

SUSTAINABILITY AND WELL-BEING



ANNUAL REPORT 2019

M.K. REAL ESTATE DEVELOPMENT PLC.

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Remark : Investor can study further information from the Company's form 56-1 which is disclosed at www.sec.or.th or the Company website at www.mk.co.th



Message from the Chairman

2019 marked a major step as we moved to a new office and were able to implement the concept of well-being-happy and healthy living for humans, nature and animals, creating quality living whether in terms of energy, the environment, health and safety, in order to achieve sustainable happiness-in various company operations. This goes hand-in-hand with the Sustainability Development Roadmap, which encourages entrepreneurs to be socially, economically and environmentally responsible in how they do business and interact with both internal and external stakeholders and promote “comprehensive wellbeing” at work for all employees. This is because people who are physically and mentally healthy and working in a positive environment also deliver great work performance. We started improving working conditions by making sure the way we work is up-to-date, promoting integrated approaches in all departments, supporting remote work or working from home, adjusting working hours by allowing flexible time and regularly organizing activities to enhance skills and knowledge on how to maintain good health. We have provided various facilities that enable employees to achieve well-being, including a gym, a yoga studio, a rooftop organic farm and co-wellness. We also planned to have more green space in the building, to instill a sense of well-being in all personnel so that they work effectively in the same direction.

This concept has translated into operating procedures in various departments, starting from our commitment to apply universal design to product and service development, taking in consideration the lifestyles of people of all ages and bringing in advanced technologies. We provide educational playgrounds that are fun and inspire learning. We select eco-friendly, energy-efficient building materials. We care for the communities around us. We promote quality living by ensuring residents feel at home so that they will want to stay there for many years to come. We organized a bicycle ecotourism event to encourage residents to exercise by biking in Bang Krachao and learn more about the local community there. We planted Yellow Star trees, an auspicious tree representing the reign King Vajiralongkorn, to honor His Majesty the King and save the environment. Many other activities were also held with an aim to get residents to get to know and mingle with each other and encourage families to spend more time together on a holiday. We initiated an organic farm project and created a farm in every project managed by Yours Property Management Co., Ltd. The organic vegetables collected are distributed to residents in the project, to give them access to chemical-free vegetables and show them that organic farming is no longer a far-flung idea - that they can indeed grow organic vegetables at home. We also contributed to community care, including by improving houses for the elderly, sponsoring health checks for community residents and promoting organic farming. On an environmental note, we signed a Memorandum of Understanding (MoU) with the government to install litter traps in Bang Namphung Subdistrict, to prevent litter from flowing out of the mouth of River Chao Phraya in the Bang Krachao area and stop it from ending up in the sea, as ocean pollution living beings and the ecological system.

Although residential property faced challenges from the LTV regulations which became effective last April; the Bank of Thailand relaxed the regulations in the last half of last year, the government introduced tax deductions for first-time home buyers and interest rates remained low. As a result, the real estate industry, especially horizontal housing projects which are the Company's primary products, were still warmly welcomed by consumers with real demand, who tended to be first-time home buyers. The Company continued to launch new housing projects as planned, consisting of single detached houses and townhouses, including in Chuanchuen Town Chaipruek-Chaengwattana, Chuanchuen Prime Village Bang Na, Chuanchuen Town Village Bang Na and Chuanchuen Town Bang Yai. We also purchased more land in suitable locations to develop new projects, to expand our customer base in areas of increasing potential such as Nonthaburi and Rangsit-Nakhon Nayok.

Meanwhile, property for rent continued to grow steadily, as rental rates have gone up to increase the proportion of income from rental property and achieve long-term financial stability. This income comes from the Part Court Sukhumvit 77 apartment and Prospect Development Co., Ltd., which offers warehouses for rent and operates Flora Ville Golf and Country Club. The golf club has been renovated and is now complete with all the necessary facilities, e.g. an 18-hole golf course, a sports club, a souvenir shop and a restaurant to cater to ensure maximum customer satisfaction.

On behalf of the Board of Directors, I would like to thank every shareholder and stakeholder for their continued trust and support in the Company's operations all these years. Please rest assured that the Board of Directors, the Executive Committee and personnel at all levels - whether management or employees - are committed to bringing sustainable growth to the Company and adding value to society and environment care. We are determined to keep delivering excellent products and services, to bring sustainable happiness to everyone.

Mr. Suthep Wongvorazathe
Chairman / Chairman of Executive Committee



Message from the Chief Executive Officer

M.K. Real Estate Development PLC (MK), a developer of real estate for sale, rent and services, along with affiliated companies recognizes the importance of sustainable development in its operations and is prepared to instill the idea of sustainable development in the minds of all of its employees, so that it is reflected in every work procedure and everyone in the organization moves in the same direction. For this reason, the concept of “sustainability for everyone’s well-being” was created, to show how the Company is committed to conducting business in a way that cares about health, food, the environment and quality living in every work procedure. The aim is to attain stable growth for every group of stakeholders and make sustainability our organizational identity in the years to come.

Within the framework of sustainable development, in 2019, the Company joined the Global Compact Network Thailand, a United Nations (UN)’ initiative whereby companies worldwide are encouraged to adopt business approaches that focus more on sustainability and social responsibility. This initiative is implemented globally, bringing together companies, large and small, in all sectors, to recognize 10 principles covering four key areas of human rights, labor, the environment and anti-corruption as the fundamental responsibilities of business operations required of all organizations. In addition, the UN announced and encouraged the adoption of Sustainable Development Goals (SDGs), setting out 17 goals as the framework for implementation. In the past year, we operated our business in compliance with these goals, focusing on action that had positive impacts on the environment, living beings, society, the economy and creating partnerships for sustainable development globally. For example, we promote well-being for everyone, from employees to customers, taking into account employees’ working arrangements and our residents’ lifestyles. We promote gender equality for all women and girls, encouraging them to play a key role in policy making and supporting fair treatment. Women occupy over 50 percent of management positions at our company. We care about surrounding communities and study environmental impacts as we aim for achieve simultaneous development of these communities and environmental protection. We select materials that are eco-friendly but not harmful to people, hence contributing to well-being of both our customers and surrounding communities. We also continue to forge universal partnerships for sustainable development through activities and services that are beneficial to residents, communities and society.

Given our determination, we strong believe that our operations will meet the demands and expectations of all stakeholders, in line with good governance principles economically, socially or environmentally - from planning and material procurement, production to delivery of finished products to customers in a sustainable manner. On this occasion, we would like to extend our thanks and appreciation to all the shareholders, business partners and stakeholders for their continued support and trust in us, as this contributes to our remarkable success and sustainability in the future.

Mr. Vorasit Pokachaiyapat
Chief Executive Officer

Policies and Overview of Business Operations

1 Vision, objectives, targets, or business strategy

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

To promote well-being among residents, we continue to organize activities for our customers including yoga classes, bicycle ecotourism, waste sorting and training on how to maintain good health.

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

high potential growth, including Rangsit-Nakhon Nayok, a popular area for residential development due to the availability of the transportation system, infrastructure, and other facilities.

In addition, the Company aims to increase income percentage from the development of property for sale and the development of property for rent and related services so that both segments are roughly equal in a short period of time. This can be achieved by increasing recurring income from its golf club, 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. Example Health and Wellness Center, a collaboration with a company with a national reputation for physical rehabilitation and medical retreat.

Vision

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

Mission

- 1) **Financial mission:** Build financial stability and generate greatest benefits for shareholders, through sustained sales growth and efficient cost management
- 2) **Marketing mission:** Deliver quality products -in terms of location, construction standards, and environment- at reasonable prices, provide excellent customer service, and constantly make the “ChuanChuen” brand known to the public as a leading residential property development company
- 3) **Production and service mission:** Deliver quality products and excellent services on time and with efficiency, and continue to improve product quality
- 4) **Management mission:** Enhance competitiveness, always make an all-out effort to achieve the goals set for all operations, and promote good governance
- 5) **Personnel mission:** Instill a sense of responsibility in maintaining quality and providing service, and create a culture of continuous learning and development in a friendly working environment

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

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

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 shareholders was compiled on the book closing date on 9 May 2017, in compliance with Section 225 of the Securities 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 no 1/2017, 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 ("Buntudthong 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 Baht 100. The subsidiary called-up for 25% of its par value. The Company has paid the share capital amounting to Baht 25 million.
- On 26 November 2018, the Board of Directors' meeting of MKH Assets Co., Ltd., a direct subsidiary, approved to purchase the increased share capital of Cmego Joint Stock Company, incorporated in Vietnam, by purchasing 6,000 ordinary shares, at 4.76% of ownership interest for a consideration of

USD 1,000,000. Subsequently on 9 January 2019, the subsidiary has partially paid the share capital amounting to Baht 9.63 million.

2019

- On 28 January 2019, the Company had incorporated a new subsidiary company named “Health and Wellness Village Co., Ltd.” to operate Medical, Health and Wellness, with registered capital amount at Baht 1,000,000, divided into 10,000 ordinary shares with a par value of 100 Baht each
- On 12 March 2019, a meeting of the Board of Directors of MKH Assets Co., Ltd (“MKH Assets”), which is a subsidiary of the Company, the Board of MKH Assets approved to additional call-up for 10% of its par value of the share capital. The Company has paid the share capital amounting to Baht 10 million.
- On 25 April 2019, the Annual General Meeting (AGM) of the Company’s shareholders passed the following resolutions:
 - The AGM approved the appropriation of dividends of Baht 0.11 per share, amounting to Baht 110 million with the detail as follow;
 - Payment in the form of stock dividends in the amount of approximately 99.20 million shares with a par value of Baht 1 per share to the shareholders, at the ratio of 10 existing shares to 1 new share, totalling Baht 99.20 million. In case that any shareholders have remaining shares after the allocation, the dividend shall be paid by cash in the amount of Baht 0.10 per share.
 - Payment in the form of cash in the amount of approximately Baht 0.01 per share, totalling Baht 11.02 million.

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

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

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

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

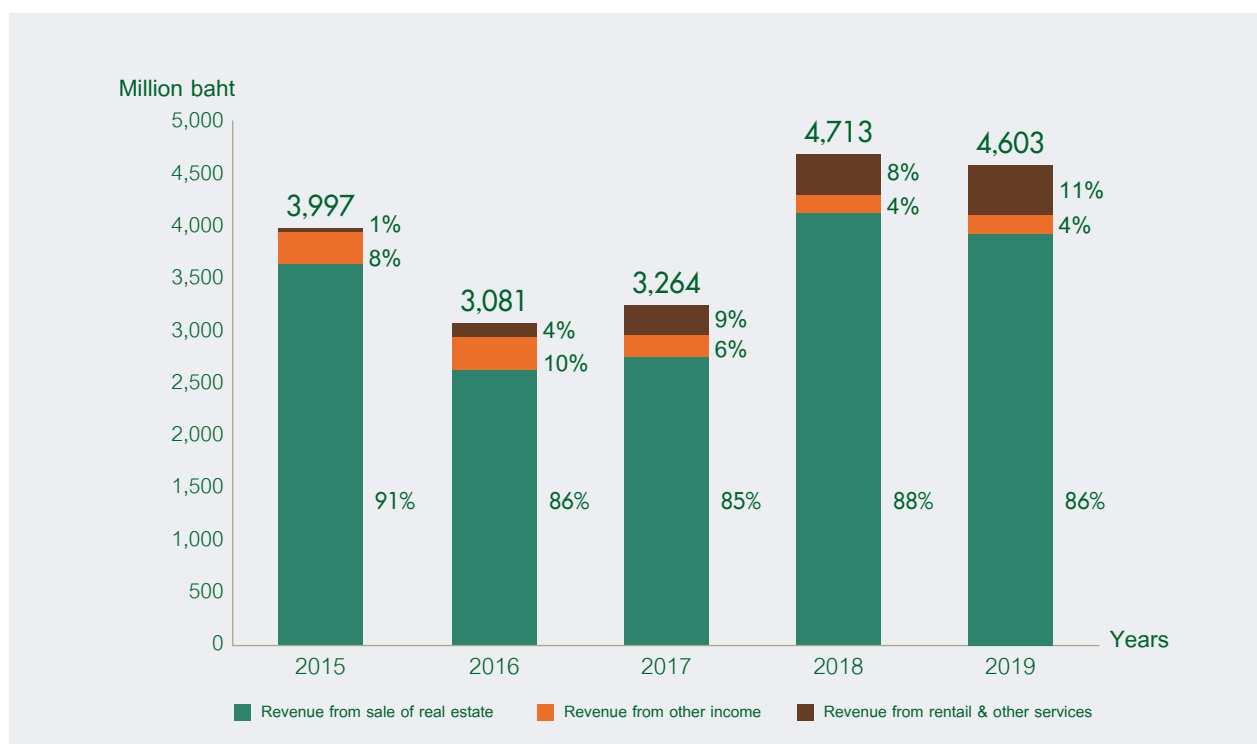
- On 24 May 2019, the Company has completed the registration of change of the paid-up capital from the existing amount of Baht 992,010,177 to Baht 1,091,205,066 as submitted to the Department of Business Development, Ministry of Commerce.
- On 2 August 2019, Prospect Development Co., Ltd. (a subsidiary)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

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

As of 31 December 2019, the Company has registered capital of 1,117,211,195 Baht, paid-up capital of 1,091,205,066 Baht, consisting of 1,117,211,195 shares of common stock at par value of 1 Baht. The Company is engaged in the property development business, which consists of

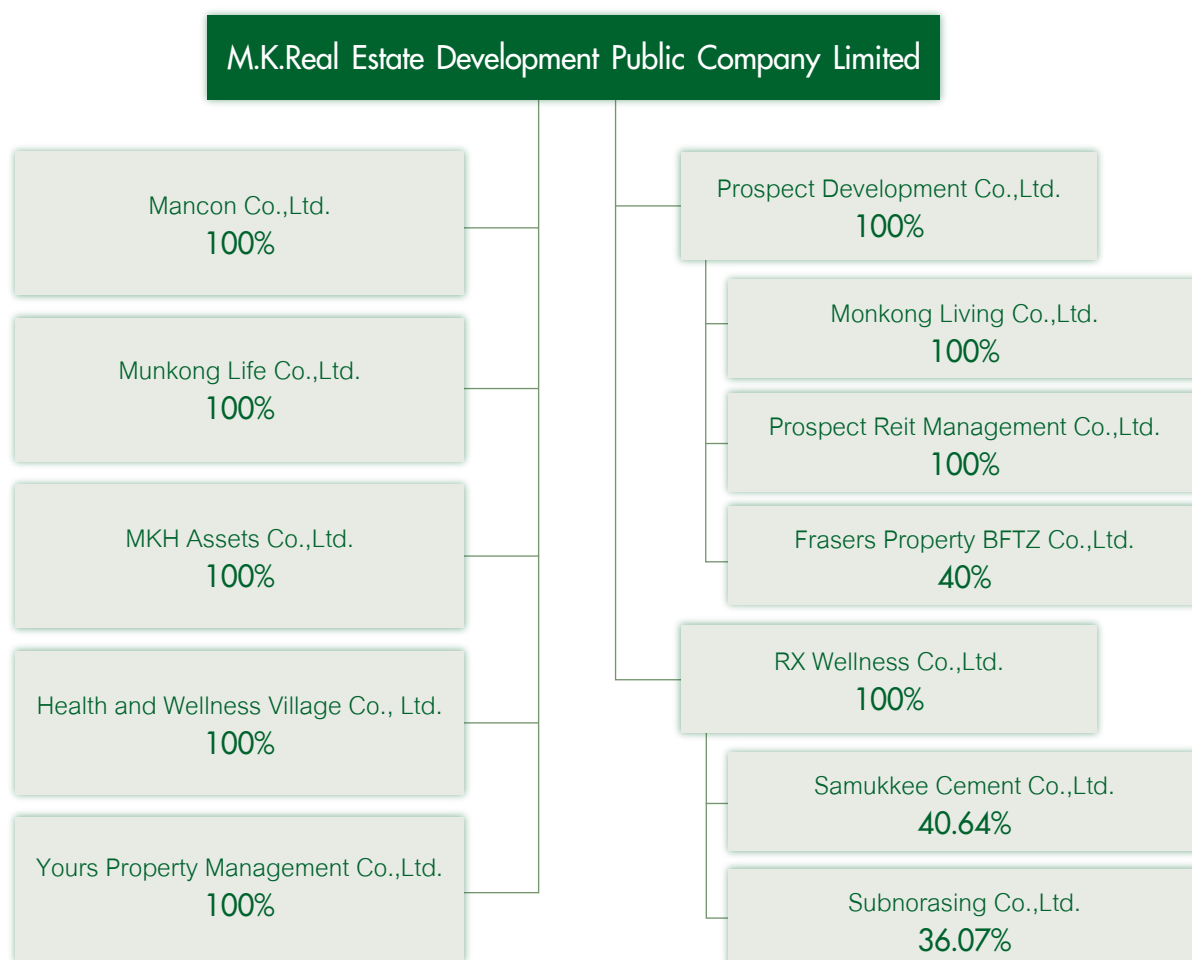
- (1) property development for sale, which is the Company's main business, with a focus on residential property, and
- (2) property development for rent and related services.

Below is the summary of the operating results in 2019 (by the Company, using existing model)



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 2019, are as follows:



Subsidiaries consist of the following:

1. Mancon Co.,Ltd., engaged in construction contracts and property development for small projects.
2. Munkong Life Co.,Ltd., engaged in property development and rehabilitation for rent.
3. MKH Assets Co.,Ltd., engaged in property development.
4. Health and Wellness Village Co., Ltd.,engaged in medical,health and wellness.
5. Yours Property Management Co., Ltd., engaged in providing building and property management services.
6. Prospect Development Co.,Ltd., engaged in development of factory buildings and warehouses and storage for rent.
7. RX Wellness Co., Ltd. (formerly S71 Holding Co.,Ltd.) engaged in property development, health and wellness.

Indirectly subsidiary companies consist of the following:

1. Munkong Living Co.,Ltd., engaged in property development (a subsidiary company of Prospect Development Co.,Ltd.)
2. Prospect Reit Management Co.,Ltd., engaged in reit manager for property investment (a subsidiary company of Prospect Development Co.,Ltd.)

Indirectly associated companies consist of the following:

1. Samukkee Cement Co.,Ltd., engaged in the manufacture of cement and ready-mixed concrete (an associated company of RX Wellness Co., Ltd.)
2. Subnorasing Co.,Ltd., engaged in the production of manufactured sand (an associated company of RX Wellness Co., Ltd.)

The Company's joint ventures consist of

1. Frasers Property BFTZ Co.,Ltd. (formerly TPARK BFTZ Co.,Ltd.), engaged in provision of warehouses for rent (with the investment from Prospect Development Co.,Ltd.)

4 Relations with major shareholders

In carrying out its business operations in 2019, the Company had significant relations of a competitive nature with the companies whose shares were held by its major shareholders

Nature of Business

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

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 : Million Baht	2017		2018		2019	
Revenue from sale of real estate	2,765.32	84.71%	4,152.93	88.11%	3,936.77	85.53%
Revenue from rental and rendering of services	195.89	6.00%	252.14	5.35%	341.19	7.41%
Revenue from golf services	81.27	2.49%	109.25	2.32%	119.77	2.60%
Revenue from management of real estate	22.01	0.67%	32.50	0.69%	40.39	0.88%
Other revenues	199.87	6.13%	166.33	3.53%	164.57	3.58%
Total income	3,264.36	100%	4,713.15	100%	4,602.69	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 (%)	2017	2018	2019
Subnorasing Co.,Ltd.	36.07	(0.00)	(0.00)	(0.00)
Samakkee Cement Co.,Ltd.	40.64	(19.13)	(25.98)	(25.79)

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.

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, complemented by the concept of comprehensive well-being. For example, in terms of construction methods, it combines the use of pre-fabricated panels or prefab houses with traditional construction, introduces universal design in the design of new houses to respond to the functional needs of people from all age groups, and incorporates the use of modern technology. One of the products from a combination of these is playgrounds that promote learning, known as education playgrounds. Well-being is taken into account. In addition, the Company uses eco-friendly and energy-efficient materials, green glass for light refraction, LED bulbs, and air flow innovation for keeping house temperatures down, and provides residents with peace of mind with its security system. It also takes into account the needs of surrounding communities. All in all, the Company strives to create good quality of life and a sense of relaxation, making the property suitable for long-term living and enhancing the brand's competitiveness as it remains committed to maintaining "value for money" at all product levels.

Current projects for sale

In 2019, 16 residential property projects were launched. These consisted of single-detached house, duplex house and townhouse projects under the “Chuan Chuen” brands. Four new projects were also launched, namely Chuan Chuen Town Chaiphruet-Chaengwattana, Chuan Chuen Town Bangyai Chuan Chuen Town Village Bangna for two-story townhomes, and Chuan Chuen Prime Village Bangna for single detached houses at the selling price of 2.39 - 6 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, 2019)
Detached house					
Chuan Chuen 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	98%
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	707.00	97%
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	946.17	99%
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	264.84	100%
Chuan chuen City Northville-Watcharaphon 	Tha Raeng Subdistrict, Bang Khen District, Bangkok	1-2-49 rai (sale started in 2019)	14 units Usable space: 143-163 sq.m./unit	97.11	100%
Chuanchuen City Southville-Watcharaphon 	Tha Raeng Subdistrict, Bang Khen District, Bangkok	1-3-87.9 rai (sale started in 2019)	14 units Usable space: 143-163 sq.m./unit	81.68	93%
Chuanchuen Prime Ville Bangkok-Pathumthani 	Bang Ku Wat Subdistrict, Mueang District, Pathumthani	33-0-39.4 rai (sale started in 2019)	146 units Usable space: 143-163 sq.m./unit	706.85	47%
Chuanchuen City Watcharaphon-Ramintra 	Tha Raeng Subdistrict, Bang Khen District, Bangkok	25-2-44.5 rai (sale started in 2019)	113 units Usable space: 143-163 sq.m./unit	770.00	31%

Project name	Project location	Project area	Number of units/ Utility space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2019)
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	99.5%
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	96%
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	462.00	100%
Chuan Chuen OnNut-Wongwan 	Kanchanaphisek Road, Prawet Subdistrict, Prawet District, Bangkok	19-0-43.67 rai (sale started in 2017)	125 units Usable space: 140 sq.m./unit	630.56	95%
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	440.00	100%
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	859.46	69%
Chuanchuen Town Ratchapruet-345 	Lum Pho Subdistrict, Bang Bua Thong District, Nonthaburi	27-1-95.6 rai (sale started in 2018)	289 units Usable space: 113-140 sq.m./unit	836.61	20%
Chuanchuen Town Rangsit-Klong 1 	Rangsit-Nakhon Nayok Canal Road, Prachathipat Subdistrict, Thanyaburi District, Pathumthani	40-2-50 rai (sale started in 2018)	324 units Usable space: 140 sq.m./unit	1,058.47	38%

The above table shows the four projects launched in 2019, worth 4,655.50 million baht, located close to the Company's existing client bases. Details are as follows:

1. Chuan Chuen Town Chaiyaphruek-Chaengwattana



CHUAN CHUEN TOWN
CHAIYAPHRUEK-CHAENGWATTANA

Project location:

Phimon Rat Subdistrict,
Bang Bua Thong District,
Nonthaburi Province

Chuanchuen Town Chaiyapruek-Chaengwattana consists of 397 units of two-story garden-style townhomes, a project worth of 1,393.53 million baht. With its location in Chaiyapruek-Chaengwattana, allowing residents to enjoy the best facilities Chaengwattana has to offer, the project provides easy access to the city, as it is close to an expressway and the Purple Line mass transit system. It features a new design of garden-style homes, offering XL size townhomes on plots of land starting from 21.4 square wa in size, sufficient space for all housing functions. Each comes with three bedrooms, three restrooms, one multipurpose room and parking space for two cars. Shopping malls, community malls and schools are in the vicinity of the project.

2. Chuan Chuen Town Bangyai



CHUAN CHUEN TOWN
BANGYAI

Project location:

Soi Phra Non,
Bang Mae Nang Subdistrict,
Bang Yai (Bang Bua Thong) District,
Nonthaburi Province

Chuanchuen Town Bang Yai is a new series of premium garden-style townhomes consisting of 335 units, a project worth of 926 million baht. Located in Soi Phra Non, Kanchanaphisek Road, each unit comes with four bedrooms, three restrooms and parking space for two cars, on land plots of 21.4 square wa in with utilizable space of 140 square meters. Foundation piles are laid at the back of the house. Live your lives to the fullest with the outstanding clubhouse complete with a gym and a swimming pool. Enjoy a large common garden space. Travel to the city center with ease via the Si Rat expressway and the MRT Purple Line. Within easy reach of the project are shopping centers including Central Department Store, IKEA, Big C as well as leading hospitals and schools, catering to the needs of everyone in the family.

3. Chuan Chuen Town Village Bangna



CHUAN CHUEN TOWN
VILLAGE BANGNA

Project location:

Bang Bo Subdistrict,
Bang Bo District,
Samut Prakarn Province

Chuanchuen Town Village Bang Na consists of 278 two-story townhomes and 21 two-story single-detached houses, totaling 299 units with a project worth of 960.96 million baht. Located on Bang Na-Trad km.29 Road, the project is surrounded by shopping malls, hospitals, universities and job opportunities are plenty in this area. The houses in this project are garden-style, modeled after garden-style homes in Europe. All houses in this project, which come in new designs, are corner houses, enabling each of them to have a private garden. The interiors are designed to include open-plan space, with three bedrooms, two restrooms and parking space for two cars. The project offers houses that perfectly cater to the needs of everyone in the family.

4. Chuan Chuen Prime Village Bangna



CHUAN CHUEN PRIME
VILLAGE BANGNA

Project location:

Bang Bo Subdistrict,
Bang Bo District,
Samut Prakarn Province

Chuanchuen Prime Village Bang Na consists of 293 two-story single-detached houses, with a project worth of 1,375.36 million baht. Located on Bang Na-Trad km.29 Road, the project offers easy access to the city via the Burapha Withi expressway and is surrounded by shopping malls (e.g. Market Village, Mega Bangna and Central Village), hospitals (Bang Na Hospital and Central Park Hospital) and hubs of employment (Wellgrow and Bang Phli Industrial Estates). Houses in this project are divided into four types: Botani, Botanic, Botanica and Botanical, built on land plots starting from 50 square wa. Houses range from those with three bedrooms and two restrooms to those with four bedrooms and four restrooms, catering to the needs of various customers appropriately.

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

According to the Office of National Economic and Social Development Council (NESDC), the Thai economy in 2019 would grow by 2.6% (with the forecast range of 2.7-3.2%). Exports were forecast to decrease by 2%, while private consumption and investment were forecast to grow by 4.3% and 2.7%, respectively. The average inflation rate was forecast at 0.8%, while a current account surplus was forecast at 6.2% of the GDP. Supporting factors included continuous growth of private consumption and accelerated growth of private investment, public investment and government spending. Meanwhile, agricultural production expanded, as did production in the hospitality and food industries. Production in logistics and product warehouses also continued to grow, while the unemployment rate dropped to a low level. Other supporting factors included low interest and inflation rates which drove domestic private investment, despite external factors such as the trade spat between China and the United States, which affected the export market worldwide including exports and investment in Thailand. Meanwhile, a slow economy in China impacted the tourism industry in Thailand.

For the real estate sector, the value of new projects launched stood at 4.38 hundred billion baht, down 23% from the previous year (Source: Agency for Real Estate Affairs Co., Ltd.). This was in line with the country's economic growth, which slowed down in line with the global economy, and the central bank's new loan-to-value (LTV) requirement which became effective on 1 April 2019 to reduce the risk of real estate bubble. As a result, developers turned to focus on projects in areas with high demand and more on horizontal than vertical property, as customers looking for horizontal property tend to purchase it due to actual

demand rather than as a speculative investment. Meanwhile, supporting measures from the government eased the situation by reducing housing taxes to spur buying, decreasing transfer registration fees from 2% to 0.01% of the assessed property price, and decreasing mortgage registration fees from 1% to 0.01% of the assessed property price, for the purchase of residential properties under 3 million baht each.

In terms of house loans, growth was expected to increase by approximately 4-5% percent from the previous year, following the enforcement of the central bank's new loan-to-value (LTV) requirement on 1 April 2019. The value of property ownership transfer in Bangkok Metropolitan Region was estimated at 536,000 million baht, down 5% when compared to 2018. The condominium sector was the hardest hit, with ownership transfer estimated at 242,000 million baht, down 11% from the year prior. Meanwhile, the value for horizontal property was at 294,000 million baht, somewhat similar to the previous year (source: Krungthai Compass Research Center, Krung Thai Bank PCL).

Given the conditions in the residential property market in 2019, the Company adjusted its marketing strategy to better respond to current consumer behavior. Determined to develop products that cater to customers looking for a house that provides them with a sense of well-being and ensure that interior designs and facilities provided deliver quality living to customers. 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 continuously. to create recognition that would lead to decision-making in the future. Additionally, it introduced new brands and four new projects including Chuan Chuen Town Chaiyaphruek-Chaengwattana, Chuan Chuen Town Bangyai two-story townhomes new garden-style and Chuan Chuen Prime Village Bangna for single detached houses new garden-style and Chuan Chuen Town Village Bangna new design house in garden home style in the areas with existing client bases.

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 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, office space for rent, golf course, and apartments for rent. Details are as follows:

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 rais
- Free Zone, 230.22 rais

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: 1. Land sublease agreements, ending on 31 December 2038, 25 December 2039, and 8 January 2040, respectively - a total of three agreements 2. 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	1. Prefabricated factories and warehouses for rent in the Free zone 2. Prefabricated factories and warehouses for rent in the General zone 3. Land for long-term rent 4. Built for suit warehouses and factory buildings
Project details	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 193,872 square meters in size, with details as follows: 1. Free Trade Zone • Warehouse buildings 91,220 square meters • Factory buildings 47,954 square meters 2. Areas for rent • Warehouse buildings 20,331 square meters • Factory buildings 34,367 square meters - Total 193,872 square meters
Average rental rate	95 per cent of project construction or 92 per cent of completed construction at the end of December

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, 2019, Prospect had a total of 193,872 square meters warehouse /factory space for lease. Of which, 174,374 square meters were occupied (occupancy rate of 90%) 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. At the end of December 31, 2019 the Company has registered capital of 803 million baht, paid-up capital of 631.05 Baht.

The Company's Join Venture

unit : million baht	portion (%)	2017	2018	2019
TPARK BFTZ Co.,Ltd ²⁾	40	0.21	2.07	1.72

Note: 1) For the 2019 financial statements, the accounting period changed to the period ending on 30 September 2019

2) On 28 January 2019, TPARK BFTZ Co.,Ltd changed its name to Frasers Property BFTZ Company Limited.

2.2 Office space for rent

The Company has rented out the space not used as its own office on at 345 Surawong Building, a seven-story building located at the intersection of Surawong and Charoen Krung Road and offered parking availability, since registering its new office and relocating there on 20 September 2019.

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

2.4 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.

2.5 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

In 2019, risk monitoring and management continued vigorously at the Company. Management and relevant employees in all departments were involved in this process, to assess and review measures for managing any risk that may occur as a result of various changes to both internal and external factors. The focus was on monitoring and assessing risks that could affect business operations, establishing measures to manage these risks and designating persons in charge of overseeing risk management in a systematic manner, to strengthen the Company against internal risks. To this end, the Company engaged Rattakit Research Center Company Limited, which specializes in risk management and internal control system establishment, to conduct an analysis and work with management and responsible employees in each task. Together, they set up over 80 standard procedures for company operations and established a new assessment method, OKR, to reduce organizational risks and increase the Company's efficiency in the long run. Issues in risk management can be summarized as below.

1 Economic risk that could impact business operations

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

To achieve its goal of generating stable income generation in the long run, the Company provides advice to clients on preparing detailed financial information, conducts a mortgage affordability assessment on the customers in advance and encourages customers to apply for a loan preapproval and check their credit status with banks before issuing a pre-emption certificate, to minimize the likelihood of loan rejection.

2 Risk related to changes to construction drawings

While construction is in progress, a number of factors can affect the development of the project, such as regulatory changes and changes to construction drawings, potentially causing there to be differences from the drawings submitted to the authorities for planning permission. This in turn may adversely affect the Company's ability to complete the project, which has a direct impact on its image.

For this reason, the Company has put in place a measure to mitigate this risk whereby construction procedures are amended in an event where there is a change to the construction drawings. Under this measure, the Company will monitor progress of the construction closely to ensure compliance with the application for planning permission, and any information received will be used to improve its monitoring activities to ensure a juristic person can be set up with little to no issues. The Company will also seek to improve the skills of personnel related to the construction process to ensure effective communication and correct understanding.

3 Risk related to brand character

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

minds and that they will consider the brand or recommend it to their acquaintances.

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

4 Risk related to unsold products

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

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

5 Risk related to customer complaints

How customer complaints are handled is a crucial factor impacting customer decisions these days. Most consumers gather information on a housing project from current customers before making a decision to buy, which, in addition to influencing their decision, has an impact on the Company's image. The Company believes there may be a risk arising from customers reporting issues through different channels, which may affect its ability to respond to their complaints adequately or promptly.

To mitigate risk related to customer complaints, the Company has put in place a procedure for handling customer complaints by keeping all customer complaints in a single database, regardless of the different channels through which they have been reported. Keeping records in the same place reduces errors and enables follow-ups on how complaints are addressed to ensure mistakes are not repeated

6 Risk related to contractors abandoning projects

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

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

7 Data risk

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

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

8 Risk related to golf course operations

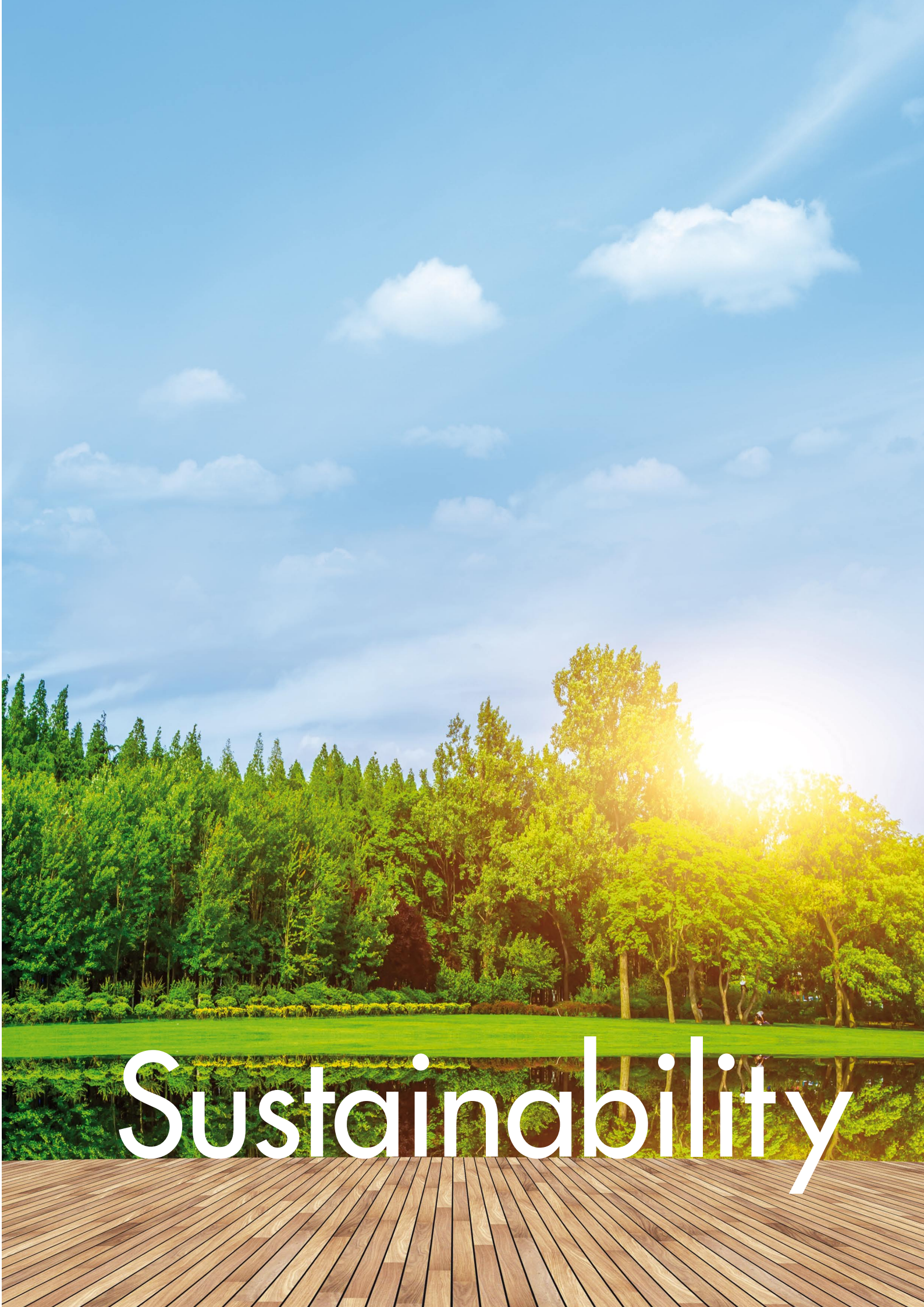
To generate more income and control the costs of running the Flora Ville Golf and Country Club golf course -in the form of green fees and others including income from golf carts, the restaurant, sale of goods in Pro Shop- and to increase efficiency in services and make sure they are up to standard, the Company established clear procedures for operating the golf course, designating responsible persons and checkpoints, or locations where extra care is required, to provide guidance for its staff. It also set up clear objectives and key results (OKR) for each task, initiated marketing and sales activities, offered various promotions and increased sales channels, to enhance opportunities for use of our services and enable golfers to have more options to use our services without interruption, whether on business days or holidays.

Summary of Financial Information

Financial Information & Ratios

(Unit : Thousand Baht)

DESCRIPTION	2016	2017	2018	% Change 2018-2019
OPERATION RESULTS				
Sales Revenue	3,064,495	4,546,807	4,438,111	(0.02)
Total Revenues	3,264,365	4,713,138	4,602,686	(0.02)
Total Costs and Expenses	3,012,725	4,385,762	4,401,175	0.00
Gross Profit (Loss)	1,058,006	1,485,253	1,433,583	(0.03)
Profit - Owners of the Company	233,251	305,925	177,447	(0.42)
FINANCIAL POSITION				
Total Assets	14,179,835	15,726,766	16,706,852	0.06
Total Liabilities	7,511,948	9,080,745	9,911,927	0.09
Shareholders' Equity	6,667,887	6,646,021	6,793,549	0.02
Equity attributable of the Company	6,560,084	6,646,021	6,793,549	0.02
Inventories	8,799,819	7,149,322	6,164,316	(0.14)
PER SHARE (BAHT)				
Net Profit (Loss) Per Share	0.24	0.31	0.16	-
Dividend Per Share	0.25	0.25	0.11	(0.56)
Book Value Per Share	6.61	6.70	6.23	(0.07)
FINANCIAL RATIO (%)				Difference
Gross Profit Margin	34.52	32.67	32.30	(0.36)
Net Profit Margin	7.15	6.49	3.86	(2.64)
Return on Equity	3.55	4.63	2.64	(1.99)
Return on Asset	3.88	2.05	1.09	(0.95)
Debt to Equity Ratio (times)	1.15	1.37	1.46	0.09



Sustainability

Board of Directors



Mr. Suthep Wongvorazathe
Chairman
Chairman of Executive Committee



Mr. Vorasit Pokachaiyapat
Director
Executive Director
Chief Executive Officer
Chairman of Risk Management Committee
Director of Nomination and Remuneration Committee



Miss Dusadee Tancharoen
Director
Managing Director
Risk Management Committee Member



Mrs. Sutida Suriyodorn
Director
Executive Director
Risk Management Committee Member
Senior Executive Vice President Operation Management
Account & Finance Division



Miss Rachanee Mahatdetkul
Director
Executive Director
Risk Management Committee Member

BOARD of DIRECTORS



Mr. Att Tongyai Asavanund

Independent Director
Chairman of Audit Committee
Chairman of Nomination and Remuneration Committee
Chairman of Corporate Governance Committee



Mr. Chaiyapont Timsootheepant

Independent Director
Audit Committee Member
Nomination and Remuneration
Committee Member
Corporate Governance Committee
Member



Mrs. Malai Rachataswan

Independent Director
Audit Committee Member
Nomination and Remuneration
Committee Member
Corporate Governance Committee
Member



Mr. Theraphan Jittalarn

Independent Director
Audit Committee Member
Nomination and Remuneration
Committee Member
Corporate Governance Committee
Member



Mr. Suthep Wongvorazathe

Chairman / Chairman of Executive Committee

Age 71 Year

Appointed as Director June 15th, 2015

No. of Shares 120,492,171 Share (11.04%)

Education

Master's Degree / MBA, University of Wisconsin, U.S.A.

Director Certification Program

Director Accreditation Program (DAP) Class 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
2011-2016	Directors and Chairman of Audit Committee Chumporn Palm Oil Industry Plc.



Mr. Vorasit Pokachaiyapat

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

Age 56 Year

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

Director Certification Program (DCP) 2002

Experience 5 Years

Year	Position
2015-Present	M.K. Real Estate Development Plc.
Present	Managing Director Finansia Plc
	Director Finansia Capital Limited
	Director Finansia Fund Management Ltd.
	Executive Director Prospect Development Co., Ltd.
	Director NEO Corporate Co., Ltd.
	Director Frasers Property BFTZ Co.,Ltd.
2019-Present	Director Prospect Reit Management CO., LTD.
2007-Present	Director Palanamai Limited
1998- 2018	Independent Director SE-Education Plc.
2011-2015	Director Chaiyanan Service Group Co., Ltd.



Miss Dusadee Tancharoen

Director / Managing Director / Risk Management Committee Member

Age 48 Year

Appointed as Director 25 April 2017

No. of Shares -

Education

Bachelor's Degree / Arts, Chulalongkorn University

Director Certification Program

Director Accreditation Program (DAP) Class 127/2016

Director Certification Program (DCP) Class 243/2017

Experience 5 Years

Year	Position
2017-Present	M.K. Real Estate Development Plc.
2011-2015	Senior Vice President Sansiri Public Co., Ltd.



Mrs. Sutida Suriyodorn

Director / Executive Director / Risk Management Committee Member /
Senior Executive Vice President Operation Management Account and
Finance Division

Age 57 Year

Appointed as Director June 15th, 2015

No. of Shares 550,000 share (0.05%)

Education

Master's Degree /MBA, Thammasat University

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

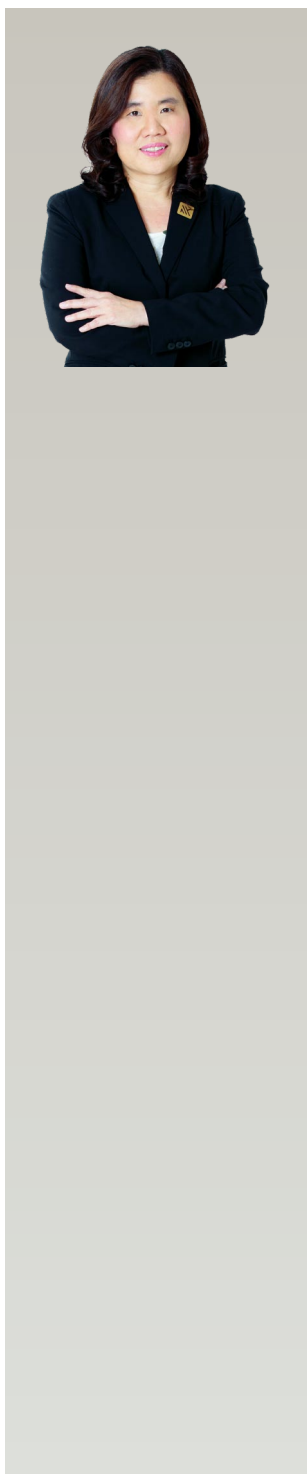
Director Certification Program

Director Accreditation Program (DAP) Class 127/2016

Director Certification Program (DCP) Class 243/2017

Experience 5 Years

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



Miss Rachanee Mahatdetkul

Director / Executive Director / Risk Management Committee Member

Age 53 Year

Appointed as Director October 26th, 2015

No. of Shares -

Education

Master's Degree / MBA, Santa Clara University, U.S.A

Director Certification Program

Director Accreditation Program (DAP) 2005

Director Certification Program (DCP) 251/2018

Strategic CFO in Capital Markets Program (SET) 4/2017

Experience 5 Years

Year	Position
2015-Present	M.K. Real Estate Development Plc.
Present	Senior Vice President of Direct Investment Finansia Plc. Director Finansia Capital Limited Managing Director Prospect Development Co., Ltd.
2019-Present	Director Prospect Reit Management Co., Ltd.
2017-Present	Director FB Food Service (2017) Limited
2016-Present	Director Frasers Property BFTZ Co., Ltd.
2011-2015	Director Chaiyanan Service Group Co., Ltd.
2011-2015	Director PRO-M Co., Ltd.



Mr. Att Tongyai Asavanund

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

Age 46 Year

Appointed as Director June 15th, 2015

No. of Shares - Shares

Education

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

Director Certification Program

Director Accreditation Program (DAP) Class 59/2006

Audit Committee Program (ACP) Class 34/2011

Advanced Audit Committee Program (AAP) Class 28/2018

Experience 5 Years

Year	Position
2015-Present	M.K. Real Estate Development Plc.
2020-Present	Chairman of Audit Committee Stone One Public Company Limited
2018-Present	Director Kantana Group Public Company Limited
2018-Present	Director Black Bull Sports Limited
2013-Present	Director Infinite Capital Company Limited
2018-2019	Executive Scomadi (Thailand) Co., Ltd.
2018-2019	Executive Scomadi Worldwide Limited
2018-2019	Executive Marin Engineering Co., Ltd
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

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

Age 65 Year

Appointed as Director June 15th, 2015

No. of Shares - Shares

Education

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

Director Certification Program

Director Accreditation Program (DAP) Class 136/2017
 Advanced Audit Committee Program (AACP) Class 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

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

Age 64 Year

Appointed as Director April 28th, 2015

No. of Shares - Shares

Education

Bachelor's Degree / Science, Mahidol University

Director Certification Program

Director Accreditation Program (DAP) Class 127/2016

Advanced Audit Committee Program (AACP) Class 28/2018

Experience 5 Years

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



Mr. Theraphan Jittalarn

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

Age 64 Year

Appointed as Director March 17th, 2017

No. of Shares - 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

Director Accreditation Program (DAP) Class 140/2017

Advanced Audit Committee Program (AACP) Class 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 & Management Director Finansa Asset Management Ltd.
2008-2010	Chief Executive Officer & Management Director Sci-Asset Management Ltd.

Executives

Mr. Sakdina Manlerd

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

Age 51 Year

Appointed as Director -

No. of Shares - Shares

Appointed as Director

Bachelor's Degree Engineering Kasetsart University

Director Certification Program

Director Accreditation Program (DAP) Class 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

Senior Executive Vice President-Investment Management and Director Office Division /Company Secretary

Age 49 Year

Appointed as Director -

No. of Shares - Shares

Appointed as Director

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

Director Certification Program

Director Accreditation Program (DAP) Class 129/2016

Company Secretary Program (CSP) Class 74/2016

Experience 5 Years

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

Mr. Suthep Kittiwatcharapong

Executive Vice President - Project Procurement Department

Age 58 Year

Appointed as Director -

No. of Shares 819,913 Shares (0.08%)

Appointed as Director

Bachelor's Degree Laws, Thammasat University

Director Certification Program

Director Accreditation Program (DAP) Class 120/2015

Experience 5 Years

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

General and Other Significant Information

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	: 6 th - 8 th Floor, 345 Surawong Building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet BangRak, Bangkok, 10500
Tel	: 02-2348-888
Fax	: 02-2348-880
Website	: www.mk.co.th
Number of shares issued	: 1,091,205,066 ordinary shares, at par value of one baht per share

Auditors of 2019 financial statements

Auditors	: 1. Miss Vipavan Pattavanvivek CPA No.4795 and/or 2. Miss Nawarat Nitikeatipong CPANo.7789 and/or 3. Miss Chanarat Chanwa CPA No.9052
Audit company	: KPMG Phoomchai Audit Company Limited
Location	: 1 Empire Tower, Fl 50-51, South Sathorn Road, Yan Nawa, Sathorn District, Bangkok 10120
Tel	: 02-677-2000
Fax	: 02-677-2222

General information of companies holding more than 10% of shares, as at 31 December 2019

No.	Company name	Office location	Percent of Share held by the Company	Paid-up share capital	Registered capital	Number of shares Issued	Par value
Property development and related businesses							
1	Mancon Co., Ltd. Engaged in construction contracts and property development for small projects	8 th Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax 02-234-8880	100%	20,000,000	20,000,000	2,000,000	10
2	Munkong Living Co.,Ltd. ³⁾ Engaged in property development	8 th Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax 02-234-8880	100%	1,002,005,000	1,002,005,000	10,020,050	100

No.	Company name	Office location	Percent of Share held by the Company	Paid-up share capital	Registered capital	Number of shares Issued	Par value
Property development and related businesses							
3	Munkong Life Co.,Ltd. Engaged in property development and rehabilitation for rent	8 th Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax 02-234-8880	100%	2,600,000,000	2,600,000,000	26,000,000	100
4	MKH Assets Co., Ltd. Engaged in property development	8 th Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax 02-234-8880	100%	35,000,000	100,000,000	1,000,000	100
5	Samakkee Cement Co., Ltd. ⁴⁾ Engaged in manufacture of cement and ready mixed concrete	719/3 Soi Chula 10 Rama VI Road., Wangmai, Patumwan, Bangkok.	40.64%	235,000,000	235,000,000	47,000,000	5
6	Subnorasing Co.,Ltd. ⁴⁾ Engaged in industrial sand production	11 Soi Nonthaburi 8 Yeak 7 Nonthaburi Road, Tambon Bangkrasor, Amphur Muang Nonthaburi, Nonthaburi.	36.07%	18,000,000	18,000,000	180,000	100
Property for rent and related services							
7	Prospect Development Co.,Ltd. Engaged in development of factory buildings and warehouses for rent	48/29 TISCO Tower, Fl 16, North Sathom Road, Silom, Bangrak, Bangkok Tel 02-697-3860 Fax 02-697-3869	100%	2,260,000,000	2,260,000,000	226,000,000	10
8	RX Wellness Co., Ltd. ²⁾ Engaged in property development, health and wellness	8 th Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax 02-234-8880	100%	100,000,000	100,000,000	1,000,000	100
9	Yours Property Management Co., Ltd. Engaged in building and property management service	6 th Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax 02-234-8880	100%	3,000,000	5,000,000	50,000	100

No.	Company name	Office location	Percent of Share held by the Company	Paid-up share capital	Registered capital	Number of shares Issued	Par value
10.	Health and Wellness Village Co., Ltd. Engaged in medical, health and wellness	8 th Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax 02-234-8880	100%	3,250,000	10,000,000	100,000	100
11	Prospect Reit Management Co., Ltd. ³⁾ Engaged in investment in reit manager for property investment	48/29 TISCO Tower, Fl 16, North Sathorn Road, Silom, Bangrak, Bangkok Tel 02-697-3860 Tel 02-697-3869	100%	10,000,000	10,000,000	100,000	100
12	Frasers Property BFTZ Co.,Ltd. ¹⁾ Engaged in provision of warehouses for rent	944 Mitrtown Office Tower 22 nd -23 rd Floor, Rama IV Road Kwaeng Wangmai, Khet Pathumwan, Bangkok 10330 Tel 02-078-1999 Fax 02-078-1970	40%	631,050,000	803,000,000	80,300,000	10

- Note**
- ¹⁾ TPARK BFTZ Co.,Ltd. registered the change of name to Frasers Property BFTZ Company Limited on 28 January 2019.
 - ²⁾ S 71 Holding Co.,Ltd. registered the change of name to RX Wellness Co., Ltd. on 22 October 2019.
 - ³⁾ Munkong Living Co.,Ltd.and Prospect Reit Management Co., Ltd. were indirectly subsidiary company. (subsidiary companies of Prospect Development Co.,Ltd.)
 - ⁴⁾ Samakkee Cement Co.,Ltd. and Subnorasing Co.,Ltd. were indirectly associated companies. (associated companies of RX Wellness Co., Ltd)

2 Other significant information

The Company issued and offered bonds to the general public, as per the below.

1. Short-term corporate bond offer, No. 1/2019 (interest paid at maturity), to mature on 11 February 2020, with no extension of the maturity date.

Cash from	Amount (approx.)	Length of duration	Details
To repay loans or debts from issuance of bonds	100 million baht	1 month after receiving money from bond offer	To repay short-term bonds maturing in June 2019

2. Short-term corporate bond offer, No. 2/2019 (interest paid at maturity), to mature on 5 March 2020, with no extension of the maturity date.

Cash from	Amount (approx.)	Length of duration	Details
Circulating capital	150 million baht	1 month after receiving money from bond offer	-

Securities and Shareholders

1 Securities

a) Common stock

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

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.

2 Shareholders

The list of top 10 shareholders as at 30 December 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	205,127,018	18.798
2. Mr.Prateep Tangmatitham	130,241,282	11.936
3. CPD Asset Co., Ltd.	60,492,171	5.544
4. CPD Holding Co., Ltd.	60,000,000	5.499
5. EMINENT EXPERT LIMITED	54,362,000	4.982
6. WISDOM LEADER VENTURES LIMITED	52,171,368	4.781
7. Supalai Property Management Co., Ltd.	32,107,020	2.942
8. Mr.Urchart Karnchanapitak	30,764,140	2.819
9. BCH Property Co., Ltd.	26,829,270	2.459
10. Miss Piyasri Tantiwatna	24,548,970	2.250
Total of shares held by top 10 shareholders	676,643,239	62.009
Shares held by remaining shareholders	414,561,827	37.991
Total	1,091,205,066	100.000

3 Other Securities

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

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

Warrant	:	The ordinary share-purchase warrants of the Company issued to the Directors Executives and Employees of the Company and its subsidiaries No.1 (MK-WA)
Type of Warrant	:	Ordinary share-purchase warrant, specified name of the holder type, non-transferable, except under the conditions of inheritance transfer or transferring to heir or legal representative, or any other events that Board of Directors may deem appropriate.
Type of Warrant to be issued and allotted	:	Not exceed 26,000,000 units
Par Value Per Unit	:	0 Baht per unit
Offering Price Per Unit	:	0 Baht
The Allocation	:	These ordinary shares, allocated by means of offering warrants, will be allocated to the directors and employees of the Company and its subsidiaries based on the position, duty, and responsibility towards the company and its subsidiaries, past experience, working proficiency, performance contributed to company and its subsidiaries, as well as potential interest provided to the Company. The Company's Directors assigned the Chief Executive Officer to allocate the shares based on the discretion. For more than 5% of newly issued and offered shares allocated to any director/ employee, the Board of Directors is in charge of proposing the agenda for shareholders' meeting according to rules and conditions under the Notification of the Capital Market Supervisory Board. The details of warrant allocation are shown below: - Not exceeding 41.92% of Ordinary Share-Purchase Warrants shall be allocated to the directors and executives of the Company and its subsidiaries. - Not exceeding 58.08% of Ordinary Share-Purchase Warrants shall be allocated to employees of the Company and its subsidiaries.
Exercise Ratio	:	1 unit of Warrant (MK-WA) will be entitled to purchase 1 ordinary share. The Exercise Ratio may be changed thereafter in case of an adjustment of rights.
Exercising Price (Per Share)	:	4.00 Baht1/ (Four Baht), the Exercise Price may be changed thereafter in case of an adjustment of rights Remarks: 1/The exercise prices are not considered the discount price as specified in the notification of the Capital Market Supervisory Board. The volume weighted average of the closing price of the Company ordinary shares during 15 days before the date of the Board of Directors' meeting on March 12, 2019 equals to 3.77 Baht per share.

Maturity	: Not exceeding 5 years from the warrant issuance and offering date. (The Issue date of Warrants is on 17 June 2020, expiration date is on 16 June 2024)
Number of Shares Issued and Reserved for Exercising Right of Warrant	: Not exceeding 26,000,000 shares, with a par value of Baht 1.00 per share, representing 2.62 percent of the total issued and paid-up capital of the Company. The company will offer the ordinary share-purchase warrants No.1 (MK-WA) in accordance with warrant's maturity.
Exercise Period	: The warrant holder shall be entitled to exercise the warrant to purchase ordinary shares in the number of which the warrant holder is entitled to exercise each year according to the succeeding paragraph every 15 th of March, June, September, and December during 9.00 am. to 3.00 pm., within the exercise period. In the event that the exercise date is on holiday, the exercise date shall be rescheduled to the first business day after such predetermined exercise date. In the event that the last exercise date is holiday, the last exercise date shall be rescheduled to the last business day prior to such holiday.
1 st Year	The warrant holder can exercise the right starting from the end of 1 year period from the issuance date of warrants' to the warrant's expiration date.
2 nd Year	The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company. The number of the warrants being exercisable in the 2 nd year but remain outstanding can be exercised in the following years until they have reached the expiration of the exercise period in accordance with the Plan.
3 rd Year	The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company. The number of the warrants being exercisable in the 3 rd Year but remain outstanding can be exercised in the following years until they have reached the expiration of the exercise period in accordance with the Plan.
4 th Year	The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company. The number of the warrants being exercisable in the 4 th Year but remain outstanding can be exercised in the following years until they have reached the expiration of the exercise period in accordance with the Plan.

5th Year The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company.

Any remaining warrant, unexercised from all the years prior to 5th years, can be exercised before termination of exercise period under this scheme.

3.2 Debentures

In 2016-2019, the Company and a subsidiary of the Company had issued unsecured debentures which has not come to maturity date with the details as follows:

1. On 8 April 2016, the Company had issued long-term debenture No. 2/2016 amounting to Baht 500 million and repayment interest on maturity date.
2. On 28 October 2016, the Company had issued long-term debenture No. 3/2016 amounting to Baht 500 million and repayment interest on maturity date.
3. On 18 August 2017, the Company had issued long-term debenture No.1/2017 amounting to Baht 1,000 million and repayment interest on maturity date.
4. On 30 August 2017, Prospect Development Co., Ltd. (a subsidiary) had issued long-term debenture No.2/2017 amounting to Baht 155 million and repayment interest every 3 months.
5. On 5 April 2018, Prospect Development Co., Ltd. (a subsidiary) had issued long-term debenture No.1/2018 amounting to Baht 137 million and repayment interest every 3 months.
6. On 17 May 2018, the Company had issued long-term debenture No.1/2018 amounting to Baht 584 million and repayment interest every 3 months.
7. On 17 May 2019, the Company had issued short-term debenture No.1/2019 amounting to Baht 100 million and repayment interest on maturity date.
8. On 11 June 2019, the Company had issued long-term debenture No.1/2019 amounting to Baht 687.5 million (repayment interest every 3 months) and short-term debenture No.2/2019 amounting to Baht 150 million (repayment interest on maturity date)
9. On 2 August 2019, Prospect Development Co., Ltd. (a subsidiary) had issued long-term debenture No.1/2019 amounting to Baht 198 million and repayment interest every 3 months.
10. On 12 December 2019, the Company had issued long-term debenture No.2/2019 amounting to Baht 1,565 million and repayment interest every 3 months.

Debentures Outstanding as of 31 December 2019

	Par value						Coupon
Unsecured debentures	Number	per unit	Total value	Issue date	Term	Maturity date	rate
	(thousand		(in million				
	units)	(in Baht)	Baht)				(% per annum)
Short-term debentures							
The Company							
No. 1/2019 (repayment interest on maturity date)	100	1,000	100	17 May 2019	270 days	11 February 2020	3.70
No. 2/2019 (repayment interest on maturity date)	150	1,000	150	11 November 2019	268 days	5 March 2020	3.70
Total			250				
Long-term debentures							
The Company							
No. 2/2016 (repayment interest every 3 months)	500	1,000	500	8 April 2016	5 years	8 April 2021	4.70
No. 3/2016 (repayment interest every 3 months)	500	1,000	500	28 October 2016	5 years	28 October 2021	4.00
No. 1/2017 (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
No. 1/2019 (repayment interest every 3 months)	687.5	1,000	687.5	11 June 2019	3 years	11 June 2022	5.00
No. 2/2019 (repayment interest every 3 months)	1,565	1,000	1,565	12 December 2019	11 months 19 days	1 December 2023	5.75
Total			4,836.5				
Subsidiary							
No. 2/2017 (repayment interest every 3 months)	155	1,000	155	30 August 2017	3 years 3 months 2 years	30 November 2020	5.50
No. 1/2018 (repayment interest every 3 months)	137	1,000	137	5 April 2018	10 months 11 days	16 February 2021	5.50
No. 1/2019 (repayment interest every 3 months)	198	1,000	198	2 August 2019	2 years 6 months	2 February 2022	6.25
Total			490				

4 Dividend policy

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

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

Detail of dividend payments	2016	2017	2018
1. Profit - Owners of the Company (Baht) (base on consolidated financial statement)	350,794,022	233,250,816	305,924,724
2. Profit - Owners of the Company (Baht) (base on seperate financial statement)	355,749,422	363,044,740	302,172,710
3. Number of shares (shares)	992,010,177	992,010,177	992,010,177
4. Par Value (Baht : Share)	1.00	1.00	1.00
5. Dividend paid per share			
5.1 Stock Dividend (Baht :Share)	-	-	0.100000
5.2 Cash Dividend (Baht :Share)	<u>0.25</u>	<u>0.22</u>	<u>0.011112</u>
5.3 Total Dividend (Baht :Share)	<u>0.25</u>	<u>0.22</u>	<u>0.111112</u>
6. Total dividend payment (Baht)	248,002,544.25	218,242,238.94	110,224,235.09
7. Dividend payment ratio (%)	69.71	60.11	36.48

Management Structure

1 Board of Directors

As at 31 December 2019, the Board of Directors consists of 9 following members.

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

with Miss Pornphan Yantossilp as a Company's secretary

Directors authorized to sign documents on behalf of the Company

As at 31 December 2019, 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. Suthep Wongvorazathe or Mrs. Sutida Suriyodorn or Mr. Vorasit Pokachaiyapat or Miss Rachanee Mahatdetkul or Miss Dusadee Tancharoen can sign singly and affixing the Company seal.

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. Niramorn Atsawakunkamnurd as an Audit Committee's secretary

Nomination and Reuneration Committee

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 | Normination and Remuneration Committee Member and independent director |
| 5) | Mr. Theraphan | Jittalarn | Normination and Remuneration Committee Member and independent director |

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

Corporate Governance Committee

Consists of four independent directors

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

with Miss Pornphan Yantossilp as a Corporate Governance 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 |
| 2) | Mr. Vorasit | Pokachaiyapat | Chief Executive Officer |
| 3) | Miss Dusadee | Tancharoen | Executive Director |
| 4) | Mrs. Sutida | Suriyodorn | Executive Director |
| 5) | Miss Rachanee | Mahatdetkul | Executive Director |

with Miss Pornphan Yantossilp as an Executive Committee's secretary

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-committees is as follow:

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

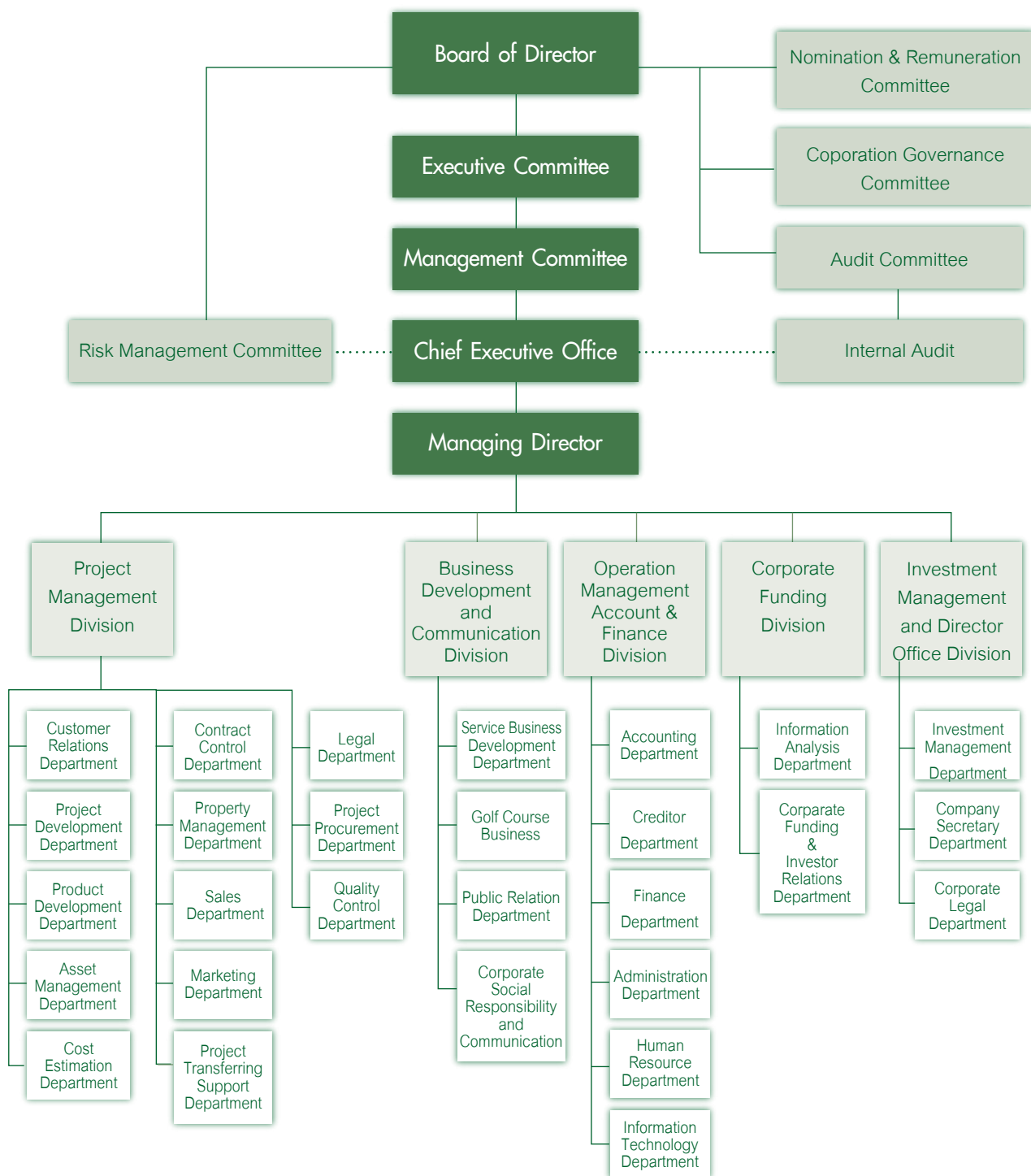
Attendance of Directors and Executives in Board of Directors' meetings

In 2019, the Board of Directors and sub-committees held the following meetings.

Name	Position	Meeting Attendance (Meeting)						
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
1) Mr. Suthep Wongvorazathe	Chairman	11/11					13/13	
2) Mr. Vorasit Pokachaiyapat	Chief Executive Officer	11/11		3/3		1/1	13/13	14/14
3) Miss Dusadee Tancharoen	Managing Director	11/10				1/1	13/13	14/13
4) Mrs. Sutida Suriyodorn	Director and Executive Director	11/11				1/1	13/13	14/14
5) Miss Rachanee Mahatdetkul	Director and Executive Director	11/11				1/1	13/13	14/14
6) Mr. Att Tongyai Asavanund	Independent Director and Chairman of Audit Committee	11/9	4/4	3/3	1/1			
7) Mr. Chaiyapont Timsootheepant	Independent Director and Audit Committee Member	11/11	4/4	3/3	1/1			
8) Mrs. Malai Rachataswan	Independent Director and Audit Committee Member	11/10	4/4	3/3	1/1			
9) Mr. Theraphan Jittalarn	Independent Director and Audit Committee Member	11/11	4/4	3/3	1/1			
10) Mr. Saksri Phurthamkul*	Director	5/5						
11) Mr. Sakdina Manlerd	Senior Executive Vice President					1/1		14/14

Note : * Mr. Saksri Phurthamkul director who will be retiring from office on AGM 2019 and does not wish to continue his Directorship.

2 Management



Note : Board of Directors' meeting 2/2020 held on 12 February 2020 approved this new organization chart.

List of Executives¹⁾

As at 31 December 2019, 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	Suriyodom	Senior Executive Vice President of Operations Management Account 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 and Director Office Division
8)	Miss Napaporn	Kamolsakdavikul ²⁾	Executive Vice President of Legal and Project Transferring Support Department
9)	Mr. Suthep	Kitiwatcharapong	Executive Vice President of Project Development Department
10)	Mrs. Niramorn	Atsawakunkamnurd	Vice President of Accounting Department
11)	Miss Busara	Rogesotorn	Vice President of Finance Department

Notes : 1) List of Executives as defined in line with the Securities and Exchange Commission.

2) Miss Napaporn Kamolsakdavikul retired on 1 November 2019.

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 to the highest responsibility in Accounting and Finance is Mrs. Sutida Suriyodom.
 - The assigned person to the direct responsibility of accounting supervision is Mrs. Niramorn Atsawakunkamnued.

4 Directors and Executives' remuneration

4.1 Monetary remuneration

- a) Board of Directors' remuneration

In 2019, the Company paid remuneration to all the directors amounting to 4,637,800 baht.

Details are as follows:

		Meeting allowance for Board of Directors in year 2019 (Baht)				Retirement payment for directors in 2018 (Baht)	Total
		Board of directors	Audit Committee	Normination and Remuneration	Corporate Governance Committee		
1)	Mr. Suthep Wongvorazathe Chairman,	275,000				235,000	510,000
2)	Mr. Vorasit Pokachaiyapat Chairman of Executive Director	165,000		45,000		235,000	445,000
3)	Ms.Dusadee Tancharoen Chief Executive Office, Executive Director, Chairman of Risk Management Committee, Chairman of Management Committee, Normination and Remuneration Committee	150,000				235,000	385,000
4)	Mrs. Sutida Suriyodom Managing Director Director, Executive Director Risk Management Committee, Management Committee	165,000				235,000	400,000
5)	Miss Rachanee Mahatdetkul Director, Executive Director , Risk Management Committee, Management Committee	165,000				235,000	400,000
6)	Mr.Att Tongyai Asavanund Director, Independent Director, Chairman of Audit Committee, Chairman of Normination Remuneration Committee and Chairman of Corporate Governance Committee	135,000	100,000	75,000	25,000	235,000	570,000
7)	Mr.Chaiyapont Timsootheepant Director, Independent Director, Audit Committee, Normination Remuneration Committee and Corporate Governance Committee	165,000	60,000	45,000	15,000	235,000	520,000
8)	Mrs.Malai Rachataswan Director, Independent Director, Audit Committee, Normination Remuneration Committee and Corporate Governance Committee	150,000	60,000	45,000	15,000	235,000	505,000
9)	Mr.Theraphan Jittalam Director, Independent Director, Audit Committee, Normination Remuneration Committee and Corporate Governance Committee	165,000	60,000	45,000	15,000	235,000	520,000
10)	Mr. Saksri Phurthamkul ²⁾ Director	75,000				235,000	310,000
11)	Mr.Nutpluthrone Nonthachit ³⁾ Director					72,800	72,800
Total		1,610,000	280,000	255,000	70,000	2,422,800	4,637,800

หมายเหตุ : (1) Directors' remuneration consists of meeting allowance and special remuneration for directors, which have been approved in the 2019 Annual General Meeting of Shareholders, held on 25 April 2019. Details of the remuneration are as follows:

- 1) Meeting allowance for members of the Board of Directors, Audit Committee, Norminate and Remuneration Committee and Corporate Governance Committee who attended a meetings as follows:

- Chairman 25,000 baht per meeting
 - Director 15,000 baht per person per meeting
- 2) Special remuneration for 11 directors for the year 2018 at a rate of 235,000 Baht/director, totaling 2,422,800 Baht, calculated by the period of directorship of each director in the year 2018.
- (2) Mr. Saksri Phurthamkul director who will be retiring from office on AGM 2019 and does not wish to continue his Directorship
- (3) Mr. Nuttpluthrone 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 2019

In 2019, the remuneration of the company and a subsidiary company for 9 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 33,236,276 .

4.2 Other remuneration (if any)

- Provident Fund ----- Yes -----
- Retirement payment : Depending on numbers of years of working at the Company, as per Company regulations
- The ordinary share-purchase warrants of the Company issued to the Directors Executives and Employees of the Company and its subsidiaries No.1 (MK-WA)

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

- Warrant : The ordinary share-purchase warrants of the Company issued to the Directors Executives and Employees of the Company and its subsidiaries No.1 (MK-WA)
- Type of Warrant to be issued and allotted : Not exceed 26,000,000 units
- Par Value Per Unit : 0 Baht per unit
- Offering Price Per Unit : 0 Baht
- Exercise Ratio : 1 unit of Warrant (MK-WA) will be entitled to purchase 1 ordinary share. The Exercise Ratio may be changed thereafter in case of an adjustment of rights.

Exercising Price (Per Share)	: 4.00 Baht ^{1/} (Four Baht), the Exercise Price may be changed thereafter in case of an adjustment of rights Remarks: ^{1/} The exercise prices are not considered the discount price as specified in the notification of the Capital Market Supervisory Board. The volume weighted average of the closing price of the Company ordinary shares during 15 days before the date of the Board of Directors' meeting on March 12, 2019 equals to 3.77 Baht per share.
Maturity	: Not exceeding 5 years from the warrant issuance and offering date. (The Issue date of Warrants is on 17 June 2020, expiration date is on 16 June 2024)
Number of Shares Issued and Reserved for Exercising Right of Warrant	: Not exceeding 26,000,000 shares, with a par value of Baht 1.00 per share, representing 2.62 percent of the total issued and paid-up capital of the Company. The company will offer the ordinary share-purchase warrants No.1 (MK-WA) in accordance with warrant's maturity.
Exercise Period	: The warrant holder shall be entitled to exercise the warrant to purchase ordinary shares in the number of which the warrant holder is entitled to exercise each year according to the succeeding paragraph every 15th of March, June, September, and December during 9.00 am. to 3.00 pm., within the exercise period. In the event that the exercise date is on holiday, the exercise date shall be rescheduled to the first business day after such predetermined exercise date. In the event that the last exercise date is holiday, the last exercise date shall be rescheduled to the last business day prior to such holiday. 1 st Year The warrant holder can exercise the right starting from the end of 1 year period from the issuance date of warrants' to the warrant's expiration date. 2 nd Year The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company. The number of the warrants being exercisable in the 2nd year but remain outstanding can be exercised in the following years until they have reached the expiration of the exercise period in accordance with the Plan.

3rd Year The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company.

The number of the warrants being exercisable in the 3rd Year but remain outstanding can be exercised in the following years until they have reached the expiration of the exercise period in accordance with the Plan.

4th Year The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company.

The number of the warrants being exercisable in the 4th Year but remain outstanding can be exercised in the following years until they have reached the expiration of the exercise period in accordance with the Plan.

5th Year The maximum number of ordinary shares that each warrant holder can exercise the right to purchase is 1/4 of the total number of the warrants being allotted to him/her by the Company.

Any remaining warrant, unexercised from all the years prior to 5th years, can be exercised before termination of exercise period under this scheme.

Any directors, executives and employees of the Company and its Subsidiaries were not entitled to receive the allotment of MK-WA more than 5 percent of the total warrants issued under this plan.

Corporate Governance

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 that commonly achieved, leads to higher remuneration
 - Procure channels to receive complaints from customers in regards to product quality, and respond to customer needs promptly
 - Ensure that all products are made in accordance to company standard
- Management manages the Company with the objectives of decreasing costs and protecting the interest of customers as much as possible, especially by:

- Being committed to increasing the Company's efficiency
- Making sure that employees constantly realize that company resources are limited and use them efficiently
- Decreasing company costs, insofar as that does not negatively affect operations or product standards
- Management must ensure to protect customers' information and treat it with strict confidentiality, and will not use such information for their own benefits or those of others.

Towards trading partners and creditors

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

Towards competitors

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

Towards employees

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

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

Towards society

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

Employees' responsibility towards the Company

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

Mission

- 1) **Financial mission:** Build financial stability and generate greatest benefits for shareholders, through sustained sales growth and efficient cost management
- 2) **Marketing mission:** Deliver quality products -in terms of location, construction standards, and environment- at reasonable prices, provide excellent customer service, and constantly make the "ChuanChuen" brand known to the public as a leading residential property development company
- 3) **Production and service mission:** Deliver quality products and excellent services on time and with efficiency, and continue to improve product quality
- 4) **Management mission:** Enhance competitiveness, always make an all-out effort to achieve the goals set for all operations, and promote good governance
- 5) **Personnel mission:** Instill a sense of responsibility in maintaining quality and providing service, and create a culture of continuous learning and development in a friendly working environment

Principle 2.2

The Board has ensured that the Company's medium-term or annual objectives, goals, and strategies align with the Company's main objectives and goals, and employed innovation and technology where appropriate and safely.

Guideline 2.2

- (1) The Board of Directors ensures that the annual strategy or plan aligns with the Company's main objectives and goals, taking into consideration the various factors affecting the Company at the time, as well as opportunities and acceptable risks. It shall also encourage the setting or revision of

objectives, goals and strategies for the medium term, i.e. 3-5 years to make sure that they consider impacts in a longer term and still have considerable prediction power.

The Board of Directors plays a part in setting the Company's vision, mission, strategy, goals, and budget and ensuring that business plans are efficiently implemented and opinions are expressed freely when decisions are made about anything. It shall also monitor the executives' performance and review it on a quarterly basis.

- (2) In setting the annual strategy and plans, the Board shall ensure that there is an analysis of the factors and risks that may affect stakeholders in the value chain, and factors that may affect the achievement of main objectives. A mechanism that will make it possible to truly understand what the stakeholders want should be put in place.
- (3) In setting a strategy, the Board shall encourage of the use of innovation. It shall use innovation and technology to enhance the Company's competitive edge and respond to stakeholders' demands, while at the same time maintaining responsibility towards society and the environment.
- (4) The goals should be set based on business environment and the organization's capability. They should include both monetary and non-monetary ones. The Board should take into consideration the risk of setting goals that could lead to illegal or unethical conduct.
- (5) The Board of Directors shall ensure that objectives and goals are communicated through its strategy and operating plans organization-wide.
- (6) The Board of Directors shall ensure appropriate resource allocation and control of operations, and monitor the implementation of the annual strategy and operating plans. It may designate responsible persons to monitor operating performance.

Principle 3

Strengthen Board Effectiveness

Principle 3.1

The Board of Directors shall be responsible for setting and reviewing the structure of the Board, in terms of size, components, and ratio of independent directors as appropriate and necessary, in order to achieve the main objectives and goals.

Guideline 3.1

- (1) The Board of Directors consists of directors with different qualifications, in terms of skills, expertise, capability, and specific attributes necessary - and is made up of different sexes and ages - for the achievement of the main objectives and goals.

In this regard, Members of the Board of Directors are persons with accepted qualifications. The Board of Directors plays an important role in providing guidance and setting company policies, vision, strategies, goals, and direction. The Board of Directors, together with the management committee, formulates work plans, both short- and long-term, as well as financial policy and the overall organizational structure. It plays a leading role in independently overseeing, reviewing, and evaluating the Company's operating results and the performance of the management committee to ensure its compliance with company plans. In addition, the Board of Directors ensures that management implements company policies efficiently and effectively, complies with the laws,

company objectives and regulations, and shareholders' resolutions, and carries out their responsibilities with honesty, prudence, and in accordance with good practices, to achieve maximum benefits to the Company and create investors' confidence. In addition, the Company has in place internal control, internal audit, evaluation, and management systems that operate efficiently, follows up on these issues regularly through the Company's internal auditor, and always presents them in meetings of the Board of Audit Committee.

- (2) The number of members of the Board of Directors shall be as determined in the shareholders' meeting. The Board shall consist of no fewer than five (5) members per company regulations, and no less than half of which shall reside within the country. At least one out of three, but not fewer than three, shall be independent directors. Each director shall have suitability in terms of age, qualifications, capability, experience, and expertise and possess the attributes as specified in Article 68 of the Limited Public Company Act B.E. 2535 (1992) and other relevant laws. The Nomination and Remuneration Committee shall nominate and consider persons with specific skills, experience, profession, and qualifications as deemed vital to the Company's business and present them in the Board's meeting where members shall consider to elect them as directors. Then they will be presented in a shareholders' meeting for approval.
- (3) The Board of Directors has disclosed its members and information thereof, including their age, sex, educational background, experience, shareholding percentage, the number of years they have held the position of director, and the position(s) they occupy in other listed companies, in the Company's Annual Report and on its website: www.mk.co.th.
- (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 2019, the Company had a total of 9 directors, including
 5 executive directors
 4 non-executive directors, or 4 out of 9 of the Board members
 a. Independent directors, or 4 out of 9 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
- 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 six of them, namely 1) Audit Committee 2) Nomination and Remuneration Committee 3) Corporate Governance Committee 4) Executive Committee 5) Risk Management Committee and 6) Management Committee
 - 1) Audit Committee consist of at least three independent directors, whose responsibilities are specified in the charter of Audit Committee.
 - 2) The Nomination and Remuneration Committee consist of at least three (3) company directors who are not Chairman of the Board of Directors shall constitute the Nomination and Remuneration Committee of which at least two (2) of the members shall be independent directors. In addition, more than half of the members of the Nomination and Remuneration Committee shall be independent directors. Their responsibilities are specified in the charter of The Nomination and Remuneration Committee and as assigned by the Board of Directors.
 - 3) The Corporate Governance Committee shall consist of at least three (3) company directors. More than half of the Corporate Governance Committee shall be independent directors, to ensure that they conduct their work with transparency and independence. Their responsibilities are specified in the charter of The Corporate Governance Committee and as assigned by the Board of Directors.
 - 4) Executive Committee consists of at least five directors, the scope of authorities of whom is specified in the directive regarding the appointment of Executive Committee and as assigned by the Board of Directors.
 - 5) Risk Management Committee consists of four directors and one executive. Their responsibilities are specified in the charter of Risk Management Committee and as assigned by the Board of Directors.

- 6) Management Committee consists of four directors and one executive, the scope of authority of whom is specified in the directive regarding the appointment of Management Committee and as assigned by the Board of Directors.

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

Scope of authority of the Audit Committee

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

- 1) Review the Company's financial reporting process to ensure that it is accurate and adequate.
- 2) Review the Company's internal control system and internal audit system to ensure that they are suitable and effective, determine an internal audit unit's independence, and approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of internal audit
- 3) Review the Company's compliance with the law on securities and exchange, Stock Exchange of Thailand regulations, and the laws relating to the Company's business
- 4) Consider, select and nominate an independent person to be the Company's auditor, propose such person's remuneration, and hold a meeting with the auditor, in which no members of management attend, at least once a year
- 5) Review related party transactions, or transactions that may lead to conflict of interests, to ensure that they are in compliance with the laws and Stock Exchange of Thailand regulations, reasonable and for the highest benefits of the company
- 6) Prepare, and disclose in the Company's Annual Report, an the Board of Audit Committee report which must be signed by chairman of the Board of Audit Committee and include at least the following information
 - (A) An opinion on the accuracy, completeness and creditability of the Company's financial reports
 - (B) An opinion on the adequacy of the Company's internal control system
 - (C) An opinion on compliance with the law on securities and exchange, the Stock Exchange of Thailand regulations, or the laws relating to the Company's business
 - (D) An opinion on the suitability of the auditor
 - (E) An opinion on the transactions that may lead to conflict of interests
 - (F) The number of the Board of Audit Committee's meetings, and attendance in such meetings by each committee member,
 - (G) An overall opinion or comment about Audit Committee's implementation of its duties in accordance with the charter
 - (H) Other transactions which should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors
- 7) Perform any other act as assigned by the Company's Board of Directors, with the approval of the Board of Audit Committee

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

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

Scope of authority of the Nomination and Remuneration Committee

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

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

Scope of authority of the Corporate Governance Committee

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

- 1) Formulate the Company's corporate governance policy and its code of conduct for business operations relevant to its business operations.
- 2) Revise the Company's corporate governance policy and its code of conduct for business operations to ensure relevance to its business operations and compliance with corporate governance principles for listed companies. Make changes to them to align with the guidelines provided by the Securities and Exchange Commission of Thailand, the Stock Exchange of Thailand, and any other regulatory body.

- 3) Give advice and recommendations as guidance for operations to be implemented by the Board of Directors and management, to ensure compliance with corporate governance principles.
- 4) When formulating, making changes to, revising, or reviewing the corporate governance policy, present it to the Board of Directors to consider.
- 5) Carry out any other responsibilities as assigned by the Board of Directors.

Scope of authority of the Risk Management Committee

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

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

Scope of authority of the Executive Committee

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

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

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

- 5) Review and approve the sale of land and/or other assets of the Company or its subsidiary at no less than market value as at the date when the Board of Executive Committee passed a resolution approving the sale, per the scope of authority and within the financial limit given to them by the Board of Directors, and register such sale at the Department of Lands

- 6) Review and approve transactions that were not in the work plan, that did not exceed a limit of 100 million baht
- 7) Review and approve the Company's request for loan or credit from a financial institution, and use the fund obtained for the Company's ordinary course of business per the scope of authority and within the financial limit given to them by the Board of Directors
- 8) Review and approve opening and closing of an account and use of Banking services, and assign a person authorized to make payment from the Company's accounts
- 9) Review and approve legal transactions and corporate legal documents concerning asking for permission on project plan modification, method of project land allocation, land titling, subdivision and co-ownership of land, land survey, for instance, cadastral survey, subdivision in same ownership or in co-ownership, joint title deed, land allocation, and public use.
- 10) Prepare, make recommendations for, and formulate business policies and strategies and present to the Board of Directors
- 11) Review and approve marketing, advertising, and public relations plans
- 12) Evaluate the Company's operation results in terms of asset and financial management to ensure efficiency and effectiveness
- 13) Carry out other duties assigned by the Board of Directors

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

Scope of authority of the Management Committee

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

- 1) Set company objectives, policies and strategies
 - 2) Set operation plans and overall company direction
 - 3) Ensure all objectives are met
 - 4) Review issues to be presented to the Board of Directors and the Board of Executive Committee
- (6) The Committee has disclosed its roles and duties and those of the Sub-Committees, the number of meetings held, the number of meetings attended by each Committee member in the past year, and reported on the performance of every Sub-Committee in the the Annual Information Form (Form 56-1).
 - (7) The term of directorship shall be in accordance with the Public Company Act and shall not limit the number of term of continuously holding the position.
 - (8) The Board of Directors' meeting and Sub-committees meeting as follows:

Board of Directors' meetings

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

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

Pre-meeting: Each director may suggest topics to be included in the meeting agenda, though they must provide the reasons and necessity of the inclusion of such topics. Chairman will review the meeting agenda before preparing invitation letters. These invitation letters, along with meeting-related documents, will be sent out to each director prior to the meeting date, to allow them ample time to study all the necessary information before attending the meeting, making the conduct of meeting more efficient and effective. In case where any director wishes to obtain additional information based on which to make decisions in each of the meeting topics, the Board of Director can coordinate with Company's Secretary for assistance.

During the meeting: During a Board of Directors' meeting, Chairman is responsible for conducting the meeting by order of the topics as submitted in the invitation letter, and allocating sufficient time for discussion of each topic. In case where the Board of Directors wishes to obtain additional information, relevant management persons will be called to the meeting to provide explanations to the Board. The minutes of the meeting are taken and kept after being certified by the Board of Directors, for review by the Board and other relevant persons.

Post-meeting: The Company recognizes the importance of preparing reports on Board of Directors' meetings. In this regard, Company's Secretary is responsible for taking minutes and preparing reports on Board of Directors' meetings. All the important details of the meeting are recorded, such as date, time and place where it was held, meeting start and end time, list of names of directors that were both present in and absent from the meeting, important discussions including questions and concerns for each topic discussed, Board of Directors' resolution for each topic discussed, etc. The reports on Board of Directors' meetings and other related documents are prepared and compiled by Company's Secretary in order that the Board of Directors and other relevant persons can review them later.

Per company regulations, at least half of the members of the Board of Directors must be present at a meeting, in order to constitute a quorum. In case where the Chairman is not present or unable to carry out their duties, Deputy of Chairman can act as the chairperson at the meeting instead. If 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 2019, the Board of Directors held a total of 11 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 2019, the Board of Audit Committee held a total of 4 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 2019, the Board of Nomination and Remuneration Committee held a total of 3 meetings, which were chaired by Chairman of Nomination and Remuneration Committee.

Corporate Governance Committee meetings

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

In 2019, the Board of Corporate Governance Committee held 1 meeting, which were chaired by Chairman of Corporate Governance Committee.

Risk Management Committee meetings

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

In 2019, the Board of Risk Management Committee held 1 meeting, 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 2019, 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 2019, the Board of Management Committee held a total of 14 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.

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 2019, directors had attend 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 2019, 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 3.64 or 90.97 percent.
2. The performance assessment for each Member of the Board of Directors
The average score of the assessment summary was 3.65 or 91.14 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.

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 2019, 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 5.1

The Board of Directors ensures that management conducts business with responsibility towards society and the environment, which is reflected in its operational plan, to make sure that all units of the Company work towards the Company's main objectives, goals, and strategies.

Guideline 5.2

- (1) Taking the role of stakeholders into consideration, the Company recognizes the rights of stakeholders and resolves to treat all of them equally in regards to the Company's operations, whether they are employees, executives, clients, trading partners, creditors, the public sector, or other related agencies. These stakeholders are what makes the Company competitive and helps it to succeed in making profits in the long term. The Board of Directors respects the rights of stakeholders, and treats them in accordance with the rights, conditions, relevant laws, and regulations to ensure they are well treated, with details as follows:

Shareholders: The Company is committed to conducting business in order to create maximum benefits and satisfaction among shareholders. It takes into consideration the growth of the Company's value in the long term, stable operating gains, and disclosure of information in transparent and credible manners.

Employees: The Company recognizes the importance of employees as the driving forces behind the various work plans that lead the Company to achieve its business objectives. Therefore, the Company treats all employees fairly and equally, as follows:

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

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

In 2019, the Company relocated its head office to 345 Surawong Building. This was a crucial step towards a major revamp aimed at brining sustainable growth to MK. It was also a gift to all employees, as the Company believes employees are an essential element that will bring about organizational growth. Furthermore, the Company introduced additional concepts, procedures and benefits for the employees, as below:

- 1) Instilling a sense of well-being in the workplace: When employees are well taken care of and enjoy physical and mental well-being, this translates into good work performance.
 - 2) Introducing a flexible work schedule: This is to improve the pattern of working arrangements, to promote and facilitate work-life balance.
 - 3) Allowing employees to work from home: In recognition of the importance of work-life balance that both enhances work performance and makes employees happy, the Company has tested out working from home, which required changes in certain operating procedures, daily commutes and use of technology to ensure that working from home leads to better results, efficiency and cost effectiveness than coming to work at the office.
 - 4) Increasing employee benefits by adding group life insurance: The Company is well aware of the impacts of an illness or accident, which may lead to an employee's death and affect the livelihood of their family, so it added group life insurance to the list of employee benefits to ease this potential burden.
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 2019, 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	50	-	1. Training Knowledge about Risk Management and Control
		30	-	2. Digital Marketing in Action Strategy & Planning
		25	-	3. MK Business Intelligence Program for Executives
Executive-level employees/ operation-level employees	6 hours	40	18	1. Application For Business
		70	107	2. OKR in assessment of employees' operation.
		15	42	3. Inspection Program for Construction Control.

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

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

Customers: The Company resolves to provide services as agreed with customers, and always put customers first. It will foster good and stable relationships with customers. The Company has put in place a policy and guiding principles regarding the treatment of customers under the topic of "Code of conduct - towards customers."

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

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

(2) Corporate Social Responsibility - CSR

The business operations of M.K. Real Estate Development Plc. are based on an organizational culture focused on achieving sustainable business development, environmental preservation and responsibility towards stakeholders in all areas. Therefore, the Company recognizes the importance of corporate social responsibility. It believes that a business' success is not only measured by its

operating results, but also its role in and to the community and society. In this regard, the Company has continued to implement 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 2019, 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 2019, 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 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.

The below table shows the securities held by directors and executive officers as at 31 December 2019

Name	Position	Number of securities held (shares)			
		31 Dec 2018	31 Dec 2019	Increased (Decreased)	Percent of common stock held (%)
1. Mr. Suthep Wongvorazathe ¹⁾	Chairman and Chairman of Executive Director	114,992,883	120,492,171	5,499,288	11.04
2. Mr. Att Tongyai Asavanund	Independent Director and Chairman of Audit Committee	-	-	-	-
3. Mr. Chaipayont Timsootheepant	Independent Director and Audit Committee	-	-	-	-
4. Mrs. Malai Rachataswan	Independent Director and Audit Committee	-	-	-	-
5. Mr. Theraphan Jittalam	Independent Director and Audit Committee	-	-	-	-
6. Mr. Vorasit Pokachaiyapat	Chief Executive Officer	-	-	-	-
7. Miss Dusadee Tancharoen	Managing Director and Executive Director	-	-	-	-
8. Mrs. Sutida Suriyodom	Director and Executive Director	500,000	550,000	50,000	0.05
9. Miss Rachanee Mahatdetkul	Director and Executive Director	-	-	-	-
10. Mr. Sakdina Manlerd	Senior Executive Vice President of Project Management Division	-	-	-	-
11. Miss Pornphan Yantossilp	Senior Executive Vice President of Investment Management and Director Office Division	-	-	-	-
12. Miss Napaporn Kamonsakdavikul ²⁾	Executive Vice President of Legal and Project Transferring Support Department	-	-	-	-
13. Mr. Suthep Kittiwatcharapong	Executive Vice President of Project Procurement Department	745,376	819,913	74,537	0.08
14. Mrs. Niramorn Atsawakunkamrurd	Vice President of Accounting Department	-	-	-	-
15. Miss Busara Rogesotorn	Vice President of Finance Department	252	277	25	0.00

Notes : 1) Details of the 120,492,171 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 60,492,171 shares are listed under CPD Asset Co., Ltd, in which Mr. Suthep Wongvorazathe hold 100 percent of the shares.
- 2) Miss Napaporn Kamolsakdavikul retired on 1 November 2019.

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

Conflict of interest

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

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

Furthermore, directors and executive officers are required to report their interest relating to management of the Company or its subsidiary, or that of related persons, to the Company, pursuant to Article 89/14 of the Securities and Exchange Act B.E. 2535 (1992), amended for the fourth time in 2008. In addition, the information in such report will make it easier for the Company to ensure that directors and executive officers honor their fiduciary obligations. Therefore, directors and executives are required to declare their interest in a form prepared by Thai Listed Companies Association. The form must be submitted within 30 days after the Board of Directors have passed a resolution, or after their appointment as director or executive officer. In case where there is a change in information, the director or executive officer must fill in another form and submit it to Company Secretary no later than 15 days after the change has occurred.

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

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

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

Governors of the Stock Exchange of Thailand. The Company shall propose to the Board of Directors together with the Audit Committee to consider approving the transactions, or propose to the shareholders' meeting for approval as the case may be.

The Company recognizes the importance of entering into related party transactions. All related party transactions must be conducted with the Company's and its shareholders' maximum interest taken into consideration, and in line with general pricing and trade competition conditions. The price and other selling conditions of related party transactions are similar to those of arms-length transactions. All related party transactions must be reviewed by Audit Committee, which consists wholly of independent directors. Audit Committee have presented related party transactions and transactions that present cases of conflict of interest to the Board of Directors for their careful consideration, strictly adhered to the rules set by the Stock Exchange of Thailand in its report, and disclosed all this information on a quarterly basis. They have also disclosed all the significant information in the Annual 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 provides an independently outsourced Internal Auditor with auditing and balance power to prevent corruption among executives and staffs.

The Company have evaluated risk of corruption that may occur to the Company in order to stipulate proper anti-corruption policy toward risk evaluation result.

The Audit Committee is assigned by Board of Directors to investigate the compliance to the anti-corruption policy by reviewing 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
7th Floor, 345 Surawong Building, No. 345, Surawong Road,
Kwaeng Suriyawong, Khet Bang Rak, Bangkok, 10500
- Tel : 02-639-3720
- E-mail : chairman.auditcom@mk.co.th

2. Mail : Attn: Company Secretary
M.K. Real Estate Development Public Company Limited
7th Floor, 345 Surawong Building, No. 345, Surawong Road,
Kwaeng Suriyawong, Khet Bang Rak, Bangkok, 10500

Tel : 02-234-8888 Ext. 2101,9990

Fax : 02-234-8880

E-mail : whistleblowing@mk.co.th

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

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 2019, 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 information and distributing it to investors, analysts, and the general public through various channels such as the Stock Exchange of Thailand, print media, and the Company's Website, www.mk.co.th

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 relation division, in charge of disclosing information relating to the Company's operations for those interested in obtaining this information and investors.

- (3) The Board of Directors ensures that management set a direction for and support the investor relations division. For example, criteria shall be set for providing company information, as well as a policy for managing information that can affect the price of securities. The duties and responsibilities of the division of investor relations shall be clearly outlined, to ensure efficient communication and disclosure of information.

Principle 7.6

The Board of Directors shall encourage the use of information technology for communication purposes.

Guideline 7.6

The Board of Directors encourages the use of information technology in communicating the Company's information. This includes making company information and news available on its website, as a channel for investors, customers, and stakeholders to receive information they need for decision-making. It also publishes information in the Thailand Stock of Exchange (SET)'s portal, in line with the regulations and methods set by the Securities and Exchange Commission and the Thailand Stock of Exchange.

Principle 8

Ensure Engagement and Communication with Shareholders

Principle 8.1

The Board of Directors ensures that shareholders are actively engaged in making important decisions for the Company. The Board has issued a policy to be implemented in accordance with good corporate governance, which encompasses the following:

1. Shareholders and stakeholder rights
2. The Board of Directors are committed to increasing the value of the Company, managing the Company with caution, and conducting risk assessments on a regular basis, to ensure maximum benefits of the shareholders
3. The Board of Directors shall conduct business with transparency and disclose accurate and complete information.
4. The Board of Directors shall take the code of conduct into consideration in the conduct of business

The Company recognizes the importance of, and will protect shareholders' rights.

Guideline 8.1

- (1) The Board of Directors oversees important issues including legal stipulations and issues that could affect the Company's operations, which have been reviewed and/or approved by the shareholders. These important issues should be included as agendas in shareholders' meetings.

The Board of Directors recognizes the rights of shareholders and the importance of treating all shareholders - regardless of whether they are members of management, and including foreign shareholders, and minority shareholders- fairly and equally. It also respects and upholds shareholders' fundamental rights. Therefore, all shareholders have an equal right in the sale,

purchase and transfer of shares, have an equal share in the Company's profits, have sufficient access to the Company's information and data, can attend meetings to exercise their voting right on matters such as the appointment or removal of directors, the appointment of an auditor, and other matters that may affect the Company such as dividend payment (if any), issuance or modification of regulations or memorandum of associations, capital increase or decrease, and approval of special transactions, etc.

The Company allows shareholders to submit topics for discussion to be included in a meeting agenda and nominate persons to be considered for appointment as directors. The topic submission and personnel nomination can be done no less than one month before the Annual General Meeting of Shareholders is held, per company regulations.

The shareholders' rights, which consist of the following:

1. Voting right

Shareholders have equal voting rights as specified in Company Articles of Association, i.e. each shareholder has one vote per share. In other words, each shareholder is entitled to the number of votes equivalent to the number of shares held by them.

2. Right to be informed of the Company's operating results

Shareholders have the right to be informed of the Company's operating results, particularly annual operating results. In this regard, the Company prepares a report on its annual operating results, which includes all the significant information on the operations of the past year.

3. Right to review and approve the Company's financial statements

Shareholders have the right to review and approve the Company's financial statements. In this regard, the Company prepares financial statements that are correct, complete, credible, and include significant information in accordance with generally accepted accounting standards. The Company's financial statements are audited by an independent, reputable auditor.

4. Right to receive dividend from the Company's operating results

Shareholders have the right to review and approve dividend payment from the Company's operating results. In this regard, the Company prepares all the necessary information and data needed for the calculation of a dividend to be paid, such as dividend policy, comparison of the actual dividend amount against the dividend policy, and comparison of the current year's dividend against that of the previous year, and ensures the amount of dividend complies with the dividend policy. The amount of dividend being paid to shareholders is carefully calculated, reviewed, and approved by the Board of Directors, before being presented in a shareholders' meeting for final approval.

In case where the Company is unable to pay a dividend from its operating results, the Company shall explain the reasons and necessity for its inability to make the dividend payment.

5) Right to consider and appoint individual members of the Board of Directors

Shareholders have the right to consider and appoint individual members of the Board of Directors. The Company prepares the biography of the person being nominated that includes all the information needed for shareholders' consideration, such as the person's background, date of appointment, type of director they are being nominated for, selection criteria and methods, shareholding in the Company, the position(s) they are occupying at other companies, whether or not such position is related to the Company's conduct of business, etc. The Company also prepares the definition of independent directors, in case where they are being appointed, which is included in the meeting invitation letters and the Company's Annual Report. The person being nominated will have been carefully selected and reviewed by Nominating and Remuneration Committee or the Board of Directors (as the case may be) and approved by the Board of Directors, before being presented to the shareholders for final approval.

6. Right to review and approve Board of Directors' remuneration

Shareholders have the right to review and approve Board of Directors' remuneration. The amount of remuneration being presented to the shareholders will have been carefully reviewed by Nomination and Remuneration Committee and approved by the Board of Directors, before being presented in a shareholders' meeting for final approval.

7. Right to appoint auditor and approve audit fee

Shareholders have the right to appoint an auditor and approve an audit fee. The Company prepares all the necessary information for shareholders' consideration, such as auditor's name and organization, auditor's independence, the number of years the person has audited the Company, and the auditor's remuneration, set separately from the audit fee and other fees (if any). The proposed auditor and their remuneration will have been carefully considered and reviewed by Audit Committee, which will evaluate the auditor's previous work and compare the proposed audit fee against the audit fee of the previous year, and approved by the Board of Directors, before being presented in a shareholders' meeting for final approval.

To make sure that the auditor can review and audit the Company's financial statements with independence, the Company will propose a new auditor in a shareholders' meeting for consideration and approval at least every seven accounting years.

8. Right to review and approve related party transactions

In order to protect their interest, shareholders have the right to review and approve material related party transactions. The conduct of related party transactions must take the maximum benefits of the Company and its shareholders into consideration, and must be reviewed by Audit Committee, which consists wholly of independent directors.

In 2019, 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 2018, 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 2019 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 9 October 2018 - 31 December 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 2019, one shareholders' meeting, i.e. the 2019 Annual General Meeting of Shareholders, was held on 25 April 2019. 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 2019 Annual General Meeting of Shareholders held on 25 April 2019, from the total number of Board of Directors of ten members, the numbers attended the meeting is calculated as 90% of whole numbers. The shareholders, in the 2019 annual meeting, approved the payment of special remuneration for directors for the year 2018 and remuneration for members of the Board of Directors for 2019, as follows:

1. Special remuneration for 11 directors for the year 2018 at a rate of 235,000 baht/director, totaling 2,422,800 baht, calculated by the period of directorship of each director in the year 2018.
2. The shareholders also approved remuneration for the Board of Directors for the year 2019 for 1) the Board of Directors 2) the members of the Audit Committee 3) the members of the Nomination and Remuneration Committee and 4) the members of the Corporate Governance Committee only for those attending at the meetings should be paid as meeting allowance at the following rates:
 - 1.1 Chairman 25,000 baht/meeting
 - 1.2 Each director/committee member 15,000 baht/meeting

In addition, the shareholders passed a resolution appointing KPMG PHOOMCHAI AUDIT LIMITED as the auditor for 2019. The list of auditors is as follows: 1. Miss Vipavan Pattavanvivek CPA No.4795 and/or 2. Miss Nawarat Nitikeatipong CPA No. 7789 and/or 3. Miss Chanarat Chanwa CPA No. 9052. 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.

2 Sub-Committee

2.1 Directors' structure

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

A. Board of Directors

As at 31 December 2019, the Board of Directors consists of 9 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 Chairman of Audit Committee |
| 7. | Mr. Chaipayont | 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 |
- With Miss Pornphan Yantossilp as the Company's Secretary

B. The Audit Committee

As at 31 December 2019 The Board of Audit Committee consist of four independent directors:

- | | | | |
|----|-----------------|----------------|-----------------------------|
| 1. | Mr. Att Tongyai | Asavanund | Chairman of Audit Committee |
| 2. | Mr. Chaipayont | Timsootheepant | Member of Audit Committee |
| 3. | Mrs. Malai | Rachataswan | Member of Audit Committee |
| 4. | Mr. Theraphan | Jittalarn | Member of Audit Committee |
- With Mrs. Niramorn Atsawakunkamnurd as Audit Committee's secretary

C. The Nomination and Remuneration Committee

As at 31 December 2019 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. | 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

D. The Corporate Governance Committee

As at 31 December 2019 The Board of Corporate Governance Committee consist of four independent directors :

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

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

E. The Risk Management Committee

As at 31 December 2019 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

F The Executive Committee

As at 31 December 2019 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 | Executive 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

G. The Management Committee

As at 31 December 2019 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.

Scope of authority of the Corporate Governance Committee

- 1) Formulate the Company's corporate governance policy and its code of conduct for business operations relevant to its business operations.
- 2) Revise the Company's corporate governance policy and its code of conduct for business operations to ensure relevance to its business operations and compliance with corporate governance principles for listed companies. Make changes to them to align with the guidelines provided by the Securities and Exchange Commission of Thailand, the Stock Exchange of Thailand, and any other regulatory body.

- 3) Give advice and recommendations as guidance for operations to be implemented by the Board of Directors and management, to ensure compliance with corporate governance principles.
- 4) When formulating, making changes to, revising, or reviewing the corporate governance policy, present it to the Board of Directors to consider.
- 5) Carry out any other responsibilities as assigned by the Board of Directors.

Scope of authority of the Risk Management Committee

- 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.

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.

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

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.

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.

4 Overseeing subsidiary and associated company operations

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 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.

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

- none -

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.

6 Auditor's fee

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 4,070,000 Baht.

6.2 Non-audit fee

- none -

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.

In this regard, the Corporate Governance Policy will have been reviewed by the Corporate Governance Committee before being presented to the Board of Directors for approval.

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 implement 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.

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 2019, 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.

Training to improve employee competencies in 2019

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	50	-	1. Training Knowledge about Risk Management and Control.
		30	-	2. Digital Marketing in Action Strategy & Planning
		25	-	3. MK Business Intelligence Program for Executives
Executive-level employees/ operation-level employees	6 hours	40	18	1. Application For Business
		70	107	2. OKR in assessment of employees' operation.
		15	42	3. Inspection Program for Construction Control.

(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 2019, 3 accidents occurring at the workplace. There were also no serious workplace injuries or fatalities.

2 Guidance on corporate social responsibility and related activities

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.

3 Business operations that have an impact on social responsibility

- none -

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 “Grow up Together.” Organic farming at the top of MK office building

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



1.2 “Munkong Family Happy Trip.” Bike for health in Bang Krachao

To promote good health for residents and company employees and inspire them to care for the environment, we held an ecotourism program that encouraged residents to exercise by riding a bike in Bang Krachao, during which they got to see the local ways of life and planted yellow stars, an auspicious tree representing King Rama X's reign to protect the environment. Other activities were also held on the same day to get residents to get to know each other more and families to spend more quality time with each other on a holiday.



Learn the local ways of life on a bike

Plant yellow stars, an auspicious tree representing King Rama X



Ice breaker activities for residents



Learn tie-dye from the local community

1.3 Organic farming project

The Company, in collaboration with Yours Property Management Co., Ltd., promoted well-being for MK residents by starting an organic farming project, “Living in Well-Being.” In this project, an organic farm is made available at all housing estates managed by Yours. Produce from the farm will be distributed to residents to give them access to chemical-free vegetables and show them that organic farming is no longer a far-flung idea - that they can indeed grow organic vegetables at home. We began our first organic farm as a pilot project at Chuan Chuen Town Rangsit Khlong 1 and have continued to set up similar farms in other housing estates.



1.4 Annual Health Check-up 2019

The Company believes it essential to promote health for employees, especially for its day laborers who lack access to health check-ups due to time and financial constraints. It therefore organized “Annual Health Check-up 2019” on 24-26 April 2019 at Bangpakok 9 International Hospital, where employees received a basic physical examination from a team of medical professionals who also provided them with basic guidelines on how to maintain good health that they could apply in daily life.



2. Society/community development

2.1 MK joins UN Global Compact

The Company is committed to conducting business with responsibility towards communities, society and the environment. In 2019, it joined the UN Global Compact, an initiative whereby companies are encouraged to come up with strategies and approaches that will lead to economic sustainability based on 10 universal principles. This initiative is known globally, extending cooperation between companies, large and small, in all sectors, to join forces to create a better world. The UN also announced Sustainable Development Goals - SDGs, adopted by the global community as a framework for development. Of the 17 goals, the Company has implemented nine, namely (3) promoting well-being for all (4) promoting inclusive and equitable education and lifelong learning for all (6) ensuring availability and sustainable management of water and sanitation for all (8) promoting sustained, inclusive and sustainable economic growth and decent work (9) building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation (13) taking urgent action to combat climate change (14) conserving and sustainably using the oceans and marine resources for sustainable development (15) protecting, restoring and promoting sustainable use of terrestrial ecosystems, and (17) creating the global partnership for sustainable development. These goals are compatible with the Company's mission and operational plans.



2.2 Health-promoting activity for community students

The Company, in collaboration with Bumrungrad International Hospital, held training sessions on nutrition for chefs, teachers and students. The aim was to give an overview of nutrition education. The sessions were customized to suit specific groups of learners, e.g.

- For chefs and teachers: Nutritionists from the hospital trained them on good nutritional knowledge and how to prepare healthy food for children. The training was easy for chefs and teachers to understand. The goal was to ensure they were on the same page and able to put the knowledge to practice by preparing healthy food for students.

- Students were divided into various groups. Kindergarten students learned about the five food groups via coloring activities. Primary students were taught about the human digestive system and nutrition via games in groups and were coached by teaching assistants. The games were designed to teach them about various foods and their nutritional values and choosing foods to eat that are suitable for their age.

After the activity, students reviewed what they had learned by creating a bulletin board on healthy foods. This activity encouraged students to become attentive to their health and maintain good health. They can influence the people around them in their community to take care of their own health and apply what they learned in daily life.



2.3 Kitchen improvement at Wat Bang Nam Phueng Nok School

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

Before



After



Kitchen cabinets were added so containers and food can be properly stored, to prevent dust and pests.



Clear roofing panels were added to allow natural light, reduce electricity costs and kill bacteria.



The cafeteria was painted and cleaned.

Kitchen handover to Wat Bang Nam Phueng Nok School

Information exhibition



Health screening



Organic farming



Anantra vegetable and mushroom farm



A signboard saying "Happy and Healthy Community" was put up and lunch was provided



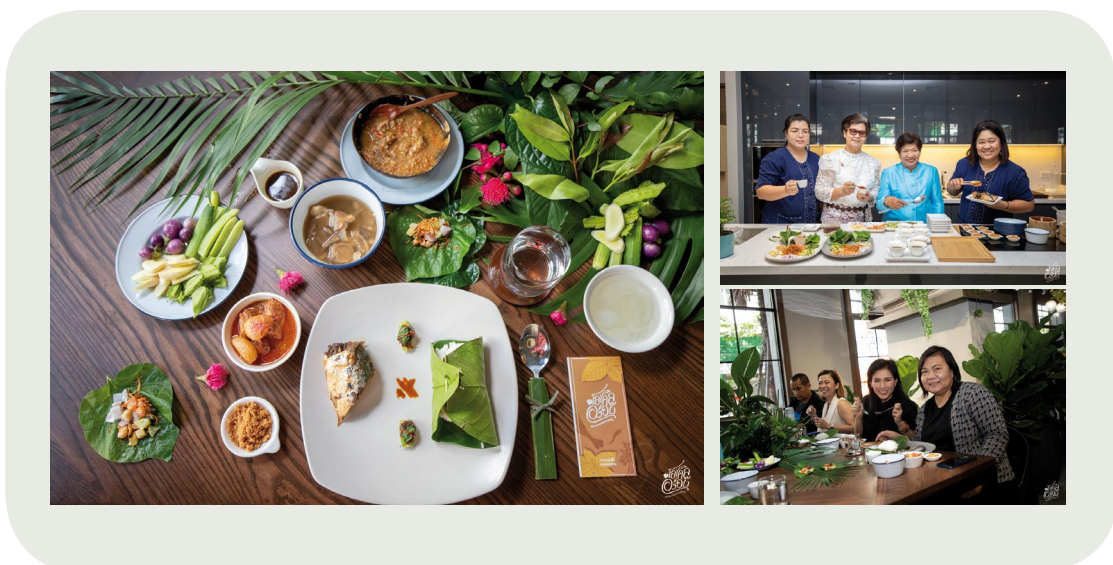
2.4 Community service project: Painting and Cleaning for the students

The Company held a community service project to help students paint and clean at Bang Nam Phueng Nok School, Bang Nam Phueng Subdistrict, Phra Pradaeng District, Samut Prakarn Province. This was extended from the kitchen improvement project the Company had carried out earlier. In this project, the Company and Yours Property Management Co., Ltd. helped to paint, re-landscape and clean areas within the school to improve its appearance and the environment. This activity also encouraged participants who came from various divisions and departments to work as a team and bring collective efforts. A total of 40 employees from the two companies took part in this project.



2.5 Job creation project to boost community income

The Company supported and enhanced cooking skills for community residents, to increase opportunities for them to earn extra income. This was undertaken in collaboration with Local Aroi, an organization working to help communities nationwide to earn an income by increasing the value of local dishes and serving special meals as “Chef’s Table” for city dwellers who are able to buy a course to have a taste and learn to cook dishes that are now considered rare. All meals are cooked with organic ingredients by locals in the community and retain the original flavors rich in the respective community’s unique culture and stories. The Company conducted this project with a community in the Bang Krachao area.



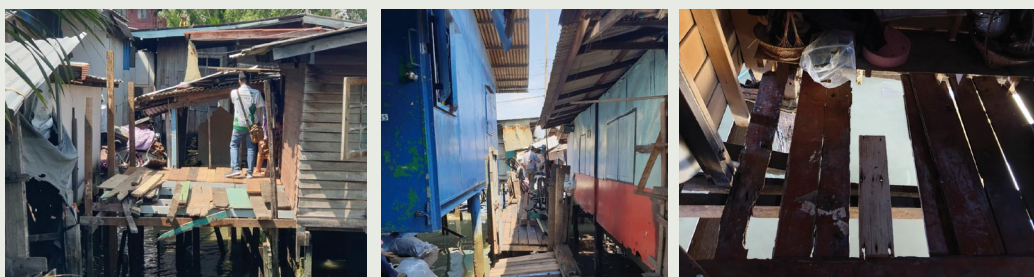
2.6 Home improvement project for more safety for the elderly in Bang Krachao, Part II

The Company continues to implement community development projects in Bang Krachao, to promote good health and quality of life for the community residents by carrying out a home improvement project for more safety for the elderly for the second time in 2019. For this year, a total of four houses in four subdistricts, namely Bang Yo, Bang Krasob, Bang Krachao and Bang Nam Phueng, participated in the home improvement project. The Company conducted fieldwork to assess damage and is currently in the process of improving and repairing these houses. The expected completion date is in April 2020.

The four houses participating in this project are:

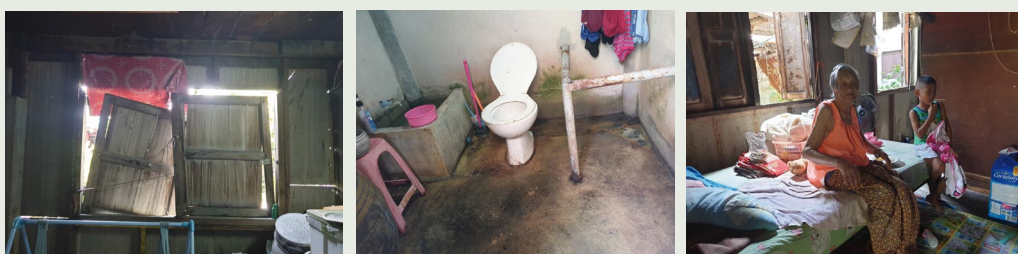
House No. 1 : Owned by Khun Wipawee Kaewchinda -located at Moo 3 Bang Krachao Subdistrict, on the bank of the Chao Phraya River- who was a bedridden patient. The house and the restroom were in poor condition.

How to improve : Build a rest stop and a new 3x3 meters rest room. Install a walker around the toilet. Install an anti-slip rubber mat in the rest room. Install a bidet shower.



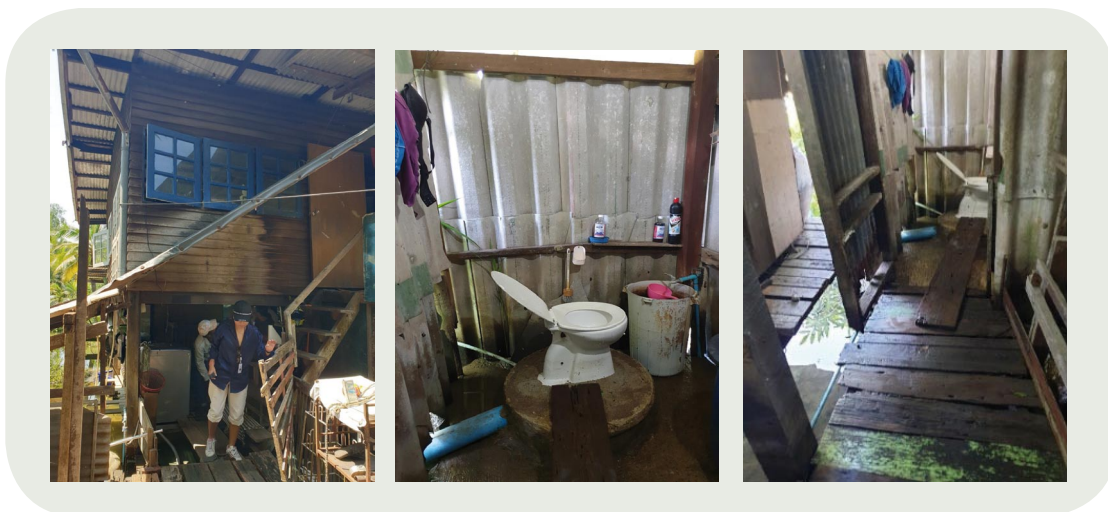
House No. 2 : Owned by Khun Tem Ninsanit -located at Moo 9, Bang Nam Phueng Subdistrict- who suffers from muscle weakness and is unable to walk. The house is in poor condition and the windows and floors need improvement

How to improve : Install new windows. Install an anti-slip rubber mat in the rest room. Fix leakage in the wall. Install a walker around the toilet. Install a bidet shower.



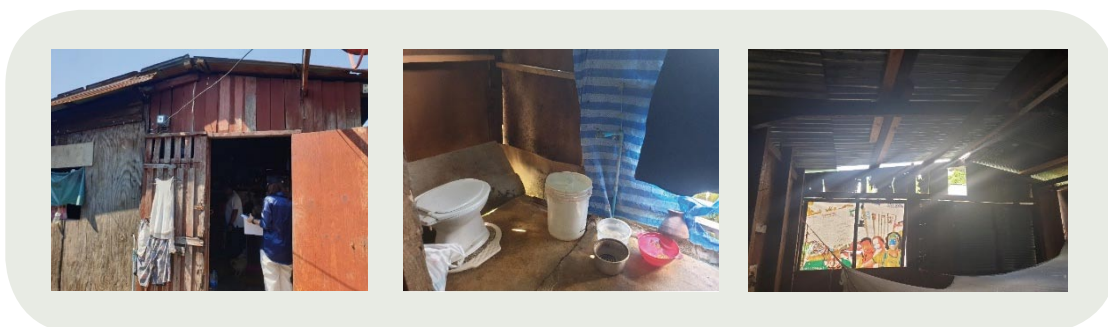
House No. 3 : Owned by Khun Somchai Kerdphu -located at Moo 3, Bang Krasob Subdistrict- who has suffered from ischemic stroke and is diabetes. The house structure and rest room was poor condition and unfit for use.

How to improve : Install new walls for the rest room. Install anti-slip tiles in the rest room. Install a walker around the toilet. Install new house poles. Install a bidet shower.



House No. 4 : Owned by Khun Lamyong Khamsamur -located at Moo 4, Bang Yo Subdistrict- who is ill, mute and unable to care for herself due to muscle weakness. The house structure and rest room was poor condition.

How to improve : Repair entrance to the house. Install railings and anti-slip tiles in the rest room. Fix the walls in the bedroom and the rest room and the new door at the entrance. Install a walker around the toilet. Install a bidet shower.



3. Energy and environment conservation

3.1 Signing an MOU with the government sector to install debris booms in Bang Nam Phueng

On 17 June 2019, the Company signed a Memorandum of Understanding (MoU) with the Department of Marine and Coastal Resources, the Ministry of Natural Resources and Environment, the Department of Tourism, the Marine Department and Bang Nam Phueng Subdistrict Administration Organization, Samut Prakarn Province, to set up debris booms for a distance of 250 meters in a pilot project for Bangkok. The designated area is in the Chao Phraya River, covering Bang Nam Phueng Subdistrict Moo 1, Moo 2 and Moo 3, in Samut Prakarn Province. The aim is to manage floating trash around the mouth of the Chao Phraya River, in the Bang Krachao area, and reduce the amount of trash floating out to sea which impacts living organisms and the ecological system.



Fieldwork: trash collection



3.2 Community service project: managing floating trash near river mouth using debris booms

The Company and affiliated companies took part in a community service activity that collected and separated waste in the Bang Krachao area called “Rowing for the Chao Phraya” which was held for a second time. In this event, the public was invited to help clean rivers and canals, in preparation for the Royal Kathin Barge Procession (to present robes to the Buddhist monks) to celebrate His Majesty the King’s ascension to the throne in 2019. Employees of MK and affiliated companies helped with waste separation and collected trash by boat in front of Chak Daeng Temple and separated the trash collected from the debris booms in five locations under the jurisdiction of Bang Nam Phueng Subdistrict Administration Organization.



3.3 Community service project: waste collection and separation after Loy Krathong Day

The Company and affiliated companies took part in a community service activity that collected and separated waste after Loy Krathong Day at Chak Daeng Temple, called "Trash Collection by Boat after Loy Krathong to Keep Bang Krachao Waterways Clean." This event was presided over by Phra Ratchapattanasunthorn, Chief Monk of Phra Pradaeng District, as representative of the religious order, and Mr Wissanupong Sanguansajjapong, Chief District Officer of Phra Pradaeng, as representative of the people and was joined by Samut Prakarn Provincial Administration Organization, Marine Office Samut Prakarn Province, and the private sector. Participants were able to collect 1,170 kilograms of trash. MK and its affiliated companies volunteered to collect and separate waste from debris booms in five locations under the jurisdiction of Bang Nam Phueng Subdistrict Administration Organization, from Wat Bang Num Phueng Nai Canal to the sluice gate in Moo 3 and Bang Ko Bua Community, and collected a total of 528.3 kilograms of trash. This can be broken down into 325.5 kilograms of Krathong remains, 49.1 kilograms of plastic, 120.5 kilograms of organic matter, 11.5 kilograms of glass bottles, 13 kilograms of construction materials and 8.7 kilograms of miscellaneous others.



Internal Controls and Risk Management

1 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 2019, 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 engaged Rattakit Research Center Company Limited, which specializes in risk management and internal control system establishment, to conduct an analysis and work with management and responsible employees in each task. Together, they set up over 80 standard procedures for company operations and established a new assessment method, OKR, to reduce organizational risks and increase the Company's efficiency in the long run. Issues in risk management can be summarized as below.

The Company has put in place measures to mitigate economic risks that could impact business operations, by working closely with customers and giving advice on how to prepare detailed financial statements and documentation. The Company also conducts a mortgage affordability assessment and encourages customers to get preapproved for a home loan and check their credit score with banks before issuing a pre-emption certificate, 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 the loan application, the Company will liaise with all the relevant parties to provide services to the customers as required in the next step efficiently.

While construction is in progress, a number of factors can affect the development of a project. The Company has therefore put in place a measure to mitigate risks from changes to construction drawings, whereby construction procedures are amended in an event where such a change occurs. Under this measure, the Company will monitor progress of the construction closely to ensure compliance with the application for planning permission, and any information received will be used to improve its monitoring activities to ensure a juristic person can be set up with little to no issues. The Company will also improve the skills of personnel involved in the construction process to ensure effective communication and correct understanding.

Regarding risks related to brand character, changes in the demands of new customer groups require a strong brand image, to enhance recognition of the MK brand as a house developer, ensuring that it has a place in consumers' minds and that they will consider the brand or recommend it to their acquaintances. One of the Company's goals is therefore to build a positive brand image for customers, with a special focus on well-being in terms of housing design, to distinguish the brand's products in the marketplace in a sustainable manner. This will lead to long-term growth and understanding of consumers' needs. The Company has also adjusted its organizational culture, nurtured its employees and created a positive work environment, by relocating its staff to its new office on 345 Surawong Building. The environment at this building will make employees understand the message the Company wants to convey to the customers better and will help the Company communicate its brand image and goals it wants to achieve more clearly.

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

How customer complaints are handled is a crucial factor impacting customer decisions these days. To mitigate risks related to customer complaints, the Company has put in place a procedure for handling customer complaints by keeping all customer complaints in a single database, regardless of the different channels through which they have been received. Keeping records in the same place reduces errors and enables follow-ups on how complaints are addressed to ensure mistakes are not repeated.

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

Regarding data risks, the Company enhanced efficiency of its operations by upgrading its real estate management system to make sure it is up to date and more efficient. It also considers backing up data, in addition to storing it in the central database, for a specified period. Additionally, it considers implementing a non-disclosure agreement (NDA) to establish the boundaries of the disclosure of information to irrelevant persons, to protect itself against risk of loss and unauthorized access.

Lastly, in terms of risks related to golf course business, to increase efficiency in services and make sure they are up to standard, the Company established clear procedures for operating the golf course, designating responsible persons and checkpoints, or locations where extra care is required, to provide guidance for its staff. It also set up clear objectives and key results (OKR) for each task, initiated marketing and sales activities, offered various promotions and increased sales channels, to enhance opportunities for use of services and enable golfers to have more options to use services without interruption, whether on business days or holidays.

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.	1. Preventive Control: Control established to prevent risks and errors; 2. Detective Control: Control established to detect errors that have occurred; 3. Directive Control: Control established to support or promote success in meeting the targets; 4. Corrective Control: Control established to correct errors that have occurred, or find solutions to prevent similar errors from reoccurring	1. Risk Acceptance: Accepting the risk that has occurred as it is too costly to manage, control, or prevent it at this point; 2. Risk Reduction: Improving operating procedures or redesigning work process to reduce probability or impact to the level the Company finds acceptable; 3. Risk Sharing: Sharing or distributing the consequences of a risk to spread the responsibility for that risk among other people; 4. 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
• Before incident • Focused on preventing incident • Focused on addressing cause of incident	• After incident • Focused on reducing impact, remedial action, putting an end to incident, or recovery • Focused 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 golf course-related revenue and expense systems and follow-ups on outstanding issues**

The audit team conducted an audit on 25-28 June and 12 July 2019, a total of five working days, to ensure compliance with internal controls for golf course-related revenue and expense systems and that outstanding issues from the previous period have been followed up on and addressed. The audit team reported to the audit committee that the Company sets a revenue goal annually and has a written price list for the services at the sport club. It also offers payment options that are convenient for customers.

The Company has addressed all the outstanding issues from 2018.

- **Internal audit on revenue system up until payment (real estate) and follow-ups on outstanding issues**

The audit team conducted an audit on 9-11, 30-31 October 2019, a total of five working days. The objective was to ensure compliance with internal controls for the revenue system up until payment (real estate) and that outstanding issues from the previous period have been followed up on and addressed. The audit team reported to the audit committee that the Company sets house prices and gives discounts to customers who have been approved by the authorized approver in writing and that it has clear separation of work duties.

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

- **Internal audit on assessment of adequacy of internal control system in 2019 and follow-ups on outstanding issues**

The audit team conducted an audit on 27-31 January and 18 February 2019, a total of five working days. The objective of the audit was to ensure that the Company's internal control system was adequate in line with the COSO framework and that outstanding issues from the previous period have been followed up on and addressed. The Company has prepared a "privacy policy in its website," pending approval by the Executive Committee and enforcement. And the Company has planned to hold training sessions on the Personal Data Protection Act and how businesses can prepare themselves for its implementation.

In addition, the Company has addressed all the outstanding issues from the third quarter of 2019.

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.

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 2019 accounting period, Audit Committee held a total of 4 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 2019, Audit Committee held a total of 4 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 tor 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 procesures 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

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.

1 Related Party Transactions in 2019

Related party transactions incurred during the year 2019 reported in the audited statement for the year ended 31 December 2019 (Balance as of 31 December 2017 and 2018 for comparison purpose)

1) Outstanding items

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2019 (million Bt)	Balance as of 31 December 2018 (million Bt)	Balance as of 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.,	2.96	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.,	0.06	0.175	0.02
	a subsidiary, paid management fees			
(4) Loans from subsidiary				
- Mancon Co., Ltd.	Loans between related parties	-	158.00	115.00
- RX Wellness Co., Ltd.		30	34.00	91.50
- MKH asset Co., Ltd.		-	10.00	-
(5) Accrued interest expense				
- Mancon Co., Ltd.	Loans between related parties	-	1.89	0.60
- RX Wellness Co., Ltd.		1.53	0.71	0.11
- MKH asset Co., Ltd.		-	-	-

2) Loan to related parties

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2019 (million Bt)	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.		-	-	-
- RX Wellness Co., Ltd.		-	-	-
- T 77 Park Co., Ltd.		-	-	-
- Munkong Living Co.,Ltd.		1,000	842	1,985
- Prospect Development Co., Ltd.	Investment in business for rent and service	530	325	595
- MK Life Co., Ltd.		493	20.50	-
- Health and Wellness Village Co., Ltd.	Investment in business health and beauty	4.00	-	-
(2) Joint Venture				
- Frasers Property 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 2019 (million Bt)	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	0.59
- Munkong Living Co.,Ltd.	Interest receivables	34.28	16.27	-
- MK Life Co., Ltd.		8.60	0.20	-
- Health and Wellness Village		0.03	-	-
- MK Life Co., Ltd.	Accrued management fee income	16.05	-	-
- Health and Wellness Village Co., Ltd.		10.70	-	-

4) Revenue and expenses items

Items/ Company Name (Relationship)	Details of Transactions	Condition	Balance as of 31 December 2019 (million Bt)	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			
- Mancon Co., Ltd.	rent and services	Service	-	0.03	0.03
- Yours Property Management Co., Ltd.	income for providing	Agreement	0.18	0.12	0.12
<u>Associated</u>	office space				
- Samakkee Cement Co., Ltd.			0.17	0.52	0.52
(2) Acquire / Sale Land / Servitude Compensation (Subsidiaries)	The company acquired / sold land	Market price	-	-	-
- Mancon Co., Ltd.	The company sold servitude land		-	-	-
			-	-	11.81
- RX Wellness Co., Ltd.	The company sold servitude compensation	Mutual agreed	-	7.00	35.00
(3) Dividend (Subsidiaries)					
- Mancon Co., Ltd.	The company received dividend	Dividend as the Company paid to shareholders	160	3.82	5.73
(4) Interest Income (Subsidiaries)					
- Bunthudthong Pattana Co., Ltd.	The company	Calculate from	-	0.37	13.17
- MK71 Co., Ltd.	received dividend	cost of debts	-	-	4.70
- RX Wellness Co., Ltd.		plus margin	-	-	6.48
- Prospect Development Co., Ltd.			17.82	15.79	30.56
- T 77 Park Co., Ltd.			-	-	30.11
- Park Court Co., Ltd.			-	-	5.86
- Munkong Living Co.,Ltd.			36.85	64.68	26.79
- MK Life Co., Ltd.			8.40	0.24	-
- Health and Wellness Village			0.03	-	-
(5) Management Fee					
<u>Subsidiaries</u>	The company	Service			
- Mancon Co., Ltd.	received management	agreement	0.36	2.16	2.16
- Bunthudthong Pattana Co., Ltd.	fee		-	0.12	0.36
- MK71 Co., Ltd.			-	-	0.24
- S 71 Holding Co., Ltd.			0.36	0.36	0.36
- Yours Property Management Co., Ltd.			1.80	1.80	1.80
- Munkong Living Co.,Ltd.			2.76	2.76	0.92
- Park Court Co., Ltd.			-	-	1.60
- MKH asset Co., Ltd.			0.36	-	-
- MK Life Co., Ltd.			17.76	-	-
- Health and Wellness Village Co., Ltd.			10.00	-	-

Items/ Company Name (Relationship)	Details of Transactions	Condition	Balance as of 31 December 2019 (million Bt)	Balance as of 31 December 2018 (million Bt)	Balance as of 31 December 2017 (million Bt)
(6) Management Fees and Personnel Expenses (Subsidiaries) - Yours Property Management Co., Ltd.	The company paid personnel expenses and management fee for some projects during set up juristic persons	Service agreement	13.20	8.93	5.90
(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 - Finansia Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, received property management fees	Contractual agreement, calculating from percentage of rent and service income	18.68	20.60	18.24
(9) Management Fee - Finansia Pcl. / Joint director	The Company paid Back office administrative expenses.	Service agreement	2.56	1.92	3.20
	Prospect Development Co., Ltd., a subsidiary, paid administrative fees for back office	Service agreement	9.23	9.24	9.23
(10) Interest expense - Mancon Co., Ltd. - RX Wellness Co., Ltd. - MKH asset Co., Ltd.	Loans between related parties	Per the loan agreement	1.23	2.29	0.61
			0.89	1.13	20.66
			0.01	-	-
(11) Commission Income <u>Joint Venture</u> - Frasers Property BFTZ Co., Ltd.	Prospect Development Company Limited received commission for bringing in customers	Service agreement	0.001	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.

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.

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 amended 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. 2551 and the Securities 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.

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

In 2019, the Company recognized revenue from sales and services amounting to 4,438.11 million baht, a decrease of 108.7 million baht or 2.39 percent compared to the previous year. The Company's gross profit stood at 1,433.58 million baht, representing gross profit margin of 32.20 percent, a slight decrease from the previous year, when gross profit margin stood at 32.67 percent. The Company's main business segments and those of its subsidiaries consist of the below.

(1) Business segment: Real estate development

In 2019, the Company had revenue from the sale of real estate amounting to 3,936.77 million baht, a decrease of 216.16 million baht or 5.2 percent from the previous year. This year's financial statements were affected by first-time adoption of Thai Financial Reporting Standard 15 (TFRS15) regarding revenue from contracts with customers, which became effective for the accounting period after 1 January 2019, as certain items under selling expenses and administrative expenses were reclassified as cost of sales and other items were deducted from revenue. However, the standard has no material effect on other revenue. If the standard adopted in the previous year was still in use, revenue from the sale of real estate would only decrease by 162.67 million baht or 3.92 percent. The real estate sector was significantly impacted by a strict loan-to-value (LTV) regulation, which directly affected consumers' ability to buy residential property. However, the majority of the Company's clients do not have existing home loan obligations and so they are not majorly affected by the regulation. In addition, the Company implements measures to alleviate any effect on customers from the enforcement of this regulation, such as by providing advice on how to prepare detailed financial information, conducting a mortgage affordability assessment on customers in advance and encouraging customers to get a preapproval and check their credit status with banks before issuing a pre-emption certificate. Furthermore, towards the end of last year, the government introduced a property stimulus package that included the reduction of transfer registration and mortgage registration fees for houses under 3 million baht. As the Company has properties under this price in several of its projects, it has been able to maintain its revenue from the sale of real estate at a similar level to the previous year. Moreover, the Company has placed importance on adjusting construction design to align with the behaviors and preferences of contemporary consumers, focusing on housing design that promotes well-being to add value to its products and expand its target markets. Gross profit margin of the sale of real estate, when calculated under the old standard, amounted to 31.1 percent, which was lower than that of the previous year which stood at 34.7 percent. This was triggered by Thailand's economic slowdown, causing most entrepreneurs to delay the launch of new housing projects and focus instead on selling available houses, which has led to a fierce price competition.

(2) Business segment: Real estate rental and services

The Group recognized revenue from rental and services amounting to 341.19 million baht this year, compared to 252.14 million baht last year, representing an increase of 89.05 million baht or 35.32 percent. Revenue from warehouse/plant rental and services in the Bangkok Free Trade Zone, operated by Prospect Development Co., Ltd., amounted to 291.88 million baht, an increase of 78.53 million baht or 36.81 percent compared to the previous year. Its gross profit margin stood at 58.6 percent. Meanwhile, compared to

113.01 million baht in 2016 (the Company began its investment in the later months of 2015), the Group's growth rate in this business segment is at 158 percent. At the end of 2019, the Group had areas for rent amounting to 193,872 square meters, an expansion of 68,105 square meters from 2018. In addition, the Park Court project operated by Munkong Living Co., Ltd., which has units for rent, continued to generate increasing revenue from rental and services. The gross profit for real estate rental and services this year amounted to 186.34 million baht, up 50.02 million baht or 36.70 percent.

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

Since a new club house has been launched in February 2018, the Company's competitiveness has increased significantly. The golf course and the restaurant contribute to continuous increases in revenue from the golf course, bringing in 119.77 million baht this year, an increase of 10.52 million baht or 9.63 percent compared to the previous year. The Company has also implemented a revenue growth strategy, by initiating marketing and sales activities, offering various promotions and increasing sales channels, to enable golfers to have more options to use services on business days as well as holidays. Furthermore, the Company has been able to control operating costs, enabling it to maintain its gross profit margin at the same level as the year before, at 40 percent. It has also enhanced service efficiency, adopting more organized and standardized approaches. Meanwhile, real estate management services rendered by Yours Property Management Co., Ltd and part of the revenue from Prospect Development Co., Ltd. saw increases both in terms of revenue amount and gross profit. As a result, revenue from golf course and real estate management grew by a total of 18.42 million baht, up 13 percent compared to the previous year.

Based on the operating performance of each business segment of the Group, although revenue from the real estate development segment was in decline due to a number of factors in the past year, other business segments saw increases in revenue. As a result, revenue from sales and services decreased by only 108.7 million baht or 2.39 percent, whereas gross profit margin was kept at a similar level as the previous year. Gross profit from all segments decreased by 51.67 million baht or 3.48 percent compared to the previous year. Total costs and expenses for the year amounted to 4,401.18 million baht, up 15.41 million baht or 0.35 percent. However, the Group recognized loss in 2019 amounting to 25.79 million baht 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

The Company's selling and administrative expenses increased by 63.55 million baht, representing an increase of 6.71 percent. Selling expenses decreased by 40.75 million baht, in line with a decrease in revenue and an effect of the adoption of TFRS 15 explained above. Meanwhile, administrative expenses increased by 104.29 million baht, due to an increase in bills of exchange discounting from the sale of land awaiting development amounting to 29.76 million baht and upward-adjusted estimates of the employee benefits liability, in accordance with the Labor Protection Act No. 7, which requires a higher severance pay for employees who have been in service for 20 years. Other adjustments were also made to reflect changes in assumptions, which affected administrative expenses and comprehensive income. Excluding these particular items, administrative expenses

increased by 68.82 million baht, or 12 percent compared to the previous year. The increase was due to expenses related to project renovation and improvements of public utilities to ensure readiness for project handover and the establishment of a juristic person. The Company has also focused its resources on maintaining common areas and tightening security, to enhance the quality of after-sales services, which helps promote a positive image for the Company and its projects and generate stable sales in the long run. The ratio of selling and administrative expenses to revenue from sales and services in this year stood at 22.7 percent, an increase of 2 percent from the previous year which stood at 20.8 percent.

2) Financial cost

Financial cost increased by 31.81 million baht, or 10.73 percent, from the previous year, because Prospect Development Co., Ltd invested more in building warehouses/plants compared to the previous year, which resulted in an increase of space for rent and services amounting to 54.15 percent of the total space. In this year, the Company recognized a profit from sale of real estate for investment amounting to 79.62 million baht, bringing in cash inflows to be used for investment in order to expand the business segment of health services, in line with its business growth plans for real estate development for sale and rent as well as an increase in revenue from its service segment. This item decreased financial costs and made it possible for the Company to maintain its interest bearing debt ratio at an appropriate level; the ratio stood at 1.32 at the end of 2019.

Over the last four years, the Group has been able to increase the ratio of gross profit margin from stable revenue-generating businesses, from 4.5 percent at the end of 2015 to 25.8 percent at the end of 2019. This was in accordance with the Group's revenue restructuring plan aimed at mitigating business risks and generating stable revenue in the long run. During the period when the revenue restructuring plan was implemented, the Group invested in new business segments while at the same time maintaining the growth rate of real estate development, which remains the Group's core business segment. Due to these reasons, selling and administrative expenses and financial cost increased. Nevertheless, in 2019, the Group had a net operating profit amounting to 177.45 million baht.

Financial position

In 2019, the Company had assets amounting to 16,706.85 million baht, up 980.08 million baht compared to the previous year's assets of 15,726.76 million baht. Its liabilities increased by 831.8 million baht, due to the issuance of debentures to be used to invest in real estate for investment and real estate development projects. Because of the increase in liabilities, its debt/equity (D/E) ratio increased to 1.46, compared to 1.37 in the previous year, whereas the debt-to-capital ratio stood at 1.32, compared to 1.17 in 2018.

Contingent Liabilities	Total (Thousand Bt)	Terms of Payments			Note
		Less than 1 year	1-5 years	More than 5 years	
Long-term liabilities	7,338,337	1,299,879	6,038,458	-	In Balance sheet
Operating lease	481,851	12,145	51,744	417,962	Note to financial statement # 30
Other liabilities	1,656,611	1,182,531	474,080	-	
Total	9,476,799	2,494,555	6,564,282	417,962	

Investment expenses

In the past year, the Company's cash flow from operating activities amounted to THB 966.83 million. The Company paid income tax amounting to THB 98.45 million. It spent cash flow in investments amounting to THB 1,726.39 million. Cash flow from financing activities of THB 778.96 million was used to pay dividend amounting to THB 11.02 million and pay interest and other financial costs amounting to THB 338.78 million. The Company repaid long-term loans amounting to THB 2,528.15 million and repaid long-term debentures that matured amounting to THB 1,346.0 million. It had cash flow from issue of debentures amounting to THB 2,700.5 million. As a result, its cash and cash equivalents had a net decrease of THB 19.40 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 Bt 4,070,000.00

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 2019, 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 2019 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 3 (e) and 8 to the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in the audit
The Group's real estate projects under development are measured at the lower of cost and net realisable value. The determination of the net realisable value of these real estate projects under development is dependent upon the Group's estimations of future selling prices and estimated cost to complete. Future trends in real estate business markets may depart from known trends based on past experience. There is therefore a risk that the net realisable value is less than cost, due to changes in selling prices. Also future build costs are subject to a number of variables including market conditions in respect of materials and sub-contractor cost and construction issues. 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.	My audit procedures included: - 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

28 February 2020

Statement of Financial Position

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

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets	Note	2019	2018	2019	2018
(in Baht)					
Current assets					
Cash and cash equivalents	5	107,417,828	88,017,379	59,986,849	66,246,872
Current investments	6	934,767,933	-	885,739,222	-
Trade accounts receivable	7	20,641,127	12,358,499	-	68,706
Short-term loans to related parties	4	-	-	2,027,000,000	1,187,500,000
Short-term loans to other parties		100,000,000	111,267,340	100,000,000	100,000,000
Real estate projects under development	8, 9	5,638,899,809	6,607,910,441	4,356,076,523	4,460,944,173
Deposits for purchase of land		33,560,975	76,300,000	33,560,975	76,300,000
Other current assets		71,771,784	41,591,671	78,645,603	35,146,959
Total current assets		6,907,059,456	6,937,445,330	7,541,009,172	5,926,206,710
Non-current assets					
Deposits pledged as collateral	9	4,649,898	4,920,519	4,070,000	4,283,214
Investments in associates	10	12,998,040	38,784,856	-	-
Investments in subsidiaries	11	-	-	4,819,568,483	4,748,323,478
Investments in joint venture	10	256,245,525	142,102,302	-	-
Other long-term investments	6	42,143,010	10,125,670	9,186,120	9,186,120
Land held for development	9	525,416,223	541,411,463	513,296,269	529,291,509
Investment properties	9, 12	2,119,110,859	2,134,635,021	23,088,781	6,010,280
Property, plant and equipment	13	4,291,729,404	3,660,053,738	1,084,729,690	874,825,897
Leasehold right	9, 14	2,368,871,249	2,084,439,523	129,921,291	106,749,703
Intangible assets	15	14,363,757	12,858,518	13,781,123	12,298,184
Deferred tax assets	26	30,933,396	34,800,894	15,977,136	10,079,155
Other non-current assets		133,331,023	125,188,196	4,500,531	16,595,670
Total non-current assets		9,799,792,384	8,789,320,700	6,618,119,424	6,317,643,210
Total assets		16,706,851,840	15,726,766,030	14,159,128,596	12,243,849,920

The accompanying notes form an integral part of the 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	
		2019	2018	2019	2018
		(in Baht)			
Current liabilities					
Short-term borrowings from financial institutions	16	736,163,090	630,000,000	736,163,089	630,000,000
Trade and other accounts payable		322,007,051	228,373,002	110,818,387	140,560,850
Current portion of long-term borrowings	16	146,350,922	275,119,005	21,998,922	192,336,499
Short-term debentures	16	249,813,545	658,267,753	249,813,545	658,267,753
Current portion of long-term debentures	16	1,153,528,007	686,164,067	999,229,519	499,670,994
Short-term loans from related parties	4, 16	-	-	30,000,000	202,000,000
Short-term loans from other parties	16	638,715,015	352,424,891	156,014,776	-
Current portion of finance lease liabilities	16	1,510,578	1,454,317	893,765	1,190,702
Income tax payable		1,626,646	8,114,847	1,615,045	3,956,012
Customers' deposits		9,092,354	421,986,747	8,640,718	31,093,078
Other current liabilities	17	294,781,139	250,059,618	183,648,164	178,185,736
Total current liabilities		3,553,588,347	3,511,964,247	2,498,835,930	2,537,261,624
Non-current liabilities					
Long-term borrowings	16	1,887,500,437	2,332,076,032	794,102,152	448,972,626
Long-term debentures	16	4,150,958,137	2,868,085,643	3,818,304,797	2,578,639,724
Finance lease liabilities	16	5,238,610	3,963,599	2,250,708	3,177,249
Deferred tax liabilities	26	10,116,088	17,285,189	-	-
Non-current provisions for employee benefits	18	78,532,153	52,098,748	73,574,536	49,464,665
Other non-current liabilities	19	225,993,536	295,271,986	58,677,986	57,927,845
Total non-current liabilities		6,358,338,961	5,568,781,197	4,746,910,179	3,138,182,109
Total liabilities		9,911,927,308	9,080,745,444	7,245,746,109	5,675,443,733

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

Statement of Financial Position

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

		Consolidated financial statements 31 December		Separate financial statements 31 December	
Liabilities and equity	Note	2019	2018	2019	2018
(in Baht)					
Equity					
Share capital:	20				
Authorised share capital		1,117,211,195	992,010,177	1,117,211,195	992,010,177
Issued and paid-up share capital		1,091,205,066	992,010,177	1,091,205,066	992,010,177
Share premium on ordinary shares	20	1,484,159,623	1,484,159,623	1,484,159,623	1,484,159,623
Warrants	20	1,375,352	-	1,375,352	-
Retained earnings					
Appropriated					
Legal reserve	21	111,721,120	99,201,018	111,721,120	99,201,018
Unappropriated		4,106,463,371	4,070,649,768	4,224,921,326	3,993,035,369
Equity attributable of the parent		6,794,924,532	6,646,020,586	6,913,382,487	6,568,406,187
Non-controlling interests		-	-	-	-
Total equity		6,794,924,532	6,646,020,586	6,913,382,487	6,568,406,187
Total liabilities and equity		16,706,851,840	15,726,766,030	14,159,128,596	12,243,849,920

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

Statement of Comprehensive Income

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

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2019	2018	2019	2018
(in Baht)					
Revenues					
Revenue from sale of real estate		3,936,766,462	4,152,925,167	2,996,483,832	3,166,480,125
Revenue from rental and rendering of services		341,187,933	252,136,720	6,589,637	14,390,565
Revenue from golf services		119,768,687	109,249,232	119,768,687	109,249,232
Revenue from management of real estate		40,387,971	32,495,939	-	-
Gain on sale of investments and investments income	11	11,174,066	72,307,877	291,814,141	117,073,528
Gain on disposal of investment properties	12	79,609,977	-	-	-
Other income		73,790,534	94,023,005	84,498,806	76,346,005
Total revenues		4,602,685,630	4,713,137,940	3,499,155,103	3,483,539,455
Expenses					
Cost of sale of real estate		2,754,086,911	2,865,121,570	2,058,063,434	2,168,943,422
Cost of rental and rendering of services		154,836,996	115,817,194	1,496,121	4,590,228
Cost of golf services		71,251,660	64,768,119	71,251,660	64,768,119
Cost of management of real estate		24,352,562	15,846,677	-	-
Distribution costs		332,217,084	372,964,964	247,751,189	286,090,231
Administrative expenses		678,549,217	574,255,794	490,310,647	404,782,720
Finance costs	25	328,306,513	296,497,599	204,216,906	178,954,658
Total expenses		4,343,600,943	4,305,271,917	3,073,089,957	3,108,129,378
Share of loss of investments in associates and joint venture	10	(24,063,593)	(23,903,104)	-	-
Profit before income tax expense		235,021,094	383,962,919	426,065,146	375,410,077
Income tax expense	26	(57,574,328)	(80,490,070)	(53,291,599)	(73,237,366)
Profit for the year		177,446,766	303,472,849	372,773,547	302,172,711
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Losses on remeasurements of defined benefit plans		(18,895,323)	-	(18,149,910)	-
Other comprehensive income for the year, net of tax		(18,895,323)	-	(18,149,910)	-
Total comprehensive income for the year		158,551,443	303,472,849	354,623,637	302,172,711

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

Statement of Comprehensive Income

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
(in Baht)					
Profit (loss) attributable to:					
Owners of the parent		177,446,766	305,924,724	372,773,547	302,172,711
Non-controlling interests		-	(2,451,875)	-	-
Profit for the year		177,446,766	303,472,849	372,773,547	302,172,711
Total comprehensive income attributable to:					
Owners of the parent		158,551,443	305,924,724	354,623,637	302,172,711
Non-controlling interests		-	(2,451,875)	-	-
Total comprehensive income for the year		158,551,443	303,472,849	354,623,637	302,172,711
Basic earnings per share	27	0.16	0.28	0.34	0.28

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

Statement of Changes in Equity

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

Consolidated financial statements

	Issued and paid-up share capital	Share premium on ordinary shares	Equity				Total equity
			Retained earnings		attributable to owners of the parent	Non-controlling interests	
			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 parent							
Dividends to owners of the Company	-	-	-	(218,229,061)	(218,229,061)	-	(218,229,061)
Dividends to owners of subsidiary	-	-	-	-	-	(180,000)	(180,000)
Total distributions to owners of the parent	-	-	-	(218,229,061)	(218,229,061)	(180,000)	(218,409,061)
Change in ownership interest in subsidiary							
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

Note

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The accompanying notes form an integral part of the 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	Warrants	Retained earnings		Equity attributable to owners of the parent		Non-controlling interests	Total equity
					Legal reserve	Unappropriated				
Year ended 31 December 2019										
Balance at 1 January 2019		992,010,177	1,484,159,623	-	99,201,018	4,070,649,768	6,646,020,586	-	-	6,646,020,586
Transactions with owners, recorded directly in equity										
Distributions to owners of the parent										
Share-based payment transactions	20	-	-	1,375,352	-	-	1,375,352	-	-	1,375,352
Stock dividends	20, 28	99,194,889	-	-	-	(99,194,889)	-	-	-	-
Dividends to owners of the Company	28	-	-	-	-	(11,022,849)	(11,022,849)	-	-	(11,022,849)
Total distributions to owners of the parent		99,194,889	-	1,375,352	-	(110,217,738)	(9,647,497)	-	-	(9,647,497)
Comprehensive income for the year										
Profit for the year		-	-	-	-	177,446,766	177,446,766	-	-	177,446,766
Other comprehensive income		-	-	-	-	(18,895,323)	(18,895,323)	-	-	(18,895,323)
Total comprehensive income for the year		-	-	-	-	158,551,443	158,551,443	-	-	158,551,443
Transfer to legal reserve										
Balance at 31 December 2019	21	1,091,205,066	1,484,159,623	1,375,352	111,721,120	4,106,463,371	6,794,924,532	-	-	6,794,924,532

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

Statement of Changes in Equity

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

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 2018					
Balance at 1 January 2018	992,010,177	1,484,159,623	99,201,018	3,909,091,719	6,484,462,537
Distributions to owners of the Company					
Dividends 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					
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

Note

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

Statement of Changes in Equity

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

Separate financial statements

	Note	Issued and paid-up share capital	Share premium on ordinary shares	Warrents	Retained earnings		Total equity
					Legal reserve	Unappropriated	
(in Baht)							
Year ended 31 December 2019							
Balance at 1 January 2019		992,010,177	1,484,159,623	-	99,201,018	3,993,035,369	6,568,406,187
Distributions to owners of the Company							
Share-based payment transactions	20	-	-	1,375,352	-	-	1,375,352
Stock dividends	28	99,194,889	-	-	-	(99,194,889)	-
Dividend to owners of the Company	20, 28	-	-	-	-	(11,022,689)	(11,022,689)
Total distributions to owners of the Company		99,194,889	-	1,375,352	-	(110,217,578)	(9,647,337)
Comprehensive income for the year							
Profit for the year		-	-	-	-	372,773,547	372,773,547
Other comprehensive income		-	-	-	-	(18,149,910)	(18,149,910)
Total comprehensive income for the year		-	-	-	-	354,623,637	354,623,637
Transfer to legal reserve	21	-	-	-	12,520,102	(12,520,102)	-
Balance at 31 December 2019		1,091,205,066	1,484,159,623	1,375,352	111,721,120	4,224,921,326	6,913,382,487

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

Statement of Cash Flows

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

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2019	2018	2019	2018
	(in Baht)			
Cash flows from operating activities				
Profit for the year	177,446,766	303,472,849	372,773,547	302,172,711
Adjustments to reconcile profit to cash receipts (payments)				
Depreciation and amortisation	210,622,685	175,631,928	51,510,989	46,004,656
(Gain) loss on disposal of equipment and intangible assets	(1,254,659)	11,805,824	(1,286,133)	11,805,824
Loss on written-off of other non-current assets	3,131,881	2,696,874	-	-
Gain on disposal of investment properties	(79,609,977)	-	-	-
Unrealised gain on current investments	(633,419)	-	(615,128)	-
Share-based payment	1,375,352	-	1,375,352	-
Gain on disposal of investments in associates and subsidiary	-	(60,052,822)	(57,995,200)	(22,010,300)
Unrealised loss on exchange rate	-	303,660	-	-
Realisation of deferred rental income	(221,758)	(887,028)	(221,758)	(887,028)
Interest income	(5,637,100)	(6,929,331)	(68,563,489)	(87,687,547)
Dividend income	(1,827,634)	(1,259,163)	(161,639,564)	(4,938,231)
Finance costs	328,306,513	296,497,599	204,216,906	178,954,658
Share of loss of investments in associates and joint venture	24,063,593	23,903,104	-	-
Income tax expense	57,574,328	80,490,070	53,291,599	73,237,366
	713,336,571	825,673,564	392,847,121	496,652,109
Changes in operating assets and liabilities				
Trade accounts receivable	(8,282,628)	2,899,661	68,706	13,265
Real estate projects under development	901,043,286	794,509,190	215,315,790	264,934,303
Deposits for purchase of land	(33,560,975)	(45,800,000)	(33,560,975)	(76,300,000)
Other current assets	(34,930,091)	13,201,153	(17,069,535)	11,216,633
Land held for development	15,995,240	-	15,995,240	-
Other non-current assets	(3,897,615)	(57,223,545)	(276,026)	(11,191,913)
Trade and other accounts payable	(44,967,979)	129,980,224	(55,318,653)	49,109,102
Customers' deposits	(412,894,394)	400,412,649	(22,452,360)	11,332,790
Other current liabilities	39,637,795	(30,852,425)	763,487	(745,567)
Non-current provisions for employee benefits	2,866,071	(4,792,333)	1,422,483	(4,733,902)
Other non-current provisions	-	(6,767,298)	-	(6,767,298)
Other non-current liabilities	(69,056,692)	168,475,003	971,899	7,090,077
Net cash generated from operating	1,065,288,589	2,189,715,843	498,707,177	740,609,599
Income tax paid	(98,455,239)	(143,308,921)	(56,993,070)	(102,482,556)
Net cash from operating activities	966,833,350	2,046,406,922	441,714,107	638,127,043

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

Statement of Cash Flows

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

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2019	2018	2019	2018
	(in Baht)			
Cash flows from investing activities				
Interest received	5,688,034	6,878,396	42,134,380	159,055,138
Dividends received	1,827,634	1,259,163	161,639,564	4,938,231
Increase in investment properties	(927,697,947)	(288,855,355)	(17,442,999)	-
Acquisition of other long-term investment	(32,017,340)	-	-	-
Acquisition of buildings and equipment	(504,556,044)	(2,776,077,688)	(205,663,742)	(162,823,894)
Acquisition of leasehold right	(397,008,204)	(288,705,984)	(38,400,000)	(97,000,000)
Acquisition of intangible assets	(4,027,902)	(8,930,350)	(3,815,343)	(8,663,268)
Proceeds from sale of buildings and equipment	3,903,321	835,850	4,119,116	835,850
Proceeds from sale of investment properties, net	1,162,509,632	-	-	-
Increase in short-term loans to related parties	(400,000)	-	(2,068,500,000)	(1,629,000,000)
Proceeds from short-term loans to related parties	400,000	-	1,229,000,000	3,021,940,000
Decrease (increase) in short-term loans to other party, net	11,267,340	(16,571,000)	-	(5,000,000)
Decrease (increase) in deposits pledged as collateral	270,621	(40,140)	213,214	(57,523)
Decrease (increase) in current investments	(934,134,514)	345,567,872	(885,124,094)	288,187,164
Net cash inflow on disposal of subsidiary	-	658,952,313	-	659,010,000
Net cash outflow on acquisition of subsidiary	-	-	(13,249,805)	(2,624,999,625)
Net cash outflow on acquisition of joint venture	(112,420,000)	-	-	-
Net cash used in investing activities	(1,726,395,369)	(2,365,686,923)	(1,795,089,709)	(393,577,927)

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

Statement of Cash Flows

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

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2019	2018	2019	2018
	(in Baht)			
Cash flows from financing activities				
Finance costs paid	(338,798,978)	(308,906,513)	(229,069,296)	(207,395,458)
Dividends paid	(11,022,849)	(218,409,061)	(11,022,689)	(218,229,061)
Increase in short-term borrowings from financial institutions	91,928,222	-	91,928,222	-
Increase in short-term loans from related parties	-	-	9,000,000	103,000,000
Repayment of short-term loans from related parties	-	-	(181,000,000)	(26,199,800)
Increase in short-term loans from other parties, net	261,100,364	44,110,003	152,667,909	-
Finance lease payments	(4,974,728)	(1,201,017)	(4,376,478)	(1,102,281)
Proceeds from long-term borrowings	1,954,380,679	1,677,950,086	922,122,678	968,335,085
Repayment of long-term borrowings	(2,528,150,242)	(707,883,458)	(746,634,767)	(553,764,445)
Proceeds from issue of debentures	2,700,500,000	1,630,000,000	2,502,500,000	1,493,000,000
Repayment of debentures	(1,346,000,000)	(1,705,000,000)	(1,159,000,000)	(1,705,000,000)
Acquisition of non-controlling interest without a change in control	-	(106,929,746)	-	(106,929,746)
Net cash from (used in) financing activities	778,962,468	303,730,294	1,347,115,579	(254,285,706)
Net increase (decrease) in cash and cash equivalents	19,400,449	(15,549,707)	(6,260,023)	(9,736,590)
Cash and cash equivalents at beginning of year	88,017,379	103,567,086	66,246,872	75,983,462
Cash and cash equivalents at ending of year	107,417,828	88,017,379	59,986,849	66,246,872

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

Statement of Cash Flows

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

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2019	2018	2019	2018
	(in Baht)			
Supplement disclosures of cash flows information				
Non-cash transactions				
Acquisition of equipment under finance leases	6,306,000	1,148,701	3,153,000	-
Transfers real estate projects under development to investment properties	178,415,486	1,473,324,001	-	-
Transfers property, plant and equipment to investment properties	-	742,721	-	-
Transfers other non-current assets to leasehold right	-	20,000,000	-	20,000,000
Transfers deposit for purchase of land to real estate projects under development	76,300,000	51,000,000	76,300,000	51,000,000
Acquisition of subsidiary by transferring promissory notes	-	-	-	999
Repayment of short-term loans from related parties by transferring promissory notes	-	-	-	81,300
Capitalised amortisation of leasehold rights to property, plant and equipment	8,164,718	3,770,190	8,164,718	3,770,190
Acquisitions of buildings and equipment for which payments have not yet been made	138,602,028	-	25,576,190	-
Transfers advance payment for constructions to plant and equipment	11,929,519	-	11,929,519	-
Acquisition of subsidiary by transferring its investment in another subsidiary	-	-	1,060,000,000	-

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

Notes to the Financial Statements

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

For the year ended 31 December 2019

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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 28 February 2020.

1 General information

M.K. Real Estate Development Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 26 March 1990. The Company’s registered office at 345 Surawong 345 Building 6-8th Floor, Surawong Road, Suriyawong, Bang Rak District, Bangkok 10500.

The Company’s major shareholders during the financial year were Finansia Public Company Limited, incorporated in Thailand (18.80% shareholding), Mr. Prateep Tangmatitham (11.94% shareholding) and Mr. Suthep Wongvorazathe (11.04% shareholding).

The principal activities of the Group are property development for sale including land, land and house, condominium, construction for the Company’s own projects, building and parking rental, golf course business and health and wellness center. Details of the Company’s subsidiaries, associates and joint venture as at 31 December 2019 and 2018 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 and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initially applied TFRS 15 Revenue from Contracts with Customers which replaces TAS 18 Revenue, TAS 11 Construction Contracts and related interpretations. The details of accounting policies are disclosed in note 3 (q).

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such changes in accounting policies have no material impacts on the financial statements.

The detail impact of the changes in accounting policies are disclosed as follows:

1) Providing products without charges

For the contract of sale of real estate which provides products without charges, such as furniture and furnish. Under TAS 18, the Group recognised the providing products without charges as distribution costs. Under TFRS 15, furniture and furnish are bundled of sale of real estate and required to recognise as cost of sale of real estate. As a result, this results in decreases in distribution costs and increases in cost of sale of real estate.

2) Payment to a customer

The Group makes payments to a customer such as transferring expenses and centralised fee to the juristic of real estate project. Under TAS 18, the Group recognised the payment as distribution costs. Under TFRS 15, it is required to consider whether the Group receives distinct goods or services from the customer. If so, then the Group recognises such payments as an expense when the distinct goods or services are consumed. In contrast, if not, such payments are recognised as a reduction of revenue. As a result, this results in decreases in revenue and distribution costs.

The Group has assessed the impact of initial adoption of TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019. The impact on retained earnings as at 1 January 2019 was not material. Therefore, the Group has not adjusted the retained earnings as at 1 January 2019 and not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

In addition, the Group has not early adopted a number of new TFRS which is not yet effective for the current period in preparing these financial statements. Those new TFRS that are relevant to the Group's operations are disclosed in note 32.

(b) Functional and presentation currency

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

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Notes 3 (q) and 22 Revenue recognition:

- whether performance obligations in a bundled sale of products is capable of being distinct;
- whether revenue from sales and services are recognised over time or at a point in time;

(ii) Assumptions and estimation uncertainties

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

Note 8 Measurement of allowance for devaluation of real estate projects under development;

Note 18 Measurement of defined benefit obligations: key actuarial assumptions;

Note 26 Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 2.

(a) **Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint venture.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as described in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. 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.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) 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

A receivable is recognised when the Group has an unconditional right to receive consideration.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(e) 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.

(f) 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 - 35.5	Years
Rental buildings and facility systems	10-20	Years
Facility on rental land	10	Years
Furniture and fixture	5	Years

No depreciation is provided on freehold land or assets under construction.

(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 - 35.5 Years
Machinery and equipment	5 Years
Furniture, fixtures and office equipment	5 Years
Vehicles	4-5 Years

No depreciation is provided on freehold land or construction in progress.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(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 payable are stated at cost.

(l) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

(m) 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.

(n) Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(o) 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.

(p) Measurement of fair values

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, such as broker quotes or pricing services, 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 in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

(q) Revenues

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts.

Sale of goods and services

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data. Revenue for rendering of services is recognised over time when the services are provided.

(r) 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.

(s) Investment income

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

(t) 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.

(u) Lease payments

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

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.

(v) **Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to 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.

(w) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(x) Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(y) Segment reporting

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

4 Related parties

Relationships with subsidiaries, associates and joint venture are described in notes 10 and 11. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Finansa Public Company Limited	Thai	Major shareholder, 18.80% shareholding and common director.
Mr. Prateep Tangmatitham	Thai	Major shareholder, 11.94% shareholding
Mr. Suthep Wongvorazathe	Thai	Major shareholder, 11.04% shareholding
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
Dividend income	Declared dividend payment
Interest income	4.00% - 4.50% per annum
Property management income	Contractual prices
Commission income	Contractual prices
Service income	Agreed prices
Management service income	Contractual prices
Service fee income	Contractual prices
Management fee	Contractual prices
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	
	2019	2018	2019	2018
	(in thousand Baht)			
Subsidiaries				
Revenue from rental and rendering of services	-	-	178	149
Servitude compensation	-	-	-	7,001
Dividend income	-	-	160,000	3,820
Interest income	-	-	63,093	81,076
Management service income	-	-	33,400	7,200
Project and personal management fee	-	-	13,201	8,931
Management fee	-	-	415	1,195
Interest expense	-	-	2,131	3,423
Associates				
Revenue from rental and rendering of services	171	521	171	521
Joint venture				
Service fee income	278	-	278	-
Commission income	-	52	-	-
Service income	-	760	-	-
Interest income	1	-	-	-

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	35,412	38,181	35,412	38,181
Post-employment benefits	2,028	1,571	2,028	1,571
Other long-term benefits	1	1	1	1
Share-based payment	433	-	433	-
Total key management personnel compensation	37,874	39,753	37,874	39,753
Other related parties				
Property management income	18,681	20,596	-	-
Management fee	11,791	11,159	2,557	1,917

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
Trade accounts receivable				
Other related parties	2,959	4,376	-	-
Other current assets				
Subsidiaries				
Interest receivables	-	-	42,907	16,478
Accrued management fee income	-	-	26,750	-
Joint venture				
Accrued income	278	-	278	-
	278	-	69,935	16,478
Other non-current assets				
Other related parties	589	589	-	-
Accrued expenses (included in other current liabilities)				
Subsidiaries	-	-	1,561	2,601
Other related parties	443	175	428	160
Total	443	175	1,989	2,761

	Interest rate	Consolidated financial statements			
	At	At			At
	31 December	1 January	Increase	Decrease	31 December
	(% per annum)		(in thousand Baht)		
2019					
Joint venture	4.50	-	400	(400)	-
Total		-			-

	Interest rate	Separate financial statements			
	At	At			At
	31 December	1 January	Increase	Decrease	31 December
	(% per annum)		(in thousand Baht)		
2019					
Subsidiaries	4.00-4.50	1,187,500	2,068,500	(1,229,000)	2,027,000
Total		1,187,500			2,027,000
2018					
Subsidiaries	2.50-4.25	2,661,740	1,629,000	(3,103,240)	1,187,500
Total		2,661,740			1,187,500

	Interest rate	Separate financial statements			
	At	At			At
	31 December	1 January	Increase	Decrease	31 December
	(% per annum)		(in thousand Baht)		
2019					
Subsidiaries	2.00-4.25	202,000	9,000	(181,000)	30,000
Total		202,000			30,000
2018					
Subsidiaries	2.00-4.25	206,500	103,000	(107,500)	202,000
Total		206,500			202,000

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.

Guarantee obligations with related party

The Company has guaranteed credit facilities of Frasers Property BFTZ Co., Ltd, a joint venture, with a local financial institution amounting to Baht 1,281 million (2018: Nil). Under guarantee obligations, the Company entered into letter of undertaking agreements with the joint venture and the joint venture agreed to pay service fee at the rate as specified in the agreements. As at 31 December 2019, the joint venture utilised the credit facilities totaling Baht 389.19 million (2018: Nil).

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Cash on hand	773	1,012	623	862
Cashier cheques	473	33,722	473	33,692
Cash at banks - current accounts	14,189	9,732	751	7,425
Cash at banks - savings accounts	91,693	43,529	57,868	24,268
Highly liquid short-term investments	290	22	272	-
Total	107,418	88,017	59,987	66,247

6 Other investments

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Current investments				
Mutual fund securities held for trading	934,768	-	885,739	-
Other long-term investments				
Other non-marketable equity securities	81,687	49,670	48,730	48,730
Less allowance for impairment	(39,544)	(39,544)	(39,544)	(39,544)
Net	42,143	10,126	9,186	9,186
Total	976,911	10,126	894,925	9,186

At the Board of Directors' meeting of MKH Assets Co., Ltd., a direct subsidiary, held on 26 November 2018, the Board approved to invest in newly issued share capital of Cmego Joint Stock Company, incorporated in Vietnam, by purchasing 6,000 ordinary shares, at 4.52% of ownership interest for a consideration of USD 1 million. During the year ended 31 December 2019, the subsidiary has fully paid the share capital amounting to Baht 32.02 million.

Movements during the years ended 31 December 2019 and 2018 of mutual fund securities held for trading were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
At 1 January	-	345,568	-	288,187
Purchases during the year	3,716,500	4,826,000	3,566,500	3,488,000
Sales during the year	(2,782,365)	(5,171,568)	(2,681,376)	(3,776,187)
Valuation adjustment	633	-	615	-
At 31 December	934,768	-	885,739	-

7 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Within credit terms	5,258	6,704	-	-
Overdue:				
Less than 3 months	14,293	4,460	-	33
3 - 6 months	1,090	426	-	-
6 - 12 months	-	682	-	-
Over 12 months	-	86	-	36
Total	20,641	12,358	-	69
Less allowance for doubtful accounts	-	-	-	-
Net	20,641	12,358	-	69

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

8 Real estate projects under development

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Land and construction developing for sales	4,163,629	4,981,887	3,535,702	3,709,142
Houses and sample houses	1,475,880	1,627,088	820,984	752,867
Construction materials	776	320	776	320
Total	5,640,285	6,609,295	4,357,462	4,462,329
Less allowance for devaluation	(1,385)	(1,385)	(1,385)	(1,385)
Net	5,638,900	6,607,910	4,356,077	4,460,944
Finance costs capitalised in real estate projects under development during the year	34,148	24,925	34,148	24,925
Capitalisations rate (% per annum)	4.53-4.78	4.53-4.78	4.53-4.78	4.53-4.78

In 2019, the Group transferred land and constructions thereon under real estate projects under development to investment properties amounting to Baht 178.42 million (2018: Baht 1,473.32 million) since the land and constructions are leased to other parties.

9 Assets used as collatera

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Savings accounts	463	598	-	-
Fixed deposit accounts - 12 months	4,187	4,323	4,070	4,283
	4,650	4,921	4,070	4,283
Real estate projects under development	3,400,977	5,041,071	3,243,819	2,884,391
Land held for development	72,033	64,389	72,033	64,389
Investment properties	869,291	1,544,722	-	-
Leasehold right	1,119,416	581,902	-	-
Total	5,466,367	7,237,005	3,319,922	2,953,063

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

	Types of businesses	Ownership Interest		Paid-up capital		Cost		Equity		Dividend income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(in thousand Baht)									
(%)											
Associates											
	Cement producer	40.64	40.64	235,000	235,000	154,079	154,079	12,998	38,785	-	-
	Sand supplier	36.07	36.07	18,000	18,000	6,493	6,493	-	-	-	-
						160,572	160,572	12,998	38,785	-	-
Joint venture											
	Property development for lease	40.00	40.00	631,050	350,000	252,420	140,000	256,246	142,102	-	-
						252,420	140,000	256,246	142,102	-	-
						412,992	300,572	269,244	180,887	-	-
Total											

All associates and joint venture were incorporated and operate in Thailand. None of the Group's associates and joint venture are publicly listed and consequently do not have published price quotations.

Acquisition

On 1 May 2019, Frasers Property BFTZ Co., Ltd., a joint venture, increased its registered share capital from Baht 350 million to Baht 700 million by issuing of 35 million ordinary shares with a par value of Baht 10 per share to the shareholders by existing proportion and called-up for 25% of its par value of the increased share capital. The Group paid the share capital for a consideration of Baht 35 million.

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

On 15 October 2019, Frasers Property BFTZ Co., Ltd. increased its registered share capital from Baht 700 million to Baht 803 million by issuing of 10.30 million ordinary shares with a par value of Baht 10 per share to the shareholders by existing proportion and called-up for 35% of its par value of the increased share capital. The Group paid the share capital for a consideration of Baht 14.42 million.

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.				Fraser's Property BFTZ Co., Ltd.			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)											
Revenue	44,221	32,041	77	77	57,446	11,919						
Profit (loss) from operations	(63,452) ^a	(63,919) ^a	-	-	4,308 ^a	5,184 ^a						
Other comprehensive income	-	-	-	-	-	-						
Total comprehensive income (100%)	(63,452)	(63,919)	-	-	4,308	5,184						
Ownership interest (%)												
Total comprehensive income (Group's interest)	40.64	40.64	36.07	36.07	40.00	40.00						
	(25,787)	(25,977)	-	-	1,723	2,073						
Group's share of total comprehensive income	(25,787)	(25,977)	-	-	1,723	2,073						
Current assets	20,136 ^b	24,613 ^b	10,812 ^b	10,827 ^b	163,838 ^b	25,825 ^b						
Non-current assets	409,168	425,330	12	12	1,082,483	592,995						
Current liabilities	(11,915) ^c	(310,855) ^c	(244) ^c	(244) ^c	(233,870) ^c	(59,214) ^c						
Non-current liabilities	(385,406) ^d	(43,653) ^d	(10,852) ^d	(10,922) ^d	(371,837) ^d	(204,350) ^d						
Net assets (100%)	31,983	95,435	(272)	(327)	640,614	355,256						
Ownership interest (%)												
Group's interest in net assets of investee (Group's interest)	40.64	40.64	36.07	36.07	40.00	40.00						
	12,998	38,785	-	-	256,246	142,102						
Carrying amount of interest in associates/joint venture	12,998	38,785	-	-	256,246	142,102						

	Samukkee Cement Co., Ltd.		Subnorasing Co., Ltd.		Fraser's Property BFTZ Co., Ltd.	
	2019	2018	2019	2018	2019	2018
	(in thousand Baht)					
	16,842	17,221	-	-	12,680	8,207
	24,077	19,376	-	-	8,012	5,167
	-	-	-	-	1,544	1,030
	719	61	9	15	29,145	6,190
	(9,517)	(306,409)	-	-	(22,329)	(13,203)
	(380,442)	(39,445)	(10,852)	(10,921)	(371,837)	(204,350)

Remark:

a. Includes:

- depreciation and amortisation
- interest expense
- tax expense

b. Includes cash and cash equivalents

c. Includes current financial liabilities

(excluding trade and other accounts payable and provisions)

d. Includes non-current financial liabilities

(excluding trade and other accounts payable and provisions)

11 Investments in subsidiaries

Type of business	Separate financial statements													
	Ownership interest		Paid-up capital		Cost		Impairment		At cost-net of Impairment		Dividend income for the year			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
	(in thousand Baht)													
(%)														
Direct subsidiaries	100.00	100.00	20,000	20,000	32,870	32,870	-	-	32,870	32,870	160,000	3,820		
	100.00	100.00	100,000	100,000	100,000	100,000	-	-	100,000	100,000	-	-		
	100.00	100.00	2,260,000	1,200,000	2,045,450	985,450	-	-	2,045,450	985,450	-	-		
	100.00	100.00	3,000	3,000	3,000	3,000	-	-	3,000	3,000	-	-		
	-	100.00	-	1,002,005	-	1,002,005	-	-	-	1,002,005	-	-		
	100.00	100.00	2,600,000	2,600,000	2,599,999	2,599,999	-	-	2,599,999	2,599,999	-	-		
	100.00	100.00	35,000	25,000	34,999	24,999	-	-	34,999	24,999	-	-		
	100.00	-	3,250	-	3,250	-	-	-	3,250	-	-	-		
	4,819,568 4,748,323													
	Total						-	-	-	4,819,568	4,748,323	160,000	3,820	

Type of business	Separate financial statements													
	Ownership interest				Paid-up capital		Cost		Impairment		At cost-net of Impairment		Dividend income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)													
Indirect subsidiaries														
Munkong Living Co., Ltd.														
(100% shareholding through by Prospect Development Co., Ltd.)	100.00	-	1,002,005	-	-	-	-	-	-	-	-	-	-	-
Property development														
Prospect Reit Management Co., Ltd.														
(100% shareholding through by Prospect Development Co., Ltd.)	100.00	-	10,000	-	-	-	-	-	-	-	-	-	-	-
REIT management														
Total														

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

Acquisitions

On 28 January 2019, the Company invested in Health and Wellness Village Co., Ltd., a new established entity which provides service of health and wellness center, at 100% of ownership interest, totalling Baht 1 million. The Company has already paid the share capital of the subsidiary. Subsequently, on 19 December 2019, the subsidiary increased its registered share capital from Baht 1 million to Baht 10 million by issuing of 90,000 ordinary shares with a par value of Baht 100 per share and called-up for 25% of its par value of the increased share capital. The Company paid the share capital for a consideration of Baht 2.25 million.

At the Board of Directors' meeting of MKH Assets Co., Ltd., held on 12 March 2019, the Board approved to additional call-up for 10% of its par value of the share capital. The Company has paid the share capital amounting to Baht 10 million.

On 29 November 2019, Prospect Development Co., Ltd., a subsidiary, invested in Prospect Reit Management Co., Ltd., a new established entity which is REIT management, at 100% of ownership interest, totalling Baht 10 million. The subsidiary has already paid the share capital of Prospect Reit Management Co., Ltd.

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

12 Investment properties

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
(in thousand Baht)					
Cost					
At 1 January		2,208,105	445,118	6,644	6,644
Additions		928,898	288,856	17,443	-
Disposal		(1,062,185)	-	-	-
Transfer from real estate projects under development	8	178,415	1,473,324	-	-
Transfer from property, plant and equipment		-	807	-	-
At 31 December		2,253,233	2,208,105	24,087	6,644
Accumulated depreciation and impairment losses					
At 1 January		73,470	36,987	634	475
Depreciation charge for the year		60,652	36,419	364	159
Transfer from property, plant and equipment		-	64	-	-
At 31 December		134,122	73,470	998	634
Net book value					
At 31 December		2,119,111	2,134,635	23,089	6,010

In 2019, the Group sold a part of land together with buildings and constructions thereon to another party with cost of Baht 1,062.19 million. The Group recognised gain on disposal of investment properties of Baht 79.61 million in the consolidated statement of comprehensive income.

Year ended 31 December	2019	2018
	(in thousand Baht)	
Amounts recognised in profit or loss for investment properties		
Rental income	159,894	90,424
Repair and maintenance expense	3,944	1,959
At 31 December	2019	2018
	(in thousand Baht)	
Minimum lease payments under non-cancellable operating lease are receivable:		
Within 1 year	173,599	94,442
1 - 5 years	620,510	279,344
Total	794,109	373,786

As at 31 December 2019, investment properties which have carrying amount of Baht 1,850 million (2018: Baht 1,087 million) were revalued by external, independent property valuers and the management, at projected discount cash flows. The appraised value was Baht 2,465 million (2018: Baht 1,502 million). In addition, another portion of investment properties amounting to Baht 269 million (2018: Baht 1,048 million) were in the process of construction. Management considered that the fair value was approximate to carrying amount. The fair value of investment property has been categorised as a Level 3 fair value.

Valuation technique	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.	- Expected rental growth rate (2.5% - 7% every 3 years) - Occupancy rate (between 86% - 100%) - Discount rate (7% and 8%) - Warehouse rental rates (150 - 380 Baht/square meter/month) - Residential rental rates (348 - 522 Baht/square meter/month) - Office rental rates (300 - 320 Baht/square meter/month)

13 Property, plant and equipment

Consolidated financial statements

	Furniture Buildings Machinery fixture and and and office Construction Land Golf course constructions equipment equipment Vehicle in progress Total						
	(in thousand Baht)						
Cost							
At 1 January 2018	688,974	209,262	54,908	78,045	29,488	35,378	1,210,762
Additions	2,580,000	-	18,446	12,220	5,365	1,231	2,780,997
Disposals / transfers	-	-	199,574	(516)	(4,542)	(2,755)	(8,192)
Write-off	(12,163)	-	(14,362)	-	-	-	(26,525)
At 31 December 2018							
and 1 January 2019	3,256,811	209,262	258,566	89,749	30,311	33,854	3,957,042
Additions	-	-	2,299	4,893	12,580	6,463	677,361
Disposals / transfers	-	-	278,624	(2,514)	(5,374)	(12,266)	(20,286)
Write-off	-	-	(58)	-	(2,952)	-	(3,010)
At 31 December 2019	3,256,811	209,262	539,431	92,128	34,565	28,051	4,611,107
Accumulated depreciation							
At 1 January 2018	-	135,582	48,557	59,155	18,511	23,317	285,122
Depreciation charge for the year	-	7,178	11,890	7,003	3,437	3,691	33,199
Disposals / transfers	-	-	(29)	(1,440)	(2,759)	(2,743)	(6,971)
Write-off	-	-	(14,362)	-	-	-	(14,362)
At 31 December 2018							
and 1 January 2019	-	142,760	46,056	64,718	19,189	24,265	296,988
Depreciation charge for the year	-	7,178	19,713	8,279	4,121	3,749	43,040
Disposals / transfers	-	-	(4)	(2,294)	(5,450)	(9,979)	(17,727)
Write-off	-	-	(58)	-	(2,865)	-	(2,923)
At 31 December 2019	-	149,938	65,707	70,703	14,995	18,035	319,378
Net book value							
At 31 December 2018							
Owned assets	3,256,811	66,502	212,510	25,031	11,122	3,107	3,653,572
Assets under finance leases	-	-	-	-	-	6,482	6,482
	3,256,811	66,502	212,510	25,031	11,122	9,589	3,660,054
At 31 December 2019							
Owned assets	3,256,811	59,324	473,724	21,425	19,570	1,791	4,283,504
Assets under finance leases	-	-	-	-	-	8,225	8,225
	3,256,811	59,324	473,724	21,425	19,570	10,016	4,291,729

Separate financial statements

	Furniture							
	Buildings	Machinery	fixture and			Construction		
	and	and	office					
	Land	Golf course constructions	equipment	equipment	Vehicle	in progress	Total	
	(in thousand Baht)							
Cost								
At 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								
and 1 January 2019	507,465	209,262	258,566	89,559	26,557	31,566	45,504	1,168,479
Additions	-	-	1,035	4,893	11,389	3,270	233,900	254,487
Disposals / transfers	-	-	278,624	(2,495)	(5,986)	(11,126)	(278,641)	(19,624)
Write-off	-	-	(58)	-	(2,952)	-	-	(3,010)
At 31 December 2019	507,465	209,262	538,167	91,957	29,008	23,710	763	1,400,332
Accumulated depreciation								
At 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	-	32,425
Disposals / transfers	-	-	(29)	(1,438)	(2,695)	(2,744)	-	(6,906)
Write-off	-	-	(14,362)	-	-	-	-	(14,362)
At 31 December 2018								
and 1 January 2019	-	142,760	46,056	64,614	17,211	23,012	-	293,653
Depreciation charge for the year	-	7,178	19,595	8,246	3,557	3,174	-	41,750
Disposals / transfers	-	-	(4)	(2,275)	(5,759)	(8,839)	-	(16,877)
Write-off	-	-	(58)	-	(2,866)	-	-	(2,924)
At 31 December 2019	-	149,938	65,589	70,585	12,143	17,347	-	315,602
Net book value								
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
At 31 December 2019								
Owned assets	507,465	59,324	472,578	21,372	16,865	1,755	763	1,080,122
Assets under financial leases	-	-	-	-	-	4,608	-	4,608
	507,465	59,324	472,578	21,372	16,865	6,363	763	1,084,730

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 2019 amounted to Baht 102 million and Baht 95 million, respectively (2018: Baht 106 million and Baht 103 million, respectively).

During the year 2019, the Company capitalised the amortised leasehold right to property, plant and equipment amounting to Baht 8.16 million (2018: Baht 3.77 million).

14 Leasehold right

	Consolidated financial statements	Separate financial statements
	(in thousand Baht)	
Cost		
At 1 January 2018	2,165,781	150,924
Additions	308,706	117,000
At 31 December 2018 and 1 January 2019	2,474,487	267,924
Additions	397,007	38,400
Disposals	(150,924)	(150,924)
At 31 December 2019	2,720,570	155,400
Accumulated amortisation		
At 1 January 2018	281,802	145,361
Amortisation charge for the year	108,245	15,813
At 31 December 2018 and 1 January 2019	390,047	161,174
Amortisation charge for the year	112,576	15,229
Disposals	(150,924)	(150,924)
At 31 December 2019	351,699	25,479
Net book value		
At 31 December 2018	2,084,440	106,750
At 31 December 2019	2,368,871	129,921

The Company

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 a total of land sublease compensation to the university. Under the land sublease agreement, the ownership of building will be transferred to the university at the maturity date. The land sublease agreement was ended, therefore, the related assets were written off during the year 2019.

The Company entered into a land lease agreement with a company for a period of 30 years from 1 November 2018 to 31 October 2048. The Company agreed to pay land sublease compensation for the whole period to the lessor totalling Baht 420.8 million. During the years 2018 and 2019, the Company paid the land sublease compensation amounting to Baht 125.4 million. Under the land sublease agreement, the ownership of building will be transferred to the lessor at the maturity date. Subsequently, at the Board of Directors’ meeting of the Company, held on 20 August 2019, the Board approved to amend the land lease agreement with the lessor by extension a period of 30 years to 35 years 6 month from 1 November 2018 to 30 April 2054. The Company paid compensation for the amendment of land lease agreement amounting to Baht 30 million.

Subsidiaries

On 18 August 2010, a company (“lessor”) entered into a land sublease agreement with a subsidiary to lease land from 18 August 2010 to 31 December 2038. The subsidiary agreed to pay a total of land sublease compensation to the lessor on the land sublease registered date. The Group recognised the leasehold right at fair value on the acquisition date in 2015 amounting to Baht 602.66 million.

On that date, the lessor entered into another 2 land sublease agreements with the subsidiary to lease land from 18 August 2010 to 8 January 2040, and from 18 August 2010 to 25 December 2039. The subsidiary agreed to pay a total of land sublease compensation to the lessor on the land sublease registered date. The Group recognised the leasehold right at fair value on the acquisition date in 2015 amounting to Baht 534.12 million. Under the agreements, ownership of building on leasehold land will be transferred to land owner after the completion of construction and the Group records as part of leasehold right of Baht 1,393.27 million.

On 1 August 2018, a company (“lessor”) entered into a land sublease agreement with a subsidiary to lease land from 1 August 2018 to 31 July 2041. The subsidiary agreed to pay land sublease compensation for the whole period totalling Baht 3.93 million. Under the land sublease agreement, the ownership of building will be transferred to the lessor at the maturity date.

On 19 December 2018, a temple (“lessor”) entered into a right of use land agreement to develop car park building with a subsidiary for a period of 30 years after the date of completion of building. The subsidiary agreed to pay for the building construction to compensate the right of use the land. As at 31 December 2019, car park building is under construction and the subsidiary records the building construction costs as part of leasehold right amounting to Baht 28.99 million. Under right of use agreement, the ownership of building will be transferred to the lessor at the maturity date.

On 26 December 2018, a third party (“lessor”) entered into a land sublease agreement with a subsidiary to lease land from 26 December 2018 to 6 March 2021. The subsidiary agreed to pay land sublease compensation to the lessor on the land sublease registration date amounting to Baht 2.2 million.

15 Intangible assets

	Consolidated financial statements	Separate financial statements
	Software licenses	Software licenses
	(in thousand Baht)	
Cost		
At 1 January 2018	8,967	8,325
Additions	8,930	8,664
Disposals	(80)	-
At 31 December 2018 and 1 January 2019	17,817	16,989
Additions	4,028	3,815
Disposals	(586)	(578)
At 31 December 2019	21,259	20,226
Accumulated amortisation		
At 1 January 2018	3,499	3,313
Amortisation charge for the year	1,539	1,378
Disposals	(80)	-
At 31 December 2018 and 1 January 2019	4,958	4,691
Amortisation charge for the year	2,520	2,332
Disposals	(583)	(578)
At 31 December 2019	6,895	6,445
Net book value		
At 31 December 2018	12,859	12,298
At 31 December 2019	14,364	13,781

16 Interest-bearing liabilities

Consolidated financial statements						
Note	2019			2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
(in thousand Baht)						
Short-term borrowings from financial institutions	-	736,163	736,163	-	630,000	630,000
Short-term debentures	-	249,814	249,814	-	658,268	658,268
Short-term loans from other parties	-	638,715	638,715	-	352,425	352,425
Long-term borrowings	2,033,851	-	2,033,851	2,607,195	-	2,607,195
Long-term debentures	-	5,304,486	5,304,486	-	3,554,250	3,554,250
Finance lease liabilities	-	6,750	6,750	-	5,418	5,418
Total interest-bearing liabilities	2,033,851	6,935,928	8,969,779	2,607,195	5,200,361	7,807,556

Separate financial statements						
Note	2019			2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
(in thousand Baht)						
Short-term borrowings from financial institutions	-	736,163	736,163	-	630,000	630,000
Short-term debentures	-	249,814	249,814	-	658,268	658,268
Short-term loans from related parties 4	-	30,000	30,000	-	202,000	202,000
Short-term loans from other parties	-	156,015	156,015	-	-	-
Long-term borrowings	816,101	-	816,101	641,310	-	641,310
Long-term debentures	-	4,817,535	4,817,535	-	3,078,311	3,078,311
Finance lease liabilities	-	3,145	3,145	-	4,368	4,368
Total interest-bearing liabilities	816,101	5,992,672	6,808,773	641,310	4,572,947	5,214,257

As at 31 December 2019, the Group and the Company had unutilised credit facilities totaling Baht 3,081.11 million and Baht 2,677.11 million, respectively (*2018: Baht 2,837.04 million and Baht 1,658.44 million, respectively*).

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

Long-term loans from financial institutions - secured

The Company

At 31 December 2019, the Company had entered into loan agreements with local financial institutions with credit facilities totalling Baht 4,418.38 million at MLR-1.50% to MLR-2.50% interest rate per annum. The Company mortgaged a part of land and construction as the loan collateral (see note 9).

Subsidiaries

At 31 December 2019, the subsidiaries had entered into loan agreements with local financial institutions with credit facilities totalling Baht 1,763 million at MLR-1% to MLR-1.63% interest rate per annum. The subsidiaries mortgaged land and construction and a part of land sublease agreement as the loan collateral (see note 9).

The Company and subsidiaries have to comply with certain conditions under right and duty of borrowers such as the maintenance of debt to equity ratio.

Debentures

Unsecured debentures	Par value		Total value	Issue date	Term	Maturity date	Coupon rate
	Number	per unit					
	(thousand units)	(in Baht)	(in million Baht)				(% per annum)
Short-term debentures							
The Company							
No. 1/2019 (repayment interest on maturity date)	100	1,000	100	17 May 2019	270 days	11 February 2020	3.70
No. 2/2019 (repayment interest on maturity date)	150	1,000	150	11 November 2019	268 days	5 March 2020	3.70
Total			250				
Long-term debentures							
The Company							
No. 2/2016 (repayment interest every 3 months)	500	1,000	500	8 April 2016	5 years	8 April 2021	4.70
No. 3/2016 (repayment interest every 3 months)	500	1,000	500	28 October 2016	5 years	28 October 2021	4.00
No. 1/2017 (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
No. 1/2019 (repayment interest every 3 months)	687.5	1,000	687.5	11 June 2019	3 years	11 June 2022	5.00
No. 2/2019 (repayment interest every 3 months)	1,565	1,000	1,565	12 December 2019	3 years 11 months 19 days	1 December 2023	5.75
			4,836.5				

Unsecured debentures	Par value		Total value	Issue date	Term	Maturity date	Coupon rate
	Number	per unit					
	(thousand units)	(in Baht)	(in million Baht)				(% per annum)
Subsidiary							
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
No. 1/2019 (repayment interest every 3 months)	198	1,000	198	2 August 2019	2 years 6 months	2 February 2022	6.25
			490				
Total			5,326.5				

	Consolidated	Separate
	financial statements	financial statements
	31 December 2019	
	(in thousand Baht)	
Short-term debentures	250,000	250,000
Less deferred expense	(186)	(186)
Unsecured short-term debentures	249,814	249,814
Long-term debentures	5,326,500	4,836,500
Less deferred expenses	(22,014)	(18,965)
	5,304,486	4,817,535
Less current portion of long-term debentures	(1,153,528)	(999,230)
Unsecured long-term debentures		
- net of current portion	4,150,958	3,818,305

Movements for the year ended 31 December 2019 of debentures were as follows:

At the annual general meeting of the shareholders of the Company, held on 25 April 2019, the shareholders approved to increase total amount and an outstanding value for issuance and offering of debenture at a particular time from not exceeding Baht 3,000 million to be not exceeding Baht 6,000 million to supporting working capital and business expansion of the Group, including land purchases for project development and debt repayments. On 17 May 2019 and 11 June 2019, the Company issued unsecured short-term debentures no.1/2019 and no.2/2019 amounting to Baht 100 million and Baht 150 million, respectively. On 11 June 2019 and 12 December 2019, the Company issued unsecured long-term debentures no.1/2019 and no.2/2019 amounting to Baht 687.50 million and Baht 1,565 million, respectively. During the year, the Company had repayment unsecured short-term debentures no.2/2018, no.3/2018 and no.4/2018 totalling Baht 659 million and had repayment unsecured long-term debenture no.1/2016, totalling Baht 500 million.

On 2 August 2019, Prospect Development Co., Ltd. (a subsidiary) issued an unsecured long-term debenture no. 1/2019 amounting to Baht 198 million according to the approval of the Board of Directors of the subsidiary on 21 March 2017 which approved the issuance and offer for sale of debenture equal to or not exceeding Baht 208 million to a private placement not exceeding 10 persons for its working capital. During the year, the subsidiary had repayment unsecured long-term debenture no.1/2017 amounting to Baht 187 million.

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

Finance lease liabilities

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

Consolidated financial statements						
2019			2018			
		Present value of				Present value of
Minimum		minimum		Minimum		minimum
lease		lease		lease		lease
payments	Interest	payments	payments	Interest	payments	payments
Maturity period	(in thousand Baht)					
Within one year	1,830	319	1,511	1,800	346	1,454
After one year but within five years	5,631	392	5,239	4,334	370	3,964
Total	7,461	711	6,750	6,134	716	5,418

Separate financial statements						
2019			2018			
		Present value of				Present value of
Minimum		minimum		Minimum		minimum
lease		lease		lease		lease
payments	Interest	payments	payments	Interest	payments	payments
Maturity period	(in thousand Baht)					
Within one year	1,067	173	894	1,469	278	1,191
After one year but within five years	2,465	214	2,251	3,464	287	3,177
Total	3,532	387	3,145	4,933	565	4,368

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.

17 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Retentions	108,196	70,024	50,776	42,681
Accrued administrative expenses	51,756	63,661	39,902	48,474
Others	134,829	116,375	92,970	87,031
Total	294,781	250,060	183,648	178,186

18 Non-current provisions for employee benefits

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plan exposes the Group to actuarial risks, such as longevity risk and interest rate risk.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Present value of the defined benefit obligations				
At 1 January	52,099	56,891	49,465	54,199
Include in profit or loss				
Current service costs and interest	8,092	6,889	7,227	6,218
Past service cost	5,716	-	5,138	-
	13,808	6,889	12,365	6,218
Included in other comprehensive income				
Actuarial loss				
- Demographic assumptions	320	-	327	-
- Financial assumptions	7,778	-	7,657	-
- Experience adjustment	15,469	-	14,703	-
	23,567	-	22,687	-
Others				
Benefits paid	(10,942)	(11,681)	(10,942)	(10,952)
At 31 December	78,532	52,099	73,575	49,465

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

Principle actuarial assumptions	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(%)			
Discount rate	1.68	2.92	1.68	2.92
Future salary growth	4.00 - 8.00	4.00 - 8.00	4.00 - 8.00	4.00 - 8.00
Employee turnover rate	0.00 - 20.00	8.00 - 12.00	0.00 - 20.00	8.00 - 12.00

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

At 31 December 2019, the weighted-average duration of the defined benefit obligations was 11.9 years (2018: 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	
	Increase	Decrease	Increase	Decrease
	(in thousand Baht)			
At 31 December 2019				
Discount rate (1% movement)	(5,643)	6,433	(5,167)	5,876
Future salary growth (1% movement)	6,964	(6,206)	6,379	(5,700)
Employee turnover rate (20% movement)	(2,840)	3,239	(2,447)	2,778
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

19 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Contractual deposits from customers	156,510	226,583	-	-
Accrued for public utilities for establishing legal entities	46,691	46,911	46,111	45,266
Others	22,793	21,778	12,567	12,662
Total	225,994	295,272	58,678	57,928

20 Share capital

	Par value per share (in Baht)	2019		2018	
		Number	Amount	Number	Amount
		(thousand shares / in thousand Baht)			
Authorised					
At 1 January					
- ordinary shares	1	992,010	992,010	992,010	992,010
Issue of new shares	1	125,201	125,201	-	-
At 31 December					
- ordinary shares	1	1,117,211	1,117,211	992,010	992,010
Issued and paid-up					
At 1 January					
- ordinary shares	1	992,010	992,010	992,010	992,010
Issue of new shares	1	99,195	99,195	-	-
At 31 December					
- ordinary shares	1	1,091,205	1,091,205	992,010	992,010

At the annual general meeting of the shareholders of the Company held on 25 April 2019, the shareholders approved to increase in registered capital of the Company to facilitate the dividend payment and Employee Stock Option Plan for the directors, executives and employees of the Company and its subsidiaries No.1 (MK-WA) by increasing its registered capital of Baht 125.20 million from the existing registered capital of Baht 992.01 million to Baht 1,117.21 million by issuing newly 125.20 million ordinary shares with the par value of Baht 1 per share. The Company registered the increase in the authorised share capital with the Ministry of Commerce on 14 May 2019.

On the same date, the shareholders approved the issuance and offering of the ordinary share-purchase warrants to the directors, executives and employees of the Company and its subsidiaries No.1 (MK-WA) of not exceeding 26 million units as the details as following:

Grant date	17 June 2019
Number of offered warrants	26,000,000 units
Exercise price	4 Baht/shares
Term of warrants	5 years from the grant date
Exercise rate	1 warrant per 1 ordinary share
Number of reserved shares	26,000,000 shares
Expired date of warrants	16 June 2024

Fair value measurement

The Group measured approximate fair value of the options granted through the plan by using the binomial model. The weighted average fair value at the grant date was from Baht 0.18 - Baht 0.22 per unit. The key assumptions were as follows:

Share price at the grant date	3.36 Baht/share
Expected volatility	24% per quarter
Life of warrants	3.12 - 4.62 years
Expected dividend	6% per annum
Risk-free interest rate	1.69% - 1.89% per annum depend on period of time

The Group and the Company recognised share-based payment expense of Baht 1.38 million in the and consolidated separate financial statement for the year ended 31 December 2019 (2018: Nil).

During the year 2019, there was no change in the number of outstanding warrants for the year ended 31 December 2019 because the exercise date is not due.

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.

21 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.

22 Segment information and disaggregation of revenue

Management determined that the Group has five reportable segments which are the Group's strategic divisions for different products and services, and are managed separately because they require different marketing strategies. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Real estate
- Segment 2 Rental warehouse, factory and others
- Segment 3 Golf services
- Segment 4 Property management
- Segment 5 Health and wellness center

Each segment's performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's chief operating decision maker (CODM). Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Consolidated financial statements

For the year ended 31 December	Real estate		factory and others		Golf services		management		wellness center		Others		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
(in thousand Baht)																
Reportable segments																
Revenue from external customers	3,936,766	4,152,925	341,188	252,137	119,769	109,249	40,388	32,496	-	-	-	-	-	-	-	4,438,111
Inter-segment revenue	-	-	178	149	-	-	13,201	9,030	-	-	-	-	(13,379)	(9,179)	-	-
Total revenues	3,936,766	4,152,925	341,366	252,286	119,769	109,249	53,589	41,526	-	-	-	-	(13,379)	(9,179)	4,438,111	4,546,807
Timing of revenue recognition																
At a point in time	3,936,766	4,152,925	-	-	119,769	109,249	-	-	-	-	-	-	-	-	-	4,056,535
Over time	-	-	341,188	252,137	-	-	40,388	32,496	-	-	-	-	-	-	-	381,576
Total revenues	3,936,766	4,152,925	341,188	252,137	119,769	109,249	40,388	32,496	-	-	-	-	-	-	-	4,438,111
Segment profit (loss)																
before income tax	107,602	348,853	100,737	79,313	25,172	19,781	8,162	9,302	(32,297)	(3,927)	49,709	(45,456)	-	-	-	259,085
Share of loss of investments in associates and joint venture																(24,064)
Profit before income tax																235,021
Segment assets																
as at 31 December	6,136,909	6,874,733	3,254,354	3,638,720	763,787	779,981	299	225	3,201,071	2,619,659	3,350,432	1,813,448	-	-	-	15,726,766
Segment liabilities																
as at 31 December	6,958,717	7,572,020	2,267,259	1,482,801	-	-	3,341	2,103	682,510	23,821	100	-	-	-	-	9,080,745

For the year ended 31 December	Separate financial statements																			
	Real estate				Rental warehouse, factory and others				Golf services		Property management		Health and wellness center		Others		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)																			
Timing of revenue recognition																				
At a point in time																				
Over time																				
Total revenues																				

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 2019, revenue from sale of land in the project from one customer of the Group's segment 1 represents approximately Baht 1,273.94 million of the Group's total revenues.

The Group has expected revenue to be recognised in future within one year from performance obligation that are unsatisfied of Baht 199.46 million.

23 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Salary	164,356	120,473	123,526	105,693
Bonus	34,329	38,791	26,425	34,683
Termination benefits	14,481	6,889	12,365	6,218
Others	76,115	63,315	63,599	47,021
Total	289,281	229,468	225,915	193,615

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.

24 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Employee benefit expenses	289,281	229,468	225,915	193,615
Depreciation and amortisation	218,788	179,089	59,676	46,005
Promotion and public relation expenses	155,338	208,222	104,812	166,470
Specific business tax	139,480	134,929	108,427	103,779
Bank fees	103,218	68,446	37,726	6,629
Transfer expenses	29,879	19,293	26,992	15,841
Cleaning and security expenses	26,906	22,239	24,309	19,367

25 Finance costs

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
(in thousand Baht)					
Interest expense:					
Related parties	4	-	-	2,131	3,423
Financial institutions		355,256	312,454	229,787	195,704
Total interest expense		355,256	312,454	231,918	199,127
Other finance costs		16,201	8,969	6,447	4,753
		371,457	321,423	238,365	203,880
Less: amounts included in the cost of qualifying assets:					
- Real estate projects under development	8	34,148	24,925	34,148	24,925
- Investment properties		867	-	-	-
- Property, plant and equipment		8,135	-	-	-
		43,150	24,925	34,148	24,925
Net		328,307	296,498	204,217	178,955

26 Income tax expense

Income tax recognised in profit or loss		Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
(in thousand Baht)					
Current tax expense					
Current year		56,203	79,326	54,653	71,123
Deferred tax expense					
Movements in temporary differences		1,371	1,164	(1,361)	2,114
Income tax expense		57,574	80,490	53,292	73,237

Consolidated financial statements

	2019			2018		
	Before tax	Tax Expense	Net of tax	Before tax	Tax Expense	Net of tax
Income tax						
	(in thousand Baht)					
Recognised in other comprehensive income						
Defined benefit plan						
actuarial losses	23,567	(4,672)	18,895	-	-	-
Total	23,567	(4,672)	18,895	-	-	-

Separate financial statements

	2019			2018		
	Before tax	Tax Expense	Net of tax	Before tax	Tax Expense	Net of tax
Income tax						
	(in thousand Baht)					
Recognised in other comprehensive income						
Defined benefit plan						
actuarial losses	22,687	(4,537)	18,150	-	-	-
Total	22,687	(4,537)	18,150	-	-	-

Reconciliation of effective tax rate

	Consolidated financial statements				Separate financial statements			
	2019		2018		2019		2018	
	Rate	(in	Rate	(in	Rate	(in	Rate	(in
	(%)	thousand	(%)	thousand	(%)	thousand	(%)	thousand
		Baht)		Baht)		Baht)		Baht)
Profit before income tax expense		235,021		383,963		426,065		375,410
Income tax using the Thai corporation tax rate	20	47,004	20	76,793	20	85,213	20	75,082
Income not subject to tax		(470)		(238)		(32,451)		(988)
Expenses with additional deduction for tax purposes		(36,333)		(10,584)		(1,315)		(1,868)
Expenses not deductible for tax purposes		5,570		13,691		1,363		1,011
Recognition of previously unrecognised tax losses		(1,822)		(352)		-		-
Share of loss of equity-accounted investments in associates and joint venture		4,813		4,781		-		-
Current year losses for which no deferred tax losses asset was recognised		26,378		2,607		-		-
Elimination in consolidation		12,053		(6,208)		-		-
Under provided in prior years		381		-		482		-
Total	24	57,574	21	80,490	13	53,292	20	73,237

	Consolidated financial statements				Separate financial statements			
	Assets		Liabilities		Assets		Liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018
Deferred tax								
At 31 December								
	(in thousand Baht)							
Total	46,910	44,880	(26,093)	(27,364)	15,977	10,079	-	-
Set off of tax	(15,977)	(10,079)	15,977	10,079	-	-	-	-
Net deferred tax assets (liabilities)	30,933	34,801	(10,116)	(17,285)	15,977	10,079	-	-

Consolidated financial statements

Credited (Charged) to

	At 1 January	Profit or loss	Other comprehensive income	At 31 December
(in thousand Baht)				
2019				
Deferred tax assets				
Non-current provisions for employee benefits	10,343	507	4,672	15,522
Loss carry forward	34,351	(4,225)	-	30,126
Others	186	1,076	-	1,262
Total	44,880	(2,642)	4,672	46,910
Deferred tax liabilities				
Investment properties	(5,055)	-	-	(5,055)
Leasehold right	(22,309)	1,271	-	(21,038)
Total	(27,364)	1,271	-	(26,093)
Net	17,516	(1,371)	4,672	(20,817)
2018				
Deferred tax assets				
Non-current provisions for employee benefits	11,334	(991)	-	10,343
Non-other 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

	Separate financial statements			
	Credited (Charged) to			
	At 1 January	Profit or loss	Other comprehensive income	At 31 December
Deferred tax	(in thousand Baht)			
2019				
Deferred tax assets				
Non-current provisions for employee benefits	9,893	285	4,537	14,715
Others	186	1,076	-	1,262
Net	10,079	1,361	4,537	15,977
2018				
Deferred tax assets				
Non-current provisions for employee benefits	10,839	(946)	-	9,893
Non-other current provisions	1,354	(1,354)	-	-
Others	-	186	-	186
Net	12,193	(2,114)	-	10,079

The tax losses expire in 2024. The deductible temporary difference do not expire under current tax legislation of Baht 131.93 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.

27 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years after adjusting the change in the number of ordinary shares as a result of the distribution of stock dividends to the shareholders (see notes 20, 28) as if such change had occurred at the beginning of the earliest reporting period as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht / thousand shares)			
Profit attributable to ordinary shareholders of the Company (basic)	177,447	305,925	372,774	302,173
Number of ordinary shares outstanding	1,091,205	1,091,205	1,091,205	1,091,205
Basic earnings per share (in Baht)	0.16	0.28	0.34	0.28

The warrants during the year ended 31 December 2019 have not a dilutive effect because the average market price of ordinary shares during the year did not exceed the exercise price of the warrants.

28 Dividends

At the annual general meeting of the shareholders of the Company held on 25 April 2019, the shareholders approved the appropriation of dividends of Baht 0.11 per share, amounting to Baht 110 million with the detail as follow;

- 1) Payment in the form of stock dividends in the amount of approximately 99.20 million shares with a par value of Baht 1 per share to the shareholders, at the ratio of 10 existing shares to 1 new share, totalling Baht 99.20 million. In case that any shareholders have remaining shares after the allocation, the dividend shall be paid by cash in the amount of Baht 0.10 per share.
- 2) Payment in the form of cash in the amount of approximately Baht 0.01 per share, totalling Baht 11.02 million.

The dividend was paid in the form of stocks and cash to shareholders in May 2019. In addition, the Company has appropriated the legal reserve amounting to Baht 12.52 million by the approval of the shareholders.

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.

29 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.

Consolidated financial statements					
At 31 December	Effective interest rate (% per annum)	Maturity period			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
2019					
Financial assets					
Short-term loans to other parties	6.50	100,000	-	-	100,000
Total		100,000	-	-	100,000
Financial liabilities					
Short-term borrowings from financial institutions	2.65 - 6.87	736,163	-	-	736,163
Short-term debentures	3.70	249,814	-	-	249,814
Short-term loans from other parties	2.60 - 5.75	638,715	-	-	638,715
Long-term borrowings	4.28 - 5.03	146,351	1,887,500	-	2,033,851
Long-term debentures	4.00 - 6.25	1,153,528	4,150,958	-	5,304,486
Finance lease liabilities	5.55 - 7.88	1,511	5,239	-	6,750
Total		2,926,082	6,043,697	-	8,969,779
2018					
Financial assets					
Short-term loans to other parties	5.00 - 6.50	111,267	-	-	111,267
Total		111,267	-	-	111,267
Financial liabilities					
Short-term borrowings from financial institutions	2.30 - 7.12	630,000	-	-	630,000
Short-term debentures	2.70 - 3.05	658,268	-	-	658,268
Short-term loans from other parties	4.50 - 5.25	352,425	-	-	352,425
Long-term borrowings	4.53 - 5.03	275,119	2,332,076	-	2,607,195
Long-term debentures	4.00 - 5.60	686,164	2,868,086	-	3,554,250
Finance lease liabilities	5.55 - 8.88	1,454	3,964	-	5,418
Total		2,603,430	5,204,126	-	7,807,556

		Separate financial statements			
		Maturity period			
At 31 December	Effective	Within	After 1 year but	After	Total
	interest rate	1 year	within 5 years	5 years	
	(% per annum)	(in thousand Baht)			
2019					
Financial assets					
Short-term loans to related parties	4.00 - 4.50	2,027,000	-	-	2,027,000
Short-term loans to other parties	6.50	100,000	-	-	100,000
Total		2,127,000	-	-	2,127,000
Financial liabilities					
Short-term borrowings from					
financial institutions	2.65 - 6.87	736,163	-	-	736,163
Short-term debentures	3.70	249,814	-	-	249,814
Short-term loans from related parties	2.00 - 4.25	30,000	-	-	30,000
Short-term loans from other parties	2.60 - 3.70	156,015	-	-	156,015
Long-term borrowings	4.28 - 4.75	21,999	794,102	-	816,101
Long-term debentures	4.00 - 5.75	999,230	3,818,305	-	4,817,535
Finance lease liabilities	5.55 - 6.96	894	2,251	-	3,145
Total		2,194,115	4,614,658	-	6,808,773
2018					
Financial assets					
Short-term loans to related parties	4.00 - 4.25	1,187,500	-	-	1,187,500
Short-term loans to other parties	6.50	100,000	-	-	100,000
Total		1,287,500	-	-	1,287,500
Financial liabilities					
Short-term borrowings from					
financial institutions	2.30 - 7.12	630,000	-	-	630,000
Short-term loans from related parties	2.00 - 4.25	202,000	-	-	202,000
Short-term debentures	2.70 - 3.05	658,268	-	-	658,268
Long-term borrowings	4.53 - 4.78	192,337	448,973	-	641,310
Long-term debentures	4.00 - 4.70	499,671	2,578,640	-	3,078,311
Finance lease liabilities	5.55 - 8.76	1,191	3,177	-	4,368
Total		2,183,467	3,030,790	-	5,214,257

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	
	2019	2018
	(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 2019				
Financial asset measured at fair value				
Mutual fund securities held for trading (Level 2)	934,768	934,768	885,739	885,739
Financial liabilities not measured at fair value				
Long-term borrowings from financial institutions (Level 3)	2,085,937	2,033,851	841,233	816,101
Long-term debentures (Level 2 and 3)	5,335,511	5,304,486	4,849,430	4,817,535
31 December 2018				
Financial liabilities not measured at fair value				
Long-term borrowings from financial institutions (Level 3)	2,680,668	2,607,195	650,718	641,310
Long-term debentures (Level 2 and 3)	3,554,818	3,554,250	3,086,121	3,078,311

Measurement of fair values

Valuation techniques

Type	Valuation technique
Mutual fund securities held for trading	The net asset value as of the reporting date.
The Company's debentures	Determined based on quoted prices in the debentures market from the Thai Bond Market Association by using the closing price at the end of the reporting period.
Long-term borrowings from financial institutions and the subsidiary's debentures	Discounted cash flow

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.

30 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 35 years 6 months ending April 2054. 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	
	2019	2018	2019	2018
	(in thousand Baht)			
Future minimum lease payments under non-cancellable operating lease commitments				
Within 1 year	12,145	13,380	8,400	8,400
1-5 years	51,744	51,137	34,800	34,400
After 5 years	417,962	348,178	335,100	261,000
Total	481,851	412,695	378,300	303,800
Other commitments				
Agreements for public utilities development for projects	436,964	153,318	436,964	152,675
Development and construction agreements	510,567	898,127	31,154	199,483
Agreements to buy and sell land	235,000	305,209	235,000	305,209
Bank guarantees	474,080	382,337	473,158	379,189
Total	1,656,611	1,738,991	1,176,276	1,036,556

31 Events after the reporting period

At the Board of Directors' meeting of the Company, held on 12 February 2020, the Board approved to disposal land and buildings sublease agreements of Bangkok Free Trade Zone project which owned by Prospect Development Co., Ltd., a subsidiary, to a Real Estate Investment Trust (the "Trust"). The subsidiary will terminate partially land and buildings sublease agreements with lessor. Whereby, the Trust will directly enter into land and buildings sublease agreements with the lessor. The period of sublease will be started from the date of the Trust invests in leasehold property until a maturity date of the sublease registration.

On the same day, the Board approved to appoint Prospect Development Co., Ltd., a subsidiary, to be the Trust's property manager and approved the subsidiary to enter into sublease and service on partially land area of secondary road agreement in Bangkok Free Trade Zone project with the Trust. The Board also approved the Group to buy initial unit holders not less than 15% but not exceeding 20% of the Trust's initial public offering units of not exceeding Baht 500 million.

32 Thai Financial Reporting Standards (TFRS) not yet adopted

New TFRS, which are relevant to the Group's operations, expected to have impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's and Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 481.85 million and Baht 378.30 million, respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.



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