for rent and strengthen our financial stability in the long run. Falling under this category are Park Court Sukhumvit 77 and a golf club which has been renovated and rebranded as Flora Ville Golf and Country Club. The golf club comes complete with all the necessary facilities, including an 18-hole course, a sports club, a souvenir and gift shop and a restaurant, to make sure that all the needs of our clients are tended to.

On behalf of the Company's Board of Directors, I would like to thank all of you who have taken part in and supported the Company's activities and operations through all these years. I hope that your so will continue, as it is essential for us to achieve our goal of sustainable growth. We are ready to continue to deliver good products and services that will bring happiness and allow everyone to live happily together while moving towards a sustainable future.



Mr. Suthep Wongvorazathe

Chairman / Chairman of Executive Committee





Policies and Overview of Business Operations

1.1 Vision, objectives, targets, or business strategy

In the past four years, the Company has continued to implement a strategy first adopted in 2015, building on a strong foundation of business operations under the concept “We Build a Place of Family Togetherness.” which has been expanded to the concept “For The Best Togetherness.” This concept started within the Company, as employees are treated as if they were family members. To this end, the Company supports career growth, nurtures good working conditions, strengthens financial and physical health, and continually passes on happiness to consumers through its products and services. For this good work, the Company received an Award for Developed House with Excellence in Energy Efficiency in 2018 for the category of developed houses, from the Department of Alternative Energy Development and Efficiency, Ministry of Energy.

Meanwhile, the Company remains committed to developing horizontal property for sale under the Chuanchuen brand. The target is 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, buildings for rent, the expansion of manufacturing plants and warehouses for rent, and 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. Examples include Boutique Hotel, a project with leading Vietnamese companies, and Health and Wellness Village, a collaboration with a company with a national reputation for physical rehabilitation.

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



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, Chor Munkong 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 “Chuan Chuen Community” on Pracha Chuen 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 Chuan Chuen Golf Club. In 2005, it launched new single-detached houses under the Chuan Chuen 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

2016

- In January 2016, the Company acquired an additional 4.55 percent of S71 Holding Company Limited (“S 71”)’s paid-up capital, totaling 50 million baht. Therefore, the Company’s interest in S71 increased from 85.45 to 90 percent.
- At the Board of Directors’ meeting No.2/2016, held on 25 February 2016, the Board approved the appointment of Mr.Vorasit Pokachaiyapat as Chief Executive Officer & Managing Director
- At the Annual General Meeting of Shareholders No.1/2016, the shareholder passed a resolution approving a dividend payment (from retained earnings) at the rate of 0.25 baht per share, due to be paid on 25 May 2016. There were a total of 992,010,177 shares, therefore the amount of dividend paid was 248.00 million baht. The dividend payout ratio was 39.57 percent of retained earnings.
- At the Board of Directors’ meeting No.3/2016, held on 18 March 2016, the Board approved the establishment of a subsidiary, Yours Property Management Company Limited (“Yours”), to provide building management services. The subsidiary had registered capital of five million baht. It is wholly owned by the Company, and was registered as a company on 29 March 2016.
- On 9 August 2016, Park Court Development Co.,Ltd. (Formerly named Onnut Development Co.,Ltd.), which is an indirect subsidiary of the Company, increased its registered capital from 2.00 million baht to 1,000.00 million baht. The increase in registered capital was because the company had issued an additional 9.98 million ordinary shares at par value of 100 baht per share, which were distributed to the existing shareholders based on the shareholding structure, at the par value. The shares were fully paid, amounting to 998 million baht. This did not cause any change to the Company’s interest in the indirect subsidiary.
- At the Board of Directors’ meeting No.7/2016, held on 15 August 2016:
 - The Board passed a resolution allowing Prospect to establish a joint stock company with TICON Logistics Park Company Limited (which is a subsidiary of TICON Industrial Connection Public Company Limited, to develop property to construct warehouses or factory buildings for rent, or transfer of leasehold, or sale in parts of the Bangkok Free Trade Zone. The company had registered capital of one million baht, 40 percent of which was held by



Prospect. The joint venture company was registered under the name TPARK BFTZ Company Limited on 20 October 2016, with paid-up capital accounting for 100 percent of registered and paid-up capital

- The Board approved an acquisition of all of the 10,000 ordinary shares and 50 preferene shares of T77 Park Company Limited (Formerly named Phra Kanong Land Company Limited) ("T77"), at par value of 100 baht per share, totalling 1,005,000 baht, including the acquisition of the right of claim on loans to T77 amounting to 1,004.62 million baht. The objective was to obtain land for use in project development of T77, which was unmortgaged/without any encumbrance. The total amount of investment was 1,005.63 million baht.

2017

- On 19 January 2017 and 30 March 2017, TPARK BFTZ Company Limited ("TPARK"), an indirectly associated company of the Company (through Prospect Development Company Limited ["Prospect"], a wholly owned subsidiary of the Company, which invested by acquiring 40% of the registered shares of TPARK), increased its registered capital from 1 million baht to 50 million baht and 350 million baht, respectively. The newly issued shares were allocated to the existing shareholders proportionate to their respective shareholdings. Prospect, as one of TPARK's shareholders, increased its shareholding percentage accordingly, and has fully paid the newly-issued shares.
- On 21 March 2017, Prospect Development Company Limited (subsidiary) passed a resolution approving the issue and sale of debentures to an aggregate amount not exceeding 500 million baht, in a private placement involving no more than 10 investors. The money raised was to be used as working capital of the subsidiary. It issued debentures and offered them for sale twice, at the total amount of 342 million baht. Details are as follows:
 - On 27 April 2017, the subsidiary issued long-term, unsecured debentures for the first time in 2017 (1/2560), amounting to 187 million baht, with a maturity of two years and three months.
 - On 30 August 2017, the subsidiary issued long-term, unsecured debentures for the second time in 2017 (2/2560), amounting to 155 million baht, with a maturity of three years and three months.
- On 25 April 2017, the Annual General Meeting (AGM) of the Company's shareholders passed the following resolutions:
 - The AGM approved the payment of a dividend for the Company's operating results in 2016, at the rate of 0.25 baht per share. The dividend was paid out of retained earnings and amounted to 248,002,544.25 baht. The list of shareholders eligible to receive the dividend on 8 May 2017 (record date) was prepared, and the list of sharesholders was compiled on the book closing date on 9 May 2017, in compliance with Section 225 of the Securites and Exchange Act B.E. 2535 (1992).
 - The AGM approved the issue and sale of debentures to an aggregate amount of exceeding 3,000 million baht, for use as working capital in its business operations and to support business expansion of the Company and its subsidiaries, including land purchases for real estate development and loan repayment. The debentures may or may not indicate the holder's name, may be subordinated or unsubordinated, secured or unsecured, and may have or not have a representative, subject to the market conditions as at the date of issue and sale. The maturity date is within five years after the date of issue. The debentures may be sold all at once or at different times, and/or as projects, and/or in a public offering, and/or in a private placement, and/or to domestic institutional investors, and/or foreign institutional investors, and/or high net worth investors, all at once or at different times, in compliance with the Capital Market Supervisory Board's notification and/or any other related regulations prevailing as at the date of issue and sale of those debentures.



- On 18 May 2017, the Company 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 Buntudthong Pattana Co., Ltd.,(a subsidiary), for a consideration of Baht 81.30 million and Baht 0.01 million, respectively.
- On 5 June 2017, the Company restructured its investment for the purpose of merging its subsidiaries, by acquiring all the shares in Park Court Company (an indirect subsidiary) from S 71 Holding Company Limited (a subsidiary). As a result, Park Court Company Limited became the Company's direct subsidiary.

The acquisition of this company was approved in the Board of Directors' meeting No. 3/2017, held on 12 May 2017, and was part of the Company's subsidiary business restructuring plans, for the purpose of merging its subsidiaries.

- On 3 July 2017, the meeting of the Executive Committee No. 6/2017 passed a resolution approving the issue and sale of debentures to individual and institutional investors twice, at the total asking price of 1,130,000,000 baht. Details are as follows:
 - On 1 August 2017, the Company issued short-term, unsecured debentures for the first time in 2017 (1/2560), amounting to 130 million baht, with a maturity of 268 days.
 - On 18 August 2017, the Company issued long-term, unsecured debentures for the second time in 2017 (2/2560), amounting to 1,000 million baht, with a maturity of three years.

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 7 August 2017, a meeting of the Board of Directors of Yours Property Management Company Limited ("Yours Property"), which is a subsidiary of the Company, the Board of Yours Property approved to call-up its ordinary shares of Baht 20 per share, amounting to Baht 1 million. The Company paid-for a consideration to the subsidiary.
- On 1 September 2017, Park Court Company Limited, T 77 Park Company Limited, and M.K. 71 Company Limited, which are the Company's subsidiaries, registered a merger under the name "Munkong Living Company Limited." The merger was approved in an extraordinary general meeting of the shareholders of the three subsidiaries held on 9 June 2017. The purpose of the merger was to achieve business restructuring in the subsidiaries and reduce costs of the subsidiaries.
- On 26 September 2017, the Board of Directors' meeting No. 5/2017 passed the following resolutions:
 - The meeting approved to purchase 10% of the issued and paid-up share capital of S71 Holding Co., Ltd., a direct subsidiary, from the other party in the amount of Baht 110 million. As a result, the Company's equity interest in S71 Holding Co., Ltd. increased from 90% to 100%.
 - The meeting approved to sell its 9.98% of the issued and paid-up share capital of Munkong Living Co., Ltd., a direct subsidiary, to the other party amounting to Baht 100 million. As a result, the Company's equity interest in Munkong Living Co., Ltd. decreased from 100% to 90.02%.
- On 28 September 2017, Buntudthong Pattana Company Limited ("Buntudthoong Pattana"), a subsidiary of the Company, increased its registered capital from 1 million baht to 637 million baht. The capital increase was achieved by issuing an additional 6,360,000 ordinary shares at the par value of 100 baht, and has been registered with the Department of Business Development, the Ministry of Commerce.
- On 6 November 2017 and 15 December 2017, S 71 Holding Company Limited ("S 71 Holding"), a subsidiary of the Company, reduced its registered capital twice, from 1,100 million baht to 100 million baht. The capital reduction was achieved with a reduction of 10,000,000 ordinary shares, and has been registered with the Department of Business Development, the Ministry of Commerce.



- On 19 December 2017, the Board of Directors' meeting No. 9/2017 approved to enter into the land lease agreement with a third party for a period of 30 years from 1 November 2018 ending 31 October 2048. The Company agreed to pay land sublease compensation to the third party amounting to Baht 347.8 million.

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%.

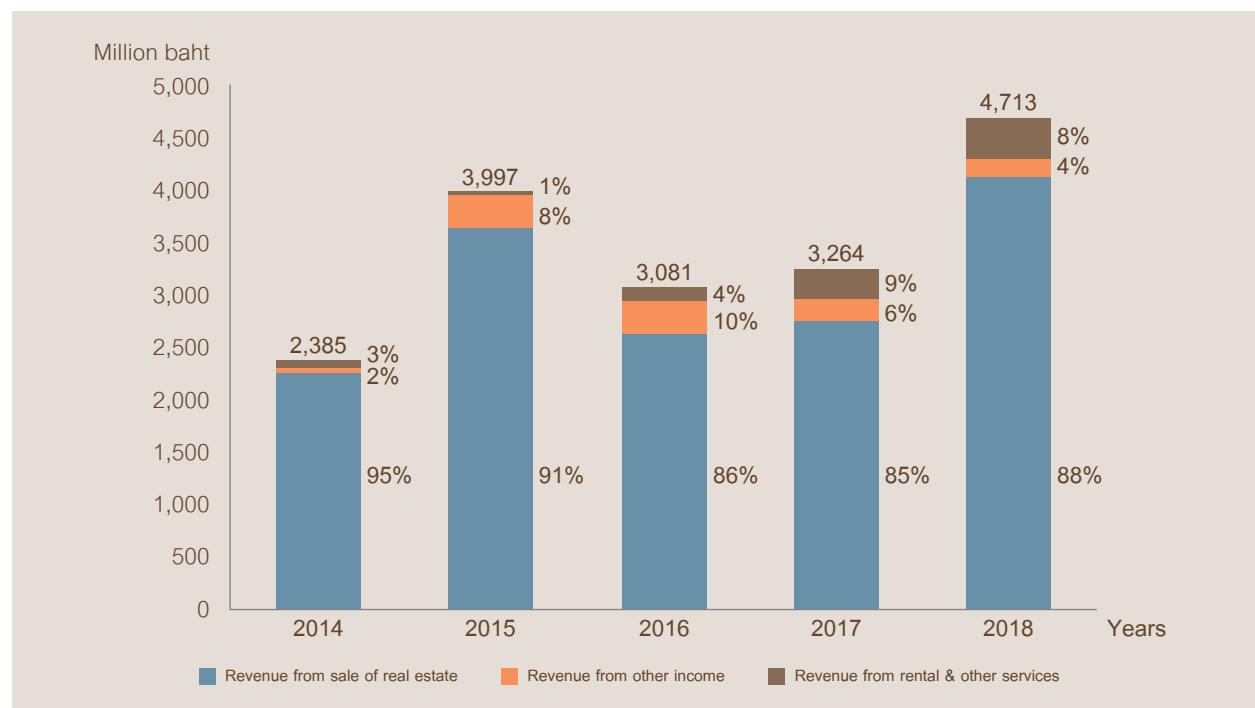


- On 29 October 2018, the extraordinary general meeting of the shareholders of Munkong Life Co., Ltd., a direct subsidiary, the shareholders approved to increase its authorised share capital from Baht 1,500 million to Baht 2,600 million by issuing of 11 million ordinary shares with a par value of Baht 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 1,000,000,000, divided into 1,000,000 ordinary shares with a par value of 100 Baht each. 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.

As at 31 December 2018, the Company had registered and paid up capital of 992.10 million baht, consisting of 992,010,177 ordinary shares, at par value of one baht per share. The Company is engaged in the property development business, which consists of

- (1) property development for sale, which is the Company's main business, with a focus on residential property, and
- (2) property development for rent and related services.

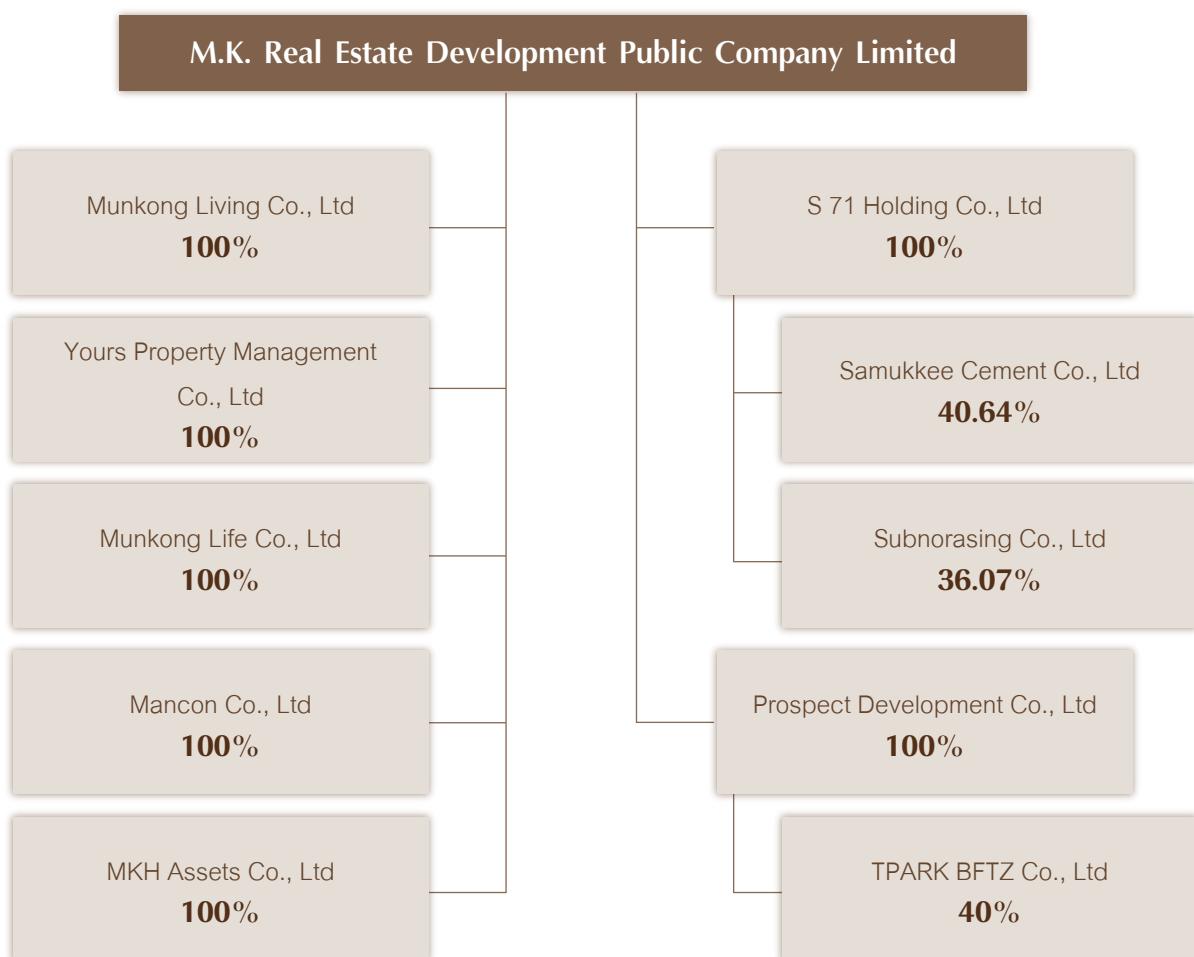
Below is the summary of the operating results in 2018 (by the Company, using existing model)





1.3 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 2018, are as follows:



Subsidiaries consist of the following:

1. Mancon Co.,Ltd., engaged in construction contracts and property development for small projects.
2. S71 Holding Co.,Ltd., engaged in investment in property development companies and apartments for rent.
3. Munkong Living Co.,Ltd., (set up as a result of a merger of three subsidiaries: Park Court Co.,Ltd, T 77 Park Co.,Ltd., and MK 71 Co.,Ltd.) engaged in property development.
4. Prospect Development Co.,Ltd., engaged in development of factory buildings and warehouses and storage for rent.
5. Yours Property Management Co., Ltd., engaged in providing building and property management services.
6. Munkong Life Co.,Ltd., engaged in property development.
7. MKH Assets Co.,Ltd., engaged in property development.

Note : On 28 January 2019, the Company had incorporated a new subsidiary company named "Health and Wellness Village Co., Ltd." to operate medical facilities, with registered capital amount at Baht 1,000,000, divided into 10,000 ordinary shares with a par value of 100 Baht each



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 S 71 Holding Company Limited)
2. Subnorasing Co.,Ltd., engaged in the production of manufactured sand (an associated company of S 71 Holding Company Limited)

The Company's joint ventures consist of

1. TPARK BFTZ Co.,Ltd. , engaged in provision of warehouses for rent (with the investment from Prospect Development Co.,Ltd.) (This Company registered the change of name to Frasers Property BFTZ Company Limited on 28 January 2019.)

1.4 Relations with major shareholders

In carrying out its business operations in 2018, the Company had significant relations of a competitive nature with the companies whose shares were held by its major shareholders.



Nature of Business

MK Real Estate Development Public Company Limited had registered and paid-up capital of 992.10 million baht as at 31 December 2018. 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.

Income Structure

unit : Milion Baht	2016	2017		2018		
Revenue from sale of real estate	2,647.55	85.92%	2,765.32	84.71%	4,152.93	88.11%
Revenue from rental and rendering of services	129.85	4.21%	195.89	6.00%	252.14	5.35%
Revenue from golf services	71.74	2.33%	81.27	2.49%	109.25	2.32%
Revenue from management of real estate	21.72	0.71%	22.01	0.67%	32.50	0.69%
Other revenues	210.42	6.83%	199.87	6.13%	166.33	3.53%
Total income	3,081.29	100.00%	3,264.36	100.00%	4,713.15	100%

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

The Company's associate companies

(unit : baht)	portion (%)	2016	2017	2018
Subnorasing Co.,Ltd.	36.07	(0.00)	(0.00)	(0.00)
Samakkee Cement Co.,Ltd.	40.64	(12.88)	(19.13)	(25.98)

2.1 Property Development for Sale

Since 1977, the company has developed over 70 residential property projects for sale in Bangkok and the vicinity under the current "ChuanChuen" and "Serene House" brands.

2.1.1 Product characteristics

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. For example, in terms of construction methods, it combines the use of 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 playgrounds. 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 projects for sale

In 2018, 13 residential property projects were launched. These consisted of single-detached house, duplex house, and townhouse projects under the "Chuan Chuen" and "Serene House" brands. Six new projects were also launched, namely Chuanchuen Town Ratchapruet-345 and Chuanchuen Town Rangsit-Khlong 1 for two-story townhomes, and 4 new projects for single-family detached houses including Chuanchuen Prime Ville Bangkok-Pathumthani, Chuanchuen City



Northville-Watcharaphon, Chuanchuen City Southville-Watcharaphon, and Chuanchuen Watcharaphon-Ramintra, at the selling price of 2-8 million baht. These projects cover a wide range of prices and are able to meet the needs of different groups of customers.

Project name	Project location	Project area	Number of units/ Utility space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2018)
Detached house					
ChuanChuen city Belle Park 	Tharaeng, Bang Khen, Bangkok	19-1-38.8 rai (sale started in 2017)	84 units Usable space: 143-170 sq.m./unit	378.00	100%
ChuanChuen Bangna 	Soi Kiatpipat Thani, Bangna-Trat Km. 29.5 Road, Amphoe Bang Bo, Samut Prakarn	180 rai (sale started in 1996)	642 units Usable space: 114-169 sq.m./unit	1,600.00	92%
Chuan Chuen Grand Eakachai-Bang Bon 	On Bangbon 4 Road, Bangkok	41-0-64.2 rai (sale started in 2015)	93 units Usable space: 190-260 sq.m./unit	758.00	61%
Chuan Chuen Grand Ratchaphruek-Rama 5 	Nakhon-In Road, Amphoe Muang, Nonthaburi	25-2-79.2 rai (sale started in 2016)	108 units Usable space: 155-208 sq.m./unit	930.00	77%
Chuan Chuen Prime Krungthep Pathumthani 	Bangkok-Pathum Thani Road, Tambon Bang Kuwat, Amphoe Muang, Pathumthani	14-0-02.5 rai (sale started in 2017)	65 units Usable space: 140-163 sq.m./unit	273.11	100%
Chuan Chuen Prime Bangna KM.29 	Soi Kiatpipat Thani, Bangna-Trat Km. 29.5 Road, Amphoe Bang Bo, Samut Prakarn	13-3-28.7 rai (sale started in 2017)	67 units Usable space: 122-169 sq.m./unit	238.00	99%
Detached house and Duplex house					
Serene House Bangna (Phase 2) 	Soi Kiatpipat Thani, Bangna-Trat Km. 29.5 Road, Amphoe Bang Bo, Samut Prakarn	31-2-70 rai (sale started in 2006)	239 units Usable space: 106-143 sq.m./unit	670.00	100%
Detached house and Townhome					
Chuan Chuen Charan 3 	Charansanitwong Road, Soi 3, Bangkok Yai, Bangkok	25-3-16.8 rai (sale started in 2011)	219 units Usable space: 170-180 sq.m./unit, detached house 346 sq.m./unit	1,270.00	99%



Project name	Project location	Project area	Number of units/ space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2018)
Duplex house and Townhome					
Chuan Chuen Modus Vibhavadi (Phase 2)	On Vibhavadi-Rangsit Road, Don Muang, Bangkok	22-3-89.7 rai (sale started in 2014)	180 units Usable space: 170-248 sq.m./unit	1,170.00	93%
Attached house					
Chuan Chuen Park Kanchana-Bang Yai	Bang Yai-Bang Kulat Road (Soi Kantana), Tambon Bang Mae-nang, Amphoe Bang Yai, Nonthaburi	21-0-88.8 rai (sale started in 2016)	124 units Usable space: 130-140 sq.m./unit	422.00	80%
Chuan Chuen OnNut-Wongwan	Kanchanaphisek Road, Prawet Subdistrict, Prawet District, Bangkok	19-0-43.67 rai (sale started in 2017)	126 units Usable space: 140 sq.m./unit	617.40	55%
Townhome					
Chuan Chuen Town Kanchana-Bang Yai	Pracha U-thit Road, Tambon Bang Maenang, Amphoe Bang Yai, Nonthaburi	19-0-35.6 rai (sale started in 2016)	174 units Usable space: 140 sq.m./unit	426.00	83%
Chuan Chuen Town Kaew In-Bang Yai	Soi Kaew In, Bang Mae Nang Subdistrict, Bang Yai (Bang Bua Thong) District, Nonthaburi	27-3-46.80 rai (sale started in 2017)	274 units Usable space: 140 sq.m./unit	867.00	43%

The above table shows the six projects launched in 2018, worth 3,418.36 million baht, located close to the Company's existing client bases. Details are as follows:



1. Chuanchuen City Northville-Watcharaphon Project



Project location:

Tha Raeng Subdistrict,
Bang Khen District, Bangkok

Chuanchuen City Watcharaphon, located in Watcharaphon-Ramintra area, consists of 14 units of American Cottage-style two-story single-family detached houses and is worth THB 79.66 million. Centrally located at the start of Watcharaphon Road and close to an expressway and the Pink Line mass transit system, making city-bound commutes easy, this project features new house designs in the American Cottage style, each on a plot of land of 63-136 square wah. All houses come with a functional layout, with 3-4 bedrooms, 3 restrooms, and parking space for 2 cars. Shopping malls, community malls, and schools are located nearby.

2. Chuanchuen City Southville-Watcharaphon



Project location:

Tha Raeng Subdistrict,
Bang Khen District, Bangkok

Chuanchuen City Watcharaphon-Ramintra, located in Watcharaphon-Ramintra area, consists of 14 units of American Cottage-style two-story single-family detached houses and is worth THB 79.66 million. Centrally located at the start of Watcharaphon Road and close to an expressway and the Pink Line mass transit system, making city-bound commutes easy, this project features new house designs in the American Cottage style, each on a plot of land of 52-69 square wah. All houses come with a functional layout, with 3-4 bedrooms, 3 restrooms, and parking space for 2 cars. Shopping malls, community malls, and schools are located nearby.



3. Chuanchuen Town Ratchapruek-345



CHUAN CHUEN TOWN
RATCHAPRUEK-345

Project location:

Lum Pho Subdistrict,
Bang Bua Thong District,
Nonthaburi Province

Chuanchuen Town Ratchapruek-345 consists of 289 units of two-story townhomes, located on Road 345 near Ratchapruek and Chaiyapruek Roads, the Purple Line mass transit system, and Central West Gate Shopping Center, and is worth THB 798 million. The project features houses with utility area equivalent to that of single-family detached houses. There are two sizes to choose from: the choices of 3 or 4 bedrooms, 3 restrooms, and parking space for 1 or 2 cars.

This project is ideal modern families looking for homes with separate living quarters. Foundation pillars are added to the washing area at the back of the house to prevent erosion. Fiber optic cables and an anti-theft system with motion and magnetic sensors are installed in every unit. The entrance to the project is elegant, and all necessary facilities are available, including a club house, a swimming pool, a gym, and an education playground. The neighborhood is considered to be of high potential, and traveling into the city center is easy thanks to an expressway and the Purple Line mass transit system nearby. The project is also surrounded by several shopping centers and lifestyle malls.

4. Chuanchuen Town Rangsit-Khlong 1



CHUAN CHUEN TOWN
RANGSIT-KLONG 1

Project location:

Rangsit-Nakhon Nayok Canal Road,
Prachathipat Subdistrict,
Thanyaburi District, Pathumthani Province

Chuanchuen Town Rangsit-Khlong 1 consists of 324 units of two-story townhomes located in Rangsit-Khlong 1 area on the main road, close to the Red Line mass transit system and Future Park Rangsit Shopping Center and is worth THB 994 million. The project features houses with utility area equivalent to that of single-family detached houses with 4 bedrooms, 3 restrooms, and parking space for 2 cars.

This project is ideal for modern families that prioritize convenience in traveling, proximity to residential communities, and separate living quarters. Foundation pillars are added to the washing area at the back of the house to prevent erosion. Fiber optic cables and an anti-theft system with motion and magnetic sensors are installed in every unit. The entrance to the project is elegant, and all necessary facilities are available, including a club house, a swimming pool, a gym, and an education playground. The neighborhood is considered to be of high potential, with easy access to the city center thanks to an expressway, Kanchanaphisek Outer Ring Road and the Red Line mass transit system nearby. The project is also surrounded by several shopping centers, schools, hospitals, and lifestyle malls.



5. Chuanchuen Prime Ville Bangkok-Pathumthani



Project location:

Bangkok-Pathumthani Road,
Bang Ku Wat Subdistrict, Mueang District,
Pathumthani Province

Chuanchuen Prime Ville Bangkok-Pathumthani, located in Bangkok-Pathumtani neighborhood, consists of 146 units of American Cottage-style two-story single-family detached houses worth THB 707 million. Tucked into the greenery of lush trees and close to an 18-hole golf course and sports club, the project features the new American Cottage house design and the air flow innovation that helps keeps house temperatures down and reduces energy consumption. Each house comes with a functional layout, with 3-4 bedrooms, 3 restroom and parking space for 2 cars. This project located on an area of high potential also offers a public park and a playground and easy access to the city center enabled by Sri Saman Expressway. Within the vicinity of the project are several shopping centers, community malls, and schools.

6. Chuanchuen City Watcharaphon-Ramintra



Project location:

Tha Raeng Subdistrict,
Bang Khen District, Bangkok

Chuanchuen City Watcharaphon-Ramintra, located in Watcharaphon-Ramintra area, consists of 114 units of American Cottage-style two-story single-family detached houses and is worth THB 772 million. Centrally located at the start of Watcharaphon Road and close to an expressway and the Pink Line mass transit system, making city-bound commutes easy, this project features new house designs in the American Cottage style. All houses come with the air flow innovation that helps keep house temperatures down and reduces energy consumption and a functional layout, with 3-4 bedrooms, 3 restrooms, and parking space for 2 cars. The project also offers a public park, a playground, and a double-security system. Shopping malls, community malls, and schools can be found within the vicinity of the project.



2.1.2 Marketing and competition

(1) Marketing

a) Client profile and target client group

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.

b) Marketing strategy

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. Family Club, via 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.

(2) Industry situation and competition

Based on the forecast by the Office of National Economic and Social Development Council (NESDC), the Thai economy in 2018 would grow by 4.2% (with the forecast range of 3.7-4.2%). Factors supporting growth included consumer spending and private consumption, as well as improvements in income base in the economic system in the industrial sector and service sector related to tourism, in line with the likely increase in the number of and income from foreign tourists. The income base in the agricultural sector was expected to expand positively in line with the increase in production, amid noticeable signs of improvements in income base from employment, as unemployment rate decreases. The growth forecast was also supported by low interest and inflation rates, and driven by the decrease in restrictions in the First Car Policy, government consumption expenditures and government investments in significant areas that boosted confidence for the business sector, and in turn boosted private investments in the country.

For the real estate sector, the value of new projects launched stood at THB 3.72 hundred billion, up 29% from the previous year (Source: Plus Property Co., Ltd.). This was in line with the country's economic growth, resulting from growth of export and the tourism sector and use of budget to invest in mega-projects by the government, such as in the mass transit system and high-speed rail. Meanwhile, the Bank of Thailand's tightening of credit control resulted in the increase of ownership transfers and home loans, as people rushed to get this done before the measure takes effect on 1 April 2019. Overall, in 2018, the sector experienced growth both in terms of value, supply, and transfer rate which expanded by 10-12% (Source: Real Estate Information Center, Government Housing Bank). Due to this measure, real estate developers are expected to focus more on areas with high demand and on horizontal projects rather than vertical ones, as the buyers are those who wish to purchase property to live in rather than for speculation.

In terms of house loans, growth was expected to be similar to that of the previous year, although the environment was expected to be more relaxed. Financial institutions



particularly commercial banks may turn to target the same customer groups, i.e. potential customers, and were likely to use tools or other measures to screen customers and select only those with creditworthiness to minimize the risk of bad loans. The outstanding house loans were forecast to grow by 6%, whereas the total of new loans released by all financial institutions were expected to increase by 3-4%, or THB 500,000 - 600,000 million (Source: data collected by Government Savings Bank Research Center on Economy, Business, and Local Economy)

Given the conditions in the residential property market in 2018, the Company adjusted its marketing strategy to better respond to current consumer behavior. Reservations were allowed for all types of houses within the price range of 2-10 million baht. It also required pre-approval: a customer must prepare documents for a loan request and send them to a bank to pre-approve their loan before a reservation was made in the system. This was an important step that helped the Company to better manage its available stock of houses ready for sale and its backlog more effectively, and enabled it to assess market demands more accurately. It was also a risk mitigation measure at the same time. The Company also engaged in digital marketing on online media, to create recognition that would lead to decision-making in the future. Additionally, it introduced new brands and six new projects including Chuanchuen Town Ratchapruk-345 and Chuanchuen Town Rangsit-Khlong 1 for two-story townhomes, and 4 new projects for single-family detached houses including Chuanchuen Prime Ville Bangkok-Patumthani, Chuanchuen City Northville-Watcharaphon, Chuanchuen City Southville-Watcharaphon, and Chuanchuen Watcharaphon-Ramintra.

2.1.3 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.



2.2 Property development for rent and related 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, land of 700 rai on which to develop commercial property in the form of warehouses and factories for rent, office space for rent, golf course, and apartments for rent. Details are as follows:

2.2.1 Warehouses and factory buildings for rent

Prospect Development Co.,Ltd. provides warehouses and factory buildings for rent, under the project known as "Bangkok Free Trade Zone," located on Mueang Mai Bang Phli Road, Bang Sao Thong District, Samut Prakan Province. The project is 354.75 rais in size, which is divided into (1) public utility area within the project, which is approximately 50.50 rais in size, and (2) area for the development of property for commercial purposes, i.e. factory buildings and warehouses for sale, which is approximately 304.25 rais in size. The latter area is also divided in two following categories:

- General Zone, approximately 124.53 square meters in size
- Free Zone, 230.22 square meters in size

In addition, the Company has land of 700 rai on which it will develop commercial property in the form of manufacturing factories and warehouses for sale.

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

Operated:	Prospect Development Co., Ltd., established in 2005. The Company began its investment in this company in October 2015.
Nature of business:	Provision of warehouses and factory buildings for rent
Area of operations:	Located in Bangkok Free Trade Zone, Mueang Mai Bang Phli Road, Bang Sao Thong District, Samut Prakan Province. Prospect has the right of the novation of lease for the area of on a total plot of land of 354 rai, 3 ngan, 1.92 square wah (141,901.92 square wah) Prospect obtained the right to sublease this area for rent from Chainan-Bang Phli Parkland Company Limited in three land sublease agreements and five sublease agreements for land and buildings thereon (warehouses), totaling eight agreements. The term of these agreements is as follows: <ol style="list-style-type: none">1. Land sublease agreements, ending on 31 December 2038, 25 December 2039, and 8 January 2040, respectively - a total of three agreements2. Sublease agreements for land and buildings thereon (warehouses), one ending on 24 December 2038, one ending on 30 December 2038, two ending on 31 December 2038, and the other ending on 31 December 2041 - a total of five agreements. 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 Mongkol Nimit Temple.
Details of areas for rent	<ol style="list-style-type: none">1. Prefabricated factories and warehouses for rent in the Free zone2. Prefabricated factories and warehouses for rent in the General zone3. Land for long-term rent4. Built for suit warehouses and factory buildings



Project details	<p>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 125,767 square meters in size, with details as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">1. Free Trade Zone</td><td></td></tr> <tr> <td>o Warehouse buildings</td><td style="text-align: right;">51,183 square meters</td></tr> <tr> <td>o Factory buildings</td><td style="text-align: right;">37,852 square meters</td></tr> <tr> <td>2. Areas for rent</td><td></td></tr> <tr> <td>o Warehouse buildings</td><td style="text-align: right;">5,695 square meters</td></tr> <tr> <td>o Factory buildings</td><td style="text-align: right;">31,037 square meters</td></tr> <tr> <td>Total</td><td style="text-align: right;">125,767 square meters</td></tr> </table>	1. Free Trade Zone		o Warehouse buildings	51,183 square meters	o Factory buildings	37,852 square meters	2. Areas for rent		o Warehouse buildings	5,695 square meters	o Factory buildings	31,037 square meters	Total	125,767 square meters
1. Free Trade Zone															
o Warehouse buildings	51,183 square meters														
o Factory buildings	37,852 square meters														
2. Areas for rent															
o Warehouse buildings	5,695 square meters														
o Factory buildings	31,037 square meters														
Total	125,767 square meters														
Average rental rate	<p>87 per cent of project construction or 97% of completed construction at the end of December</p>														

Prominent characteristics of the Bangkok Free Trade Zone

- (1) Tax privileges granted by the Board of Investment (BOI), the Customs Office, and Industrial Zone: Entrepreneurs that rent an area within the Bangkok Free Trade Zone for use in the import of raw materials and manufacture of products for sale, both domestically and abroad, are exempt from corporate income tax, import duty, and export duty. These measures are incentives for those who wish to rent factory buildings and warehouses in an area with an economic potential, which is highly conducive to conducting business.
- (2) The project is located in an area considered an industrial/logistics hub on Bangna-Trad Road, only 17 kilometers from Suvarnabhumi Airport, 23 kilometers from the Bangkok Port, and 90 kilometers from Laem Chabang Port, which can be reached in 60 minutes. Given its strategic location, the area has become a hub for logistics and goods distribution, both domestically and abroad.

At the end of December 31, 2018, Prospect had a total of 125,767 square meters warehouse /factory space for lease. Of which, 120,062 square meters were occupied (occupancy rate of 95%) at the average rent of Bt175/ square meters / mth.

In addition, in 2016, Prospect assigned lease area 64 rais 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, TPARK BFTZ Co., Ltd. entered into a lease agreement for a period of 10 years with SCANIA to lease factory area of 14,000 square meters. The construction expected to be completed by March 2017.



The Company's Join Venture

unit : milion baht	portion (%)	2016 (Jan-Dec)	2017 (Jan-Dec)	2018 (Jan-Sep)
TPARK BFTZ Co.,Ltd ²	40	(0.18)	0.21	0.76

- Note:
- ¹⁾ For the 2018 financial statements, the accounting period changed to the period ending on 30 September 2018
 - ²⁾ On 28 January 2019, TPARK BFTZ Co.,Ltd changed its name to Frasers Property BFTZ Company Limited.

2.2.2 Office space for rent

The Company offers office space in the Mankhong Khehakan Building, which was not used by the Company, for rent. It has also provided parking space since the Mankhong Khehakan Building opened for business for the first time, in 1989

2.2.3 Apartments 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 Park Court. 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 number of 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 area complete with facilities for everyone in the family, such as swimming pool, gym, and area for social functions, so families can spend quality time together

2.2.4 Golf course

The Company operates a golf course, known as "ChuanChuen Golf Club," which began in 1998. The golf course consists of 18 holes, and is complete with a clubhouse, covering a total of approximately 400 rais in area. It is located on Bangkok-Pathum Thani Road, Mueang District, Pathum Thani District.

In 2018, the Company renovated a club house and renamed it as Flora Ville Golf and Country Club. The aim was to modernize the club house facilities and improve services for its clients. The club house can be used to host events.

2.2.5 Property management

The Company has revenue from property management from the business operations of Prospect Development Company Limited and Yours Property Management Company Limited to provide Engaged in building and property management service.



Risk Factor

M.K. Real Estate Development Public Company Limited recognizes the importance of risk management and the establishment of the internal control system in response to a competitive environment and technological changes that could affect its business operations. The Company focuses on continually monitoring risks that affect its business operations in each year, creating measures to manage these risks and designating persons in charge of overseeing risk management in a systematic manner, to strengthen itself against the risks from within. To this end, the Company has 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 in establishing risk management procedures. Issues in risk management can be summarized as below.

3.1 Economic risk that could impact business operations

According to a Bank of Thailand report in business environment and trends, Thailand's economy continued to expand, though domestic spending had not fully recovered and was not evenly distributed. Purchasing power remained concentrated among medium- and high-income groups and permanent employees. In addition, household debt remained high. Commercial banks continued to exercise caution when considering home loans, and this can be seen from the rate of home loan rejections for several property development projects, which stood as high as 40-50%. Nevertheless, improved economic activity would boost confidence in economic growth in 2018. Moreover, the real estate sector in Bangkok and Metropolitan Region continued to grow, both in terms of horizontal and vertical development.

To achieve its goal of stable income generation in the long term, the Company has prepared measures to mitigate risk that could affect its business operations, particularly by trying to sell outstanding supplies in a highly competitive environment as currently faced by the industry. The Company encourages customers to get preapproved for a home loan and check their credit score with commercial banks before signing a reservation agreement, to minimize the likelihood of loan rejection when it is time to transfer ownership of the property. The Company shall provide necessary support to its customers in this regard. When the banks have made a decision on their loan application, the Company will liaise with all the relevant parties to provide services to the customers as required in the next step efficiently.

3.2 Risk related to land acquisition for property development

In order to develop quality property products and ensure well-being for customers, the Company efforts to buy high-potential land at suitable prices for horizontal property development, in order for it to able to able to sell property at reasonable prices, maintaining its competitive edge in the market, and ensuring availability of transport options for home buyers. However, there exists a risk of being unable to acquire land with the required specifications to meet its property development target, due to rising land prices in recent time and increased competition within the sector. The Company has tried to mitigate this risk by assigning a team to look for high-potential land for possible purchase to develop more property projects. The team also works with real estate agents in each area to find suitable land, as they understand their area well and collaboration with agents will make it possible for those wishing to sell land to get in touch with the Company.

3.3 Risk from costs of materials used in property development

Fluctuations in material construction prices affected the cost of property development in the past year. The Company was also affected by its strict control of construction to minimize impacts on the environment and surrounding communities, which increased costs, for example, it strictly complied with limits imposed on payload capacity during material delivery, construction period, and noise levels. Having recognizes the above, the Company has implemented measures to control and mitigate risk related to construction material costs by procuring certain construction materials directly from manufacturers, or choosing materials sold at suitable prices. Prices of some construction materials yet to be delivered are fixed in advance to minimize fluctuations. The Company has also acquired trading partners to keep up with an increase in demand for



construction materials. In addition, it has set up a team dedicated to property development, which is highly capable, experienced, and recognized for their ability to develop high-quality horizontal residential property, with few long-term problems. This is because the Company has strict quality control standards and procedures on selecting manufacturers and contractors, and implements them at reasonable costs.

3.4 Risk related to property development and shortage of quality contractors

The Company has several decades of experience in real estate development and has at its disposal a network of contractors sufficient for its project developments. However, there is a limited number of high-quality contractors and demand for their services is high, leading to a fierce competition among estate developers to obtain their availability. It has also become harder to find labor, partly as a result of the Emergency Decree on Managing Foreign Workers, B.E. 2560 (2017).

The Company has therefore improved its construction methods to reduce reliance on laborers, such as by using precast concrete walls already assembled by manufacturing plants, which decreases the need for skilled labor and by making home buyers understand the precast system better. Moreover, the Company has put in place a plan to hire contractors based in an area close to where the project is located and send a quality control team to monitor the quality of their job performance.

3.5 Risk related to unsold products or not having enough products to sell at certain times

The standard practice is that project development and marketing strategy development will go hand in hand to ensure there will be adequate supplies for sale and that the products will meet customer demands. However, customer demands and decisions are hard to control and can cause an issue when the Company is unable to complete construction within the date demanded by customers, which sometimes occurs in some of the Company's projects. To mitigate this risk, the Company has tried to adjust its construction plans to correspond with marketing plans and consumer behavior. It has also adjusted house designs based on modern consumers' taste and preferences, to expand its customer base among younger buyers.

3.6 Financial risk

The Company has conducted its business in real estate development for decades and has been able to reach its sales targets for horizontal property. Financial institutions have considered the Company credit-worthy, and the Company has always been able to obtain funds from them to acquire new, high-potential lands and invest in new property projects. The funds it has received come in any forms, including bills of exchange and project finance. This depends on what the Company deems suitable, based on conditions offered by financial institutions and the particulars of each project.

The Company has maintained a good D/E ratio, which in turn enables to maintain its financial strength. This shows that the Company enjoys a high level of financial liquidity and is always ready to invest in new property development projects and improve quality in its various operations, such as market research and customer analysis for the real estate sector. In addition, this means the Company is prepared to pursue more proactive technology-based marketing strategies and enhance the capacity of its personnel, to ensure suitable and successful succession in key positions in the future.

In addition, the Company closely monitors developments in government policies. Relevant ones in recent years have included policies on first-time home buyers, estate tax, and housing, which can have significant impact on the Company's business. It also monitors changes in consumer behavior, in terms of preferences and trends in the market. At the same time, commercial banks have remained cautious in their home lending decisions, especially when applicants are those with low or non-fixed income. Others who have had their loan application approved continued to enjoy low interest rates as both deposit and loan interest rates have remained low. Any change in home loan interest rates will affect the Company's sales opportunities.



Summary of Financial Information

Financial Information & Ratios

(Unit : Thousand Baht)

Description	2016	2017	2018	% Change 2017-2018
Operation Results				
Sales Revenue	2,870,863	3,064,495	4,546,807	0.48
Total Revenues	3,081,285	3,264,365	4,713,138	0.44
Total Costs and Expenses	2,721,688	3,012,725	4,385,762	0.46
Gross Profit (Loss)	1,006,730	1,058,006	1,485,253	0.40
Profit-Owners of the Company	350,794	233,251	305,925	0.31
Financial Position				
Total Assets	13,507,817	14,179,835	15,726,766	0.11
Total Liabilities	6,814,399	7,511,948	9,080,745	0.21
Shareholders' Equity	6,693,418	6,667,887	6,646,021	(0.00)
Equity attributable of the Company	6,580,905	6,560,084	6,646,021	0.01
Inventories	6,901,553	8,799,819	7,149,322	(0.19)
Per Share (Baht)				
Net Profit (Loss) Per Share	0.35*	0.24	0.31	-
Dividend Per Share	0.25	0.25	0.22	(0.12)
Book Value Per Share	6.63	6.61	6.70	0.01
Financial Ratio (%)				Difference
Gross Profit Margin	35.07	34.52	32.67	(1.86)
Net Profit Margin	11.38	7.15	6.49	(0.65)
Return on Equity	5.38	3.55	4.63	1.08
Return on Asset	4.83	3.88	2.05	(1.83)
Debt to Equity Ratio (time)	1.04	1.15	1.37	0.22

* Note : Calculating by the weighted average of the shares



Board of Directors



1. **Mr. Suthep Wongvorazathe**
Chairman
Chairman of Executive Committee



2. **Mr. Vorasit Pokachaiyapat**
Director
Executive Director
Chief Executive Officer
Chairman of Risk Management Committee



3. **Miss Dusadee Tancharoen**
Director
Managing Director
Risk Management Committee Member



4. **Mrs. Sutida Suriyodorn**
Director
Executive Director
Risk Management Committee Member
Senior Executive Vice President-Operations Management,
Accounting and Finance



5. **Miss Rachanee Mahatdetkul**
Director
Executive Director
Risk Management Committee Member



6. **Mr. Saksri Phurthamkul**
Director

DIRECTOR



7. **Mr. Att Tongyai Asavanund**
Independent Director
Chairman of Audit Committee
Chairman of Nomination and
Remuneration Committee

9. **Mr. Chaiyapont Timsootheepant**
Independent Director
Audit Committee Member
Nomination and Remuneration
Committee Member



9. **Mrs. Malai Rachataswan**
Independent Director
Audit Committee Member
Nomination and Remuneration
Committee Member

10. **Mr. Theraphan Jittalarn**
Independent Director
Audit Committee Member
Nomination and Remuneration
Committee Member



Mr. Suthep Wongvorazathe

70 Year

Chairman / Chairman of Executive Committee

Appointed as Director June 15th, 2015

No. of Shares 114,992,883 Shares (11.59%)

Education

MBA / University of Wisconsin, U.S.A.

Director Certification Program

DAP 48/2005

Experience 5 Years

Year	Position
2015-Present	Chairman / Chairman of Executive Committee, M.K. Real Estate Development Plc.
2014-Present	Executive Chairman, KT Zmico Securities Company Ltd.
2013-Present	Chairman, Seamico Securities Plc.
2012-Present	Independent Director /Chairman of Audit Committee, Bangchak Corporation Public Company Limited
2011-Present	Chairman, Khonburi Sugar Company Limited
2018-Present	Director, SE Digital Co., Ltd.
2018-Present	Director, CPD Assets Co.,Ltd.
2017-Present	Director, The Mall Group Company Limited
2017-Present	Director, HSH Siam Chaophraya Holding Company Limited
2015-Present	Director, CPD Holdings Co.,Ltd.
2011-present	Director, New Corp Company Limited
2009-Present	Director, Asia Kangnam Company Limited



Mr. Vorasit Pokachaiyapat

55 Year

Director / Executive Director / Chief Executive Officer / Chairman of Risk Management Committee / Director of Nomination and Remuneration Committee

Appointed as Director

October 26th, 2015

No. of Shares

-

Education

Bachelor Degree BS Managerial Economics and Industrial Management / Carnegie-Mellon University, USA

Director Certification Program

DCP 2002 (IOD)

Experience 5 Years

Year	Position
------	----------

Present	M.K. Real Estate Development Plc. Managing Director, Finansa Plc Director, Finansa Capital Limited Director, Finansa Fund Management Ltd. Executive Director, Prospect Development Co., Ltd. Director, NEO Corporate Co., Ltd. Director, TPARK BFTZ Co., Ltd
2007-Present	Director, Palanamai Limited
1998-Feb.2018	Independent Director, SE-Education Plc.
2011-2015	Director, Chaiyanan Service Group Co., Ltd



Miss Dusadee Tancharoen

47 Year

Director / Managing Director / Risk Management Committee Member



Appointed as Director 25 April 2017

No. of Shares -

Education

Bachelor's Degree / Arts, Chulalongkorn University

Director Certification Program

DAP 127/2016, DCP 243/2017

Experience 5 Years

Year	Position
Present	M.K. Real Estate Development Plc.
2011-2015	Senior Vice President, Sansiri Public Co., Ltd.

Mrs. Sutida Suriyodorn

56 Year

Director / Executive Director / Risk Management Committee Member / Senior Executive Vice President-Operations Management, Accounting and Finance



Appointed as Director June 15th, 2015

No. of Shares 500,000 Shares (0.05%)

Education

Master's Degree /MBA, Thammasat University

Master's Degree/ Economic, University of the Thai Chamber of Commerce

Director Certification Program

DAP 127/2016, DCP 243/2017

Experience 5 Years

Year	Position
Present	M.K. Real Estate Development Plc.
2011-2015	Deputy of Managing Director-Chief Operating Officer Finansa Asset Management Ltd.



Miss Rachanee Mahatdetkul

52 Year

Director / Executive Director / Risk Management Committee Member

Appointed as Director

October 26th, 2015

No. of Shares

-

Education

MBA / Santa Clara University, U.S.A

Director Certification Program

DAP 2005, DCP 251/2018

Experience 5 Years

Year	Position
Present	M.K. Real Estate Development Plc. Senior Vice President of Direct Investment, Finansa Plc. Director, Finansa Capital Limited Managing Director, Prospect Development Co., Ltd.
2017-Present	Director, FB Food Service (2017) Limited
2016-Present	Director, TPARK BFTZ Co., Ltd
2011-2015	Director, Chaiyanan Service Group Co., Ltd.
2011-2015	Director, PRO-M Co., Ltd.



Mr. Att Tongyai Asavanund

45 Year

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

Appointed as Director June 15th, 2015

No. of Shares -

Education

Master's Degree/ MBA, Sasin Graduate Institute of Business Administration,
Chulalongkorn University

Director Certification Program

DAP 59/2006, ACP 34/2011, AACP 28/2018

Experience 5 Years

Year	Position
2015-Present	M.K. Real Estate Development Plc.
2018-Present	Director, Black Bull Sports Limited
2018-Present	Executive, Scomadi (Thailand) Co., Ltd.
2018-Present	Executive, Scomadi Worldwide Limited
2018-Present	Executive, Marin Engineering Co., Ltd
2013-Present	Director, Infinite Capital Company Limited
2015-2017	Deputy Chief Executive Officer, Donaco Entertainment and Marketing (Thailand) Company Limited
2014-2015	Director, Attilan Group Limited
2014-2015	Director, Mazda Chonburi Company Limited
2013-2014	Chief Financial Office, Beyond Green Company Limited



Mr. Chaiyapont Timsootheepant

64 Year

Independent Director / Audit Committee Member /
Nomination and Remuneration Committee Member

Appointed as Director June 15th, 2015

No. of Shares -

Education

Master's Degree / Arts Program in Social Development / National Institute of Development Administration (NIDA)

Director Certification Program

DAP 136/2017, AACP 28/2018

Experience 5 Years

Year	Position
2015-Present	M.K. Real Estate Development Plc.
2011-2014	Election Officials, Office of the Election Commission of Thailand



Mrs. Malai Rachataswan

63 Year

Independent Director / Audit Committee Member /
Nomination and Remuneration Committee Member

Appointed as Director April 28th, 2015

No. of Shares -

Education

Bachelor's Degree / Science, Mahidol University

Director Certification Program

DAP 127/2016, AACP 28/2018

Experience 5 Years

Year	Position
2015-Present	M.K. Real Estate Development Plc.
2002-Present	Executive Director and Managing Director, The Peace Canning (1958) Company Limited
2008-Present	Executive Director and Managing Director, FB Food Service (2017) Company Limited
2011-Present	Director, TTT Holding Company Limited



Mr.Theraphan Jittalarn

63 Year

Independent Director / Audit Committee Member /
Nomination and Remuneration Committee Member

Appointed as Director March 17th, 2017

No. of Shares

Education

Master's-Business Administration of Kasetsart University

Bachelor's-Science, Kasetsart University

Certificate Courses For Senior Management, Capital Market Academy (CMA).

Version 2

Director Certification Program

DAP 140/2017, AACP 28/2018

Experience 5 Years

Year	Position
2017-Present	M.K. Real Estate Development Plc.
2018-Present	Director, Kunkanya Co., Ltd.
2010-2015	Chief Executive Officer & Managing Director, Finansa Asset Management Ltd.
2008-2010	Chief Executive Officer & Managing Director, Sci-Asset Management Ltd.



Mr. Saksri Phurthamkul

80 Year

Director

Appointed as Director in 1999

No. of Shares

Bachelor's Degree / Economics

Director Certification

DAP 68/2008 (IOD)

Experience 5 Years	
Year	Position
2011-Present	M.K. Real Estate Development Plc



Executive

Mr. Sakdina Manlerd

50 Year

Risk Management Committee Member / Senior Executive Vice President
of Project Management Division

Appointed as Director -

No. of Shares -

Education

Bachelor's Degree Engineering Kasetsart University

Director Certification Program

DAP 141/2017

Experience 5 Years

Year	Position
Present	M.K. Real Estate Development Plc.
2011-2015	Senior Vice President, Sansiri Public Co., Ltd.

Miss Pornphan Yantossilp

48 Year

Senior Executive Vice President-Investment Management Division /Company Secretary

Appointed as Director -

No. of Shares -

Education

Master's Degree / EMBA, Sasin Graduate Institute of Business Administration, Chulalongkorn University

Director Certification Program

DAP 129/2016, CSP 74/2016

Experience 5 Years

Year	Position
Present	M.K. Real Estate Development Plc.
2011-Present	Director, Kongpoon Asset Co.,Ltd.



Miss Napaporn Kamolsakdavikul

59 Year

Executive Vice President-Legal and Project Transferring Support Department

Appointed as Director -

No. of Shares -

Education

Bachelor's Degree /Laws, Thammasat University

Director Certification Program

DAP 20/2004 (IOD)

Experience 5 Years

Year	Position
Present	Director, Prospect Development Co., Ltd.
2004-2015	Director, M.K. Real Estate Development Plc.

Mr. Suthep Kittiwatcharapong

57 Year

Executive Vice President-Project Procurement Department

Appointed as Director -

No. of Shares 745,376 Shares (0.075%)

Education

Bachelor's Degree Laws, Thammasat University

Director Certification Program

DAP 120/2015 (IOD)

Experience 5 Years

Year	Position
2011-Present	M.K. Real Estate Development Plc.



General and Other Significant Information

6.1 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
Headquarters		
Location	:	719 MK.Building, Buntadthong Road, Wang Mai, Pathumwan District, Bangkok 10330
Tel	:	0-2216-6600-18
Fax	:	0-2216-6619
Website	:	www.mk.co.th
Number of shares issued	:	992,010,177 ordinary shares, at par value of one baht per share

Auditors of 2018 financial statements

Auditors	:	1. Miss Vipavan Pattavanvivek CPA No.4795 and/or 2. Miss Marisa Tharathornbunphakul CPANo.5752 and/or 3.Miss Pattamawan Wattanakul CPA No.9832
Audit company	:	KPMG Phoomchai Audit Company Limited
Location	:	1 Empire Tower, Fl 50-51, South Sathorn Road, Yan Nawa, Sathorn District, Bangkok 10120
Tel	:	0-2677-2000
Fax	:	0-2677-2222

General information of companies holding more than 10% of shares, as at 31 December 2018

No.	Company name	Office location	Percent of shares held by the Company	Paid-up share capital	Registered capital	Number of shares issued	Par value
Property development and related businesses							
1	Mancon Company Limited Engaged in construction contracts and property development for small projects	719 M.K.Building, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	20,000,000	20,000,000	2,000,000	10
2	Munkong Living Company Limited Engaged in property development	719 M.K.Building, Fl 2, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	1,002,005,000	1,002,005,000	10,020,050	100
3	Munkong Life Company Limited Engaged in property development	719 M.K.Building, Fl 2, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	2,600,000,000	2,600,000,000	26,000,000	100



No.	Company name	Office location	Percent of shares held by the Company	Paid-up share capital	Registered capital	Number of shares issued	Par value
4	MKH Assets Company Limited Engaged in property development	719 M.K.Building, Fl 2, Bantudthong Rd., Wangmai, Patumwan, Bankok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	25,000,000	100,000,000	1,000,000	100
5	Samakkee Cement Company Limited ¹⁾ Engaged in manufacture of cement and ready mixed concrete	719 M.K. Building, Bantudthong Rd., Wangmai, Patumwan, Bankok 10330	40.64%	235,000,000	235,000,000	47,000,000	5
6	Subnorasing Company Limited ¹⁾ Engaged in industrial sand production	719 M.K. Building, Bantudthong Rd., Wangmai, Patumwan, Bankok 10330	36.07%	18,000,000	18,000,000	180,000	100
Property for rent and related services							
7	Prospect Development Company Limited 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 Fax 02-697-3869	100%	1,200,000,000	1,200,000,000	120,000,000	10
8	S71 Holding company Limited Engaged in investment in property development companies and apartments for rent	719 M.K.Building, Fl 2, Bantudthong Rd., Wangmai, Patumwan, Bankok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	100,000,000	100,000,000	1,000,000	100
9	Yours Property Management Co., Ltd Engaged in building and property management service	719 M.K.Building, Fl 3, Bantudthong Rd., Wangmai, Patumwan, Bankok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	3,000,000	5,000,000	50,000	100
10	TPARK BFTZ Co.,Ltd. ²⁾ Engaged in provision of warehouses for rent	175 Sathorn City Tower 13/1 st Floor Room 1308 South Sathorn Road, Tungmahamek, Sathorn, Bangkok Tel 02-679-6565 Fax 02-287-3153	40%	350,000,000	350,000,000	35,000,000	10

Note : ¹⁾ Samakkee Cement Company Limited and Subnorasing Company Limited were indirectly associated companies. (an associated company of S 71 Holding Company Limited)

²⁾ TPARK BFTZ Co.,Ltd. registered the change of name to Frasers Property BFTZ Company Limited on 28 January 2019.

³⁾ On 28 January 2019, the Company had incorporated a new subsidiary company named " Health and Wellness Village Co., Ltd." to operate medical facilities, with registered capital amount at Baht 1,000,000, divided into 10,000 ordinary shares with a par value of 100 Baht each

6.2 Other significant information

-None-



Securities and Shareholders

7.1 Securities

- a) Common stock

As of 31 December 2018, the Company had registered capital of 992,010,177 baht, paid-up capital of 992,010,177 baht, consisting of 992,010,177 shares of common stock at par value of one baht.

- b) The Company does not have other types of stock with rights or conditions different from those of common stock.
- c) There are no agreements among the major shareholders on matters that affect the issuing or offering of the Company's securities or management.

7.2 Shareholders

The list of top 10 shareholders as at 1 February 2019, which was the most recent book closing date (XO), is as follows.

Shareholders	Number of shares held	Percent of paid-up capital
1. Finansa Public Company Limited	186,479,108	18.798
2. Mr.Prateep Tangmatitham	104,214,720	10.505
3. CPD Holdings Co., Ltd.	60,000,000	6.048
4. CPD Asset Co., Ltd.	54,992,883	5.544
5. EMINENT EXPERT LIMITED	49,420,000	4.982
6. WISDOM LEADER VENTURES LIMITED	47,428,517	4.781
7. Mr.Urchart Karnchanapitak	27,967,400	2.819
8. Supalai Property Management Co., Ltd.	25,169,200	2.537
9. BCH Property Co., Ltd.	24,390,246	2.459
10. Miss Piyasri Tantiwatna	22,711,300	2.289
Total of shares held by top 10 shareholders	602,773,374	60.762
Shares held by remaining shareholders	389,236,803	39.238
Total	992,010,177	100.000

7.3 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:

Dividend details	2015	2016	2017
1. Parent company's profit (baht)	626,714,925	350,794,022	233,250,816
2. Number of shares	992,010,177	992,010,177	992,010,177
3. Dividend per share (baht: share)	0.25	0.25	0.22
4. Total dividend paid (baht)	248,002,544.25	248,002,544.25	218,242,238.94
5. Percentage of dividend payment (%)	39.57	70.70	93.56



Management Structure

8.1 Board of Directors

As at 31 December 2018, the Board of Directors consists of 10 following members.

1)	Mr. Suthep Wongvorazathe	Chairman
2)	Mr. Vorasit Pokachaiyapat	Chief Executive Officer
3)	Miss Dusadee Tancharoen	Managing 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
9)	Mr. Theraphan Jittalarn	Independent Director and Audit Committee
10)	Mr. Saksri Phurthamkul	Director

with Miss Pornphan Yantossilp as a Company's secretary

Directors authorized to sign documents on behalf of the Company

As at 31 December 2018, the directors authorized to sign documents that will be binding on the Company consist of Mr. Suthep Wongvorazathe, Mrs. Sutida Suriyodorn, 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. Saksri Phurthamkul or Mrs. Sutida Suriyodorn can sign singly and affixing the Company seal.

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
4)	Mr. Theraphan Jittalarn	Audit Committee Member

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

Nomination and Reuneration Committee ¹⁾

Consists of four independent directors and one director

1)	Mr. Att Tongyai Asavanund	Chairman of Nomination and Remuneration Committee and independent director
2)	Mr. Vorasit Pokachaiyapat	Nomination and Remuneration Committee Member and director
3)	Mr. Chaiyapont Timsootheepant	Nomination and Remuneration Committee Member and independent director
4)	Mrs. Malai Rachataswan	Nomination and Remuneration Committee Member and independent director
5)	Mr. Theraphan Jittalarn	Nomination and Remuneration Committee Member and independent director

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



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

The Executive Committee

Consists of five directors

- | | | |
|----|---------------------------|---------------------------------|
| 1) | Mr. Suthep Wongvorazathe | Chairman of Executive Committee |
| 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

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



The summary of positions held by directors and executives in the Board of Directors and various sub-committees²⁾ is as follow:

Name	Board of Directors	Independent Directors	Audit Committee	Nomination and Management	Risk Management	Executive Committee	Management Committee	Authorized Director
	Remuneration Committee Committee*							
1) Mr. Suthep Wongvorazathe	✓			✓	✓	✓	✓	✓
2) Mr. Vorasit Pokachaiyapat	✓			✓	✓	✓	✓	✓
3) Miss Dusadee Tancharoen	✓			✓	✓	✓	✓	✓
4) Mrs. Sutida Suriyodorn	✓			✓	✓	✓	✓	✓
5) Miss Rachanee Mahatdetkul	✓			✓	✓	✓	✓	✓
6) Mr. Att Tongyai Asavanund	✓	✓	✓	✓				
7) Mr. Chaiyapont Timsootheepant	✓	✓	✓	✓				
8) Mrs. Malai Rachataswan	✓	✓	✓	✓				
9) Mr. Theraphan Jittalarn	✓	✓	✓	✓				
10) Mr. Saksri Phurthamkul	✓				✓			
11) Mr. Sakdina Manlerd						✓		✓

Notes: ¹⁾ The Board of Directors' meeting No.2/2018 hold on 28 February 2018 has resolved to combine Remuneration Committee and Nomination Committee as one sub-committee under the name "Nomination and Remuneration Committee" and to approve the Charter of Nomination and Remuneration Committee and to appoint Mr.Vorasit Pokachaiyapat as a member in the Nomination and Remuneration Committee.

²⁾ The Board of Directors' meeting No.5/2019 hold on 12 March 2019 has resolved to appoint the Corporate Governance Committee and the Charter of the Corporate Governance Committee.

Attendance of Directors and Executives in Board of Directors' meetings

In 2018, the Board of Directors and sub-committees held the following meetings.

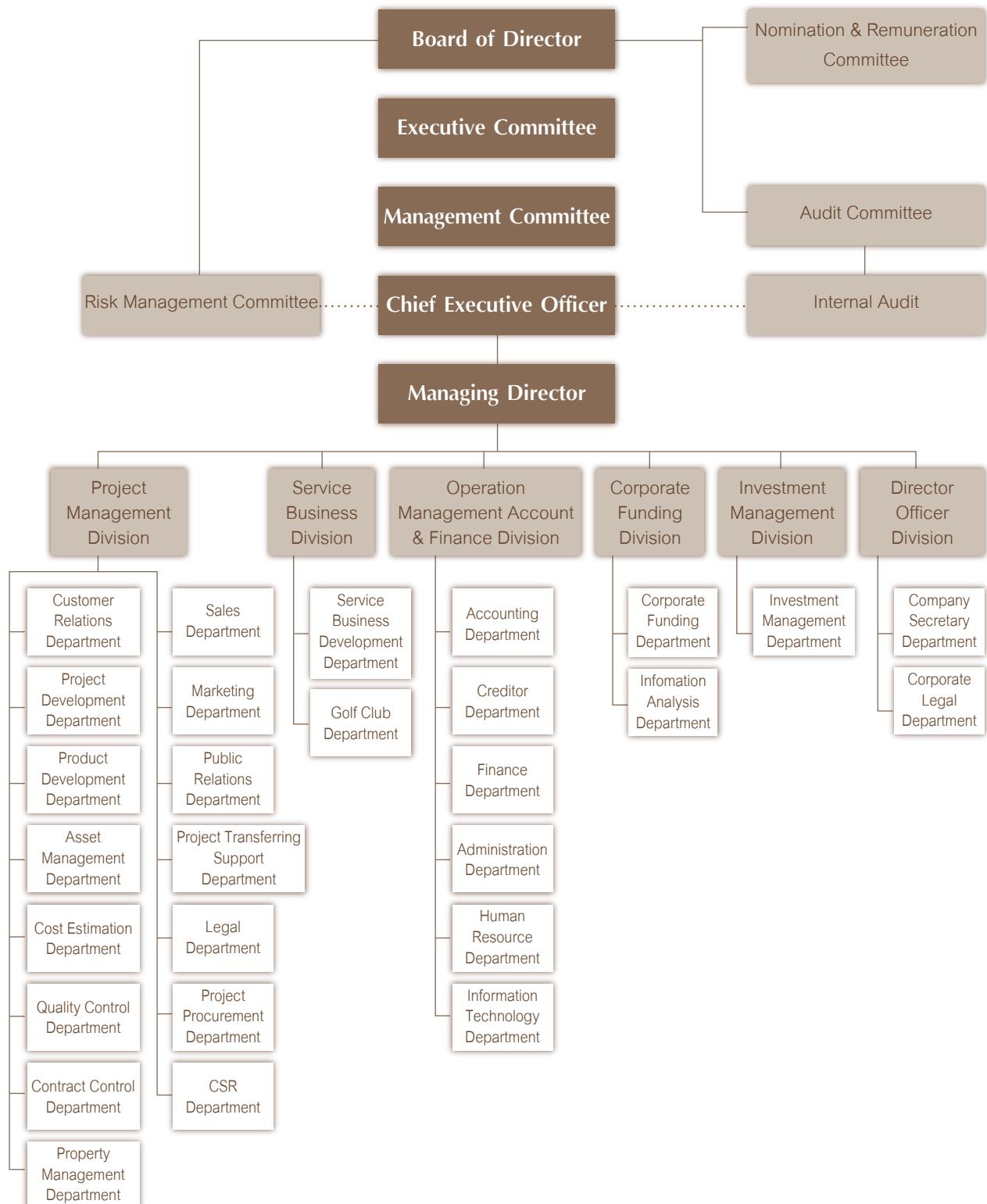
Name	Position	Meeting Attendance / Meeting						
		Board of Directors	Audit Committee	Nomination and Management	Risk Management	Executive Committee	Management Committee	Remuneration Committee Committee ^{*)}
1) Mr. Suthep Wongvorazathe	Chairman	13/13					13/13	
2) Mr. Vorasit Pokachaiyapat	Chief Executive Officer	13/13		2/2	2/2	13/13	13/13	
3) Miss Dusadee Tancharoen	Director and Managing Director	13/11			2/2	13/12	13/12	
4) Mrs. Sutida Suriyodorn	Director and Executive Director	13/13			2/2	13/13	13/13	
5) Miss Rachanee Mahatdetkul	Director and Executive Director	13/13			2/2	13/13	13/13	
6) Mr. Att Tongyai Asavanund	Independent Director and Chairman of Audit Committee	13/12	5/5	2/2				
7) Mr. Chaiyapont Timsootheepant	Independent Director and Audit Committee Member	13/13	5/5	2/2				
8) Mrs. Malai Rachataswan	Independent Director and Audit Committee Member	13/10	5/4	2/1				
9) Mr. Theraphan Jittalarn	Independent Director and Audit Committee Member	13/13	5/5	2/2				
10) Mr. Saksri Phurthamkul	Director	13/13						
11) Mr. Nutplushrone Nonthachit ²⁾	Director	5/4				2/2		
12) Mr. Sakdina Manlerd	Senior Executive Vice President						13/13	

Notes: ¹⁾ The Board of Directors' meeting No.2/2018 hold on 28 February 2018 has resolved to combine Remuneration Committee and Nomination Committee as one sub-committee under the name "Nomination and Remuneration Committee"

²⁾ Mr. Nutplushrone Nonthachit director who will be retiring from office on AGM 2018 and does not wish to continue his Directorship.



8.2 Management



Note : 1) At a Board of Directors' meeting 4/2019 held on 22 February 2019 approved this new organization chart.

2) The Board of Directors' meeting No.5/2019 hold on 12 March 2019 has resolved to appoint the Corporate Governance Committee and the Charter of the Corporate Governance Committee.



List of Executives

As at 31 December 2018, Executives consists of

	Name	Position
1)	Mr. Suthep Wongvorazathe	Chairman of Executive Committee
2)	Mr. Vorasit Pokachaiyapat	Chief Executive Officer
3)	Miss Dusadee Tancharoen	Managing Director
4)	Mrs. Sutida Suriyodorn	Senior Vice President of Operations Management, Accounting and Finance Division
5)	Miss Rachanee Mahatdetkul	Responsible for Corporate Funding Division
6)	Mr. Sakdina Manlerd	Senior Executive Vice President of Project Management Division
7)	Miss Pornphan Yantossilp*	Senior Executive Vice President of Investment Management Division and Director Office Division
8)	Miss Napaporn Kamolsakdavikul	Executive Vice President of Legal Department and Project Transferring Support Department
9)	Mr. Suthep Kitiwatcharapong	Executive Vice President of Project Procurement Department
10)	Mrs. Niramon Atsawakunkamnurd	Vice President of Accounting Department
11)	Miss Busara Rogesotorn	Vice President of Finance Department

Note : Miss Pornphan Yantossilp is senior executive vice president effective on 22 Febrary 2019.

8.3 Company's Secretary and the assigned person in direct charge of the supervision of the accounting preparation of the company.

- 1) The Board of Directors appointed Miss Pornphan Yantossilp as a Company's secretary effective on 1 June 2016.
- 2) The assigned person of the company in direct charge of the supervision of the accounting preparation.
 - The person assigned taking the highest responsibility in Accounting and Finance is Mrs. Sutida Suriyodorn.
 - The person supervision of accounting is Mrs.Niramon Atsawakunkamnurd.



8.4 Directors and Executives' remuneration

8.4.1 Monetary remuneration

a) Board of Directors' remuneration

In 2018, the Company paid remuneration to all the directors amounting to 4,329,000 baht. Details are as follows:

		Meeting allowance for Board of Directors in year 2018 (Baht)			Retirement payment for directors in 2017 (Baht)	Total	
		Board of Directors	Audit Committee	Nomination and Remuneration Committee			
1)	Mr. Suthep Wongvorazathe	Chairman, Chairman of Executive Committee	195,000		235,000	430,000	
2)	Mr. Vorasit Pokachaiyapat	Chief Executive Office, Executive Director, Chairman of Risk Management Committee, Chairman of Management Committee, Nomination and Remuneration Committee	130,000	20,000	235,000	385,000	
3)	Ms. Dusadee Tancharoen	Managing Director, Executive Director Director Risk Management Committee, Management Committee	110,000		161,600	271,600	
4)	Mrs. Sutida Suriyodorn	Director, Executive Director, Risk Management Committee, Management Committee	130,000		235,000	365,000	
5)	Mr. Philipvira Bunnag ⁽²⁾	Director, Executive Director			195,700	195,700	
6)	Miss Rachanee Mahatdetkul	Director, Executive Director, Risk Management Committee, Management Committee	130,000		235,000	365,000	
7)	Mr.Att Tongyai Asavanund	Director, Independent Director, Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee	120,000	75,000	30,000	235,000	460,000
8)	Mr.Chaiyapont Timsootheepant	Director, Independent Director, Audit Committee, Nomination and Remuneration Committee	130,000	50,000	20,000	235,000	435,000
9)	Mrs.Malai Rachataswan	Director, Independent Director, Audit Committee, Nomination and Remuneration Committee	100,000	40,000	10,000	235,000	385,000
10)	Mr.Theraphan Jittalarm	Director, Independent Director, Audit Committee, Nomination and Remuneration Committee	130,000	50,000	30,000	186,700	396,700
11)	Mr. Saksri Phurthamkul	Director	130,000		235,000	365,000	
12)	Mr. Nuttplustrhone Nonthachit ⁽³⁾	Director	40,000		235,000	275,000	
Total		1,345,000	215,000	110,000	2,659,000	4,329,000	

Notes : (1) Directors' remuneration consists of meeting allowance and special remuneration for directors, which have been approved in the 2018 Annual General Meeting of Shareholders, held on 24 April 2018. Details of the remuneration are as follows:

1) Meeting allowance for members of the Board of Directors, Audit Committee, Nominate and Remuneration Committee who attended a meetingis as follows:

- Chairman 15,000 baht per meeting
- Director 10,000 baht per person per meeting

2) Special remuneration for 12 directors for the year 2017 at a rate of 235,000 Baht/director, totaling 2,659,000 Baht, calculated by the period of directorship of each director in the year 2017.

(2) Mr. Philipvira Bunnag has resigned as Director of the company effectively on 1 November 2017.

(3) Mr. Nuttplustrhone Nonthachit director who will be retiring from office on AGM 2018 and does not wish to continue his Directorship.



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.

b) **Executive Remuneration for the Year 2018**

In 2018, the remuneration 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 35,424,115 .

8.4.2 Other remuneration (if any)

- Stock option ----- none -----
- Provident Fund -----Yes-----
- Retirement payment(for Executive): Depending on numbers of years of working at the Company, as per Company regulations



Corporate Governance

9.1 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:



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 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 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 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.

- 3) 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
- 4) 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 69 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.
- (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.

As at 31 December 2018, the Company had a total of 10 directors, including

5 executive directors
5 non-executive directors, or 5 out of 10 of the Board members
4 Independent directors, or 4 out of 10 of the Board members
Audit Committee (Refer to "Management structure" sub-section)

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
- (10) 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:
 - 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.
- (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 five of them, namely 1) Audit Committee 2) Nomination and Remuneration Committee 3) Executive Committee 4) Risk Management Committee and 5) 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) 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.



- 4) 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.
- 5) 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 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 terms 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 regard, 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.

In 2018, the Board of Directors held a total of 13 meetings, which were chaired by Chairman.

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.

In 2018, the Board of Audit Committee held a total of 5 meetings, which were chaired by Chairman of Audit Committee.

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.

In 2018, the Board of Nomination and Remuneration Committee held a total of 2 meetings, which were chaired by Chairman of Nomination and Remuneration Committee.

Risk Management Committee meetings

The Company requires that 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.

In 2018, the Board of Risk Management Committee held a total of 2 meetings, which were chaired by Chairman of Risk Management Committee.

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 2018, the Board of Executive Committee held a total of 13 meetings, which were chaired by Chairman of Executive Committee.

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 2018, the Board of Management Committee held a total of 13 meetings, which were chaired by Chairman of Management Committee.

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.
- (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 an 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.

In 2018, directors had attended no less than 75% of all the Board of Directors 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.

In 2018, 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 3.51 or 87.77 percent.
2. The performance assessment for each Member of the Board of Directors
The average score of the assessment summary was 3.47 or 86.74 percent.

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.

In 2018, four directors participated in the training course of Advanced Audit Committee Program (AACP) and one director participated in the training course of Directors Certification Program (DCP).

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
 6. Carry out other duties as requested by the Board of Directors
- (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.

In 2018, the Company's directors occupied the position of director in no more than five other listed companies.



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.

In 2018 its Chuanchuen Prime Bangkok Pathumthani project received an award for excellent energy conservation. The award, granted to property projects, was hosted by the Department of Alternative Energy Development and Efficiency, the Ministry of Energy.

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, Encouraging employees to learn the best way to exercise and providing exercise equipment, 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.

In 2018, 3 accidents occurring at the workplace. There were also no serious workplace injuries or fatalities.

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.

Average per person taking part in training/seminar (Estimated)

Employee level	Number of training hours	Number of attendees			Goal(s) of training
		Average per employee	Executive	Operation-level employee	
Executives	6 hours	60	0		Participants to learn about risk management and control and operating procedures
Executive-level employees/ operation-level employees	6 hours	43	79		1. Use of Google Applications for communication
		8	19		2. Personality & Grooming and Attitude & Selling Skills required of sales representatives
		16	19		3. Procedures for quality inspection of construction work
		15	2		4. Feasibility study - 3 curricula 4.1 Financial statements and estimates 4.2 Understanding principles and calculation of investment returns 4.3 Preparation of feasibility study and case studies
		65	105		Team Building activites



- 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.
- 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.

In 2018, the Company did not co engage in any legal violation or 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.

(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, 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 audit and 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).

In 2018, the Board of Directors and the independent auditor have reviewed and were of an opinion that the Company conducted its business in accordance with the procedures it had set, and no material errors were found (details under "Internal controls and risk management")

- (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.



The below table shows the securities held by directors and executive officers as at 31 December 2018

Name	Position	Number of securities held (shares)			
		31 Dec 2017	31 Dec 2018	Increased (Decreased)	Percent of common stock held (%)
1. Mr. Suthep Wongvorazathe *	Chairman and Chairman of Executive Committee	139,542,883	114,992,883	(24,550,000)	11.59
2. Mr. Att Tongyai Asavanund	Independent Director and Chairman of Audit Committee	-	-	-	-
3. Mr. Chaiyapont Timsootheepant	Independent Director and Audit Committee	-	-	-	-
4. Mrs. Malai Rachataswan	Independent Director and Audit Committee	-	-	-	-
5. Mr. Theraphan Jittalarm	Independent Director and Audit Committee	-	-	-	-
6. Mr. Vorasit Pokachaiyapat	Chief Executive Officer	-	-	-	-
7. Miss Dusadee Tancharoen	Managing Director and Executive Director	-	-	-	-
8. Mrs. Sutida Suriyodorn	Director and Executive Director	500,000	500,000	-	0.05
9. Miss Rachanee Mahatdetkul	Director and Executive Director	-	-	-	-
10. Mr. Saksri Phurthamkul	Director	-	-	-	-
11. Mr. Sakdina Manlerd	Senior executive Vice President of Project Management Division	-	-	-	-
12. Miss Pornphan Yantossilp	Senior executive Vice President of Investment Management Division and the Company Secretary	-	-	-	-
13. Miss Napaporn Kamonsakdavikul	Executive Vice President of Legal and Project Transferring Support Department	-	-	-	-
14. Mr. Suthep Kittiwatcharapong	Executive Vice President of Project Procurement Department	103,376	745,376	642,000	0.07
15. Mrs. Niramon Atsawakunkamnurd	Vice President of Accounting Department	-	-	-	-
16. Miss Busara Rogesotorn	Vice President of Finance Department	285,252	252	(285,000)	0.00

Notes : Details of the 114,992,883 shares held by Mr. Suthep Wongvorazathe are as follows:

- ¹⁾ A total of 60,000,000 shares are listed under CPD Holding Co., Ltd, in which Mr. Suthep Wongvorazathe hold 100 percent of the shares.
- ²⁾ A total of 54,992,883 shares are listed under CPD Asset Co., Ltd, in which Mr. Suthep Wongvorazathe hold 100 percent of the shares.



- (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 honestly, 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).

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 providing 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 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.



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 than one channels are provided to facilitate the submission of complaints. Its policy for filing complaints and related procedures shall be made available on 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
719 M.K. Building, Bantadthong Road
Wangmai Subdistrict, Patumwan District, Bangkok 10330

Tel : 02-658-5577
Fax : 02-658-5578
E-mail : chairman.auditcom@mk.co.th
2. Mail : Attn: Company Secretary
M.K. Real Estate Development Public Company Limited
719 M.K. Building, Bantadthong Road
Wangmai Subdistrict, Patumwan District, Bangkok 10330

Tel : 02-216-6600 Ext. 291,485
Fax : 02-216-6666
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.

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.

In 2018, the Company held community projects and activities to express responsibility towards the community, society, and the environment on the part of company employees, property owners, and community members. The aim was to contribute to better quality of life for people in society. More information on this can be found in Section 10, Responsibility towards 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 informationand 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

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 their Websites:www.sec.or.th and www.set.or.th. In addition, the Company also publishes information regularly on its Website, 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 relationdivision, 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'



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 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.

In 2018, the Company has made transactions between the Company and its subsidiary as additional detailed in the section 12 : Related Party Transactions.

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.

In 2017, the Company urged shareholders to exercise their right by raising issues that may be relevant to the Company, to include in the agenda for the 2018 Annual General Meeting of Shareholders, and by nominating persons to be appointed as directors, per regulations and methods set by the Company and published on its Website from 22 November 2017 - 31 January 2018. However, none of the shareholders submitted any topics to be included in the meeting agenda or nominated persons to be appointed as directors.

In 2018, one shareholders' meeting, i.e. the 2018 Annual General Meeting of Shareholders, was held on 24 April 2018. In the meeting, shareholders considered and voted in various matters per relevant laws. The Company sent out invitation letters, authorization letters, and documents related to the meeting no less than seven days, and in some cases up to 14 days, prior to the meeting, which gave shareholders ample time to read all the necessary information before attending the meeting. Each topic of discussion in the meeting agenda was accompanied by the opinions of the Board of Director, and the meeting agenda was sent to all the shareholders, whose names were compiled in a list per Article 225 of the Securities and Exchange Act B.E. 2535 (1992), using the methods of closure of registrar book and closure of registrar book for suspension of the transfer of debentures (as the case may be). In addition, the Company published information related to the meeting on the Company's Website, www.mk.co.th, prior to the meeting, to allow shareholders to study it before the meeting. In addition, the Company allows shareholders to submit questions related to the meeting agenda before the meeting takes place, to ensure maximization of their benefits from the meeting and protect their interest. On the day of shareholders' meeting the Company facilitates the shareholders by providing stamp duty on Proxy at free of charge for the proxy who attends the meeting.

At the 2018 Annual General Meeting of Shareholders held on 24 April 2018, all 11 members of the Board of Directors were in attendance. The shareholders, in the 2018 annual meeting, approved the payment of special remuneration for directors for the year 2017 and remuneration for members of the Board of Directors for 2018, as follows:

1. Special remuneration for 12 directors for the year 2017 at a rate of 235,000 baht/director, totaling 2,659,000 baht, calculated by the period of directorship of each director in the year 2017.
2. The shareholders also approved remuneration for the Board of Directors for the year 2018 as the same rate of 2017 for 1) the Board of Directors 2) the members of the



Audit Committee and 3) the Nomination and Remuneration Committee only for those attending at the meetings should be paid as meeting allowance at the following rates:

1.1	Chairman	15,000 baht/meeting
1.2	Each director/committee member	10,000 baht/meeting

In addition, the shareholders passed a resolution appointing KPMG PHOOMCHAI AUDIT LIMITED as the auditor for 2018. The list of auditors is as follows:1. Miss Vipavan Pattavanvivek CPA No.4795 and/or 2. Miss Marisa Tharathornbunpakul CPA No.5752 and/or 3. Miss Patamavan Vadhanakul CPA No.9832. The shareholders also approved an audit fee of 1,550,000 baht.

In a shareholders' meeting, the chairman at the meeting grants all shareholders equal opportunities to examine the Company's operations, raise questions, express their opinions, and make recommendations.

(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.



9.2 Sub-Committee

9.2.1 Directors' structure

Directors' structure consists of the Board of Directors, Audit Committee, Executive Committee, Nominating and Remuneration Committee*, Risk Management Committee and Management Committee. Details are as follows:

A. Board of Directors

As at 31 December 2018, the Board of Directors consists of 10 members, as follows:

- | | | |
|-----|-------------------------------|--|
| 1. | Mr. Suthep Wongvorazathe | Chairman of the Board |
| 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 Member of Audit Committee |
| 7. | Mr. Chaiyapont Timsootheepant | Independent Director and Member of Audit Committee |
| 8. | Mrs. Malai Rachataswan | Independent Director and Member of Audit Committee |
| 9. | Mr.Theraphan Jittalarn | Independent Director and Member of Audit Committee |
| 10. | Mr. Saksri Phurthamkul | Director |

With Miss Pornphan Yantossilp as the Company's Secretary

B. The Audit Committee

As at 31 December 2018 The Board of Audit Committee consist of four independent directors:

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

With Mrs.Niramon Atsawakunkamnurd as Audit Committee's secretary

C. The Nomination and Remuneration Committee

As at 31 December 2018 The Board of Nomination and Remuneration Committee consist of four independent directors and one director:

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

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



D. The Risk Management Committee

As at 31 December 2018 The Board of Risk Management Committee consist of four directors and one executive

- | | | |
|----|---------------------------|--|
| 1. | Mr. Vorasit Pokachaiyapat | Chairman of Risk Management Committee and Director |
| 2. | Miss Dusadee Tancharoen | Member of Risk Management Committee and Director |
| 3. | Mrs. Sutida Suriyodorn | Member of Risk Management Committee and Director |
| 4. | Miss Rachanee Mahatdetkul | Member of Risk Management Committee and Director |
| 5. | Mr. Sakdina Manlerd | Member of Risk Management Committee and Executive |
- With Mrs. Sutida Suriyodorn as the Board of Risk Management Committee's Secretary

E. The Executive Committee

As at 31 December 2018 The Board of Executive Committee consists of five directors

- | | | |
|----|---------------------------|--|
| 1. | Mr. Suthep Wongvorazathe | Chairman of the Board of Executive Committee |
| 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 the Board of Executive Committee's Secretary

F. The Management Committee

As at 31 December 2018 the Board of Management Committee consist of four directors and one executive

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

With Miss Pornphan Yantossilp as the Board of Management Committee's Secretary

Scope of authority of the Board of Directors

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.

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 Nominating and Remuneration Committee*

- 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.

Notes: * The Board of Directors' meeting No.2/2018 hold on 28 February 2018 has resolved to combine Remuneration Committee and Nomination Committee as one sub-committee under the name "Nomination and Remuneration Committee" and to approve the Charter of Nomination and Remuneration Committee and to appoint Mr.Vorasit Pokachaiyapat as a member in the Nomination and Remuneration Committee.

Scope of authority of the Risk Management Committee

- 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

- 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

- 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



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.

9.2.2 Name of Audit Committee with appropriate qualifications to review the Company's financial statements

Mr. Att Tongyai Asavanund, who serves as Chairman of the Board of Audit Committee is the director with appropriate qualifications to review the Company's financial statements.

9.3 Selection and appointment of directors and members of the management committee

9.3.1 Selection of 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

- 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.

Selected persons must have the qualifications the Company looks for in independent directors (details in part 2 of No. 9.1 Corporate governance policy, Principle 3 Strengthen Board Effectiveness)

- 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.



9.3.2 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 and Remuneration 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.

9.4 Overseeing subsidiary and associated company operations

9.4.1 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 is 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.

9.4.2 Agreements between the Company and shareholders regarding management of subsidiary and associated companies

None

9.5 Inside information management

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 submit 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.

9.6 Auditor's fee

9.6.1 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 3,895,000 baht.

9.6.2 Non-audit fee

- none -

9.7 Implementation of the 2017 Corporate Governance Code for Listed Companies

The Company has reviewed the Corporate Governance Policy to be suitable for the company business 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.

9.8 The other practice of the Corporate Governance Policy

- none -



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.

10.1 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.

In 2018, the Company did not co engage in any legal violation or 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.

(3) Taking into account the interest of stakeholders

The Company maintains the interest of stakeholders by adhreing to its Code of Conduct which outlines its responsibily towards customers, trading patners, 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, 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.

Training to improve employee competencies in 2018

Employee level	Number of training hours	Number of attendees		Goal(s) of training
		Average per employee	Executive level employee	
Executives	6 hours	60	-	Participants to learn about risk management and control and operating procedures
Executive-level employees/operation-level employees	6 hours	43	79	1. Use of Google Applications for communication
		8	19	2. Personality & Grooming and Attitude & Selling Skills required of sales representatives
		16	19	3. Procedures for quality inspection of construction work
		15	2	4. Feasibility study - 3 curricula 4.1 Financial statements and estimates 4.2 Understanding principles and calculation of investment returns 4.3 Preparation of feasibility study and case studies
		65	105	Team Building activites

(5) Compliance with laws, rules, and regulations governing the environment in the conduct of business

The Company is committed to complying strictly with the relevant laws, rules, and regulations. No complaints or accusations of violation of such laws, rules, and regulations, have been made against the Company.

(6) Guiding principles on health and safety at the workplace

The Company has put in place a policy and guiding principles on health and safety at the workplace, which stipulate that zero accidents must be achieved in all departments. This is also one of the goals set by the Company.

In 2018, 3 accidents occurring at the workplace. There were also no serious workplace injuries or fatalities.



10.2 Guidance on corporate social responsibility and related activites

The Company incorporates corporate social responsibility into its normal business operations, in line with the Code of Conduct and Workplace Ethics. Corporate social responsibility means responsibility towards society, the environment, and the Company. This is a collective responsibility of all employees, and must be implemented in addition to an employee's normal duties as assigned by the Company. It is hoped that over time, "social responsibility" will become incorporated into the normal way of thinking of all employees.

With its commitment to conduct real estate development business and achieve sustainable growth, the Company has always recognized the importance of corporate social responsibility (CSR) activities. The company continued to implement policies based on Sustainability Development Roadmap for Listed Companies for 2014-2018 issued by the Securities and Exchange Commission, which encourages business entities to focus on responsibility towards the economy, society, and the environment in its main operating procedures involving both internal and external stakeholders.

Real estate development, a business in which the Company has been engaged for a long time, contributes to the country's economic development. At the same time, the Company takes environmental issues seriously, as well as giving back to society what it has gained from operating its business. The company focused on both internal and external stakeholders, and conducted a CSR projects and activities. It placed importance on quality of life, with responsibility towards society, communities, and employees, and communities, to contribute to improved quality of life. can be divided into three categories, namely health and safety, society/community development and energy conservation and environmental protection.

10.3 Business operations that have an impact on social responsibility

- none -

10.4 Corporate Social Responsibility (CSR) Projects and Activities

M.K. Real Estate Development Public Company Limited recognizes the importance of conducting business with responsibility towards society, communities, and the environment - including company employees, property owners, and communities, to contribute to improved quality of life. The Company's work in this regard can be divided into three categories, namely

- 1) health and safety;
- 2) society/community development; and
- 3) energy conservation and environmental protection.



1. Health and safety

1.1 Annual health check-up for day laborers in 2018

Day laborers are the backbone of the Company's success. However, their quality of life and living conditions are far from satisfactory. Based on field inspection and information collected from the housing areas of day laborers in all the construction projects, healthcare remains a major issue, as these workers do not have time or financial means to seek medical treatment when they become ill and lack health awareness. For this reason, the Company, in collaboration with Bangpakok 9 Hospital, organized an annual health check-up for day laborers on 2 March 2018. More than 100 workers from all construction projects received a basic health assessment and instructions on how to maintain good health in daily life.



1.2 Health-promoting program for students in community

The Company and Bumrungrad Hospital co-organized a health-promoting program for around 200 students at Wat Bang Namphueng, Samut Prakarn Province, on 4 October 2018. The program consists of three activities: 1) Bright Smile - oral and dental hygiene; 2) Head Lice Removal - treating and giving advise on how to prevent and get rid of head lice; and 3) CPR practice - a demonstration of an emergency procedure to save lives.

Students were given a health check-up, which would encourage them to take good care of themselves and maintain good health. The students can also pass on health knowledge gained to other people in their community so that everyone knows how to care for themselves and adopts a healthy lifestyle.



1.3 Health-promoting program for elderly

To promote physical and mental health for the elderly and encourage them to live a healthy, disease-free life, this program was held, in collaboration with Bumrungrad Hospital, in the Bang Krachao area, Phra Pradaeng District, Samut Prakarn Province, on 8 November 2018. Around 50 people participated in the program, during which they were introduced to physical therapy and the Five Components of Healthy Life (emotional wellness, food, exercise, abstention from alcoholic beverages and abstention from smoking).



1.4 "Health-promoting program: Diabetes risk assessment"

The Company, in collaboration with Bumrungrad Hospital, held a health-promoting program during which a diabetes risk assessment was conducted for residents in Bang Krachao area, Phra Pradaeng District, Samut Prakarn Province, as it recognizes the importance of good health in strengthening a community. The program was implemented on 18 December 2018 and attended by 60 people, consisting of 26 women and 24 men, including monks. It was found that 49% of the participants were at high risk of diabetes. This program assessed the level of physical fitness of the residents in the community to see if they are at risk of the disease in the future, in order to plan how best to care for them at an early stage or how they can remain disease-free. The goal of this program was to promote good health and fitness so that their ability to work and provide for their family continues uninterrupted.

Diabetes risk score (results from 51 participants)

- Score of 2 or less means low risk: 7 participants = 13.7%
- Score between 3 and 5 means increased risk: 5 participants = 9.8%
- Score between 6 and 8 means high risk: 14 participants = 27.5%
- Score of more than 8 means extremely high risk: 25 participants = 49%





1.5 Providing sneakers to day laborers to promote workplace safety (Safety First)

Due to the nature of the work in which day laborers are engaged, they are highly prone to accidents, especially to their feet. One of the problems is that the laborers are unable to afford appropriate footwear for work. Because of this, the Company bought a total of 116 pairs of standard sneakers for the day laborers in order to minimize work-related accidents and injuries. The purchases were part of 20 projects carried out in April 2018 to promote Safety First in the workplace and instill discipline among day laborers.



2. Society/community development

2.1 Ceremony to deliver houses and good quality of life, under the “Quality of Living Enhancement” project

In continuation of the project that sought to improve housing arrangements for day laborers working in the Chuanchuen Flora Ville Project, which commenced in October 2017 and was completed in January 2018, the Company held a ceremony to deliver good quality of life under the “Quality of Living Enhancement” project to laborers on 4 May 2018. In addition to new houses built according to accepted standards, the Company implements regulations for residents and imposes punishment in case of violation of and non-compliance with these regulations. The purpose is to enhance their quality of life and create discipline among day laborers, to ensure compliance with standards and safety.



2.2 “Pankan (sharing with each other)” project, in collaboration with Yuwapat Foundation

To encourage M.K. property owners and company employees to become part of a giving society, the Company participated in the “pankan” project initiated by Yuwapat Foundation. From 10 July to 15 August 2018, donation boxes for used items that are still in good condition were installed at several M.K. property projects and within the company's offices and property owners as well as company employees were informed and encouraged to donate secondhand stuff that they no longer need that can be resold. During said period, the value of items collected in these boxes amounted to THB 141,130. The fund raised will be used to pay tuition fees for underprivileged students under the care of Yuwapat Foundation.



2.3 Community development program: House renovation for increased safety for elderly in Bang Krachao area

The Company conducted a community development project aiming at promoting good quality of life, by renovating houses with elderly occupants within the Bang Krachao area, Bang Namphueng District, Samut Prakarn Province. Four houses were renovated by 25 September 2018 and handed back to the owners on 9 October 2018. Afterwards, staff from Bumrungrad Hospital, Khun Chulalak and Khun Amornrat, conducted health checks, including blood pressure measurement, on the elderly residents in the houses and taught them easy methods of taking care of themselves.

The renovation of houses for the elderly in the community makes it easier for them to go about their daily activities and improves their quality of life and living environment. It enables them to better care for themselves, hence less burden on their younger family members. It is also another way to help people in society.

Details of the four houses that were renovated are as follows:

House No. 1 : Uncle Prasit, suffering from blood pressure and prostate enlargement, and Auntie Sa-ard, suffering from heart disease, blood pressure, and diabetes live here.
The Company renovated the corridor, the stairs, and the restroom.



before renovation



after renovation





House No. 2 : Uncle Hom, suffering from diabetes and high blood pressure, lives here.
The Company made a handrail that he can hold onto while walking to the restroom and renovated the restroom as well.



before renovation

after renovation



House No. 3 : Uncle Jiak, who suffers from amnesia, lives here.

The Company repaired the entrance to his house and renovated the restroom.



before renovation

after renovation



House No. 4 : Khun Somsak has an elderly resident. The house has leaned considerably.

The Company corrected this by erecting additional pillars to strengthen the structure and the restroom.



before renovation

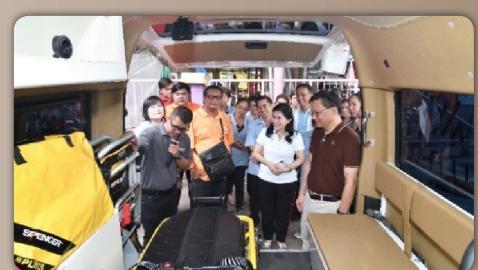


after renovation



2.4 Donation of ambulances fitted with medical equipment

The Company donated ambulances fitted with medical equipment for transporting emergency patients in six districts in Bang Krachao area, Phra Pradaeng District, Samut Prakarn Province, on 7 December 2018. The aim was to help alleviate the shortage of ambulances in the community, and for the ambulances to be used to service the public in Bang Krachao area.





3. Energy conservation and environmental protection

Due to M.K. Real Estate Development's continuous emphasis on building good quality houses, in 2018, its prime single-family detached home project "Chuanchuen Prime Bangkok-Pathumthani," featuring American Cottage-style houses, located on Bangkok-Pathumthani Road close to Flora Ville Golf and Country Club, won an award for excellent energy conservation from Dr. Siri Jirapongpan, Minister of Energy. The award was given by the Department of Alternative Energy Development and Efficiency.

The Company has continued to recognize the importance of, and improve property project planning to ensure suitability for living, starting from selecting the location and making designs based on the climate and environment, making use of natural lighting and wind directions to ensure proper ventilation and enough lighting, and using solar energy or solar cells as a source of lighting in the project's public garden. Doing so has resulted in a significant decrease in electricity tariffs. In addition, the Company provides common areas where residents can spend their leisure time. What's more, the Company takes energy efficiency in households seriously, as energy consumption is a basic factor in everyday life. Its aim is to build well-designed yet energy-efficient homes, complete with all the necessary amenities, and surrounded by a natural environment within a quality community.





Internal Controls and Risk Management

Summary of Board of Directors' opinions

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.

In this regard, the Company, per the approval of Audit Committee, engaged Multiplus Audit 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 2018, the Board of Directors and three 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 2018. 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. Below is a summary of the evaluation of the adequacy of the Company's internal controls in each area

(1) Control environment

- The Company has formulated policies and regulations in writing that are fair to customers and benefit the Company.
- The Company has clearly outlined duties and authority.
- The Company's structure enables management to perform their jobs efficiently.
- The Company recognizes the importance of the Code of Conduct and integrity of management and employees.

(2) Risk management

M.K. Real Estate Development Public Company Limited recognizes the importance of risk management and the establishment of the internal control system in response to a competitive environment and technological changes that could affect its business operations. The Company focuses on continually



monitoring risks that affect its business operations in each year, creating measures to manage these risks and designating persons in charge of overseeing risk management in a systematic manner, to strengthen itself against the risks from within. To this end, the Company has 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 in establishing risk management procedures

The Company has put in place measures to mitigate economic risks that could impact business operations, particularly by aiming to sell outstanding supplies in a highly competitive business environment at present. The Company encourages customers to get preapproved for a home loan and check their credit score with commercial banks before signing a reservation agreement, to minimize the likelihood of loan rejection when it is time to transfer ownership of the property. The Company shall provide necessary support to its customers in this regard. When the banks have made a decision on their loan application, the Company will liaise with all the relevant parties to provide services to the customers as required in the next step efficiently.

In terms of risk related to land acquisition for property development, the Company efforts to buy high-potential land at suitable prices for horizontal property development, in order for it to able to able to sell property at reasonable prices, maintaining its competitive edge in the market, and ensuring availability of transport options. However, there exists a risk of being unable to acquire land with the required specifications to meet its property development target, due to rising land prices in recent time and increased competition within the sector. The Company has tried to mitigate this risk by assigning a team to look for high-potential land for possible purchase to develop more property projects. The team also works with real estate agents in each area to find suitable land, as they understand their area well and collaboration with agents will make it possible for those wishing to sell land to get in touch with the Company.

The Company has implemented measures to control and mitigate risk from costs of materials used in property development by procuring certain construction materials directly from manufacturers, or choosing materials sold at suitable prices. Prices of some construction materials yet to be delivered are fixed in advance to minimize fluctuations. The Company has also acquired trading partners to keep up with an increase in demand for construction materials. In addition, it has set up a team dedicated to property development, which is highly capable, experienced, and recognized for their ability to develop high-quality horizontal residential property, with few long-term problems. This is because the Company has strict quality control standards and procedures on selecting manufacturers and contractors, and implements them at reasonable costs.

Regarding risk related to property development and shortage of quality contractors, the Company has improved its construction methods to reduce reliance on laborers, such as by using precast concrete - already assembled by manufacturing plants- for walls, which decreases the need for skilled labor and by making home buyers understand the Precast system better. Moreover, the Company has put in place a plan to hire contractors based in an area close to where the project is located and send a quality control team to monitor the quality of job performance.



As for risk related to unsold products or not having enough products to sell at certain times, the Company has tried to adjust its construction plans to correspond with marketing plans and consumer behavior. It has also adjusted house designs based on modern consumers' taste and preferences, to expand its customer base among younger buyers.

Lastly, the Company manages financial risk by maintaining a good D/E ratio, which in turn enables to maintain its financial strength. This shows that the Company enjoys a high level of financial liquidity and is always ready to invest in new property development projects and improve quality in its various operations, such as market research and customer analysis for the real estate sector. In addition, this means the Company is prepared to pursue more proactive technology-based marketing strategies and enhance the capacity of its personnel, to ensure suitable and successful succession in key positions in the future.

Additionally, 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. The Company considers the following to be its main risks:

Main risks that are specially regulated during the year, which include

- Business strategy risk: The Company realizes that risk may arise from making major business decisions, which may affect its profit margin and customer satisfaction. These decisions may be about locations of housing development projects, types of projects that meet customer demands, product positioning, or cost control while also maintaining product quality, as M.K Real Estate Development products are considered highly reliable.
- Operational risk: The Company realizes that risk may arise during its day-to-day business operations and procedures. To ensure that M.K. Real Estate Development Public Company Limited delivers high quality products to its clients and that the risk of error is minimized, in the following year, the Company plans to enhance the effectiveness of the internal control system by improving work flow and work standards, although the existing ones are already of good quality, to better prepare the Company for competition and risk factors that may occur in the future.
- Financial risk: The Company realizes that risk relating to financing, accounting, and cash flow may arise and affect business continuity. Therefore, it has put in place a system for monitoring risk factors that may affect the Company, which include credit risk, interest risk, equity risk, differences between investment predictions for and actual investment in each project, and pricing differences, among other things.

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.



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.	<ol style="list-style-type: none">Preventive Control: Control established to prevent risks and errors;Detective Control: Control established to detect errors that have occurred;Directive Control: Control established to support or promote success in meeting the targets;Corrective Control: Control established to correct errors that have occurred, or find solutions to prevent similar errors from reoccurring	<ol style="list-style-type: none">Risk Acceptance: Accepting the risk that has occurred as it is too costly to manage, control, or prevent it at this point;Risk Reduction: Improving operating procedures or redesigning work process to reduce probability or impact to the level the Company finds acceptable;Risk Sharing: Sharing or distributing the consequences of a risk to spread the responsibility for that risk among other people;Risk Avoidance: Managing a high-level risk which is unacceptable to the line of work, which leads to decision to terminate that particular project/activity

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

(3) Control activities

The Company has come up with activities and practices to reduce risk and ensure that its objectives and targets are met. These include the determination of operating procedures relating to risk management for management and employees, to provide assurance that the Company is able to manage risks appropriately and in line with the targets set. The Company has control activities that reduce the risk of not achieving its goals to an acceptable level, by determining the scope of authority and level of authorization appropriately, as follows:

- The Company determined the scope of authority and the transaction limit of management personnel in each level clearly and in writing.
- There is a separation of duties in each line of work, to enable checks and balances, i.e. 1. Authorization; 2. Recording accounting transactions and IT data; and 3. Asset maintenance.



- Transactions with related persons that create long-term obligations for the Company are authorized, for example, sale or loan agreements and letters of guarantee. Follow-ups are conducted to ensure compliance with the terms and conditions throughout the effective period of the agreement.
- There is a clear separation of duties that are conducive to corruption. Relevant laws and regulations are respected.

(4) Information and communication

The information used in business operations is obtained from both within and outside the Company, which is useful and related to business operations. Significant information is presented to management and the Board of Directors, so they can make informed decisions in a timely manner. In this regard, the Company sends out meeting invitation letters and related documents an average of 7 days before a meeting takes place, to allow ample time for the directors to study the necessary information before attending the meeting. Opinions and resolutions passed at the meeting are completely indicated. Significant information is presented to the Board of Directors on a regular basis, and the Board of Directors has access to sources of information essential to their work.

The Company stores data and information that can be used in business operations adequately. To this end, financial documents are completely kept in relevant categories and can be reviewed. When suspicion of fraud arises, an investigation committee will be formed and opinion boxes installed at the Company. In addition, the Company completely and accurately discloses information regarding related party transactions, such as sales and services to related parties.

(5) 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 2017. The internal auditor conducted the audit and presented its findings to the Audit Committee, in the following topics.
 - Internal audit on construction costing system

The Audit Bureau conducted an audit for a total of three working days from 31 July to 2 August 2018, to ensure that the internal control system for construction costing has been implemented and that the outstanding issues from the previous audit period have been addressed. The Audit Bureau reported to the Audit Committee that a construction budget/bill of quality (BOQ) had been presented to management to approve before construction commenced. The budget requires approval from management before being recorded in the RMS so that all relevant departments are aware and use the budget accordingly. In addition, the Company has addressed all outstanding issues from 2017.



- Internal audit on monitoring progress of action taken to address outstanding issues from information system

The Audit Bureau conducted an audit for a total of four working days from 16-19 October 2018, to ensure continuous implementation after outstanding issues from the information system had been addressed. The Audit Bureau reported that the Company had prepared a handbook on how to conduct a risk assessment on the information system, "Reporting Information Technology Risk Analysis and Assessment Results," as this is considered an important process to identify or determine risk factors, impact, probability of occurrence, and lastly, risk level, and find ways to prevent or minimize damage to the Company.

- Internal audit on assessment of adequacy of internal control system in 2018, and action taken regarding outstanding issues

The Audit Bureau conducted an audit for a total of five working days from 4-8 February 2018, to ensure the adequacy of the Company's internal control system in line with COSO, and to ensure that appropriate action had been taken to address all outstanding issues from the previous audit period.

Audit results: The Company's internal controls are adequate, in line with all COSO requirements. Additionally, the Company has implemented effective internal controls for its operations, meeting every control standard.

It should be noted that the Audit Committee receives audit reports from the audit team on a quarterly basis and is informed of operations of the management team, which has focused on putting in place a work system and operating procedures to enhance the effectiveness of the Company's internal controls.

11.2 Summary of opinions of Audit Committee

Audit Committee's report

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 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 2018 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 2018, 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 to 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 processes 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



11.3 Information of the head of internal audit

In this regard, the Company, per the approval of Audit Committee, engaged Multiplus Aiudit and Consulting Co.,Ltd., an unrelated party, to carry out an internal audit at the Company, since 2008 Multiplus Aiudit 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 Aiudit 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.



Related Party Transactions

(See: Note to financial statement # 4)

The Company has related party transactions with the companies which related by having common shareholders and/or directors. The related party transactions are transactions that occurred in the ordinary course of business, necessary and reasonably conducted in the best interest of the Company. The transactions will benefit business within the Group, which in turn, generate return to the Company.

12.1 Related Party Transactions in 2018

Related party transactions incurred during the year 2018 reported in the audited statement for the year ended 31 December 2018 (Balance as of 31 December 2017 for comparison purpose)

1. Outstanding items

Items/ Company Name (Relationship)	Details of Transactions	Balance as of	Balance as of
		31 December 2018 (million Bt)	31 December 2017 (million Bt)
(1) Other Payables (Subsidiaries)			
- Mancon Co., Ltd.	Short-term loan to related parties	-	-
- Bunthudthong Pattana Co., Ltd.		-	-
- MK 71 Co., Ltd.		-	-
(2) Accounts Receivable			
- Finansa Pcl. / Joint director	Prospect Development Co., Ltd.,	4.38	3.29
- TPARK BFTZ Co.,Ltd	a subsidiary, received property	-	7.85
- Munkong Living Co.,Ltd	management fees	-	0.13
(3) Accrued Expenses			
- Finansa Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, paid management fees	0.175	0.02
(4) Loans from subsidiary			
- Mancon Co., Ltd.	Loans between related parties	158.00	115.00
- S 71 Holding Co., Ltd.		34.00	91.50
- MKH asset Co., Ltd		10.00	



2. Loan to related parties

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2018 (million Bt)	Balance as of 31 December 2017 (million Bt)
(1) Subsidiaries			
- Bunthudthong Pattana Co., Ltd.	Investment in property development projects and business for rent and services	-	81.30
- MK71 Co., Ltd.		-	-
- S 71 Holding Co., Ltd.		-	-
- T 77 Park Co., Ltd.		-	-
- Munkong Living Co.,Ltd		842	1,985
- Prospect Development Co., Ltd.	Investment in business for rent and service	325	595
- MK Life Co., Ltd.	Investment in business health and beauty	20.50	-
(2) Joint Venture			
- TPARK BFTZ Co., Ltd.	Prospect Development Co., Ltd., a subsidiary, lent money to joint venture company during the set up period	-	-

3. Other current assets

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2018 (million Bt)	Balance as of 31 December 2017 (million Bt)
- Prospect Development Co., Ltd.	Security deposit for lease of office space, Finansa PCL	0.59	0.59
- Munkong Living Co.,Ltd	Interest receivables	-	-
- MK Life Co., Ltd.		-	-

4. Revenue and expenses items

Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of 31 December 2018 (million Bt)	Balance as of 31 December 2017 (million Bt)
(1) Revenue for providing rent and services				
<u>Subsidiaries</u>	The company received rent and services income for providing office space	Rent and Service Agreement		
- Mancon Co., Ltd.			0.03	0.03
- Yours Property Management Co., Ltd.			0.12	0.12
<u>Associated</u>				
- Samakkee Cement Co., Ltd			0.52	0.52



Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of	Balance as of
			31 December 2018 (million Bt)	31 December 2017 (million Bt)
(2) Acquire / Sale Land / Servitude Compensation (Subsidiary)	The company acquired / sold land	Market price	-	-
	The company sold servitude land		-	-
	The company sold servitude compensation	Mutual agreed	7.00	11.81 35.00
(3) Dividend (Subsidiary)	The company received dividend	Dividend as the Company paid to shareholders	3.82	5.73
(4) Interest Income (Subsidiary)	The company received interest for providing loan	Calculate from cost of debts plus margin	0.37	13.17
			-	4.70
			-	6.48
			15.79	30.56
			-	30.11
			-	5.86
			64.68	26.79
			0.24	-
(5) Management Fee Subsidiaries	The company received management fee	Service agreement	2.16	2.16
			0.12	0.36
			-	0.24
			0.36	0.36
			1.80	1.80
			2.76	0.92
			-	1.60
(6) Management Fees and Personnel Expenses (Subsidiary)	The company paid personnel expenses and management fee for some projects during set up juristic persons	Service agreement	8.93	5.90



Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of	Balance as of
			31 December 2018 (million Bt)	31 December 2017 (million Bt)
(7) Revenue from sale of real estate - Director	The Company received the money from property sale from directors.	At the same price and under the same conditions as when offering for sale to other people	-	40.6
(8) 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	20.60	18.24
(9) 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	1.92	3.20
(10) Interest expense - Mancon Co., Ltd. - S 71 Holding Co., Ltd. - MKH asset	Loans between related parties	Per the loan agreement	2.29 1.13 -	0.61 20.66 -
(11) Commission Income <u>Joint Venture</u> - TPARK BFTZ Co., Ltd.	Prospect Development Company Limited received commission for bringing in customers.	Service agreement	0.81	7.86

Related transaction policy

The company has established the policies concerning related party transactions based on clarity, transparency and impartiality to customers, business partners, and shareholders, while ensuring the best interests of the company.

Services provide and receive has to conduct in the normal course of business. Bargaining power, trade conditions and fees are in line with the market rate which will be charge for other customers under normal circumstances.



Approval Procedure

The authority of approval is based on the credit limit which has been pre-determined and reviewed by the Board of Director by considering adequacy and avoid conflict of interest.

12.2 Audit Committee's opinion

Audit Committee reviewed related party transactions made between the Company and its subsidiaries on the one hand and related individuals/entities on the other that may have caused a conflict of interest, involved material interest, or cause a conflict of interest in the future, in line with the announcements of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as accounting standards regarding disclosure information of related persons or entities introduced by the Association of Certified Accountants and Auditors of Thailand. In a meeting No. 4/2017 held on 31 October 2017, Audit Committee was of an opinion that the transactions were made under fair and reasonable terms and conditions, and conducted as if the contractual party was an unrelated individual or entity. No action was committed that caused the transfer of interest between the Company and its subsidiaries on the one hand, and the related party on the other, or caused a conflict of interest or material interest, or cause a conflict of interest in the future. The transactions were also made for the Company's maximum benefits.

12.3 Measures and procedures for approving related party transactions

The Securities and exchange Act (No. 4) B.E. 2551, effective on 31 August 2008, was ameded to include a clause under Section 3/1 on business management of companies issuing securities. Based on Article 89/12 (1) of the amended Act, directors, management, or related person can only enter into a related party transaction with the Company or subsidiary insofar as that transaction is approved in a shareholders' meeting of the Company. Exceptions can be made in case where the transaction is a trade agreement made as any contractual party would under the same circumstances, without using influence in the capacity of director, management, or related person -as the case may be- to conduct that transaction, and that transaction must have been approved by the Board or be in line with the principles approved by the Board.

Therefore, for the benefits of or for the appropriateness in the Company's business operations, the Board of Directors can enter into related party transactions with the Company, a subsidiary, or any related entity, provided that that transaction's terms and conditions are made as any contractual party would under the same circumstances, without using influence in the capacity of director, management, or related person -as the case may be- to conduct that transaction. The Company must comply with the Securities and exchange Act (No. 4) B.E. 2551and the Securites and Exchange Commission announcements. It also needs to present the transaction to a meeting of the Board of Directors and Audit Committee for consideration or approval, or to a shareholder's meeting for approval, as the case may be.

The Company recognizes the importance of careful consideration of related party transactions. It has adopted measures to ensure that approval of these transactions is in strict compliance with the Stock Exchange of Thailand regulations. It has also specified authorized persons: all related party transactions are to be considered by the Board of Directors, and approved as well by Audit Committee, based on



reasonableness, to prevent conflict of interest. In any Board of Director meeting discussing related party transactions in which one of the Board members has interest, that Board member will not be present so the meeting can be conducted freely.

When entering into related party transactions, the Company principally takes into consideration transaction reasonableness and the maximum benefits of the Company and stakeholders.

12.4 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.



Management Discussion and Analysis of Financial Position and Operating Results

Operating Results

In 2018, the Company recognized income from sales and services amounting to 4,546.81 million baht, an increase of 48.37 percent compared to the previous year. It has a gross profit of 1,485.25 million baht and a gross profit margin of 32.67%, a slight decrease from 34.52 % in the previous year. The core business areas of the Company and its subsidiaries are as follows.

(1) Business segment: real estate development

Revenue from the sale of real estate amounted to THB 4,152.93 million, an increase of THB 1,387.60 million or 50.18 percent from the previous year. This was due to revenue from the sale of plots of land with no short-term development plans. Gross profit from real estate sale, which is the Company's main business segment, in this year was THB 383.27 million higher than the previous year, standing at 31.01 percent. Meanwhile, revenue from horizontal real estate and condominium projects amounted to THB 2,853.81 million, up THB 2,653.52 million from the previous year. Moreover, the Company had unrecognized revenue from outstanding ownership transfers in several of its real estate projects, because the number of finished houses was lower than the number of units reserved in new projects launched in the last quarter of the year as well as in existing projects that had been expanded and where additional construction was underway. In addition to continuous revenue growth, gross profit in this year increased from last year, from 32.6 to 34.7 percent, as revenue recognized from sale of Park Court Condominium also increased

(2) Business segment: real estate rental and services

The Group had revenue from rental and services amounting to THB 252.14 million this year, compared to THB 195.89 million last year, an increase of THB 56.24 million or 28.71 percent. Revenue from warehouse/plant rental and services in Bangkok Free Trade Zone of Prospect Development Co., Ltd. Increased significantly, from approximately THB 17 million per quarter in the later months of 2015, when the Company began its investment in that company, to THB 60 million. Its gross profit stood at 58.3 percent.

In the most recent quarter at the end of 2018, Prospect Development Co., Ltd, had areas for rent amounting to 125,000 square meters. It has planned to expand areas for rent to approximately 285,000 square meters in 2022. In addition, Munkong Living Co., Ltd.'s Park Court project which has units for rent continued to generate revenue from rental and services. The gross profit for real estate rental and services this year amounted to THB 136.32 million, up THB 29.18 million or 27.24 percent.

(3) Business segment: golf course and real estate management

Revenue from golf course amounted to THB 109.25 million, up THB 27.98 million from last year, or 34.4 percent. This was due to the opening of the new club house in February 2018, which increased the Company's competitive edge due to the availability of golf course services and restaurants, while at the same time it was able to maintain its gross profit margin at a similar level as last year. Meanwhile, both revenue and gross profit from real estate management by Your Property Management Co., Ltd., which was established to oversee real estate management, also increased. Moreover, the group received revenue



from Prospect Development Co., Ltd. These two businesses reinforced the Company's image and effectively expanded the group's operations in terms of services and project potential.

Based on the operating performance of each core business segment, it can be seen that the group has maintained growth in all segments and maintained gross profit margin at a similar level as the previous year. Meanwhile, total costs and expenses for the year amounted to THB 4,385.76 million, up THB 1,373.04 million or 45.57 percent from last year. In addition, the group recognized loss in 2018 amounting to THB 25.98 million from Samakkhee Cement Co., Ltd., an associate company, in which the Company holds 40.64 percent of the shares, as expenses. Expenses consist of the following.

1) Selling and administrative expenses

In 2018, the Company's selling and administrative expenses increased by THB 244.98 million or 34.89 percent. The increase was in line with increased revenue, which led to increases in expenses such as transfer fees, specific business tax, broker fees, and other fees. However, the ratio of selling and administrative expenses to revenue from sale and services in 2018 decreased from 22.9 last year to 20.8 this year. In addition, the Company recognized depreciation of its golf course business and amortized building leaseholds from rental of space for construction of the Company's new head office; these expenses no longer impact the Company's cash flow.

2) Financial cost

Financial cost increased by THB 74.41 million, or 33.5 percent, from last year, because the parent company provides financial support to its subsidiaries in their early stages. After the subsidiaries have commenced operations for a while and appear to be doing well, they are able to obtain loans to finance themselves and no longer need to rely on the parent company, and so the group's working capital increases as a result. However, the ratio of financial cost to revenue from sale and services in 2018 amounted to 6.5 percent, down from 7.2 percent last year. This was because the Company took great care to maintain the debt-to-capital ratio at an appropriate level; the ratio stood at 1.17 as at the end of 2018.

Over the last three years, the group has been able to increase the ratio of gross profit from stable revenue-generating businesses and revenue from services to revenue from all business segments (excluding revenue from sale of undeveloped land), from 4.5 percent as at the end of 2015 to 17.3 percent as at the end of 2018. This was in accordance with the Company's revenue restructuring plan aimed at mitigating business risks and generating stable revenue in the long run. Sale of horizontal real estate and condominium projects, which remains the group's core business segment, has maintained its growth rate for the past three years. In 2018, the gross profit from this segment amounted to THB 990.7 million, up THB 265.36 million from 2015, or 36.6 percent. While revenue restructuring is underway, the group needs to invest in real estate rental and services and simultaneously focuses on increasing revenue from real estate business. To achieve this, it seeks to improve construction quality and after-sales services and enhance the skills of its personnel and improve the efficiency of the working procedures to ensure business growth. Due to these reasons, selling and administrative expenses and financial cost increased. Nevertheless, in 2018, the group continued to make a net operating profit amounting to THB 305.93 million.



Financial position

In 2018, the Company had assets amounting to THB 15,726.77 million, up THB 1,546.93 million compared to last year's assets of THB 14,179.84 million. Its liabilities increased to THB 1,567.80 million, due to an increase in long-term loans to be used to invest in real estate development projects and real estate for investment. Because of the increase in liabilities, its debt/equity (D/E) ratio increased to 1.37, an increase compared to 1.15 last year, whereas the debt-to-capital ratio amounted to 1.17, compared to 1.04 in 2017.

Contingent Liabilities	Total (Thousand Bt)	Terms of Payments			Note
		Less than 1 year	1-5 years	More than 5 years	
Long-term liabilities	6,161,444	961,283	5,200,161	-	In Balance sheet
Operating lease	412,695	13,380	51,137	348,178	Note to financial statement # 35
Other liabilities	1,738,991	1,356,654	382,337	-	
Total	8,313,130	2,331,317	5,633,635	348,178	

Investment expenses

In the past year, the Company's cash flow from operating activities amounted to THB 2,046.41 million. The Company paid income tax amounting to THB 143.31 million. It spent cash flow in investments amounting to THB 2,365.69 million. Cash flow from financing activities of THB 303.79 million was used to pay dividend amounting to THB 218.41 million and pay interest and other financial costs amounting to THB 308.91 million. The Company repaid long-term loans amounting to THB 707.88 million and repaid long-term debentures that matured amounting to THB 1,705 million. It had cash flow from issue of debentures amounting to THB 1,630 million. As a result, its cash and cash equivalents had a net decrease of THB 15.55 million.

Audit Fees

1) Audit fees

The company and subsidiaries paid for audit fees as follows:

- The audit fees occurred during the year 2018 was Bt3,895,000.00

2) Non-audit fee

- none -



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 2018, 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 2018 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.



Valuation of real estate projects under development

Refer to Notes to the financial statements 3 (d) and 8.

The key audit matter	How the matter was addressed in the audit
<p>The Group has significant real estate projects under development which are measured at the lower of their cost and their net realisable values. The determination of the estimated net realisable values 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>Future trends in real estate business markets may depart from known trends based on past experience. There is therefore a risk that the estimates of net realisable values are 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 subcontractor 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"> - 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; - I evaluated the appropriateness of the estimated selling prices by comparing sales estimates to sales made to date and real estate price trend information; - 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 - I considered the adequacy of the Group's disclosure in accordance with Thai Financial Reporting Standard.

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 Pattavanvivek)

Certified Public Accountant

Registration No. 4795

KPMG Phoomchai Audit Ltd.

Bangkok

22 February 2019



Statement of Financial Position

M.K. Real Estate Development Public Company Limited and its Subsidiaries

Assets	Note	Consolidated financial statements 31 December		Separate financial statements 31 December	
		2018	2017	2018	2017
(in Baht)					
Current assets					
Cash and cash equivalents	5	88,017,379	103,567,086	66,246,872	75,983,462
Current investments	6, 34	-	345,567,872	-	288,187,164
Trade accounts receivable	7	12,358,499	15,258,160	68,706	81,971
Short-term loans to related parties	4	-	-	1,187,500,000	2,661,740,000
Short-term loans to other parties		111,267,340	95,000,000	100,000,000	95,000,000
Real estate projects under development	8, 9	6,607,910,441	8,799,818,970	4,460,944,173	4,649,953,814
Deposits for purchase of land		76,300,000	81,500,000	76,300,000	51,000,000
Other current assets		41,591,671	73,787,497	35,146,959	117,731,183
Total current assets		6,937,445,330	9,514,499,585	5,926,206,710	7,939,677,594
Non-current assets					
Deposits pledged as collateral	9	4,920,519	4,880,379	4,283,214	4,225,691
Investments in associates	10	38,784,856	64,761,632	-	-
Investments in subsidiaries	11	-	-	4,748,323,478	2,653,393,807
Investments in joint venture	10	142,102,302	140,028,630	-	-
Other long-term investments	6	10,125,670	10,125,670	9,186,120	9,186,120
Land held for development	9	541,411,463	1,141,411,463	529,291,509	529,291,509
Investment properties	9,13	2,134,635,021	408,131,101	6,010,280	6,168,874
Property, plant and equipment	14	3,660,053,738	925,640,339	874,825,897	753,298,576
Leasehold right	9,15	2,084,439,523	1,883,978,876	106,749,703	5,563,258
Intangible assets	16	12,858,518	5,468,007	12,298,184	5,012,524
Deferred tax assets	17	34,800,894	35,180,644	10,079,155	12,193,173
Other non-current assets		125,188,196	45,728,671	16,595,670	24,607,181
Total non-current assets		8,789,320,700	4,665,335,412	6,317,643,210	4,002,940,713
Total assets		15,726,766,030	14,179,834,997	12,243,849,920	11,942,618,307

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



Statement of Financial Position

M.K. Real Estate Development Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated financial statements 31 December		Separate financial statements 31 December	
		2018	2017	2018	2017
(in Baht)					
Current liabilities					
Short-term borrowings from financial institutions	18	630,000,000	630,000,000	630,000,000	630,000,000
Trade and other accounts payable		228,373,002	98,392,778	140,560,850	91,451,748
Current portion of long-term borrowings	18	275,119,005	88,009,588	192,336,499	8,559,122
Short-term debentures	18	658,267,753	129,806,256	658,267,753	129,806,256
Current portion of long-term debentures	18	686,164,067	1,325,000,000	499,670,994	1,325,000,000
Short-term loans from related parties	4, 18	-	-	202,000,000	206,499,800
Short-term loans from other parties	18	352,424,891	293,148,619	-	-
Current portion of finance lease liabilities	18	1,454,317	1,115,451	1,190,702	1,115,451
Income tax payable		8,114,847	47,007,635	3,956,012	35,315,220
Customers' deposits		421,986,747	21,574,098	31,093,078	19,760,288
Other current liabilities	19	250,059,618	283,580,519	178,185,736	181,140,845
Total current liabilities		3,511,964,247	2,917,634,944	2,537,261,624	2,628,648,730
Non-current liabilities					
Long-term borrowings	18	2,332,076,032	1,550,532,422	448,972,626	219,251,691
Long-term debentures	18	2,868,085,643	2,831,583,240	2,578,639,724	2,493,209,907
Finance lease liabilities	18	3,963,599	4,354,781	3,177,249	4,354,781
Deferred tax liabilities	17	17,285,189	16,500,322	-	-
Non-current provisions for employee benefits	20	52,098,748	56,891,081	49,464,665	54,198,567
Other non-current provisions	21	-	6,767,298	-	6,767,298
Other non-current liabilities	22	295,271,986	127,684,011	57,927,845	51,724,796
Total non-current liabilities		5,568,781,197	4,594,313,155	3,138,182,109	2,829,507,040
Total liabilities		9,080,745,444	7,511,948,099	5,675,443,733	5,458,155,770

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



Statement of Financial Position

M.K. Real Estate Development Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated financial statements 31 December		Separate financial statements 31 December	
		2018	2017	2018	2017
(in Baht)					
Equity					
Share capital:	23				
Authorised share capital		992,010,177	992,010,177	992,010,177	992,010,177
Issued and paid-up share capital		992,010,177	992,010,177	992,010,177	992,010,177
Share premium on ordinary shares	24	1,484,159,623	1,484,159,623	1,484,159,623	1,484,159,623
Retained earnings					
Appropriated					
Legal reserve	24	99,201,018	99,201,018	99,201,018	99,201,018
Unappropriated		4,070,649,768	3,984,713,629	3,993,035,369	3,909,091,719
Equity attributable of the Company		6,646,020,586	6,560,084,447	6,568,406,187	6,484,462,537
Non-controlling interests	12	-	107,802,451	-	-
Total equity		6,646,020,586	6,667,886,898	6,568,406,187	6,484,462,537
Total liabilities and equity		15,726,766,030	14,179,834,997	12,243,849,920	11,942,618,307

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



Statement of Comprehensive Income

M.K. Real Estate Development Public Company Limited and its Subsidiaries

		Consolidated financial statements For the year ended 31 December	Separate financial statements For the year ended 31 December		
	Note	2018	2017	2018	2017
(in Baht)					
Revenues					
Revenue from sale of real estate		4,152,925,167	2,765,320,804	3,166,480,125	2,649,627,454
Revenue from rental and rendering of services		252,136,720	195,894,070	14,390,565	17,484,698
Revenue from golf services		109,249,232	81,267,628	109,249,232	81,267,628
Revenue from management of real estate		32,495,939	22,012,953	-	-
Gain on sale of investments and investments income		72,307,877	8,583,209	117,073,528	130,941,308
Other income		94,023,005	191,286,787	76,346,005	174,801,127
Total revenues		4,713,137,940	3,264,365,451	3,483,539,455	3,054,122,215
Expenses					
Cost of sale of real estate	8	2,865,121,570	1,860,791,431	2,168,943,422	1,793,527,292
Cost of rental and rendering of services		115,817,194	88,754,921	4,590,228	4,590,228
Cost of golf services		64,768,119	46,417,408	64,768,119	46,417,408
Cost of management of real estate		15,846,677	10,525,305	-	-
Distribution costs	26	372,964,964	277,404,212	286,090,231	246,552,339
Administrative expenses	27	574,255,794	424,832,072	404,782,720	347,863,995
Finance costs	30	296,497,599	222,087,317	178,954,658	182,688,175
Total expenses		4,305,271,917	2,930,812,666	3,108,129,378	2,621,639,437
Share of loss of investments in associates and joint venture	10	(23,903,104)	(18,914,285)	-	-
Profit before income tax expense		383,962,919	314,638,500	375,410,077	432,482,778
Income tax expense	31	(80,490,070)	(81,912,142)	(73,237,366)	(69,438,308)
Profit for the year		303,472,849	232,726,358	302,172,711	363,044,470
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		303,472,849	232,726,358	302,172,711	363,044,470

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



Statement of Comprehensive Income

M.K. Real Estate Development Public Company Limited and its Subsidiaries

	Note	Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
		2018	2017	2018	2017
(in Baht)					
Profit (loss) attributable to:					
Owners of the Company		305,924,724	233,250,816	302,172,711	363,044,470
Non-controlling interests	12	(2,451,875)	(524,458)	-	-
Profit for the year		303,472,849	232,726,358	302,172,711	363,044,470
Total comprehensive income attributable to:					
Owners of the Company		305,924,724	233,250,816	302,172,711	363,044,470
Non-controlling interests	12	(2,451,875)	(524,458)	-	-
Total comprehensive income for the year		303,472,849	232,726,358	302,172,711	363,044,470
Basic earnings per share (Baht)	32	0.31	0.24	0.30	0.37

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

Statement of Changes in Equity

M.K. Real Estate Development Public Company Limited and its Subsidiaries

Consolidated financial statements							
Note	Equity						Total equity
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Retained earnings	attributable to owners of the Company	Non- controlling interests	
(in Baht)							
Year ended 31 December 2017							
Balance at 1 January 2017		992,010,177	1,484,159,623	99,201,018	4,005,533,711	6,580,904,529	112,513,730
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Dividends to owners of the Company	33	-	-	-	(247,987,819)	(247,987,819)	-
Dividends to owners of subsidiary		-	-	-	-	-	(270,000)
Total distributions to owners of the Company		-	-	-	(247,987,819)	(247,987,819)	(270,000)
<i>Change in ownership interest in subsidiary</i>							
Acquisition of non-controlling interests without a change in control		-	-	-	(6,083,079)	(6,083,079)	(3,916,821)
Total changes in ownership interest in subsidiary		-	-	-	(6,083,079)	(6,083,079)	(3,916,821)
Total transactions with owners, records directly in equity		-	-	-	(254,070,898)	(254,070,898)	(4,186,821)
Comprehensive income for the year							
Profit for the year		-	-	-	233,250,816	233,250,816	(524,458)
Total comprehensive income for the year		-	-	-	233,250,816	233,250,816	(524,458)
Balance at 31 December 2017		992,010,177	1,484,159,623	99,201,018	3,984,713,629	6,560,084,447	107,802,451
							6,667,886,898

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



Statement of Changes in Equity

M.K. Real Estate Development Public Company Limited and its Subsidiaries

Consolidated financial statements								
Note	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Equity attributable to owners of the Company		Non- controlling interests	Total equity
			Legal reserve	Unappropriated				
(in Baht)								
Year ended 31 December 2018								
Balance at 1 January 2018		992,010,177	1,484,159,623	99,201,018	3,984,713,629	6,560,084,447	107,802,451	6,667,886,898
Transactions with owners, recorded directly in equity								
Distributions to owners of the Company	33	-	-	-	(218,229,061)	(218,229,061)	-	(218,229,061)
Dividends to owners of the Company		-	-	-	-	-	(180,000)	(180,000)
Dividends to owners of subsidiary		-	-	-	-	-		
Total distributions to owners of the Company		-	-	-	(218,229,061)	(218,229,061)	(180,000)	(218,409,061)
Change in ownership interest in subsidiary	11	-	-	-	-	-		
Acquisition of non-controlling interests without a change in control		-	-	-	(1,759,524)	(1,759,524)	(105,170,576)	(106,930,100)
Total change in ownership interest in subsidiary		-	-	-	(1,759,524)	(1,759,524)	(105,170,576)	(106,930,100)
Total transactions with owners, records directly in equity		-	-	-	(219,988,585)	(219,988,585)	(105,350,576)	(325,339,161)
Comprehensive income for the year								
Profit for the year		-	-	-	305,924,724	305,924,724	(2,451,875)	303,472,849
Total comprehensive income for the year		-	-	-	305,924,724	305,924,724	(2,451,875)	303,472,849
Balance at 31 December 2018		992,010,177	1,484,159,623	99,201,018	4,070,649,768	6,646,020,586	-	6,646,020,586

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

Statement of Changes in Equity

M.K. Real Estate Development Public Company Limited and its Subsidiaries

Year ended 31 December 2017

Balance at 1 January 2017

Distributions to owners of the Company

Dividend to owners of the Company

Total distributions to owners of the Company

Comprehensive income for the year

Profit for the year

Total comprehensive income for the year

Balance at 31 December 2017

33

Note	Separate financial statements				
	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Total equity
			Legal reserve	Unappropriated	
(in Baht)					
Year ended 31 December 2017	992,010,177	1,484,159,623	99,201,018	3,794,035,068	6,369,405,886
Balance at 1 January 2017	-	-	-	(247,987,819)	(247,987,819)
Distributions to owners of the Company	-	-	-	(247,987,819)	(247,987,819)
Dividend to owners of the Company	-	-	-	(247,987,819)	(247,987,819)
Total distributions to owners of the Company	-	-	-	363,044,470	363,044,470
Comprehensive income for the year	-	-	-	363,044,470	363,044,470
Profit for the year	-	-	-	363,044,470	363,044,470
Total comprehensive income for the year	-	-	-	363,044,470	363,044,470
Balance at 31 December 2017	992,010,177	1,484,159,623	99,201,018	3,909,091,719	6,484,462,537

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



Statement of Changes in Equity

M.K. Real Estate Development Public Company Limited and its Subsidiaries

Year ended 31 December 2018

Balance at 1 January 2018

Distributions to owners of the Company

Dividend to owners of the Company

Total distributions to owners of the Company

Comprehensive income for the year

Profit for the year

Total comprehensive income for the year

Balance at 31 December 2018

Note	Separate financial statements				
	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings Legal reserve	Unappropriated equity	Total equity
	(in Baht)				
Year ended 31 December 2018	992,010,177	1,484,159,623	99,201,018	3,909,091,719	6,484,462,537
Balance at 1 January 2018	-	-	-	(218,229,061)	(218,229,061)
Distributions to owners of the Company	-	-	-	(218,229,061)	(218,229,061)
Dividend to owners of the Company	-	-	-	(218,229,061)	(218,229,061)
Total distributions to owners of the Company	-	-	-	(218,229,061)	(218,229,061)
Comprehensive income for the year	-	-	-	302,172,711	302,172,711
Profit for the year	-	-	-	302,172,711	302,172,711
Total comprehensive income for the year	-	-	-	302,172,711	302,172,711
Balance at 31 December 2018	992,010,177	1,484,159,623	99,201,018	3,993,035,369	6,568,406,187

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



Statement of Cash Flows

M.K. Real Estate Development Public Company Limited and its Subsidiaries

	Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	2018	2017	2018	2017
(in Baht)				
Cash flows from operating activities				
Profit for the year	303,472,849	232,726,358	302,172,711	363,044,470
Adjustments to reconcile profit to cash receipts (payments)				
Depreciation and amortisation	175,631,928	135,362,840	46,004,656	31,621,246
Loss on disposal of other current assets	2,696,874	6,038,351	-	-
Loss (gain) on disposal of investments in associates and subsidiary	(60,052,822)	-	(22,010,300)	7,471,789
Loss (gain) on disposal of property, plant and equipment	11,805,824	(81,661,473)	11,805,824	(81,472,649)
Gain on disposal of intangible assets	-	(621)	-	(621)
Unrealised gain on current investments	-	(165,132)	-	(86,435)
Unrealised loss on exchange rate	303,660	-	-	-
Reversal of loss on declining in value of real estate projects under development	-	(993,915)	-	(993,915)
Realisation of deferred rental income	(887,028)	(887,028)	(887,028)	(887,028)
Interest income	(6,929,331)	(2,795,801)	(87,687,547)	(120,280,953)
Dividend income	(1,259,163)	(1,007,330)	(4,938,231)	(6,624,584)
Finance costs	296,497,599	222,087,317	178,954,658	182,688,175
Share of loss of investments in associates and joint venture	23,903,104	18,914,285	-	-
Income tax expense	80,490,070	81,912,142	73,237,366	69,438,308
	825,673,564	609,529,993	496,652,109	443,917,803
Changes in operating assets and liabilities				
Trade accounts receivable	2,899,661	240,770,337	13,265	82,130
Real estate projects under development	794,509,190	(559,084,797)	264,934,303	109,575,447
Deposits for purchase of land	(45,800,000)	(51,000,000)	(76,300,000)	(51,000,000)
Other current assets	13,201,153	80,643,137	11,216,633	1,309,815
Other non-current assets	(57,223,545)	(24,374,622)	(11,191,913)	(22,279,612)
Trade and other accounts payable	129,980,224	(43,206,177)	49,109,102	12,664,548
Other payables - related parties	-	-	-	(131,895,518)
Customers' deposits	400,412,649	(6,716,168)	11,332,790	(8,529,978)
Other current liabilities	(30,852,425)	65,569,076	(745,567)	1,809,438
Non-current provisions for employee benefits	(4,792,333)	(2,686,857)	(4,733,902)	(2,387,758)
Other non-current provisions	(6,767,298)	(4,732,702)	(6,767,298)	(4,732,702)
Other non-current liabilities	168,475,003	(41,689,355)	7,090,077	(46,186,340)
Net cash generated from operating activities	2,189,715,843	263,021,865	740,609,599	302,347,273
Income tax paid	(143,308,921)	(85,860,282)	(102,482,556)	(64,213,714)
Net cash from operating activities	2,046,406,922	177,161,583	638,127,043	238,133,559

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



Statement of Cash Flows

M.K. Real Estate Development Public Company Limited and its Subsidiaries

	Consolidated financial statements For the year ended 31 December	Separate financial statements For the year ended 31 December		
	2018	2017	2018	2017
(in Baht)				
Cash flows from investing activities				
Interest received	6,878,396	2,795,801	159,055,138	83,680,959
Dividends received	1,259,163	1,007,330	4,938,231	6,624,584
Increase in investment properties	(288,855,355)	(48,251,185)	-	-
Acquisition of property, plant and equipment	(2,776,077,688)	(128,986,850)	(162,823,894)	(127,401,493)
Acquisition of leasehold right	(288,705,984)	(43,660,440)	(97,000,000)	-
Acquisition of intangible assets	(8,930,350)	(2,415,797)	(8,663,268)	(2,277,901)
Proceeds from sale of property, plant and equipment	835,850	113,402,277	835,850	113,770,661
Proceeds from sale of intangible assets	-	621	-	621
Increase in short-term loans to related parties	-	(12,000,000)	(1,629,000,000)	(1,463,800,000)
Proceeds from short-term loans to related parties	-	13,600,000	3,021,940,000	1,668,180,000
Increase in short-term loans to other party, net	(16,571,000)	(95,000,000)	(5,000,000)	(95,000,000)
Decrease (increase) in deposits pledged as collateral	(40,140)	31,310	(57,523)	(62,000)
Decrease (increase) in current investments	345,567,872	7,869,328	288,187,164	(62,190,947)
Proceeds from disposal of investments in associates	-	-	-	81,310,000
Net cash outflow on acquisition of joint venture	-	(139,600,000)	-	-
Net cash outflow on disposal of subsidiary	658,952,313	-	659,010,000	-
Net cash outflow on acquisition of subsidiary	-	-	(2,624,999,625)	(159,999,940)
Net cash from (used in) investing activities	(2,365,686,923)	(331,207,605)	(393,577,927)	42,834,544

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



Statement of Cash Flows

M.K. Real Estate Development Public Company Limited and its Subsidiaries

	Consolidated financial statements For the year ended 31 December	Separate financial statements For the year ended 31 December		
	2018	2017	2018	2017
(in Baht)				
Cash flows from financing activities				
Finance costs paid	(308,906,513)	(254,287,277)	(207,395,458)	(199,215,015)
Dividends paid	(218,409,061)	(248,257,819)	(218,229,061)	(247,987,819)
Decrease in bank overdrafts and short-term borrowings from financial institutions	-	(874,144,408)	-	(874,144,408)
Increase in short-term loans from related parties	-	-	103,000,000	120,000,000
Repayment of short-term loans from related parties	-	-	(26,199,800)	(5,000,000)
Increase (decrease) in short-term loans from other parties, net	44,110,003	(147,691,519)	-	-
Finance lease payments	(1,201,017)	(2,742,968)	(1,102,281)	(2,742,968)
Proceeds from long-term borrowings	1,677,950,086	970,061,691	968,335,085	453,778,690
Repayment of long-term borrowings	(707,883,458)	(557,662,934)	(553,764,445)	(454,905,422)
Proceeds from issue of debentures	1,630,000,000	1,472,000,000	1,493,000,000	1,130,000,000
Repayment of debentures	(1,705,000,000)	(170,000,000)	(1,705,000,000)	(170,000,000)
Acquisition of non-controlling interest without a change in control	(106,929,746)	(9,999,900)	(106,929,746)	(10,000,000)
Net cash from (used in) financing activities	303,730,294	177,274,866	(254,285,706)	(260,216,942)
Net increase (decrease) in cash and cash equivalents	(15,549,707)	23,228,844	(9,736,590)	20,751,161
Cash and cash equivalents at beginning of year	103,567,086	80,338,242	75,983,462	55,232,301
Cash and cash equivalents at ending of year	88,017,379	103,567,086	66,246,872	75,983,462

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



Statement of Cash Flows

M.K. Real Estate Development Public Company Limited and its Subsidiaries

	Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	2018	2017	2018	2017
(in Baht)				
Supplement disclosures of cash flows information				
Non-cash transactions				
Acquisition of equipment under finance lease	1,148,701	8,213,200	-	8,213,200
Transfers property, plant and equipment to real estate projects under development	-	2,902,543	-	2,534,159
Transfers (to) investment properties to (from) real estate projects under development	1,473,324,001	(24,243,094)	-	-
Transfers land held for development to real estate projects under development	-	1,303,215,096	-	1,303,215,096
Transfers property, plant and equipment to investment properties	742,721	-	-	-
Capitalised amortisation of leasehold rights to property, plant and equipment.	3,770,190	-	3,770,190	-
Transfers other non-current assets to leasehold right	20,000,000	-	20,000,000	-
Transfers deposits for purchase of land to real estate projects under development	51,000,000	-	51,000,000	-
Acquisition of subsidiaries by issuing promissory notes	-	-	-	477,000,000
Proceed from loans to related parties by transferring promissory notes	-	-	-	385,500,000
Short-term borrowing from a related party by receiving promissory note	-	-	-	1,091,500,000
Proceed from capital reduction in investment in subsidiary by transferring promissory note	-	-	-	(1,000,000,000)
Repayment short-term loan from related partirs by transferring promissory note	-	-	81,300,000	-

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



Notes to the Financial Statements

M.K. Real Estate Development Public Company Limited and its Subsidiaries

For the year ended 31 December 2018

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Other investments
7	Trade accounts receivable
8	Real estate projects under development
9	Assets used as collateral
10	Investments in associates and joint venture
11	Investments in subsidiaries
12	Non-controlling interests
13	Investment properties
14	Property, plant and equipment
15	Leasehold right
16	Intangible assets
17	Deferred tax
18	Interest-bearing liabilities
19	Other current liabilities
20	Non-current provisions for employee benefits
21	Other non-current provisions
22	Other non-current liabilities
23	Share capital
24	Reserves
25	Segment information
26	Distribution costs
27	Administrative expenses
28	Employee benefit expenses
29	Expenses by nature
30	Finance costs
31	Income tax expense
32	Basic earnings per share
33	Dividends
34	Financial instruments
35	Commitments with non-related parties
36	Events after the reporting period
37	Thai Financial Reporting Standards (TFRS) not yet adopted



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 22 February 2019.

1 General information

M.K. Real Estate Development Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 719 M.K. Building, Bantadtong Road, Wang Mai, Pathumwan, Bangkok 10330.

The Company was listed on the Stock Exchange of Thailand on 26 March 1990.

The Company's major shareholder during the financial year were Finansa Public Company Limited, incorporated in Thailand (18.80% shareholding), Mr. Suthep Wongvorazathe (11.59% shareholding) and Mr. Prateep Tangmatitham (10.51% shareholding).

The principal activities of the Company are property development for sale including land, land and house, condominium, construction for the Company's own projects, building and parking rental, and golf course business. Details of the Company's subsidiaries, associates and joint venture as at 31 December 2018 and 2017 are given in notes 10 and 11.

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 ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 37.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

Items	Measurement bases
Mutual fund held for trading	Fair value
Defined benefit liability	Present value of the defined benefit obligation, as explained in note 3 (l)

(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency.

(d) 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 accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from 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 note:

Note 10 Classification of the joint arrangement

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2019 included in the following notes:

Note 8 Measurement of real estate projects under development;

Note 17 Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and

Note 20 Measurement of defined benefit obligations: key actuarial assumptions.

Measurement of fair values

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.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

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 (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).



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 recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 13 Investment properties

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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 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 acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

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 of 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.

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) Foreign currencies

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.

(c) 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.

(d) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Real estate projects under development

Real estate projects under development are projects for the development of properties with the intention of sale in the ordinary course of business. They are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of real estate projects under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding real estate development projects are capitalised, on a specific identification basis, as part of the cost of the property until the completion of development.

(e) Investments

Investments in subsidiaries, associates and joint venture

Investments in subsidiaries, associates and joint venture in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint venture in the consolidated financial statements are accounted for using the equity method.



Investment in mutual funds

Investment in mutual funds, which are marketable securities 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 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.

(g) Investment properties

Investment properties are properties which 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.

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 - 25	Years
Rental buildings and facility systems	10-20	Years
Facility on rental land	10	Years
Furniture and fixture	5	Years

(h) 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.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. 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.

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	20	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.

(i) 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.

(j) Impairment

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.

Reversals 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.

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.

(k) Trade and other accounts payable

Trade and other accounts payables are stated at cost.



(l) 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.

(m) 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.



(n) Revenues

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Real estate development projects

When the contract meets the criteria for a sale of goods, or if control and significant risks and rewards of ownership of the work in progress are transferred to the buyer at a single time, for example at completion or after delivery, revenue is recognised when the criteria described above for sales of goods and services are met.

Rental income

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.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(o) Finance costs

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 period of time to be prepared for its intended use or sale.

(p) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight - line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.



At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(q) **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 a business combination, or 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.

(r) **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.

(s) **Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries, associates and joint venture are described in notes 10 and 11. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Mr. Suthep Wongvorazathe	Thai	Major shareholder, 11.59% shareholding
Finansa Public Company Limited	Thailand	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 service	Market price
Revenue from sale of real estate	Market price
Dividend income	Declared dividend payment
Interest income	2.50% - 5.25% per annum
Purchase and sale of land servitude	Agreed price
Property management income	Contractual prices
Commission income	Contractual prices
Service income	Agreed prices
Management service income	Contractual prices
Management fee	Contractual prices
Servitude compensation	Agreed prices
Project and personal management fee	Contractual prices
Interest expense	2.00% - 4.25% per annum

Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Subsidiaries				
Revenue from rental and rendering of services	-	-	149	149
Sale of land servitude	-	-	-	11,807
Servitude compensation	-	-	7,001	35,000
Dividend income	-	-	3,820	5,730
Interest income	-	-	81,076	117,675
Management service income	-	-	7,200	7,440
Project and personal management fee	-	-	8,931	5,897
Management fee	-	-	1,195	-
Interest expense	-	-	3,423	21,269
Associates				
Revenue from rental and rendering of services	521	521	521	521
Commission income	52	7,857	-	-
Service income	760	-	-	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	38,181	39,646	38,181	39,646
Post-employment benefits	1,571	1,490	1,571	1,490
Other long-term benefits	1	1	1	1
Total key management personnel compensation	39,753	41,137	39,753	41,137



Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Other related parties				
Revenue from sale of real estate	-	40,600	-	-
Property management income	20,596	18,257	-	-
Management fee	11,159	12,432	1,917	3,200

Balances as at 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
<i>Trade accounts receivable</i>				
Subsidiary				
Munkong Living Co., Ltd.	-	132	-	-
Joint venture				
TPark BFTZ Co., Ltd.	-	7,857	-	-
Other related party				
Finansa Public Company Limited	4,376	3,291	-	-
Total	4,376	11,280	-	-
<i>Interest receivables (included in other current assets)</i>				
Subsidiaries				
Buntudthong Pattana Co., Ltd.	-	-	-	2,031
Munkong Living Co., Ltd.	-	-	16,275	85,814
Munkong Life Co., Ltd.	-	-	203	-
Total	-	-	16,478	87,845
<i>Other non-current assets</i>				
Other related party				
Finansa Public Company Limited	589	589	-	-



	Interest rate		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	(% per annum)				(in thousand Baht)	
<i>Short-term loans to related parties</i>						
Subsidiaries						
Buntudthong Pattana Co., Ltd.	-	4.00	-	-	-	81,300
Prospect Development Co., Ltd.	4.00-4.25	4.00-4.25	-	-	325,000	595,000
Munkong Living Co., Ltd.	2.50-4.25	2.50-5.25	-	-	842,000	1,985,440
Munkong Life Co., Ltd.	4.25	-	-	-	20,500	-
Total			-	-	1,187,500	2,661,740

Movements during the years ended 31 December of short-term loans to related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
<i>Short-term loans to related parties</i>				
Subsidiaries				
At 1 January	-	-	2,661,740	3,251,620
Increase	-	-	1,629,000	1,891,300
Decrease	-	-	(3,103,240)	(2,481,180)
At 31 December	-	-	1,187,500	2,661,740
Joint venture				
At 1 January	-	1,600	-	-
Increase	-	12,000	-	-
Decrease	-	(13,600)	-	-
At 31 December	-	-	-	-
Total short-term loans to related parties				
At 1 January	-	1,600	2,661,740	3,251,620
Increase	-	12,000	1,629,000	1,891,300
Decrease	-	(13,600)	(3,103,240)	(2,481,180)
At 31 December	-	-	1,187,500	2,661,740
<i>Accrued expenses (included in other current liabilities)</i>				
Subsidiaries				
S71 Holding Co., Ltd.	-	-	713	110
Mancon Co., Ltd.	-	-	1,885	599
MKH Assets Co., Ltd.	-	-	3	-
Other related party				
Finansa Public Company Limited	175	15	160	-
Total	175	15	2,761	709



	Interest rate		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	(% per annum)				(in thousand Baht)	
<i>Short-term loans from related parties</i>						
Subsidiaries						
S71 Holding Co., Ltd.	2.00-4.25	4.00	-	-	34,000	91,500
Mancon Co., Ltd.	2.00	2.00	-	-	158,000	115,000
MKH Assets Co., Ltd.	2.00	-	-	-	10,000	-
Total			-	-	202,000	206,500

Movement during the years ended 31 December of short-term loans from related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
<i>Short-term loans from related parties</i>				
Subsidiaries				
At 1 January	-	-	206,500	-
Increase	-	-	103,000	1,211,500
Decrease	-	-	(107,500)	(1,005,000)
At 31 December	-	-	202,000	206,500

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 term and service fee 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 term and service fee as specified in the agreement.

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.



5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Cash on hand	1,012	1,053	862	911
Cashier cheques	33,722	19,129	33,692	19,129
Cash at banks - current accounts	9,732	5,855	7,425	2,791
Cash at banks - savings accounts	43,529	77,525	24,268	53,153
Highly liquid short-term investments	22	5	-	-
Total	88,017	103,567	66,247	75,984

6 Other investments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
<i>Current investments</i>				
Mutual fund securities held for trading	-	345,568	-	288,187
<i>Other long-term investments</i>				
Other non-marketable equity securities	49,670	49,670	48,730	48,730
Less allowance for impairment	(39,544)	(39,544)	(39,544)	(39,544)
Net	10,126	10,126	9,186	9,186
Total	10,126	355,694	9,186	297,373

Movements during the years ended 31 December 2018 and 2017 of mutual fund securities held for trading were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
At 1 January	345,568	353,272	288,187	225,910
Purchases during the year	4,826,000	4,822,600	3,488,000	4,557,500
Sells during the year	(5,171,568)	(4,830,469)	(3,776,187)	(4,495,309)
Valuation adjustment	-	165	-	86
At 31 December	-	345,568	-	288,187

Investment in mutual fund securities held for trading are stated at fair value which is determined as the net asset value announced by asset management company at the reporting date. The fair value measurement is determined to be level 2 of the fair value hierarchy identified in TRFS 13 (revised 2017) Fair Value Measurement.



7 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
(in thousand Baht)					
Related parties	4	4,376	11,280	-	-
Other parties		7,982	3,978	69	82
Total		12,358	15,258	69	82
Less allowance for doubtful accounts		-	-	-	-
Net		12,358	15,258	69	82
Bad and doubtful debts expense for the year		-	-	-	-

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
(in thousand Baht)					
Related parties					
Within credit terms		4,376	11,012	-	-
Overdue:					
Less than 3 months		-	268	-	-
		4,376	11,280	-	-
Less allowance for doubtful accounts		-	-	-	-
		4,376	11,280	-	-
Other parties					
Within credit terms		2,328	2,092	-	-
Overdue:					
Less than 3 months		4,460	1,767	33	15
3 - 6 months		426	14	-	-
6 - 12 months		682	50	-	12
Over 12 months		86	55	36	55
Less allowance for doubtful accounts		7,982	3,978	69	82
		-	-	-	-
Net		7,982	3,978	69	82
		12,358	15,258	69	82

The normal credit terms granted by the Group ranges from 5 days to 30 Days.



8 Real estate projects under development

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Land and construction developing for sales	4,981,887	8,002,320	3,709,142	3,867,470
Houses and sample houses	1,627,088	798,332	752,867	783,447
Construction materials	320	552	320	422
	6,609,295	8,801,204	4,462,329	4,651,339
Less allowance for devaluation	(1,385)	(1,385)	(1,385)	(1,385)
Net	6,607,910	8,799,819	4,460,944	4,649,954
Finance costs capitalised in real estate projects under development during the year	24,925	56,313	24,925	22,834
Capitalisations rate (% per annum)	4.53-4.78	2.20-5.28	4.53-4.78	2.20-4.78
Real estate projects under development recognised as an expense in cost of sale of real estate				
- Cost	2,865,122	1,861,785	2,168,943	1,794,521
- Reversal of write-down	-	(994)	-	(994)
Net	2,865,122	1,860,791	2,168,943	1,793,527

In 2018, the Group transferred land and constructions thereon under real estate projects under development to investment properties amounting to Baht 1,473.32 million since the land and constructions are leased to other parties.

In 2017, the Group transferred land held for development to real estate projects under development amounting to Baht 1,303.22 million since the Group planned to develop such land for sale, and transferred land and constructions thereon under real estate projects under development to investment properties amounting to Baht 24.24 million since the land and constructions are leased to other parties.

As at 31 December, the Group had on-going real estate projects as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Number of projects on hand				
Number of projects on hand	22	19	19	17
Sales with signed contracts (in million Baht)	13,266	11,385	12,535	10,871
Proportion of sales with signed contracts to total project sales (%)	63.72	62.70	72.31	73.66



9 Assets used as collateral

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Savings accounts	598	599	-	-
Fixed deposit accounts - 12 months	4,323	4,281	4,283	4,226
	4,921	4,880	4,283	4,226
Real estate projects under development	5,041,071	5,019,220	2,884,391	2,184,482
Land held for development	64,389	64,389	64,389	64,389
Investment properties	1,544,722	30,384	-	6,169
Leasehold right	581,902	225,299	-	-
Total	7,237,005	5,344,172	2,953,063	2,259,266

Savings accounts, fixed deposit accounts, land and leasehold right 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.

10 Investments in associates and joint venture

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Associates				
At 1 January	64,762	83,889	-	88,781
Share of net losses of associates	(25,977)	(19,127)	-	-
Disposals	-	-	-	(88,781)
At 31 December	38,785	64,762	-	-
Joint venture				
At 1 January	140,029	216	-	-
Acquisitions	-	139,600	-	-
Share of net gain of joint venture	2,073	213	-	-
At 31 December	142,102	140,029	-	-
Total				
At 1 January	204,791	84,105	-	88,781
Acquisitions	-	139,600	-	-
Share of net losses of associates and joint venture	(23,904)	(18,914)	-	-
Disposals	-	-	-	(88,781)
At 31 December	180,887	204,791	-	-



Disposals

On 12 February 2018, Buntudthong Pattana Co.,Ltd., a subsidiary until 6 November 2018, 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. However, the consolidated financial statements had not been affected.

Investments in associates and joint venture as at 31 December 2018 and 2017, and dividend income for the years then ended, were as follows:

	Country of incorporation	Types of businesses	Consolidated financial statements									
			Ownership Interest		Paid-up capital		Cost		Equity		Dividend income	
			2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(%)										(in thousand Baht)		
<i>Associates</i>												
Samukkee Cement Co., Ltd.	Thailand	Cement producer	40.64	40.64	235,000	235,000	154,079	154,079	38,785	64,762	-	-
Subnorasing Co., Ltd.	Thailand	Sand supplier	36.07	36.07	18,000	18,000	6,493	6,493	-	-	-	-
							160,572	160,572	38,785	64,762	-	-
<i>Joint venture</i>												
TPark BFTZ Co., Ltd.	Thailand	Property development for lease	40.00	40.00	350,000	350,000	140,000	140,000	142,102	140,029	-	-
							140,000	140,000	142,102	140,029	-	-
Total							300,572	300,572	180,887	204,791	-	-

None of the Group's associates and joint venture are publicly listed and consequently do not have published price quotations.



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 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.		TPark BFTZ Co., Ltd.	
	2018	2017	2018	2017	2018	2017
(in thousand Baht)						
Revenue	32,041	18,385	77	80	11,919	19,310
Profit (loss) from operations	(63,919) ^a	(47,065) ^a	-	-	5,184 ^a	533 ^a
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income (100%)	(63,919)	(47,065)	-	-	5,184	533
Ownership interest (%)	40.64	40.64	36.07	36.07	40.00	40.00
Total comprehensive income (Group's interest)	(25,977)	(19,127)	-	-	2,073	213
Group's share of total comprehensive income	(25,977)	(19,127)	-	-	2,073	213
Current assets	24,613 ^b	21,484 ^b	10,827 ^b	10,827 ^b	25,825 ^b	54,779 ^b
Non-current assets	425,330	438,210	12	12	592,995	537,954
Current liabilities	(310,855) ^c	(262,087) ^c	(244) ^c	(244) ^c	(59,214) ^c	(92,187)
Non-current liabilities	(43,653) ^d	(38,252) ^d	(10,922) ^d	(10,983) ^d	(204,350) ^d	(150,474) ^d
Net assets (100%)	95,435	159,355	(327)	(388)	355,256	350,072
Ownership interest (%)	40.64	40.64	36.07	36.07	40.00	40.00
Group's interest in net assets of investee (Group's interest)	38,785	64,762	-	-	142,102	140,029
Carrying amount of interest in associates/joint venture	38,785	64,762	-	-	142,102	140,029

Remark:

a. Includes:

- depreciation and amortisation	17,221	19,490	-	-	8,207	-
- interest expense	19,376	10,425	-	-	5,167	121,935

b. Includes cash and cash

equivalents	61	378	15	15	6,190	32,560
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c. Includes current financial liabilities

(excluding trade and other accounts payable and provisions)	(306,409)	(257,737)	-	-	(13,203)	(59,007)
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d. Includes non-current financial

liabilities (excluding trade and other accounts payable and provisions)	(39,445)	(33,535)	(10,921)	(10,983)	(204,350)	(150,474)
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11 Investments in subsidiaries

Year ended 31 December	Separate financial statements	
	2018	2017
	(in thousand Baht)	
At 1 January	2,653,394	2,006,395
Acquisitions	2,731,929	1,746,999
Disposals	(637,000)	(1,100,000)
At 31 December	4,748,323	2,653,394

Acquisitions

On 12 February 2018, the Company 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 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.

At the extraordinary general meeting of the shareholders of Munkong Life Co., Ltd., a direct subsidiary, held on 26 June 2018, 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 and called-up for 25% of its par value of the increased share capital. The Company has paid the share capital amounting to Baht 374.75 million. Subsequently, at the Board of Directors' Meeting of Munkong Life Co., Ltd., held on 6 September 2018, the Board approved to call-up for 75% of its par value of the increased share capital. The Company has paid the share capital amounting to Baht 1,124.25 million.

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%.

At the extraordinary general meeting of the shareholders of Munkong Life Co., Ltd., a direct subsidiary, held on 29 October 2018, 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 paid the share capital amounting to Baht 1,100 million.

On 26 November 2018, the Company invested in MKH Assets Co., Ltd., a new entity and a property developer, at 100% of ownership interest, totaling Baht 100 million. The subsidiary called-up for 25% of its par value. The Company has paid the share capital amounting to Baht 25 million.

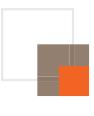
Disposal

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.

Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income from these investments for the years then ended, were as follows:

	Type of business	Separate financial statements											
		Ownership interest		Paid-up capital		Cost		Impairment		At cost-net of impairment		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)											
(in thousand Baht)													
Direct subsidiaries													
Mancon Company Limited	Property development	100.00	95.50	20,000	20,000	32,870	25,940	-	-	32,870	25,940	3,820	5,730
Buntudthong Pattana Co., Ltd.	Property development	-	100.00	-	637,000	-	636,999	-	-	-	636,999	-	-
S71 Holding Co., Ltd.	Property development	100.00	100.00	100,000	100,000	100,000	100,000	-	-	100,000	100,000	-	-
Prospect Development Co., Ltd.	Property development for lease	100.00	100.00	1,200,000	1,200,000	985,450	985,450	-	-	985,450	985,450	-	-
Yours Property Management Co., Ltd.	Property management	100.00	100.00	3,000	3,000	3,000	3,000	-	-	3,000	3,000	-	-
Munkong Living Co., Ltd.	Property development	100.00	90.02	1,002,005	1,002,005	1,002,005	902,005	-	-	1,002,005	902,005	-	-
Munkong Life Co., Ltd.	Property development	100.00	-	2,600,000	-	2,599,999	-	-	-	2,599,999	-	-	-
MKH Assets Co., Ltd.	Property development	100.00	-	25,000	-	24,999	-	-	-	24,999	-	-	-
Total						4,748,323	2,653,394			- 4,748,323	2,653,394	3,820	5,730

All subsidiaries are incorporated in Thailand. None of the Group's subsidiaries are publicly listed and consequently do not have published price quotations.





12 Non-controlling interests

During the year 2018, the Group had loss on allocation of non-controlling interests amounting to Baht 2.45 million and no non-controlling interests as at 31 December 2018 because the Company acquired all non-controlling interests from third parties during the year 2018. The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interests, before any intra-group eliminations for the year 2017:

	31 December 2017			
	Munkong Living Co., Ltd.	Other individually immaterial subsidiaries	Intra-group eliminations	Total
(in thousand Baht)				
Non-controlling interest percentage	9.98			
Current assets	4,233,218			
Non-current assets	28,017			
Current liabilities	(2,224,429)			
Non-current liabilities	(1,190,390)			
Net assets	846,416			
Carrying amount of non-controlling interests (since 29 September 2017)	100,678	7,124	-	107,802
Revenue	125,063			
Loss	(2,385)			
Other comprehensive income	-			
Total comprehensive income	(2,385)			
Profit (loss) allocated to non-controlling interests	678	(1,203)	-	(525)
Other comprehensive income allocated to non-controlling interests (since 29 September 2017)	-	-	-	-
Cash flows from operating activities	(196,902)			
Cash flows from investing activities	(23,830)			
Cash flows from financing activities (dividends to non-controlling interests: nil)	202,149			
Net increase in cash and cash equivalents	18,583			



13 Investment properties

	Note	2018	2017	2018	2017
		(in thousand Baht)			
Cost					
At 1 January		445,118	374,894	6,644	6,644
Additions		288,856	45,981	-	-
Transfer from real estate projects under development	8	1,473,324	24,243	-	-
Transfer from property, plant and equipment		807	-	-	-
At 31 December		2,208,105	445,118	6,644	6,644
Accumulated depreciation and impairment losses					
At 1 January		36,987	20,174	475	317
Depreciation charge for the year		36,419	16,813	159	158
Transfer from property, plant and equipment		64	-	-	-
At 31 December		73,470	36,987	634	475
Net book value					
At 1 January		408,131	354,720	6,169	6,327
At 31 December		2,134,635	408,131	6,010	6,169

As at 31 December 2018, investment properties which have carrying amount of Baht 1,087 million (2017: Baht 396.70 million) were revalued by external, independent property valuers and the management, at projected discount cash flows on an existing use basis. The appraised value was Baht Baht 1,502 million (2017: Baht 555.98 million). In addition, another portion of investment properties amounting to Baht 1,048 million (2017: Baht 11.43 million) were in the process of construction. Management considered that the fair value was approximate to carrying amount.

Measurement of fair value

Fair value hierarchy

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.



Valuation technique	Significant unobservable inputs
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.	<ul style="list-style-type: none"> • Rental growth rate (5%-7.5% every 3 years) • Occupancy rate (between 65% - 100%) • Discount rate (8% and 11%) • Warehouse rental rates (170 - 200 Baht/square meter/month) • Residential rental rates (348 - 522 Baht/square meter/month)

14 Property, plant and equipment

	Consolidated financial statements							
	Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment		Vehicle	Construction in progress
(in thousand Baht)								
Cost								
At 1 January 2017	697,751	209,262	179,737	74,833	29,855	28,279	-	1,219,717
Additions	-	-	3,941	5,324	3,884	9,344	114,707	137,200
Disposals / transfers	(8,777)	-	(128,770)	(2,112)	(1,434)	(2,245)	-	(143,338)
Write-off	-	-	-	-	(2,817)	-	-	(2,817)
At 31 December 2017	688,974	209,262	54,908	78,045	29,488	35,378	114,707	1,210,762
and 1 January 2018	2,580,000	-	18,446	12,220	5,365	1,231	163,735	2,780,997
Additions	-	-	199,574	(516)	(4,542)	(2,755)	(199,953)	(8,192)
Disposals / transfers	(12,163)	-	(14,362)	-	-	-	-	(26,525)
At 31 December 2018	3,256,811	209,262	258,566	89,749	30,311	33,854	78,489	3,957,042
Accumulated depreciation								
At 1 January 2017	-	128,404	144,924	54,477	19,680	22,294	-	369,779
Depreciation charge for the year	-	7,178	6,635	6,610	3,200	3,231	-	26,854
Disposals / transfers	-	-	(103,002)	(1,932)	(1,552)	(2,208)	-	(108,694)
Write-off	-	-	-	-	(2,817)	-	-	(2,817)
At 31 December 2017	-	135,582	48,557	59,155	18,511	23,317	-	285,122
and 1 January 2018	-	7,178	11,890	7,003	3,437	3,691	-	3,199
Depreciation charge for the year	-	-	(29)	(1,440)	(2,759)	(2,743)	-	(6,971)
Disposals / transfers	-	-	(14,362)	-	-	-	-	(14,362)
At 31 December 2018	-	142,760	46,056	64,718	19,189	24,265	-	296,988



Consolidated financial statements								
	Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	Total
(in thousand Baht)								
Net book value								
At 1 January 2017	697,751	80,858	34,813	20,356	10,175	5,985	-	849,938
Owned assets								
At 31 December 2017 and 1 January 2018	688,974	73,680	6,351	18,890	10,977	5,004	114,707	918,583
Owned assets	-	-	-	-	-	7,057	-	7,057
Assets under finance leases	688,974	73,680	6,351	18,890	10,977	12,061	114,707	925,640
At 31 December 2018	3,256,811	66,502	212,510	25,031	11,122	3,107	78,489	3,673,572
Owned assets	-	-	-	-	-	6,482	-	6,482
Assets under finance leases	3,256,811	66,502	212,510	25,031	11,122	9,589	78,489	3,660,054
Separate financial statements								
	Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	Total
(in thousand Baht)								
Cost								
At 1 January 2017	528,405	209,262	179,567	74,813	27,274	27,140	-	1,046,461
Additions	-	-	3,941	5,324	2,299	9,344	114,707	135,615
Disposals / transfers	(8,777)	-	(128,600)	(2,282)	(1,561)	(2,244)	-	(143,464)
Write-off	-	-	-	-	(2,817)	-	-	(2,817)
At 31 December 2017 and 1 January 2018	519,628	209,262	54,908	77,855	25,195	34,240	114,707	1,035,795
Additions	-	-	18,446	12,220	5,097	81	130,750	166,594
Disposals / transfers	-	-	199,574	(516)	(3,735)	(2,755)	(199,953)	(7,385)
Write-off	(12,163)	-	(14,362)	-	-	-	-	(26,525)
At 31 December 2018	507,465	209,262	258,566	89,559	26,557	31,566	45,504	1,168,479



Separate financial statements								
	Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	Total
(in thousand Baht)								
Accumulated depreciation								
At 1 January 2017	-	128,404	144,905	54,458	18,915	21,155	-	367,837
Depreciation charge for the year	-	7,178	6,628	6,538	2,532	3,232	-	26,108
Disposals / transfers	-	-	(102,976)	(1,914)	(1,534)	(2,208)	-	(108,632)
Write-off	-	-	-	-	(2,817)	-	-	(2,817)
At 31 December 2017 and 1 January 2018	-	135,582	48,557	59,082	17,096	22,179	-	282,496
Depreciation charge for the year	-	7,178	11,890	6,970	2,810	3,577	-	34,425
Disposals / transfers	-	-	(29)	(1,438)	(2,695)	(2,744)	-	(6,906)
Write-off	-	-	(14,362)	-	-	-	-	(14,362)
At 31 December 2018	-	142,760	46,056	64,614	17,211	23,012	-	293,653
Net book value								
At 1 January 2017								
Owned assets	528,405	80,858	34,662	20,355	8,359	5,985	-	678,624
At 31 December 2017 and 1 January 2018								
Owned assets	519,628	73,680	6,351	18,773	8,099	5,004	114,707	746,242
Assets under financial leases	-	-	-	-	-	7,057	-	7,057
	519,628	73,680	6,351	18,773	8,099	12,061	114,707	753,299
At 31 December 2018								
Owned assets	507,465	66,502	212,510	24,945	9,346	3,107	45,504	869,379
Assets under financial leases	-	-	-	-	-	5,447	-	5,447
	507,465	66,502	212,510	24,945	9,346	8,554	45,504	874,826

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 2018 amounted to Baht 106 million and Baht 103 million, respectively (2017: Baht 120 million and Baht 119 million, respectively).

During the year 2018, the Company capitalised the amortised leasehold right to property and equipment amounting to Baht 3.77 million (2017: nil).



15 Leasehold right

	Consolidated financial statements	Separate financial statements
	(in thousand Baht)	
Cost		
At 1 January 2017	2,122,121	150,924
Addition	43,660	-
At 31 December 2017 and 1 January 2018	2,165,781	150,924
Addition	308,706	117,000
At 31 December 2018	2,474,487	267,924
 Accumulated amortisation		
At 1 January 2017	191,136	140,929
Amortisation charge for the year	90,666	4,432
At 31 December 2017 and 1 January 2018	281,802	145,361
Amortisation charge for the year	108,245	15,813
At 31 December 2018	390,047	161,174
 Net book value		
At 1 January 2017	1,930,985	9,995
At 31 December 2017 and 1 January 2018	1,883,979	5,563
At 31 December 2018	2,084,440	106,750

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 land sublease compensation to the lessor on the land sublease registered date amounting to Baht 494.9 million. The Group recognised the leasehold right at fair value on the acquisition date in 2015, and amortised the leasehold right on a straight-line basis over the lease term.

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 land sublease compensation to the lessor on the land sublease registered date amounting to Baht 1,305.1 million. The Group recognised the leasehold right at fair value on the acquisition date in 2015, and amortised the leasehold right on a straight-line basis over the lease term. Under the 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. As at 31 December 2018, the carrying amount of land sublease compensation and building on leasehold land for the 3 land sublease agreements above were Baht 837 million and Baht 1,137.23 million, respectively.

The Company entered into a land lease and development agreement with a university (the “university”) for a period of 30 years ending in March 2019. The Company agreed to pay land sublease compensation to the university amounting to Baht 65.8 million. Under the land sublease agreement, the ownership of building will be transferred to the university at the maturity date and the Company records as part of leasehold right. As at 31 December 2018, the carrying amount of land sublease compensation and building on leasehold land were Baht 0.55 million and Baht 0.58 million, respectively.



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 year 2018, the Company paid the land sublease compensation amounting to Baht 117 million. Under the land sublease agreement, the ownership of building will be transferred to the lessor at the maturity date and the Company records as part of property, plant and equipment. As at 31 December 2018, the carrying amount of land sublease compensation were Baht 105.62 million.

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. During the year 2018, the subsidiary paid the land sublease compensation amounting to Baht 3.46 million. Under the land sublease agreement, the ownership of building will be transferred to the lessor at the maturity date. As at 31 December 2018, the carrying amount of land sublease compensation were Baht 3.46 million.

16 Intangible assets

	Consolidated financial statements	Separate financial statements
	Software licenses	Software licenses
(in thousand Baht)		
Cost		
At 1 January 2017	6,554	6,050
Addition	2,416	2,278
Disposal	(3)	(3)
At 31 December 2017 and 1 January 2018	8,967	8,325
Addition	8,930	8,664
Disposal	(80)	-
At 31 December 2018	17,817	16,989
 Accumulated amortisation		
At 1 January 2017	2,473	2,392
Amortisation charge for the year	1,029	924
Disposal	(3)	(3)
At 31 December 2017 and 1 January 2018	3,499	3,313
Amortisation charge for the year	1,539	1,378
Disposal	(80)	-
At 31 December 2018	4,958	4,691
 Net book value		
At 1 January 2017	4,081	3,658
At 31 December 2017 and 1 January 2018	5,468	5,012
At 31 December 2018	12,859	12,298



17 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
(in thousand Baht)				
Total	44,880	47,374	(27,364)	(28,694)
Set off of tax	(10,079)	(12,193)	10,079	12,193
Net deferred tax assets (liabilities)	34,801	35,181	(17,285)	(16,501)

	Separate financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
(in thousand Baht)				
Total	10,079	12,193	-	-
Set off of tax	-	-	-	-
Net deferred tax assets (liabilities)	10,079	12,193	-	-

Movements in total deferred tax assets and liabilities during the years were as follows:

	Consolidated financial statements		
	At 1 January 2018	Credited (charged) to profit or loss	At 31 December 2018
(Note 31)			
(in thousand Baht)			
Deferred tax assets			
Non-current provisions for employee benefits	11,334	(991)	10,343
Other non-current provisions	1,354	(1,354)	-
Loss carry forward	34,686	(335)	34,351
Others	-	186	186
Total	47,374	(2,494)	44,880
Deferred tax liabilities			
Investment properties	(5,315)	260	(5,055)
Leasehold right	(23,379)	1,070	(22,309)
Total	(28,694)	1,330	(27,364)
Net	18,680	(1,164)	17,516



Consolidated financial statements

	At 1 January 2017	Credited (charged) to profit or loss	At 31 December 2017
(Note 31)			
(in thousand Baht)			
Deferred tax assets			
Accrued expenses	34	(34)	-
Non-current provisions for employee benefits	11,817	(483)	11,334
Other non-current provisions	2,300	(946)	1,354
Loss carry forward	29,685	5,001	34,686
Total	43,836	3,538	47,374
Deferred tax liabilities			
Investment properties	(23,128)	17,813	(5,315)
Leasehold right	(6,897)	(16,482)	(23,379)
Total	(30,025)	1,331	(28,694)
Net	13,811	4,869	18,680

Separate financial statements

	At 1 January 2018	Credited (charged) to profit or loss	At 31 December 2018
(Note 31)			
(in thousand Baht)			
Deferred tax assets			
Non-current provisions for employee benefits	10,839	(946)	9,893
Other non-current provisions	1,354	(1,354)	-
Others	-	186	186
Total	12,193	(2,114)	10,079

Separate financial statements

	At 1 January 2017	Credited (charged) to profit or loss	At 31 December 2017
(Note 31)			
(in thousand Baht)			
Deferred tax assets			
Non-current provisions for employee benefits	11,317	(478)	10,839
Other non-current provisions	2,300	(946)	1,354
Total	13,617	(1,424)	12,193



The tax losses expire in 2023. The deductible temporary difference do not expire under current tax legislation of Baht 9.18 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.

18 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Current				
Short-term borrowings from financial institutions				
Unsecured	630,000	630,000	630,000	630,000
Current portion of long-term borrowings				
Secured	275,119	88,010	192,337	8,559
Short-term debentures				
Unsecured	658,268	129,806	658,268	129,806
Current portion of long-term debentures				
Unsecured	686,164	1,325,000	499,671	1,325,000
Short-term loans from related parties				
Unsecured	-	-	202,000	206,500
Short-term loans from other parties				
Unsecured	352,425	293,149	-	-
Current portion of finance lease				
liabilities	1,454	1,115	1,191	1,115
Total current interest-bearing liabilities	2,603,430	2,467,080	2,183,467	2,300,980
 Non-current				
Long-term borrowings				
Secured	2,332,076	1,550,532	448,973	219,252
Long-term debentures				
Unsecured	2,868,086	2,831,583	2,578,640	2,493,210
Finance lease liabilities				
	3,964	4,355	3,177	4,355
Total non-current interest bearing liabilities	5,204,126	4,386,470	3,030,790	2,716,817



The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Within one year	2,601,976	2,465,965	2,182,276	2,299,865
After one year but within five years	5,200,162	4,382,115	3,027,613	2,712,462
Total	7,802,138	6,848,080	5,209,889	5,012,327

As at 31 December 2018, the Group and the Company had unutilised credit facilities totaling Baht 2,837.04 million and Baht 1,658.44 million, respectively (2017: Baht 1,868.62 million and Baht 1,170.40 million, respectively).

The above borrowings from financial institutions are collateralised by the assets pledged or mortgaged (see note 9).

Short-term borrowings from financial institutions bear interest at market rates at 2.20% - 7.12% per annum in 2018 (2017: 2.20% - 7.12% per annum). Short-term loans from other parties bear interest at rates 3.23% - 5.25% per annum in 2018 (2017: 4.25% - 5.00% per annum).

Long-term loans from financial institutions - secured

The Company

At 31 December 2018, the Company had entered into loan agreements with local financial institutions with credit facilities totalling Baht 2,983.38 million at MLR-1.50% and MLR-2.40% interest rate per annum. The Company mortgaged a part of land and construction as the loan collateral.

Subsidiaries

At 31 December 2018, the subsidiaries had entered into loan agreements with local financial institutions with credit facilities totalling Baht 3,410 million at MLR-1% and MLR-1.63% interest rate per annum. The subsidiaries mortgaged land and construction and a part of land sublease agreement as the loan collateral.

In 2018, the Group carried interest on long-term borrowings from financial institutions as specified in the agreements at 3.23% - 5.60% per annum (2017: 3.23% - 5.28% per annum).

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	Number	Par value		Issue date	Term	Maturity date	Coupon rate
		(thousand units)	(in Baht)				
Short-term debentures							
The Company							
No. 2/2018 (repayment interest on maturity date)	420	1,000	420	12 September 2018	266 days	5 June 2019	3.05
No. 3/2018 (repayment interest on maturity date)	101	1,000	101	16 November 2018	181 days	16 May 2019	2.70
No. 4/2018 (repayment interest on maturity date)	138	1,000	138	21 November 2018	268 days	16 August 2019	3.05
Total			659				
Long-term debentures							
The Company							
No. 1/2016 (repayment interest every 3 months)	500	1,000	500	4 March 2016	3 years 9 months	4 December 2019	4.50
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. 1/2017 (repayment interest every 3 months)	1,000	1,000	1,000	18 August 2017	3 years	18 August 2020	4.30
No. 1/2018 (repayment interest every 3 months)	584	1,000	584	17 May 2018	3 years	17 May 2021	4.10
			3,084				
Long-term debentures							
Subsidiary							
No. 1/2017 (repayment interest every 3 months)	187	1,000	187	27 April 2017	2 years 3 months	27 July 2019	5.60
No. 2/2017 (repayment interest every 3 months)	155	1,000	155	30 August 2017	3 years 3 months	30 November 2020	5.50
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
			479				
Total			3,563				



	31 December 2018	
	Consolidated financial statements	Separate financial statements
(in thousand Baht)		
Short-term debentures	659,000	659,000
Less deferred expense	(732)	(732)
Unsecured short-term debentures	658,268	658,268
Long-term debentures	3,563,000	3,084,000
Less deferred expenses	(8,750)	(5,689)
current portion of long-term debentures	(686,164)	(499,671)
Unsecured long-term debentures - net of current portion	2,868,086	2,578,640

At the Annual General Meeting of the shareholders of the Company held on 25 April 2017, the shareholders approved the issuance and offer for sale of debenture to institutions and/or major investors not exceeding Baht 3,000 million to supporting working capital and business expansion of the Group, including land purchases for project development and debt repayments. During the year 2018, the Company issued unsecured short-term debentures no.1/2018 to no.4/2018 totalling Baht 909 million. On 17 May 2018, the Company issued an unsecured long-term debenture no.1/2018 amounting to Baht 584 million. During the year, the Company had repayment short-term debenture no. 1/2018 amounting to Baht 250 million.

At the Board of Directors' meeting of Prospect Development Co., Ltd. (a subsidiary) held on 21 March 2017, the Board approved the issuance and offer for sale of debenture equal to or not exceeding Baht 500 million to a private placement not exceeding 10 persons for its working capital. On 5 April 2018, the subsidiary issued an unsecured debenture no. 1/2018 amounting to Baht 137 million.

The Company and the subsidiaries have to comply with certain conditions under right and duty of debenture issuer such as the maintenance of debt to equity ratio, dividend payments.

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

	Consolidated financial statements					
	2018		2017			
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
(in thousand Baht)						
Within one year	1,800	346	1,454	1,469	354	1,115
After one year but within five years	4,334	370	3,964	4,934	579	4,355
Total	6,134	716	5,418	6,403	933	5,470



	Separate financial statements					
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
(in thousand Baht)						
Within one year	1,469	278	1,191	1,469	354	1,115
After one year but within five years	3,464	287	3,177	4,934	579	4,355
Total	4,933	565	4,368	6,403	933	5,470

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.

19 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Retentions	70,024	83,685	42,681	49,745
Accrued administrative expenses	63,661	94,625	48,474	43,879
Others	116,375	105,271	87,031	87,517
Total	250,060	283,581	178,186	181,141

20 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 plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

Movements in the present value of the employee benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
At 1 January	56,891	59,578	54,199	56,586
Include in profit or loss				
Current service costs and interest	6,889	6,918	6,218	6,151
Others				
Benefits paid	(11,681)	(9,605)	(10,952)	(8,538)
At 31 December	52,099	56,891	49,465	54,199



On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act 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 will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 5.84 million and Baht 4.75 million, respectively.

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(%)				
Discount rate	2.92	2.92	2.92	2.92
Future salary growth	4.00-8.00	4.00-8.00	4.00-8.00	4.00 - 8.00
Employee turnover rate	8.00-12.00	8.00-12.00	8.00-12.00	8.00-12.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2018, the weighted-average duration of the defined benefit obligations was 10.6 years (2017: 10.6 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 financial statements		Separate financial statements	
	(in thousand Baht)			
	Increase	Decrease	Increase	Decrease
At 31 December 2018				
Discount rate (1% movement)	(4,513)	5,142	(3,963)	4,490
Future salary growth (1% movement)	6,275	(5,573)	5,556	(4,963)
Employee turnover rate (20% movement)	(2,807)	3,177	(2,298)	2,578
At 31 December 2017				
Discount rate (1% movement)	(4,497)	5,132	(4,017)	4,559
Future salary growth (1% movement)	5,606	(4,998)	5,016	(4,497)
Employee turnover rate (20% movement)	(2,234)	(2,535)	(1,814)	2,040



Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

21 Other non-current provisions

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
At 1 January	6,767	11,500	6,767	11,500
Provisions made	(6,767)	(4,733)	(6,767)	(4,733)
At 31 December	-	6,767	-	6,767

The Company had two cases from a juristic person requesting the Company to pay the relevant costs of the transfer land, construction, and utility in a project. During the year 2017, the Supreme Court dismissed and not accepted the petition from the Company's first case. Therefore, the lawsuit was final, and the Company paid amounting to Baht 4.7 million to the juristic person. Subsequently, the Supreme Court dismissed and not accepted the petition from the Company's second case. Therefore, the lawsuit was final, and the Company paid amounting to Baht 5.0 million to the juristic person.

22 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Contractual deposits from customers	226,583	68,251	-	-
Accrued for public utilities for establishing legal entities	46,911	39,422	45,266	37,777
Advance received - utilities	-	179	-	-
Others	21,778	19,832	12,662	13,948
Total	295,272	127,684	57,928	51,725



23 Share capital

	Par value per share	2018		2017	
		Number	Amount	Number	Amount
(in Baht)					(thousand shares / in thousand Baht)
Authorised					
At 1 January - ordinary shares	1	992,010	992,010	992,010	992,010
At 31 December - ordinary shares	1	992,010	992,010	992,010	992,010
Issued and paid-up					
At 1 January - ordinary shares	1	992,010	992,010	992,010	992,010
At 31 December - ordinary shares	1	992,010	992,010	992,010	992,010

24 Reserves

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.

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.

25 Segment information

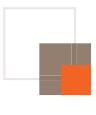
The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. 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
- Segment 4 Property management
- Segment 5 Health and wellness center

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's 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.

Information about reportable segments:

	Consolidated financial statements															
	Real estate		Rental warehouse, factory and others		Golf services		Property management		Health and wellness center		Total reportable segments		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(in thousand Baht)															
Revenue from external customers	4,152,925	2,765,321	252,137	195,894	109,249	81,268	32,496	22,013	-	-	4,546,807	3,064,496	-	-	4,546,807	3,064,496
Segment profit (loss)	348,853	250,802	79,313	60,829	19,781	20,912	9,302	6,284	(3,927)	-	453,322	338,827	(45,456)	(5,274)	407,866	333,553
Share of loss of investments in associates and joint venture															(23,903)	(18,914)
Profit before income tax															383,963	314,639
Segment assets as at 31 December	6,874,733	9,100,602	3,638,720	1,898,741	779,981	626,243	225	181	2,619,659	-	13,913,318	11,625,767	1,813,448	2,554,068	15,726,766	14,179,835
Segment liabilities as at 31 December	7,572,020	6,613,755	1,482,801	896,691	-	-	2,103	1,502	23,821	-	9,080,745	7,511,948	-	-	9,080,745	7,511,948





Geographical segments

The Group is managed and operates principally in Thailand. There are no revenues derived from, or assets located in, foreign countries.

Major customer

In 2018, revenue from sale of land in the project from one customer of the Group's segment 1 represents approximately Baht 1,297 million of the Group's total revenues.

26 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Specific business tax	134,929	91,340	103,779	87,132
Advertising expenses	32,210	30,755	31,322	30,179
Promotion and public relation expenses	176,012	136,877	135,148	111,903
Transfer expenses	19,293	17,204	15,841	16,110
Others	10,521	1,228	-	1,228
Total	372,965	277,404	286,090	246,552

27 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Personnel expenses	229,672	218,563	193,574	181,596
Bank fees	68,446	5,703	6,629	5,566
Depreciation and amortisation	45,236	36,269	15,475	6,786
Cleaning and security expenses	22,239	18,278	19,367	17,019
Others	208,663	146,019	169,738	136,897
Total	574,256	424,832	404,783	347,864

28 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Salary	120,473	112,605	105,693	95,444
Bonus	38,791	40,619	34,683	34,441
Others	70,204	65,339	53,239	51,711
Total	229,468	218,563	193,615	181,596



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.

29 Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Employee benefit expenses	229,468	218,563	193,615	181,596
Depreciation and amortisation	179,089	135,363	46,005	31,621
Promotion and public relation expenses	208,222	169,365	166,470	143,815
Cleaning and security expenses	22,239	18,278	19,367	17,019

30 Finance costs

	Consolidated financial statements		Separate financial statements	
Note	2018	2017	2018	2017
(in thousand Baht)				
Interest expense:				
Related parties	4	-	-	3,423
Financial institutions		312,454	271,935	195,704
Total interest expense		312,454	271,935	199,127
Other finance costs		8,969	6,465	4,753
		321,423	278,400	203,880
				205,522
Less: amounts included in the cost of qualifying assets:				
- Real estate projects under development	8	24,925	56,313	24,925
		24,925	56,313	24,925
Net		296,498	222,087	178,955
				182,688



31 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
(in thousand Baht)					
Current tax expense					
Current year		79,326	86,781	71,123	68,014
Deferred tax expense	17				
Movements in temporary differences		1,164	(4,869)	2,114	1,424
Income tax expense		80,490	81,912	73,237	69,438

Reconciliation of effective tax rate

	Consolidated financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		383,963		314,639
Income tax using the Thai corporation tax rate	20	76,793	20	62,928
Income not subject to tax		(238)		(190)
Expenses with additional deduction for tax purpose		(10,584)		(16,892)
Expenses not deductible for tax purposes		13,691		23,379
Recognition of previously unrecognised tax losses		(352)		(864)
Share of loss of equity-accounted investments in associates and joint venture		4,781		3,783
Current year losses for which no deferred tax losses asset was recognised		2,607		2,401
Elimination in consolidation		(6,208)		7,367
Total	21	80,490	26	81,912

Separate financial statements

	Separate financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		375,410		432,483
Income tax using the Thai corporation tax rate	20	75,082	20	86,497
Income not subject to tax		(988)		(1,325)
Expenses with additional deduction for tax purpose		(1,868)		(16,717)
Expenses not deductible for tax purposes		1,011		983
Total	20	73,237	16	69,438



32 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht / thousand shares)				
Profit attributable to ordinary shareholders of the Company (basic)	305,925	233,251	302,173	363,044
Number of ordinary shares outstanding	992,010	992,010	992,010	992,010
Basic earnings per share (in Baht)	0.31	0.24	0.30	0.37

33 Dividends

At the annual general meeting of the shareholders of the Company held on 24 April 2018, the shareholders approved the appropriation of dividends of Baht 0.22 per share, amounting to Baht 218 million. The dividend was paid to shareholders in May 2018.

At the annual general meeting of the shareholders of the Company held on 25 April 2017, the shareholders approved the appropriation of dividends of Baht 0.25 per share, amounting to Baht 248 million. The dividend was paid to shareholders in May 2017.

34 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

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 for operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

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. The management believes the Group has the interest rate risk in low level because long-term loan interest rates are mainly fixed in the beginning based on the financial institution's condition which is close to current market rate.



Foreign currencies

The Group has managed foreign currency risk as appropriate. The management believes that the Group has lower risk of foreign exchange.

At 31 December, the Group were exposed to foreign currency risk in respect of financial asset denominated in the following currency:

	Consolidated financial statements	
	2018	2017
	(in thousand Baht)	
United States Dollars		
Short-term loan to other party	11,571	-
Gross balance sheet exposure	11,571	-

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

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.

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.



	Consolidated financial statements		Separate financial statements	
	Fair value	Carrying amount	Fair value	Carrying amount
(in thousand Baht)				
31 December 2018				
Financial liabilities not measured at fair value (Level 3)				
Long-term loans from financial institutions	2,680,668	2,607,195	650,718	641,309
Long-term debentures	3,554,818	3,554,250	3,086,121	3,078,311
31 December 2017				
Financial asset measured at fair value (Level 2)				
Mutual fund securities held for trading	345,568	345,568	288,187	288,187
Financial liabilities not measured at fair value (Level 3)				
Long-term loans from financial institutions	1,690,477	1,638,542	234,929	227,811
Long-term debentures	4,177,916	4,156,583	3,837,489	3,818,210

The Group determines fair values for mutual fund using net assets value of investments and discounted projected cash flows for debentures.

The fair values of other financial assets and liabilities, except as mentioned above is taken to approximate the carrying values because of the nearly to maturity.



35 Commitments with non-related parties

The Group entered into land lease, car rental, equipment lease and other service agreements with non-related parties for the periods of 3 to 30 years ending October 2048. The commitments which have been included as a part of future minimum lease payments under non-cancellable operating lease commitments are as follow;

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Future minimum lease payments under non-cancellable operating lease commitments				
Within one year	13,380	23,396	8,400	19,000
After one year but within five years	51,137	48,715	34,400	31,667
After five years	348,178	368,480	261,000	277,133
Total	412,695	440,591	303,800	327,800
Other commitments				
Agreements for public utilities development for projects	153,318	149,217	152,675	143,976
Development and construction agreements	898,127	102,964	199,483	91,514
Agreements to buy and sell land	305,209	196,275	305,209	184,625
Bank guarantees	382,337	342,950	379,189	337,802
Total	1,738,991	791,406	1,036,556	757,917

36 Events after the reporting period

On 28 January 2019, the Company invested in Health and Wellness Village Co., Ltd., a new entity and a property developer, at 100% of ownership interest, totaling Baht 1 million. The Company has already paid the share capital to the subsidiary.

At the Board of Directors' meeting of MKH Assets Co., Ltd., a direct subsidiary, held on 26 November 2018, the Board 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.

37 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which are relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.



TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

During the year, the Group has made a preliminary assessment the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements. The Group expects that there is no material impact to condition of revenue recognition from current contracts.

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements.



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