



ANNUAL REPORT 2016

TRANSPARENCY MIND

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VISION

A LEADING GROUP OF COMPANIES
IN THAILAND, WHICH PRODUCES
ROBUST GROWTH, CONCENTRATES
ON INVESTMENT AND ENGAGES
WITH BUSINESSES THAT GENERATE
SUSTAINABLE RETURNS.

MISSION

A GROUP OF COMPANIES MANAGED BY
PROFESSIONALS, THAT ENGAGES
IN BUSINESSES AND INVESTMENT TO EARN
POTENTIAL AND SUSTAINABLE RETURNS,
CONCENTRATES ON CREATING NET WORTH,
CREDIBILITY AND TRUST TO STAKEHOLDERS
WITH GOOD CORPORATE GOVERNANCE.



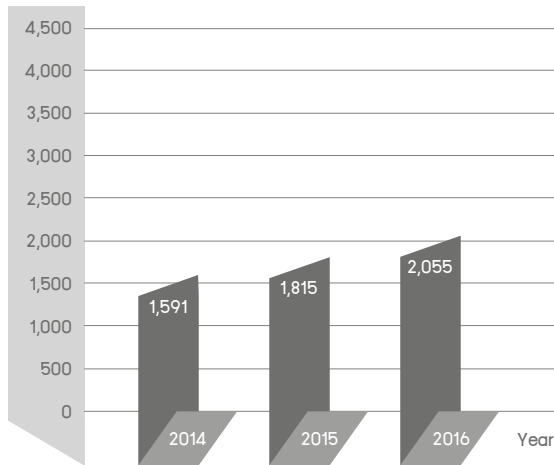


TRANSPARENCY MIND



Financial Highlights

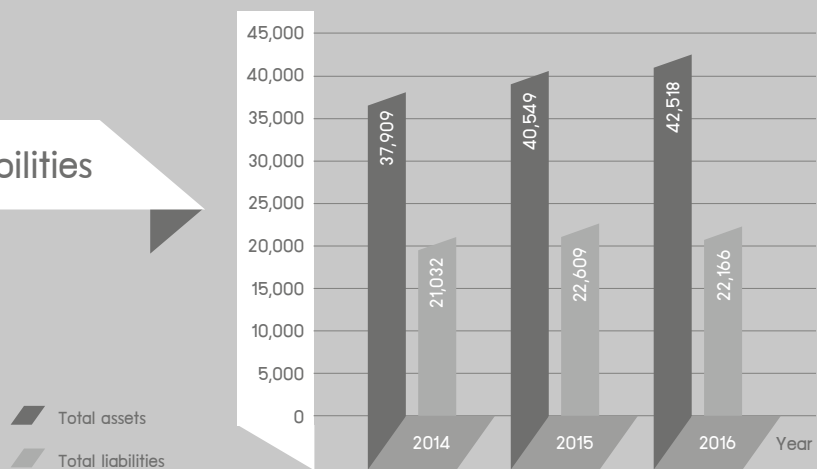
Million Baht



Net profit

Total assets & Total liabilities

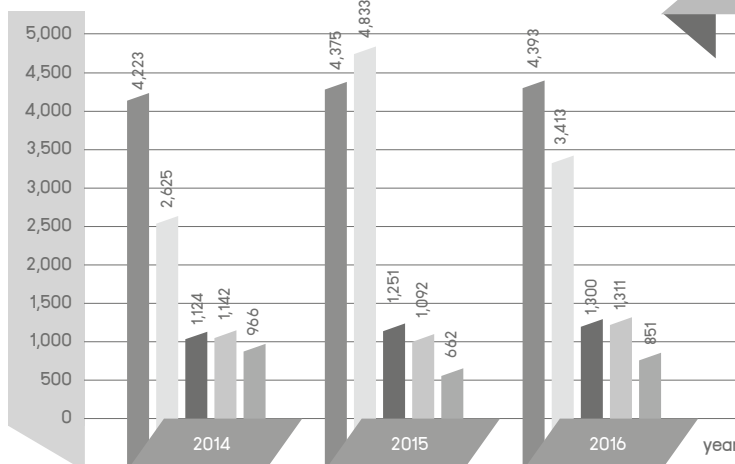
Million Baht



■ Total assets
■ Total liabilities

The proportion of income of the business group

Million Baht



■ Revenue from service and rental
■ Sales
■ Revenue from hotel operations
■ Revenue from financial business
■ Other revenues

Financial Highlights of MBK Public Company Limited and its subsidiaries

(Unit : Thousand Baht)

	12/31/2014	Percentage	12/31/2015	Percentage	12/31/2016	Percentage
Statement of financial position						
Total Assets	37,909,392	100.00	40,549,382	100.00	42,517,701	100.00
Total Liabilities	21,032,070	55.48	22,608,741	55.76	22,165,520	52.13
Total Shareholders' Equity	16,877,322	44.52	17,940,641	44.24	20,352,181	47.87

For the years ended 31 December						
	2014	Percentage	2015	Percentage	2016	Percentage
Statement of comprehensive income						
Revenue from Service and Rental	4,223,396	41.90	4,374,712	35.82	4,392,845	38.99
Sales	2,624,773	26.04	4,832,696	39.57	3,412,569	30.29
Revenue from Hotel Operations	1,123,770	11.15	1,250,929	10.24	1,299,639	11.53
Revenue from Financial Business	1,141,863	11.33	1,091,900	8.94	1,310,729	11.63
Other Revenues	966,304	9.58	662,646	5.43	851,890	7.56
Total Revenues	10,080,106	100.00	12,212,883	100.00	11,267,672	100.00
Gross Profit	3,437,054	37.71	4,301,127	37.24	4,309,866	41.38
Net Profit attributable to equity holder of the Company	1,591,413	15.79	1,815,185	14.86	2,054,515	18.23

005

The financial ratios of MBK Public Company Limited and its subsidiaries

For the year ended 31 December				
	(Unit)	2014	2015	2016
Net Profit / Total Revenues	%	15.79	14.86	18.23
Return on Average Equity ^A	%	10.88	11.61	11.77
Return on Average Assets	%	4.20	4.63	4.95
Earnings Per Share ^B	(THB)	1.19	1.36	1.54
Dividend Per Share	(THB)	0.60	0.63	0.66 ^C
Book Value Per Share	(THB)	11.29	12.13	14.00

Note ^A Shareholders' equity represented equity attributable to the Company's shareholders (excluding equity attributable to non-controlling interest of the subsidiaries).

^B Calculated from the number of ordinary shares which deducted by treasury stocks held by the Company and its subsidiaries the company registered with the Ministry of Commerce.

^C Propose to the shareholders for approval in respect of the allocation of profit from retained earnings for dividend payments for the second-half-year operations of 2016 at the rate of Baht 0.33 per share. The total 2016 dividend will be Baht 0.66 per share, including the interim dividend for the first-half-year operations of 2016 at the rate of Baht 0.33 per share. Dividend will be paid to the shareholders listed in the list of the shareholders with the rights to receive dividends as of March 23, 2017 and the book closing date for collecting the shareholders' name list according to Securities and Exchange Act section 225 will be on March 24, 2017 and the dividend will be paid on May 12, 2017. However, the entitlement to receive the dividend is uncertain because it has yet to be approved by the shareholders.

The Message from the Board of Directors

The previous year was the year that Thailand encountered the most grieved loss because His Majesty King Bhumibol Adulyadej- King Rama IX of the Chakri dynasty- passed away. He was the pioneer-developer-king in the same person. He created numerous innovations for Thailand and his people. The world has eulogized him as the Great King for his royal initiatives for the sustainable development and the philosophy of the Sufficient Economy which have been applied to use all around the world and have been witnessed by Thai people and the world. We all- the Board of Directors, Executives, and employees of MBK Public Company Limited (“MBK”) and its affiliated companies (“the Group”)- pay the utmost respect to express our deep gratitude for his infinite grace and contribution he made.

For the whole picture of the Thai economy in 2016, the growth rate of the Gross Domestic Product (GDP) was 3.1% which was slightly higher than the growth rate in 2015. However, the MBK GROUP has the continuous and robust growth among challenges.

The overall operating results of the Group for the year ended 31st December 2016 in comparison with the year 2015, was satisfactorily improved. The total operating revenues were THB 11,268 million, dropped by THB 945 million or 8%. The net profit attributable to equity holders of the Company was THB 2,055 million, rose by THB 240 million or 13%. The Group’s business segments had better performance were the Finance Business grew according to the growth of loans portfolio, and the Hotel and Tourism Business increased its occupancy rate. Moreover, other revenue increased from dividend income and gain on sales of investments in marketable securities. On the contrary, the business segments had lower performance were the Real-estate Business from the Quinn Condominium project was already completed and most revenue were recognized in 2015, and the Food Solution Business decreased due to the decline of rice order under project Government to Government (G to G). As mentioned above, the financial position of the Group as at 31st December 2016, compared with the year 2015, had major changes as follows: the total assets were THB 42,518 million, rose by THB 1,969 million or 5%, the total liabilities were THB 22,166 million, dropped by THB 443 million or 2%, and the total shareholders’ equity were THB 20,352 million, rose by THB 2,412 million or 13%.

In 2016, the MBK GROUP had major operations as follows:

MBK
CENTER

MBK
CENTER





The Shopping Center Business. In 2016, the MBK Shopping Center had renovations and improvements of the MBK Shopping Center continuously in order to maintain its position as one of the top destinations for tourists through having a major change of the building's facade in order to create its image with different colors and modernity as well as improving rental areas inside the building, central areas on the 2nd and the 6th floors in Zone D in order to fulfill the various needs of tenants and service users. "

In December, a sky walk connecting BTS's National Stadium station with the MBK Center Building- from Pathumwan Intersection it is along Payatai Road until it reaches Soi Chula 12 and from the building, it is along Soi Chula 12 until it ends at Sasin Graduate Institute of Business Administration of Chulalongkorn University- was opened in order to facilitate walks for convenience of customers and increase a number of customers to use services inside the shopping center. Moreover, the Paradise Park Shopping Center had renovations in several zones such as building a footbridge connecting the Paradise Park Shopping Center with the HaHa Shopping Mall on the 2nd floor, renovations of areas within the building and landscape development in order to improve the areas to be modern and have more products and facilities, with a budget of over THB 35 million.

The Shopping Center business which the Company has a joint-venture with its business alliance for the premium project called "ICONSIAM" in order to develop the area to be a shopping center, a hotel, and a condominium. It is located on Chareon Nakorn Road. At present, the ICONSIAM project is under construction and its area as a shopping center is expected to open around the middle of 2018.

The Hotel and Tourism Business. In 2016, the Hotel and Tourism business improved and expanded the Group's hotels continuously by renovating guestrooms, improving services, installing facilities in order to increase the convenience and modernity, meet the needs of customers and service users for the utmost satisfaction. For example, Pathumwan Princess Hotel added the PISA Restaurant to serve for meetings and the Italian restaurant. Dusit Thani Krabi Beach Resort opened the Malati Beach Bar Restaurant in order that its customers could closely admire the beach alongside the sea, and renovated restaurants such as the Coco Vida Italian Restaurant to have a style and atmosphere of a pool and a beach. Moreover, Dusit Thani Krabi Beach Resort participated in the project and its standard was certified by Thailand Convention and Exhibition Bureau (TCEB) from 2015 to 2016. This ensured that customers and service users have more confidence in the Hotel's quality and standards. Layana Resort and Spa had renovations and added more 6 guestrooms.

The Golf Business. The Golf Business has provided services with 5 golf courses which are divided into 2 golf courses in Phuket- the Loch Palm Golf Course and the Red Mountain Golf Course which are recognized by both foreign and Thai golfers and several awards are given by TripAdvisor, Asian Golf Award, HAPA, Thailand Best Golf Courses, Best of Thailand Awards voted by the Chinese tourists, IAGTO, IGOLF Charter, for example- and 3 golf clubs in Pathum Thani- Riverdale Golf and Country Club and Bangkok Golf Club which have offered night golf services for the convenience of golfers living in Bangkok and surrounding areas, while the other golf club called Lum Luk Ka Country Club located in Prathum Thani as well. Contracts to form a business alliance with leading international golf courses have been made. Therefore, the Golf Business of the MBK GROUP has a business alliance with the golf courses in several countries.



“ The Real Estate Business. It has operated business about land development for sale, property management, consulting and property assessment, by a team with expertise and skill in the Real Estate Business. In 2016, the main revenue is generated from the Quinn Condominium which the revenue recognition of the rest of the project was over THB 1,000 million, from the project’s total value of THB 3,200 million. Moreover, there is a continuous plan to develop the the high-rise condominium as its second project along the sky train line on Sukhumwit Road. The project is expected to open around the beginning of 2018. ”

Moreover, in May 2016, the Real Estate Business opened a project of residential areas around the Riverdale Golf and Country Club called the Park Riverdale project. The project has two-story single houses with a choice of 3 sizes for a total of 79 houses. Designed as a modern style with a cool and pleasant atmosphere, the project’s total value is over THB 670 million. At present, 41 houses are already completed and ready for sale and the whole 79 houses will be completed in 2017. The opening of Riverdale Residence project- the luxury project- will be planned in the 2nd quarter of 2017. Designed as a modern contemporary style, empty plots of land with a good location of being next to the golf club, together with blueprints, as well as house-and-land will be offered to customers. The total is 56 plots of land with the value of over THB 1,500 million. Also, a plan to improve and develop other plots of land around the golf club will be made in the next phase.

The Food Business. Is business was about food which has run by Pathum Rice Mill and Granary Public Company Limited or PRG. In 2016, the rice business still focused on strategies to improve the quality of products, the control on production costs, sale and marketing. It was the accredited rice producer for the Department of Foreign Trade (DFT), the Ministry of Commerce, which was the Thai government’s representative in order to trade in rice as Government-to-Government (G to G). Also, the Food Business developed new products in the rice category and the other food category such as organic jasmine rice, organic riceberry, combined fragrant rice and concentrated tamarind for export. The rice business has developed and maintained its quality continuously until it received an award of honor- with the picture of two hands in a praying position- for packaged jasmine rice. This award is to guarantee the good quality rice and its constant quality standard. The Food Business has been continuously awarded and 2016 was its 9th year of such a prestige award given by the Department of Internal Trade (DIT), the Ministry of Commerce.

Moreover, the Restaurant and Food Court Business has still focused on strategies to expand its branches and develop products continuously through investing in the major renovation of the FIFTH Food Avenue in order to enhance its image with modernity and offer good experiences for service users. The brand name of the Japanese restaurant was changed from Fujio Shokudo to Hina Japanese Restaurant. It is situated on the 6th floor of the MBK Shopping Center. The new branch of Sukiyaki Number One, as its 4th branch, is opened in the AC Plaza Saimai project.

The Finance Business. It has operated business about individual credit to buy condominiums and business credit holding the real estate which has good value, a good location, potential to be commercially developed, and is in the market's demand, as collateral. The Finance Business has also offered credit to buy new motorcycles. For the business performance in 2016, the Finance Business had satisfactorily growing business profits as a result of the growth of a credit portfolio and hire purchase business which their revenues were much higher than the previous year. Furthermore, the Finance Business has still focused on continuously develop products and services in order to enhance the potential of business operations to be more efficient.

The Other Business. It has operated business about auto auction Japan's standards of appraisal and inspections of auto conditions are employed. In 2016, car parks were expanded in provinces in order to support an increase in a number of cars in auction. Nowadays, the car parks cover 13 provinces nationwide. In 2017, there is a plan to add more car parks in 3 provinces- Rayong, Nakorn Ratchasima, and Krabi-which allows Apple Auto Auction (AAA) to have 16 car parks in total. Moreover, a system of checking cars' conditions via a tablet and a system of improving cost estimates are developed. This system of the cost estimates called Apple Auction Book is provided that sellers, buyers, and the general public can have access to cost estimates of all cars or each car after the auctions end conveniently and rapidly. Moreover, in 2017, there is a plan to develop and create a specific website of cost estimates in order to facilitate buyers, sellers, and the general public who want to know the prices after each auction ends, as well as a plan to build an application in order to satisfy the living of the new generation for convenience of online auctions so that people who are interested can participate in online auctions through the use of this Apple Mobile Live Bid Application.

The Supporting Business. It is a key agency to provide consulting and support for the core business of the MBK GROUP with a team of employees with expertise and various experience in business by encouraging the use of technology in the organization in order to increase the organization's potential and competence in supporting activities, reduce costs and improve the Back Office system through management for the purpose of laying the foundation for being the Shared Services Center through sharing resources, enhancing competitive advantage- to develop and install the IT system for preparing the consolidated financial statement, set the same accounting standards for the MBK GROUP, manage the financial liquidity, increase the efficiency of financial transactions of the MBK GROUP, prepare a database for Human Resource Information System (HRIS) with the aim of improving the management and development of Human Resources and human capital sustainably, and provide with e-Procurement focusing on strategic management of the procurement as well as maintaining the quality of products and services provided by the sellers.

With all determination, dedication and commitment to conduct business operations according to the Good Corporate Governance, transparency, and corruption-free intention, the Company has been certified as a member of Thailand's Private Sector Collective Action Coalition against Corruption by the Committee of Thailand's Private Sector Collective Action Coalition against Corruption. This helps confirm the obvious direction of the Company in order to fight against the corruption. Moreover, the Company's direction to run business with responsibility for the society and the environment is reflected in the fact that the Company was ranked in the ESG 100 list- 100 listed companies that demonstrated their remarkable Environmental, Social and Governance (ESG) for the year 2016, out of 612 listed companies, which were ranked by the ESG Rating Unit of Thaipat Institute.

On behalf of the Company's Board of Directors, we would like to thank you our shareholders, customers, business alliances, communities, the society, executives, and all employees, for your support, trust, and confidence in the MBK GROUP's business operations for over 30 years. The MBK GROUP is hopeful of your vital support for reinforcing every step of the MBK GROUP's growth to be stable, strong, and able to produce enduring and continued returns for the shareholders and the society sustainably.

Mr. Banterng Tantivit
Chairman

Mr. Suphadej Poonpipat
Vice Chairman

Mr. Suvait Theeravachirakul
President

The Board of Directors



Mr. Banterng Tantivit
Chairman



Mr. Suphadej Poonpipat
Vice Chairman and Chairman of the
Compensation and Nomination Committee



Ms. Panit Pulsirivong
Independent Director and
Member of the Compensation and
Nomination Committee



Mr. Piyaphong Artmangkorn
Director



Professor Paichitr Rojanavanich
Independent Director and
Chairman of the Audit Committee



Ms. Prakong Lelawongs
Independent Director and
Member of the Audit Committee



Mr. Pracha Jaidee
Independent Director Member of
the Audit Committee and Member of
the Compensation and
Nomination Committee



Mr. Suvait Theeravachirakul
Director and President

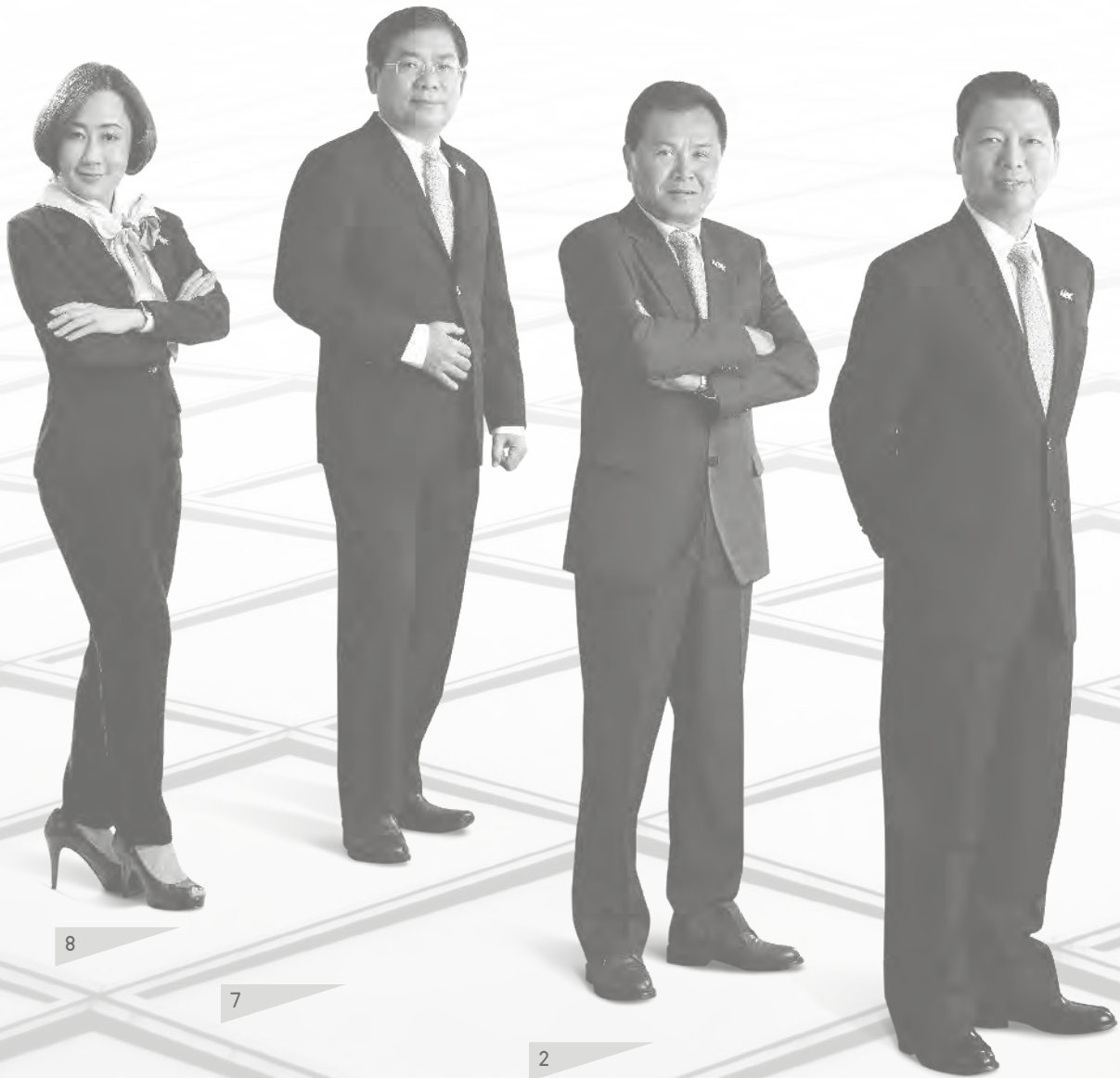


Mr. Hatchapong Phokai
Director



Mr. Atipon Tantivit
Director

Executive Management



1. Mr. Suvait Theeravachirakul
President and CEO

2. Mr. Pongsak Sabdasen
Senior Executive Vice President President Office

3. Mr. Kasemsuk Chongmankhong
Senior Executive Vice President Finance & Administration Division and
Acting Senior Executive Vice President Human Resources Division

4. Ms. Yupapun Paritranun
Senior Executive Vice President Internal Audit Division



5. Mr. Somphol Tripopnart

Senior Executive Vice President Sales Management Division

7. Mr. Satit Saisorn

Executive Vice President Operation Division

6. Mr. Apichat Kamoltham

Senior Executive Vice President Legal Division

8. Miss Siratha Suksawang

Executive Vice President Marketing Division

NOTE

Mr. Satit Saisorn was appointed into Executive Vice President Operation Division on April 29, 2016.

Miss Siratha Suksawang was appointed into Executive Vice President Marketing Division on October 13, 2016.

Mr. Kasemsuk Chongmankhong was appointed into Acting Senior Executive Vice President Human Resources Division on November 1, 2016.

Mr. Apichat Kamoltham was appointed into Senior Executive Vice President Legal Division on January 1, 2017.

Management



President Office as of December 31, 2016

Picture sit

Mr. Suvait Theeravachirakul
President and CEO

Mrs. Chaninchorn Predeeprompan
Assistant Senior Executive Vice President 2, President Office and Acting Vice President Strategic & Operation System Management Department

Ms. Dararat Homrossukhon
Vice President Compliance Department and Company Secretary

Picture stand left to right

Mr. Pongsak Sabdasen
Senior Executive Vice President
President Office

Mr. Sakchai Suthipipat
Senior Vice President, President Office

Mr. Chaidole Krairiksh
Vice President for Decoration
President Office

Mr. Wijarn Heebphorn
Assistant Senior Executive Vice President 1,
President Office

Mr. Charoon Punyachattorn
Senior Vice President
Project Management Department

NOTE Mr. Chaidole Krairiksh was appointed into Vice President for Decoration, President Office on November 1, 2016 and retired on December 31, 2016.
Mr. Wijarn Heebphorn was appointed into Assistant Senior Executive Vice President, President Office 1 on January 1, 2017.
Mrs. Chaninchorn Predeeprompan was appointed into Assistant Senior Executive Vice President, President Office 2 and acting Senior Vice President Strategic & Operation System Management Department on January 1, 2017.



Finance & Administration Division as of December 31, 2016

Picture sit

Mr. Kasemsuk Chongmankhong
Senior Executive Vice President
Finance & Administration Division

Picture stand left to right

Mr. Surapon Senachakr
Assistant Senior Executive Vice President
Finance & Administration Division, Information
Technology Department

Ms. Wanpen Rungrojchanathip
Assistant Senior Executive Vice President
Finance & Administration Division, Accounting,
Finance, Procurement Department and
Acting Vice President Accounting & Budget
Department

Ms. Kanchana Panyarattanakul
Senior Vice President Finance Department

Ms. Grissanee Dejworachai
Vice President Procurement and
Administration Department

Mr. Boonlert Rakwijitsil
Vice President Information Technology

Department

NOTE Mr. Surapon Senachakr was appointed into Assistant Senior Executive Vice President Finance & Administration Division, Information Technology Department on April 29, 2016.
Mr. Boonlert Rakwijitsil was appointed into Vice President Information Technology Department on July 29, 2016.

Management



Operation Division as of December 31, 2016

Picture sit

Mr. Satit Saisorn

Executive Vice President Operation Division

Ms. Praiyaporn Khaengraeng

Senior Vice President Service Department

Mr. Purim Prachantasen

Vice President Engineering Department

Picture stand left to right

Mr. Satawat Laklaem

Assistant Senior Executive Vice President
Operation Division

Mr. Pongwikarn Wisarutshotikul

Vice President Security Management Department



Internal Audit Division as of December 31, 2016

Picture sit

Ms. Yupapun Paritranun

Senior Executive Vice President
Internal Audit Division

Picture stand left to right

Mrs. Chatchamas Luengsakri

Vice President Operational Audit Department

Ms. Chonlada Ngamnikulchalin

Vice President Management Audit Department



Business Development Division as of December 31, 2016

Picture sit

Mr. Suvait Theeravachirakul

Acting Senior Executive Vice President
Business Development Division

Picture stand left to right

Mr. Soomboon Prasobpiboon

Senior Vice President Business Development Department

Mr. Pongtip Pongkham

Vice President Business Investment Department

Management



Human Resources Division as of December 31, 2016

Picture sit

Mr. Kasemsuk Chongmankhong

Acting Senior Executive Vice President Human Resources Division

Picture stand left to right

Mr. Siripong Intavadee

Acting Assistant Senior Executive
Vice President Human Resources Division

Mrs. Kanya Subboonrawd

Senior Vice President
Human Resources Development Department

Ms. Patcharin Pintunun

Vice President
Human Resources Management Department

NOTE Mr. Siripong Intavadee was appointed into Acting Assistant Senior Executive Vice President Human Resources Division on January 4, 2017.

Marketing Division as of December 31, 2016

Picture sit

Miss Siratha Suksawang

Executive Vice President Marketing Division

Picture stand left to right

Ms. Karnokrat Chuthanondha

Vice President
Corporate Communications Department

Ms. Suwanna Laopolcharoen

Acting Vice President
Marketing Department

NOTE Ms. Suwanna Laopolcharoen was appointed into Acting Vice President Marketing Department on April 1, 2017.



Sales Management Division

as of December 31, 2016

Picture sit

Mr. Somphol Tripopnart

Senior Executive Vice President Sales Management Division

Picture stand

Mr.Chayacharn Kasemchaibodee

Acting Vice President Sales Department

NOTE

Mr.Chayacharn Kasemchaibodee was appointed into Acting Vice President Sales Department on December 1, 2016.

Legal Division as of December 31, 2016

Picture sit

Mr. Apichat Kamoltham

Senior Executive Vice President Legal Division

Picture stand left to right

Mr. Oukrit Pitakpracha

Vice President

Case & Juristic Person Department

Mr. Sutthilerk Bumrungchat

Vice President Juristic Act Department

Mr. Apichat Supadej

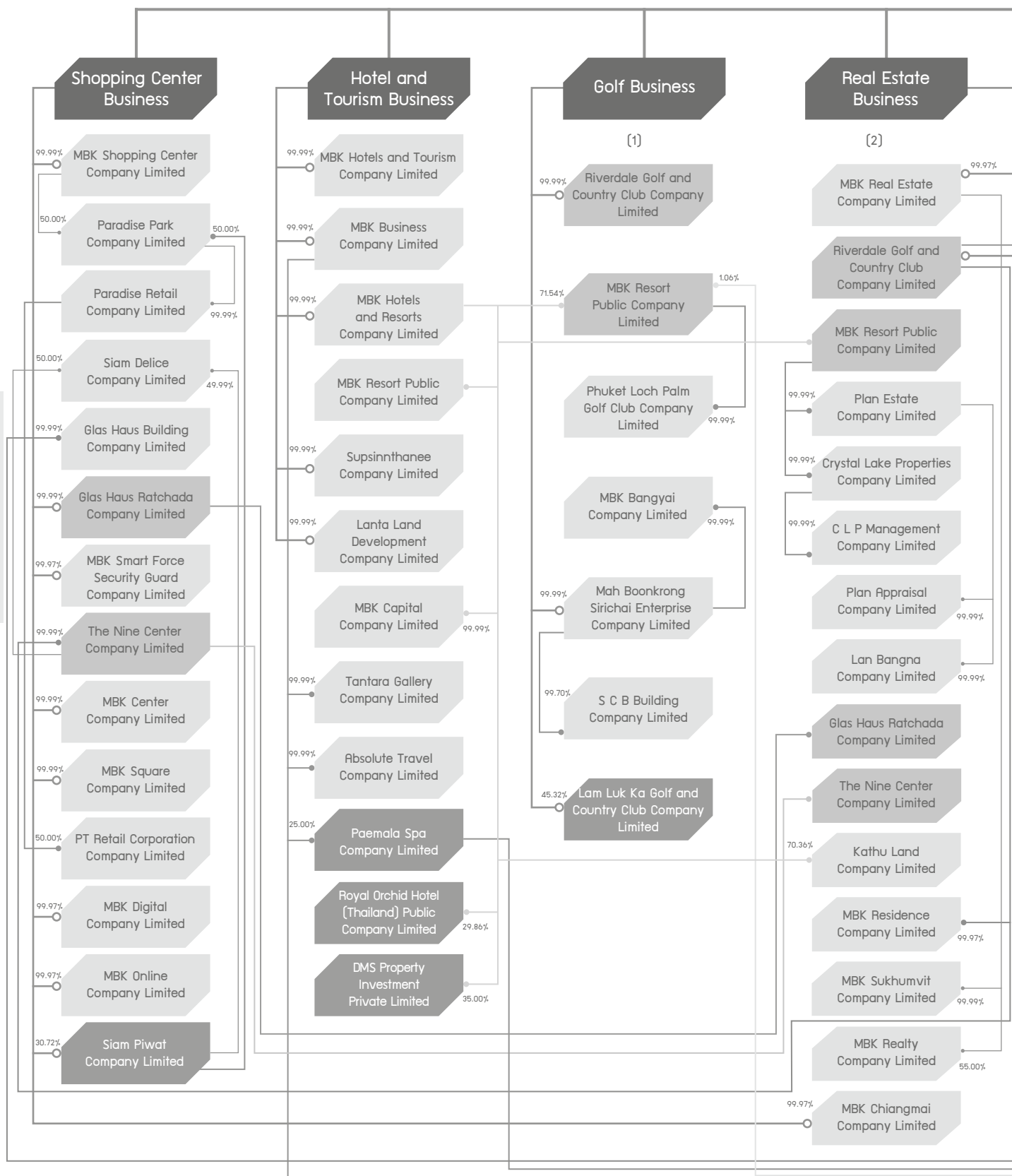
Vice President Financial Legal Services Department

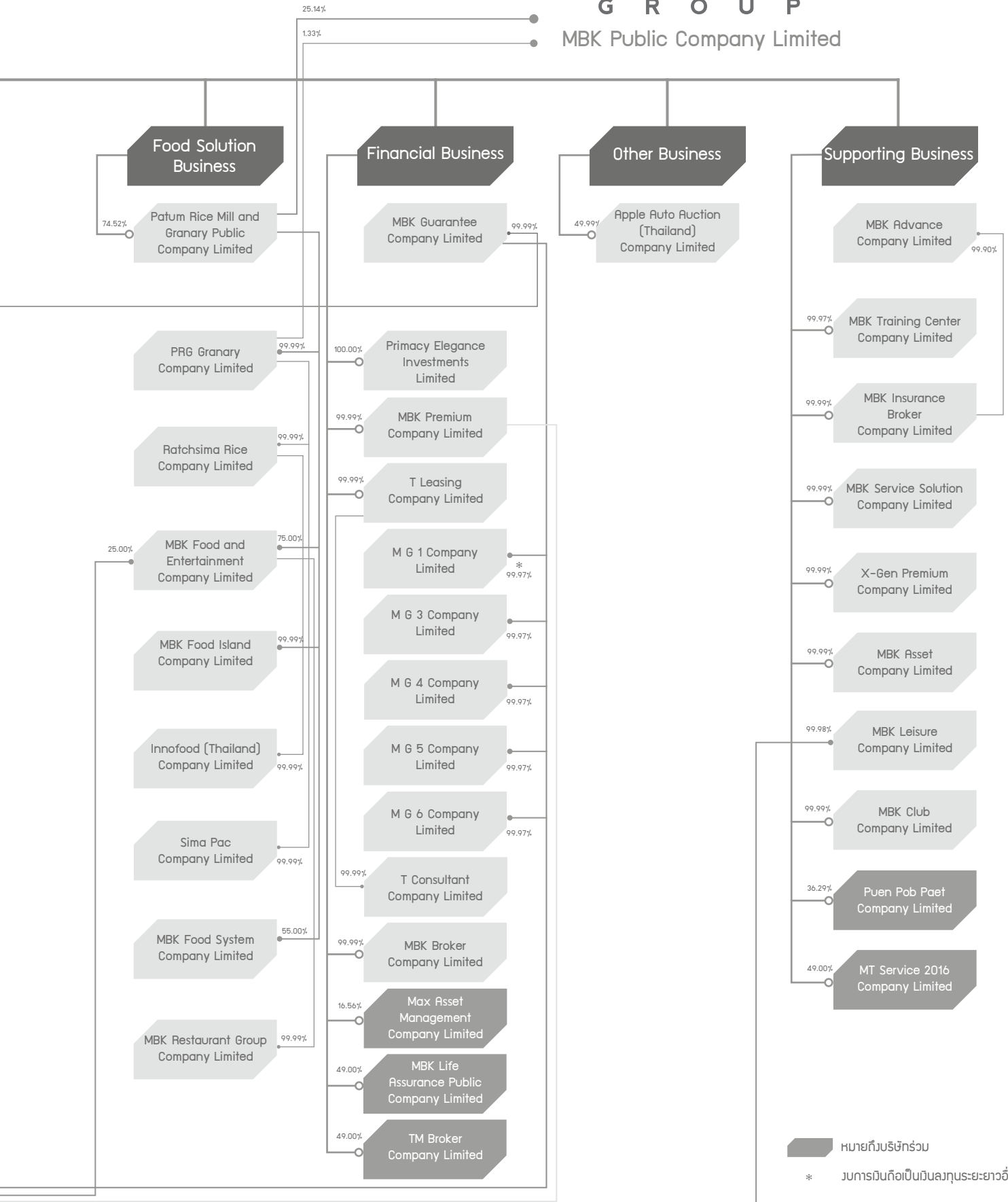
NOTE

Mr. Apichat Supadej was appointed into Vice President Financial Legal Services Department on November 1, 2016.

Shareholding Structure of MBK GROUP

December 31, 2016





Nature of Business Operations



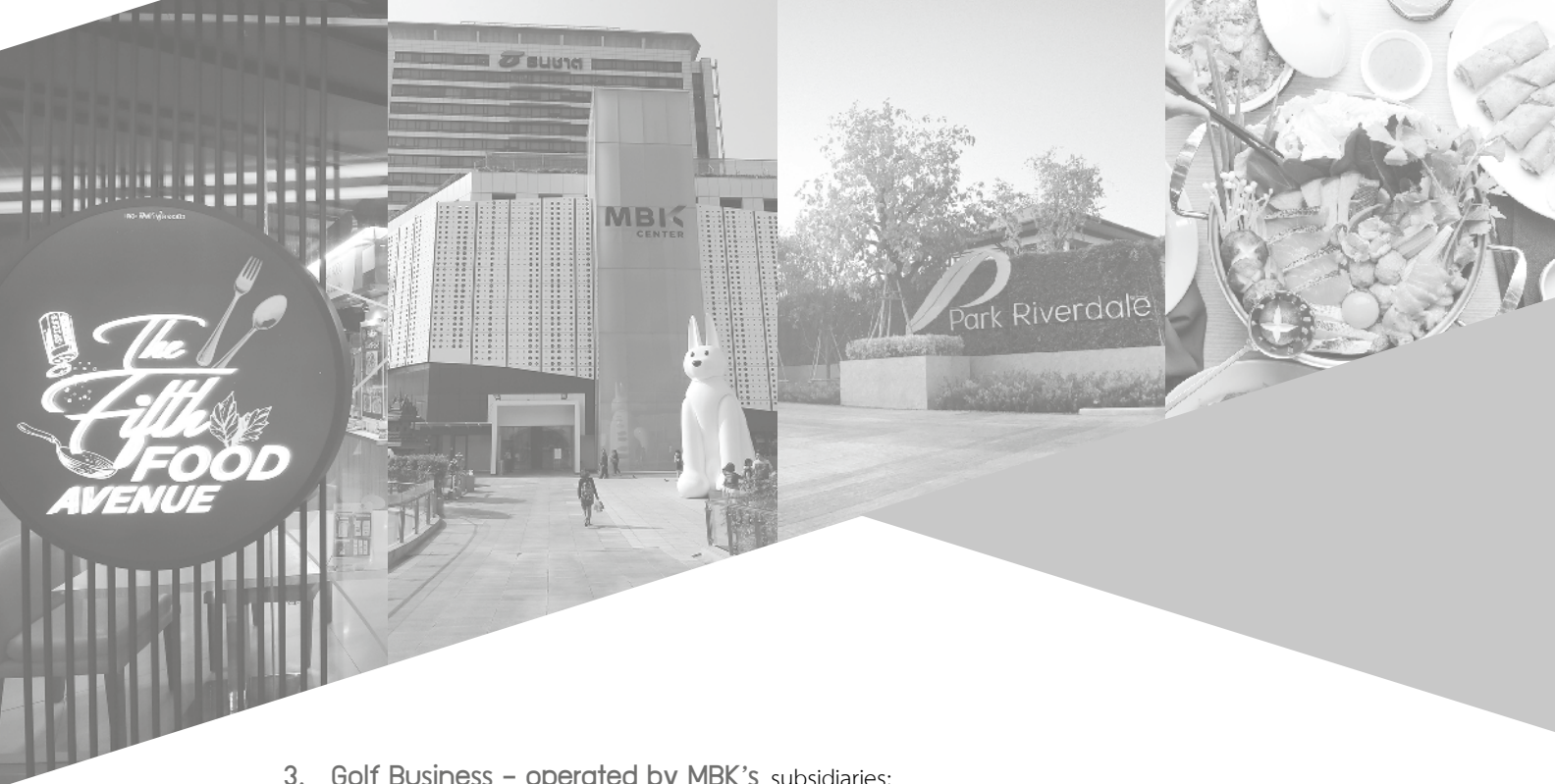
MBK Public Company Limited (“MBK”) and its subsidiaries are engaged in key businesses as follows:

1. Shopping Center Business – operated by MBK and MBK’s subsidiaries:

- ➡ The Nine Center Company Limited (“TNC”)
- ➡ Paradise Park Company Limited (“PDP”)
- ➡ Glas Haus Building Company Limited (“GHB”)
- ➡ Glas Haus Ratchada Company Limited (“GHR”) etc.

2. Hotel and Tourism Business – operated by MBK’s subsidiaries:

- ➡ MBK Hotel and Tourism Company Limited (“MBK-HT”)
- ➡ MBK Hotel and Resort Company Limited (“MBK-HR”)
- ➡ MBK Business Company (“MBK-BUS”)
- ➡ Subsin Thani Company Limited (“SSTN”)
- ➡ Lanta Land Development Company Limited (“LLD”) etc.



3. Golf Business – operated by MBK’s subsidiaries:

- MBK Resort Public Company Limited (“MBK-R”)
- Riverdale Golf and Country Club Company Limited (“RDGCC”)
- Mah Boonkrong Sirichai Enterprise Company Limited (“MBKS-E”) etc.

4. Real Estate Business – operated by MBK’s subsidiaries:

- MBK Real Estate Company Limited (“MBK-RE”)
- Plan Estate Company Limited (“PST”)
- Crystal Lake Properties Company Limited (“CLP”) etc.

5. Food Solution Business – operated by MBK’s subsidiaries:

- Patum Rice Mill and Granary Public Company Limited (“PRG”) and PRG’s subsidiaries:
- PRG Granary Company Limited (“PRG-G”)
- MBK Food & Entertainment Company Limited (“MBK-FE”)
- MBK Food Island Company Limited (“MBK-FI”)
- Innofood (Thailand) Company Limited (“INF”)
- MBK Restaurant Group Company Limited (“MBK-RG”) etc.

6. Financial Business – operated by MBK’s subsidiaries:

- MBK Guarantee Company Limited (“MBK-G”)
- T Leasing Company Limited (“TLS”)
- MBK Life Assurance Public Company Limited (“MBK-LIFE”)
- TM Broker Company Limited (“TMB”) etc.

7. Other Business – operated by MBK’s subsidiaries:

- Apple Auto Auction (Thailand) Company Limited (“AAA”)

8. Supporting Business – operated by MBK’s subsidiaries:

- MBK Training Center Company Limited (“MBK-TC”)
- MBK Club Company Limited (“MBK-CB”)
- MT Service 2016 Company Limited (“MTS”) etc.

Major Changes and Developments in the Past Year

MBK Public Co., Ltd. (“MBK”) and its subsidiaries

Year 2016

- ➡ June 2016, MBK invested in establishing new companies as follows:
 - TM Broker Co., Ltd. Its investment proportion is 48.99% and it has operated as a non-life insurance and life insurance broker and a training service provider.
 - MT Service 2016 Co., Ltd. Its investment proportion is 48.99% and it has operated as a business support and back-office provider.
- ➡ October 2016, MBK Guarantee Co., Ltd.— a subsidiary of MBK— invested in establishing new companies as follows:
 - MG 5 Co., Ltd. Its investment proportion is 99.97% and it has operated as a loan provider through providing mortgages for real estate and sales with the right of redemption which is not a credit foncier.
 - MG 6 Co., Ltd. Its investment proportion is 99.97% and it has operated as a loan provider through providing mortgages for real estate and sales with the right of redemption which is not a credit foncier.

Nature of Business Operations

1. Shopping Center Business

The MBK Center

MBK Public Co., Ltd. operates the MBK Center.

Products and Services

The MBK Center is an integrated shopping center under the “One Stop Shopping” concept. It is located on an area of over 23 rai, comprising of a 20-storied office building, Pathumwan Princess Hotel building with 29 stories and an 8-storied shopping center. The MBK Center operates a retail business with 140,000 square meters rentable area under management of MBK Public Co., Ltd.

As of 31st December 2016

The MBK Center Building has a total area of 270,717.94¹ square meters with space allocation as follows:

➡ Shopping center	143,017.68	Square Meters
➡ Office Tower	23,330.07	Square Meters
➡ Hotel	47,096.53	Square Meters
➡ Car park	57,273.66	Square Meters

The details of areas in the MBK Center Building are as follows:

1. Area for rent includes the following:

1.1 Shopping center area (the MBK Center)

These areas consist of:	143,017.68 ²	Square Meters.
➡ Area rented out to shops	80,677.53 ³	Square Meters
➡ Common area	62,340.15	Square Meters

¹ The building's total areas have decreased by 200 square meters as a result of installation of escalators on the 3rd, 6th, and 7th floors in Zone D.

² The shopping center area has increased. From 1st January 2016 – 31st December 2016, its increase was equivalent to 544.18 square meters as a result of a request from Pathumwan Princess Hotel for some parts of the area on the 6th floor in Zone D.

³ The area for rent has decreased by 1,194.75 square meters as a result of area improvements on the 2nd- 3rd and 5th - 7th floors in Zone D.



1.2 Office area for rent (the MBK Tower Building)

Area from 9th to 20th Floors 23,330.07 Square Meters.

These areas consist of:

- ➡ Office area for rent 15,687.15 Square Meters
- ➡ Common area 7,642.92 Square Meters

2. Area not for rent includes the following:

2.1 Hotel area (Pathumwan Princess Hotel) 47,096.53 Square Meters.

These areas consist of:

- ➡ Hotel guest rooms (29 floors) 26,127.61 Square Meters
- ➡ Common area 20,968.92 Square Meters

2.2 Car parking area 57,273.66 Square Meters

The area rented out by the MBK CENTER can be divided into two types as follows:

1. **Area for long-term rent** with the rental period of over three years and the rental fees collected in advance is calculated into 25% of the area rented.

2. **Area for short-term rent** with the rental period ranging from one to three years and the rental fees collected monthly is calculated into 75% of the area rented.

The Major Change and Development in the Past Year

In 2016, the change and development were made to the spaces inside the MBK Center. The change and improvement are as follow:

- ➡ To open a sky walk to connect BTS's Natifonal Stadium station to the MBK Center Building from Pathumwan intersection, along Phaya Thai Road, to Soi Chula 12; and to connect the Building, along Soi Chula 12, to Sasin Graduate Institute of Business Administration of Chulalongkorn University.
- ➡ To improve and decorate facades on the 1st – 6th floors with an area of approximately 10,000 square meters.
- ➡ To improve and decorate the areas for rent and central area on the 2nd floor in Zone D, with an area of approximately 1,600 square meters.
- ➡ To improve and decorate the areas for rent and central area on the 6th floor in Zone D, with an area of approximately 4,000 square meters.
- ➡ To improve and decorate the central areas around the MBK Tower's elevator halls on the 2nd and 5th floors, with an area of approximately 130 square meters.
- ➡ To increase escalators between the 2nd and 3rd floors, the 5th and 6th floors, and the 6th and 7th floors in Zone D. Two sets of escalators were installed on each floor.

The Target Customers of the Shopping Center Business

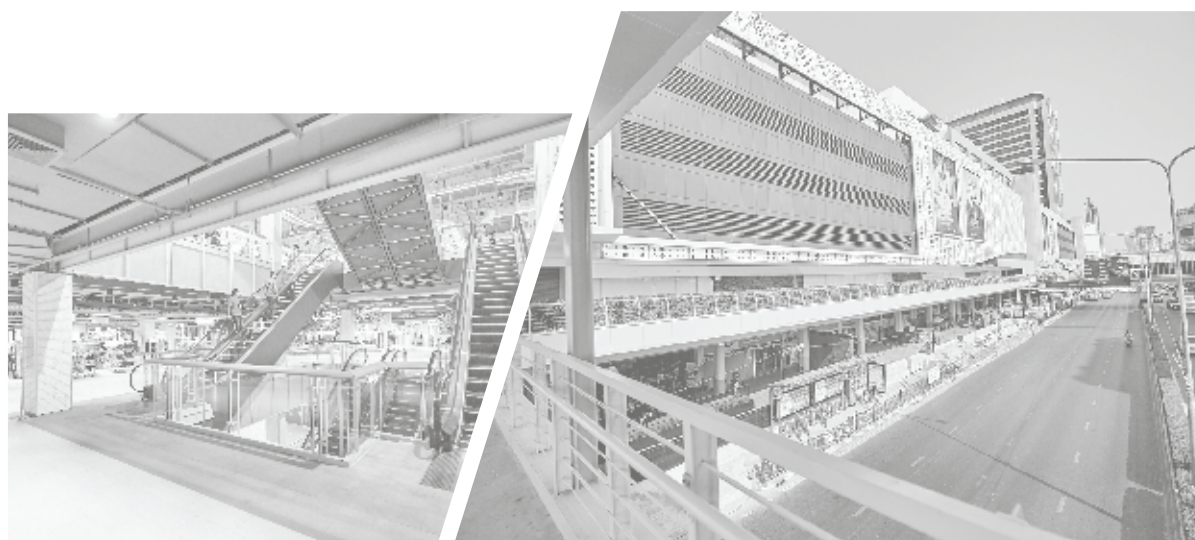
1. **Tenants renting space for their businesses in the shopping center** – These tenants include the following:

➡ Anchor Tenants include entertainment service providers, movie theaters, bowling alleys, department stores, mobile devices and accessories shops, furniture centers, international food courts, banking center, and camera centers. MBK selects a variety of tenants that offer products and services that match the demands of both local and foreign customers.

Top 10 main tenants as of 31 st December 2016	(unit: Square Meters)
1 SF Corporate Public Company Limited	14,961.78
2 Bangkok Tokyu Department Store Company Limited	12,000.00
3 MBK Food Island Company Limited	2,920.96
4 MBK Food and Entertainment Company Limited	2,395.99
5 Central Food Retail Company Limited	1,361.00
6 Big Foodcourt Company Limited	632.13
7 Big Cut Company Limited	616.97
8 Siam Wellness Group Public Company Limited	615.49
9 Bata Shoe of Thailand Public Company Limited	434.65
10 Pena House Public Company Limited	420.12

➡ Retail Tenants such as the retail shop. As well, these tenants have been carefully selected. The Company wants to make sure that their goods and their services are of good quality and varieties.

2. **Customers and people who buy things in the shopping center** which include the group such as student, working person and foreign tourists.





The Marketing and Competition

1 The Selling and Distribution Channels of the MBK Center

MBK makes use of the direct sales approach to promote the sales of rental spaces in the MBK Center. Offers are made to target groups which are stores capable of attracting customers to use services available in the shopping center as well as helping enhance the image of the shopping center.

During the past three years, there is not any tenant in the MBK Center, who accounts for over 30% of MBK's total revenues.

2 Competition in Shopping Center Business

For the whole picture of retail business in 2016, although it faced all-round risk factors from the world's and the country's economic situations which slowed down, the country's unclear political situation, and a general election which will be held in the future, competition of retail business was fierce as existing and new entrepreneurs hastened to expand branches and launch new projects in potential areas increasingly and continuously in forms of mega malls, community malls, hypermarkets, and other shopping areas such as River City Bangkok, SHOW DC, Suan Lumpini Night Bazaar in Ratchada, Gourmet District, Habito Retail Mall, Ease Park in Ramindra, Maze Thonglor, the Brio Mall in Buddhamonthon, and JAS URBAN Srinakarin. Therefore, the whole picture of retail business had more than 240,000 square meters in total which led to the 7.2-million-square-meter supply of retail areas in Bangkok and its surrounding areas. However, an average rent in every location in Bangkok was still higher than an average rent in its surrounding areas and some community malls which today good locations are harder to find.

In 2016, the whole picture of retail business for the whole year grew by only 3%, similar to the growth rate in 2015. Consumers had more confidence. Also, the public sector had measures to continuously stimulate the economy such as investment in a public utility system, financial support for village funds, and the issuance of tax measures and marketing strategies to stimulate people's buying of products and services. These helped increase domestic circulation of the private sector which had a good impact on retail business. Moreover, entrepreneurs sought business alliances in order to enhance competitiveness advantage. These alliances were formed by 5 business groups as follows:

1. Ratchaprasong Bangkok Downtown (from Ratchaprasong Square Trade Association)
2. Ploenchit City (from 5 business groups around Ploenchit – Wireless Road)
3. The Em District (from Emporium, Emquartier, and Emsphere)
4. Central Bangkok (from 4 branches of Central Department Stores- Central Chidlom, Central Embassy, Central World, and Zen)
5. The Siam Synergy (from 3 shopping centers around the Siam Square- MBK Shopping Center, the Siam Piwat Group, and Siam Square Business Group)

Apart from the business alliances of downtown business groups, several entrepreneurs penetrated the retail market in provinces having potential to have more economic growth and special border economic zones such as Nakorn Sawan, Pitsanulok, Tak, Udon Thani, Sri Saket, Ubon Ratchathani, Nong Khai, Mukdahan, Sakaeo, and Trad.

In 2016, several entrepreneurs turned to more focus on Customer Relationship Management (CRM) along with other strategies by presenting products which directly match a target group, increasing channels to have access to products and services, improving branches to be more modern branches provided with complete services with a style of a lifestyle mall in order to fully satisfy consumers' needs. Apart from existing marketing strategies through main channels of selling such as a reduction in prices, period expansion of 0% interest installment payment, and launches of campaigns of special offers which were main strategies to stimulate purchasing power and sales volumes to reach the set goals, nowadays, several entrepreneurs utilized technology in order to enhance convenience and be a new channel to sell products and services. Consumer behavior changed to use smart phones and tablets in a daily life quite highly. Online marketing then played an important role in business operations in order to meet consumers' needs requiring convenience and rapidness by means of E-Commerce and Omni-Channel marketing such as buying products and services through a smart phone. Customers' information was analyzed on insight behavior in order to satisfy their needs exactly what they needed. Because of various lifestyles of consumers who were students, teenagers, and a new generation, a new "retail" form of buying was created through new trend markets such as the Train Park flea market and Truck Shop and Art Box market- a flea market provided with containers. Products on sale were so unique that customers did not get bored. It was considered as recreation and relaxation with art and performances in such markets. This new trend, which made consumers want to have a try, drew a market share from ordinary shopping centers quite a lot.

Among the competition of retail business, MBK Center has emphasized the importance of listening to customers' opinions or recommendations through various channels, marketing research in order to study behavior of both Thai and foreign customers and regularly assess their satisfaction in order to find information about

changing needs and expectations of each target group. This useful information then will be used to formulate the organization's strategies each year. For the product and service strategies, there is a process of selecting shops in order to sell products to match customers' needs and quality is reasonably related to prices. For the marketing event strategy, MBK Center organize new marketing events to catch up with consumers' trends such as flea markets which meet customers' needs, sell handmade-styled products, and Food Truck-styles booths. Marketing events emphasizing the uniqueness of MBK Center are also organized such as the Thai boxing show. Moreover, MBK Center has stressed the importance of providing services of every level of employees through cultivating the organization's every employee to be service-minded and mainly focus on customers. As aforementioned, all partly contribute to impressive experiences so that customers have to have services again and are pleased to share their impressions by word of mouth. Nowadays, the MBK Center is still a leading shopping center where foreign tourists came to have services. In 2016, more than 12.4 million tourists came to have services. Also, the MBK Center is still the largest and the most modern center of mobile phones, electronics, and cameras. Having physically connected with the Siam Synergy through "Sky Walk" and co-organized new marketing events, the MBK Center is more reinforced to be able to attract both Thai and foreign customers.

3 The Industry Trend and Future Competition of the Shopping Center Business

Although in 2016 the consumer's purchasing power was suppressed by a cost of living problem and household debts which remained high and not much different from the year 2015, retail entrepreneurs had plans to continuously expand every form of investment in both domestic and international markets- shopping centers, department stores, hypermarkets, or even small retail shops like convenient stores. Therefore, the whole picture of retail business has continuously grown. If negative factors or severe situations did not occur, the growth in 2017 will be approximately 3.3%

When fully entering the ASEAN Economic Community (AEC), Thai retail entrepreneurs are alert and active increasingly in expanding investment in ASEAN

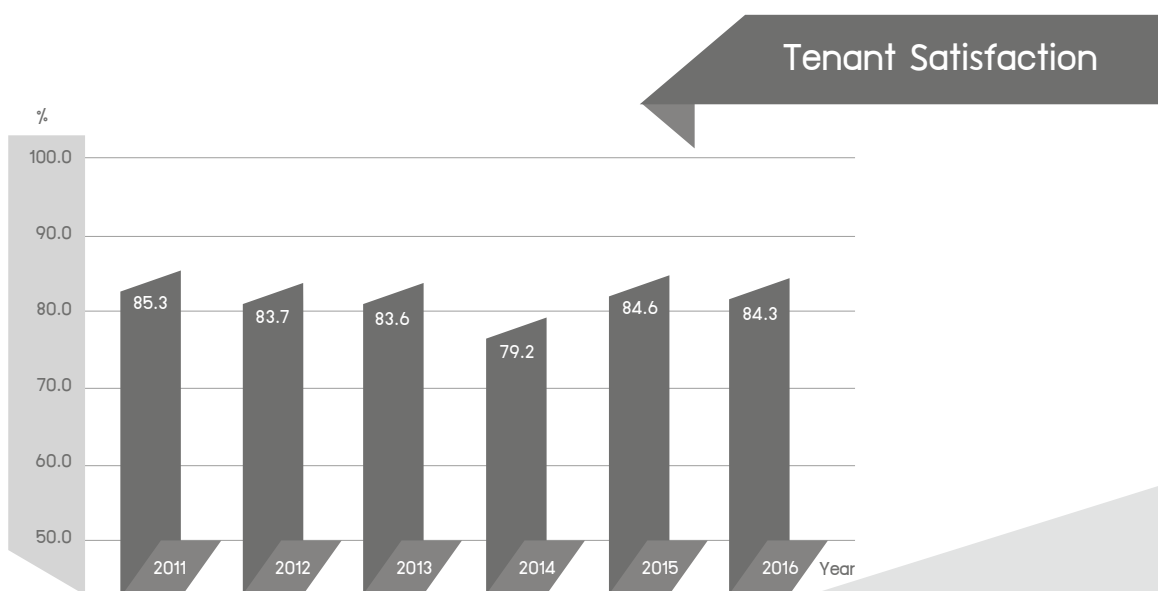
in order to have its market share with a total volume of more than USD 320 million or approximately 6-fold growth of Thailand's retail market. The main factor promoting the expansion of retail business in ASEAN is the change of consumption which diversifies and matches the environment of the modern society leading to urbanization because more incomes affect more purchasing power. The expansion of ASEAN's tourism which there is a growing tendency for not less than 120 million tourists to come to ASEAN countries, is a key factor to stimulate retail business' increasing growth because shopping is a popular activity among foreign tourists as well as benefits of free trade. This is a tendency and opportunity for retail entrepreneurs as seen in the plans of continuous expansion of investment— not only in potential areas in Bangkok and ASEAN, but also in provinces having potential to have more economic growth and special border economic zones such as Nakorn Sawan, Pitsanulok, Tak, Udon Thani, Sri Saket, Ubon Ratchathani, Nong Khai, Mukdahan, Sakaeo, Trad, and Chiang Rai. Retail business along the borders gains popularity from ASEAN consumers- particularly Laos, Cambodia, and Myanmar- which have increasing consumption in Thailand.

Moreover, a tendency of competition of retailing in electronic commerce (E-Tailing) is increasingly fierce. Most mega department stores have an online channel for digital marketing which increasingly expands because there is 4G technology and a number of internet users and

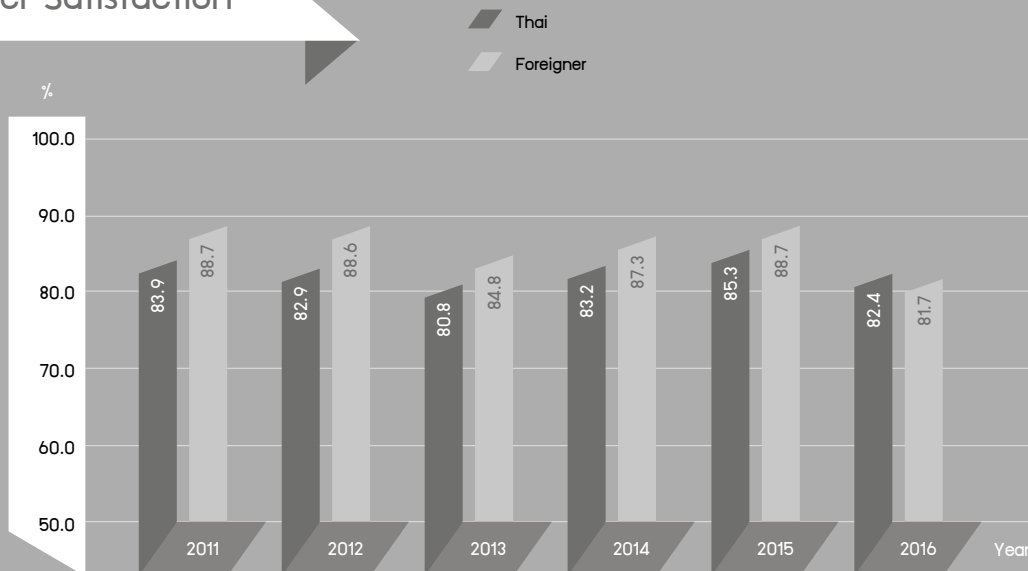
wireless IT users such as notebooks computer, tablets, smart phones, in Thailand is more than 23 million users and a number of users is increasing every year. Consumers have more confidence in buying online products than before because of their trust in a more secured payment system. These factors all encourage a tendency towards retail business to increasingly grow.

4 The Information on Customer Satisfaction

The MBK Center operates its business by emphasizing on continuous and sustainable growth, at the same time it also focuses on financial growth along with building satisfaction to customers both the tenants as well as Thai and foreign customers. The overview of satisfaction for the year 2016 showed that the tenant satisfaction was 84.27% Thai customer satisfaction was 82.4% while foreign customer satisfaction was 81.7%, decreased from the satisfaction level in 2015 because some areas of the MBK Center were during restoration and improvement- areas for rent inside the building, central areas, restrooms, elevator halls- and significant improvement outside the building and the Sky Walk to connect the National Stadium with the MBK Center which it ends at Sasin Graduate Institute of Business Administration. However, the MBK Center can manage and take care of its customers- both tenants and service users- so that their satisfaction is over 80% or in line for "Very Satisfied".



Customer Satisfaction



The customer satisfaction reflects the services given by various aspect of MBK Center. Listening to voices of customers allows MBK Center to use it as guidelines to establish marketing strategy in order to develop and improve the services. These will also lead to giving services in various aspects that will create the highest satisfaction and appropriately meet the tenants and the customers' demand.

The Product or Service Procurement

1 The procurement of products to be distributed

- None -

2 The process of reducing environmental impacts

As shown in the report on the sustainable development for the year 2016

3 The environmental conflicts

- None -

The Nature of Business Operations of Other Shopping Centers

Other Shopping centers that are operated by MBK, its subsidiaries and associated companies are as follow:

- 1) Paradise Park (original name "Seri Center), operates by MBK and Siam Piwat Company Limited, MBK's associated company.
- 2) HaHa Shopping Center operated by MBK and Siampiwat Co., Ltd. the associated company of MBK.
- 3) The Nine Center operated by MBK
- 4) Glas Haus Building Company Limited
- 5) Glas Haus Ratchada Company Limited

Paradise Park

Products and Services

Paradise Park manages a long-term and short-term rental shopping mall business whose focus is on management to earn from renting out shopping areas to entrepreneurs, earn from renting out spaces for billboards, earn from new product launch activities etc. Moreover, Paradise Park has core management's intention to let Paradise Park become continuously popular in a short time and includes building a healthy relationship with small and big tenants to manage a business with good performance. That will have an effect on rental fees, which will increase in next term of contracts and to increase incomes in a long term.

The Major Change and Development in the Past Year

Renovation of rental spaces to increase new tenants and facilities.

In 2016, Paradise Park had a budget of more than 35 million baht to renovate spaces on different zones. The purpose of renovation for the shopping center was to modernize and increase more products, services and facilities, which were:

- ➡ To increase LED screens in front of the building on Soi Srinakarin 57 side in order to publicize the shopping center, activities, shops, and events so that they could be seen more by customers.
- ➡ To build a sky walk connecting PDP Building with HaHa on the 2nd floor.
- ➡ To improve and decorate the Vertical Garden around True Shop and Starbucks Coffee with trees.
- ➡ To improve the Zone Home & Living area on the 3rd floor.
- ➡ To increase the efficiency of the air conditioning inside the shopping center.
- ➡ To provide services for new tenants such as H&M, Cath Kidston, and Baan Ice Restaurant in order to increase a wide variety of products and services for customers.
- ➡ To improve all direction signs and electronic directories inside the shopping center.

The Marketing and Competition Situation

1 The Selling and Distribution Channels of Shopping Center Business

Paradise Park finds a tenant by emphasizing on selecting products and stores to meet the concept or the shopping center's zoning which comprises of food business groups, fashion, banks, educational institutions, IT and mobile phones, cosmetics, beauty clinics, jewelry, service groups, pet stores and other businesses. Paradise Park will select a store with a leading brand, quality products or above the standard in the business.

2 The Competitive Situation of Shopping Center Business

In 2016 there were competitions from the following competitors:

1. Seacon Square Shopping Center, in 2016, decorated its front area with LED screens, opened a new parking building in order to solve an insufficient space for car parking, and improved a car park for disabled people. If compared with Paradise Shopping Center, its car park service nowadays can support a number of cars sufficiently. It also provides 33 parking spaces for disabled people near the entrances, together with basic facilities such as wheel chairs for sick or disabled people which are provided on every floor.



2. Central Bangna Shopping Center, in 2016, had renovation such as installing a curtain of reproduced water falls (LED waterfalls), increasing rest areas, and improving the food court called Food Patio.

3. Rod Fai Night Market has more shops and customers in the year 2016. It increased from previous opening days- every Friday, Saturday and Sunday- to current opening days- every Thursday, Friday, Saturday, and Sunday. Also, Papa Market, situated between Talad Rod Fai Market and HaHa Shopping Center, caused heavy traffic on Srinakarin road from the front of Seacon Square to Paradise Park.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

-None-

2 The process of reducing environmental impacts

1. The Water Treatment

Paradise Park has used the Activated Sludge process (AS), a water treatment method, in Building 1 and the Sequencing Batch Reactor (SBR), an activated sludge process designed to operate under non-steady state conditions, in building 2 and 3 after a complete renovation in June 2010. The use of two types of wastewater treatment relates to the volume of wastewater in each building - wastewater volumes of building 1 of 500 cubic meters per day, wastewater volumes of building 2 and 3 of 1,500 cubic meters per day.

For operating and controlling wastewater treatment, the Paradise Park has all recorded data, the operational results are reported regularly, water samples are collected to the operating rooms every month for water quality tests. The reports then are sent to the environment and sanitation section, Prawet District Office every month. The shopping mall is able to have standard treatment as Building Type A (referring to the Enhancement and Conservation of National Environmental Quality Act, B.E. 2535).

1.1 The Waste Occurring due to Wastewater Treatment

The total amount of waste of three buildings is 500 kilogram per week and the shopping center hires a contractor to sanitarily dispose the waste.

1.2 The Outdoor Air Quality Owing to the Cooling Tower System

The cooling tower system is a part of the water cooling system to blow the cool wind in the shopping center. The engineer department has monitored the Legionella bacterial contamination (1) Legionella Spp. (2) Coliform Bacteria (3) Escherichia Coli in the system. As a result, they have collected water samples from cooling tower to the operating room for Legionella bacterial detection 12 times per year. (Once a month)

1.3 The Indoor Air Quality

The Paradise Park has improved the indoor environmental quality through designing the installation of aspirating aerators in order to control the amount of carbon dioxide so that it will not exceed 1,000 ppm and clean the supply air ducts in central area and shops in order to remove dust, bacteria, and other microbes that accumulates in the supply air ducts to improve indoor air quality via the operating plan every three years.

1.4 The Indoor Tap Water Quality

The Paradise Park has operated to measure tap water quality in several points of the buildings comparing to the drinking water standard through the operating plan every 12 months.

2. The Environmental Bureaucracy's Monitor

Related agencies are responsible for monitoring owners of premises to work on the environmental impacts due to premises activities compliance with the standard and building control regulations. The bureaucracies that the Paradise Park has cooperated with are namely:

- 2.1 Pollution Control Department, Ministry of Science, Technology and Environment
- 2.2 Department of Health, Ministry of Public Health
- 2.3 Water Quality Control Division, Bangkok

3. The Sustainable Environment Project

For the year 2017, an additional project is:

The project to improve lighting inside the shopping center by changing from compact fluorescent lamps to 320 LED lamps which will conserve energy for approximately 2,323 units per month.



The Nine Center

Products and Services

The Nine Center offers rental spaces within the mall, consisting of:

- ➡ Office buildings 8,979 Square Meters
- ➡ Retail buildings 15,689 Square Meters

Major Changes and Developments in the Past Year

1. Space development and renovation were done with the purpose of creating varieties and meeting the service users' needs. The Nine Center changed some restaurants such as Num Tao Pu Pla Restaurant, Tenjo Sushi & Yakiniku Premium Buffet, and Giant Yakiniku Restaurant in order to increase more varied choices for service users.

2. The entrance to the Nine Center, in front of Seri Market on Rama IX Road, was opened during rush hours from 4 pm to 8 pm every day for the sake of customers' convenience and traffic relief in front of the Nine Center.

3. The Nine Center added on the completeness to the service users by expanding a parking lot for motorcycles on the 2nd floor of Building A which supported more than 200 motorcycles in order to satisfy customers' needs and increase more facilities to service users.

The Marketing and Competition Conditions

1 The Distribution and Distribution Channels of The Nine Center Business

Selling rental spaces within The Nine Center directly offers to sell to target tenant group who has stores by selecting a store with products or service attracting customers to use the services in the shopping mall.

2 The Competitive Situation of Shopping Center Business

➡ The Direct Competitors

Thanya Shopping Park which is located on Sri Nakarin Road, The Sence (Town in Town) is a community mall which is the same as The Nine Center that has the same style of shops and products as well as located within a radius of 10 kilometers.

➡ The Indirect Competitors

The market conditions of a nearby shopping center are as follow:

Central Plaza Grand Rama 9 is located in the business area and entertainment area that have public transportation which link to several directions and is convenient to travel.

The 9th tower building is a group of large building that consisted of 3 office buildings, a shopping mall and a condominium. Office Building A has 36 floor and building B has 34 floors with spaces for rent of 33,000 square meters and 23,000 square meters respectively (constructed in the year 2013). The height of each floor is 2.80 meters with a parking space for 1,100 cars.

The Shoppes Grand Rama 9 is located in New CBD, the Grand Rama9 projects, in the area of 73 rai or 1.2 square meters on Rama 9 Road - Ratchadapisek road. G floor and the 2nd floor of every building in New CBD, the Grand Rama 9, are provided for retail stores which link every building together to Rama 9 MRT; in the area of more than 35,000 square meters. At present, it is open for services at Belle Grand Rama 9 condominium and will open for service at The 9th Towers office building in the near future.

Belle Grand Condominium, a luxury condominium, is located in the heart of the city that has 8 buildings located in the area of 8 Rai 1 ngan. The condominium consists of 2,024 units, which the New CBD building group is located on Ratchadapisek Junction, 8 kilometers from the Nine Center. The target customers are the ones who live on Ratchadapisek Road. The Nine Center's main target customers are customers on Rama 9 Road who prefer convenience in transportation and want to avoid a traffic jam. Therefore, customers from Rama 9, Ramkamhang, Srinagarindra and Suan Luang areas still come to the Nine Center continuously.

3. The Entry of New Competitors

Home Pro Rama IX- with an area of 26,000 square meters and managed by Home Product Public Co., Ltd., is considered as a new indirect competitor of the Nine Center. Inside, Home Pro emphatically sells household products- mainly lifestyle products. "Bike Club"- full-service bicycle shop, restaurants, and beverage shops are only situated in some areas. Home Pro's grand opening was held on 9 December 2016. Because its location is before the exit of Si Rat Expressway, service users who exit from Si Rat Expressway have to pass the Nine Center before making a U-turn to go to Home Pro.

4. The Internal Environment

The Nine Center is located on Rama 9 Road. To the south, it is adjacent to Rama 9 Road and Soi Rama 41 to the east. It consists of 9 buildings in 2 formats: the retail space and office space. The rental space comprises of more than 89 shops from various professional business operators such as restaurants, coffee shops, bakeries, educational institutions, beauty salons and activity zone designed to support various types of marketing activities in every season. There is also a convenient parking

space. The shopping center emphasizes on the selection of outstanding restaurants and the offer of impressive atmosphere for customers. ABAC Poll Research Center revealed the result from the survey on opinions of people in Bangkok on community malls. The survey showed that people who lived in Bangkok went to a community mall at least once a month to dine or meet with friends. The reason they selected a community mall was that it was close to home, which is a more important factor than having a complete range of modern products and services. People decided to go to community malls because they were located in locations with convenient access.

Community Mall has a distinctive image than other shopping malls or big shopping centers in terms of being the meeting and dining places that provides products and services that meet the customers' needs and are located near the working places or residential areas. The main targets are those who reside near the mall and are convenient to do the purchasing with adequate parking spaces. The zoning spaces are not complicate and are decorated with relaxing atmosphere that is unique and different from other shopping malls.

After 3 years of operation, The Nine Center has become better known and a number of customers increase. Marketing activities are organized where media show continuous interest. Besides, The Nine Center is the only community mall on Rama 9 road that greatly answers all the needs of the locals. The Nine Center has then renovated the center area to have color themes in accordance to different festivals, allowing The Nine Center to support the customers purchasing power in the Eastern part of Bangkok and become the new meeting point that answers to every lifestyles with variety of activities on a relaxing day under the homely atmosphere that everyone can experience.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

-None-

2 The process of reducing environmental impacts

The Currently Environmental Conservation and Practices

The Nine Center is aware of the possible changes of environment that occur. Whether, it is the physical environment, health and society that may cause environmental hygiene problems and may impacts on people living around the center. Therefore, The Nine Center develops and emphasizes on managing sustainable sanitation and environmental friendly to follow the principles of Good Corporate Governance. The center has initiated the following projects:

1. Wastewater Management

The Nine Center has installed the standard Wastewater Management System, which is the biochemical treatment system with activated sludge by using microorganism sediments as the main treatment. Samples of wastewater are tested in a standard laboratory certified by the Pollution Control Department (PCD) every month to ensure the quality of water before being released to public. The Nine Center has also hired a professional contractor to remove and eliminate the excess sludge by a sanitary method.

2. Water Supply Quality

The Nine Center has hired a team of experts to collect sediment samples from two water tanks to measure the quality of water supply and compare it to the standard of drinking water continued.

3. Pest Control

The Nine Center has set a policy to control vectors within the center and prevent its effect on the neighboring communities. It is also one of the attempts to follow the Good Corporate Governance principles. The integrated pest monitoring training (IPM) and cautions about pre-and-post practices of getting rid of vectors are provided for tenants of the center.

4. Maintenance of Plants and Trees

The Nine Center has established plan to nurture all the plants in the shopping center and avoid using any chemical substances. Natural methods like bio-pesticides consisting of organic substances and dried manure—odorless and insect-free—are used to improve the soil in order to have no effect on the environment and service users.

Glas Haus Building Company Limited

Products and Services

Glas Haus Building Co., Ltd. manages “real estate leasing” business which has a long-term and short-term rent building with the rental spaces of 13,000 square meters. Its main income is from leasing areas for locating an office for several businesses and including embassies’ location such as Embassy of Argentina and Peru. The main income is also from a parking service which focuses on office tenants. Glas Haus Building is operated by MBK Square Company Limited.



The Major Change and Developments in the Past Year

In 2016, Glas Haus Building improved its areas in order to increase the efficiency of business development as follows:

1. TRUE COFFEE is a premium Thai-branded coffee shop which is popular among coffee lovers of all ages. Inside, its TRUE WIFI and place for conversations are outstanding. Situated around the front part of the building on the G floor with an area of 148 square meters, it opens every day between 7 a.m. and 10 p.m.

2. Kozo Sushi Japanese Restaurant with a reasonable price, various beverages on menu, a cozy and relaxed atmosphere, and friendly service offering. Situated next to TRUE COFFEE, it shares the same area with TRUE COFFEE, it opens from Monday to Saturday.

3. To increase a number of advertising billboards in order that customers rent them for having advertisements, presenting a variety of products and services, and increasing the remarkableness for the Glas Haus Building's areas.

Moreover, in 2016, Glas Haus Building improved the systems in order to increase the efficiency of business development as follows:

1. Inside Glas Haus Building, the parking spaces are available for a maximum of 140 cars and there is turnover of cars all day long. In order to facilitate and provide tenants with good services, the car parking system was improved to use a key card which could have parking discounts given by companies that customers came to make contact.

2. In the late 2016, Glas Haus Building began to use the Problem Log MBK-SQ system for managing repairs inside the building in order that involved parties could follow up progress in the repairs more systematically.

3. Glas Haus Building has its own website: www.mbksq.co.th in order to support searches and inquiries about information on the internet.

The Marketing and Competitive Situation

1 Selling and Distribution Channels of Glas Haus Building Business

Glas Haus Building Co., Ltd. aims at foreign tenants that need an office space between 100-200 square meters during the beginning of their business investment in Thailand. The company expects that words of mouth will help increase the number of tenants.

2 The Competitive Situation of Glas Haus Building Business

The whole picture of Glas Haus Building Co., Ltd. in 2016 was derived from formulated strategies that could be carried out as the set goal- a rate of space rental in 2016 was 99%. This rate came from new tenants who mostly were foreigners and started their business in Thailand. Glas Haus Building had to maintain present tenants by establishing better measures for service management in order that office tenants were satisfied to the utmost.

3 The Industry Trend and Future Competition of Glas Haus Building Business

Since a number of new competitors entering the market have been increasing, together with uncertainties about business operations, these factors have not facilitated the change in area rentals. In 2016, Glas Haus Building Co., Ltd. planned strategic modification in order to increase the competitive advantage through improving facilities such as improving the image inside the office building, changing LED lamps, changing restaurants inside the office building to meet the need of office employees and current tenants, developing its website to be available for different languages, and creating the search for the office building through Google Map which helped attract new tenants in order to increase the efficiency of the office building. Glas Haus Building has 99% of tenants continuously.

The Procurement of Products or Services

1 The Nature of the Procurement of Products for Selling

Glas Haus Building Co., Ltd. has a skilled and experienced building management team to manage the building. This also includes several building business in the group allowing the Company to negotiate the price with the service suppliers such as elevator services, security services, cleaning services, electricity system maintenance services and etc. This also gives the Company opportunities to control the quality of services to be of the quality and efficiency.

2 The Process of Reducing Environmental Impacts

Glas Haus Building Co., Ltd. is aware of the importance of the best security measure for tenants as well as the responsibility towards environment and community. So the following measures are adopted in the building's facilities.

➡ **Water Supply System:** There is a test of the quality of water and waste water every year for the safety of tenants by testing water entering into a system of the building, in every area, every 6 months for the sake of the quality.

➡ **Air Conditioning System:** There is a test of the bacterial contamination in the cooling tower twice a year in order to find Legionella Bacteria that can affect the respiratory system.

➡ **Security Measure:** There are installations of the following security equipment:

- Automatic Fire Extinguishing System such as Sprinkle System
- Fire Warning System on every floor
- Standpipe System to store water and Inlet Valve
- Handheld Fire Extinguishers
- Emergency Light System along the fire escape route
- Lightning Prevention System
- Floor plan indicating the location of each room attached in the front of elevators on every floor
- Smoke Control System to prevent smoke to spread to other floors

Glas Haus Ratchada Company Limited

Products and Services

Glas Haus Ratchada Co., Ltd. manages “real estate leasing” business which is a leasing office building rental space of approximately 7,500 square meter. The office building is located on Ratchadaphisek Road near MRT. Glas Haus Ratchada Building is an office building for both long-term and short-term rent. It focuses on tenants of office spaces for various businesses.

The Major Change and Developments in the Past Year

In 2016, Glas Haus Ratchada Building expanded its rental areas inside the building for 2 projects.

1. Sulbing- Korean-styled shaved ice brand and dessert café- has opened more than 500 stores in South Korea and 15 stores in Thailand. It opened its 4 store at Glas Haus Ratchada Building in April 2016. Situated between Building A and Building B, it has 2 stories with an area of 238.31 square meters and opens every day from 8 a.m. to 1 a.m.

2. Wan Yan Kam Restaurant is a cook-to-order restaurant which is suitable for office employees because it provides free delivery service to customers. Situated on the mezzanine floor of Building A with an area of 130.50 square meters, it opens from Monday to Saturday, between 11 a.m. and 9.30 p.m.

In 2016, Glas Haus Ratchada Building improved its areas in order to increase the efficiency of business development as follows:

1. To increase 1 elevator in order to facilitate customers who used the services on the mezzanine floor. At present, restaurants which provide services are such as Sukiyaki Number One- Teochew-styled sukiyaki which has been recognized for more than 50 years- and Wan Yan Kam Restaurant which provides a cook-to-order service.

2. To increase Light Boxes in front of the building in order that shops in the Retail Glas Haus Project and other shops which are interested in renting spaces for advertisements in order to present a variety of products and services and add the remarkableness to the areas of Glas Haus Ratchada Building.



3. To open the sales office of Quinn Condo- the condominium with complete service provision for residents and co-owners- in order to facilitate customers who are interested in.

4. Glas Haus Ratchada Building has its own website: www.mbksg.co.th in order to support searches and inquiries about information on the internet.

The Marketing and Competitive Situation

1 Selling and Distribution Channels of Glas Haus Ratchada Building Business

At present, Glas Haus Ratchada Building is fully 100% rented. The tenants are Thanachart Bank and increasing retail stores which more meet the life style need of employees in the areas. Moreover, the Company developed the website in order to promote and publicize Glas Haus Ratchada Building's details such as area sizes, example areas and advertising areas in order to access to information of people who want office building spaces in Ratchada zone.

2 The Competitive Situation of Glas Haus Ratchada Building Business

At the moment 100% of the space within Glas Haus Ratchada Building is occupied by Thanachart Bank.

Glas Haus Ratchada Building realizes that Ratchada Road has an increasing number of office buildings to relieve the density in the area at A level. Moreover, the communication and transportation nowadays is more convenient while there are also more shopping centers open on Ratchada Road as well as condominium buildings. Therefore, in the future, there should be more demands of rental space on this road.

The Procurement of Products or Services

1 The Nature of the procurement of Products for Selling

Glas Haus Ratchada Co., Ltd. has a skilled and experienced building management team to manage the building. Moreover, due to the operating of several building businesses in the group allowing the Company to negotiate the price with the service suppliers such as elevator services, security services, cleaning services, electricity system maintenance services and etc. This also gives the Company opportunities to control the quality of services to be of the quality and efficiency.

2. The Measures against Environmental Effects

Glas Haus Ratchada Building well realizes the impacts on the environment- surrounding areas of the building or impacts in general. It is the Company's policy to operate business and significantly focus on the environment.

➡ Effect from Wastes

At present Glas Haus Ratchada Building has separated dangerous waste, such as light bulbs, from normal waste and hired Din Dang District Office to get rid of those wastes.

➡ Effect on Water

Glas Haus Ratchada Building realizes the importance of the water system of the building including the system to release waste water from the building and the water supply system. The building has checked the quality of water in every 6 months to make sure it is up to the standard of drinking water. The building also informs the tenant to add more water filters on every floor. As for the waste water, Glas Haus Ratchada Building has treated the waste water before releasing it out of the building. At the same time the building will test the quality of the waste water before releasing it to the public system in every 6 months. Glas Haus Ratchada Building also hires Din Dang District Office to either get rid of or recycle the residues from waste water.

➡ Effect from Noise

In order to prevent the problem from noises within the office of the tenants, Glas Haus Ratchada Building has set up a maintenance plan for machines installed on each floor on monthly basis so that there will be a minimum of noises interfering the work of the tenant.

➡ Effect from Air

Glas Haus Ratchada Building has used the Cooling Tower System and the water cooling system. The engineering department of the building is well aware of the importance of the monthly cleaning of the air cooling ventilation system and the lab test of the quality of the cool water that is distributed into the system. The building also has a fresh air ventilation system within the building so that the tenant will have quality air. At the same time there is a system to release polluted air out of the building. Glas Haus Ratchada Building has also has a measure to control the burning of any materials or trashes within the building in order to prevent any direct effect on the environment.



Hotel and Tourism Business

Hotel Business

Hotel business is managed and supervised by MBK Hotels and Tourism Company Limited (“MBK-HT”), MBK Hotel and Resorts Company Limited (“MBK-HR”), MBK Business Company Limited (“MBK-BUS”), Supsinthanee Company Limited (“SSTN”) and Lanta Land Development Company Limited (“LLD”). The hotels which have been opened for business include the following:

1. Pathumwan Princess Hotel, in Bangkok, is operated by MBK-HT. It has been opened for business since 1996.
2. Dusit Thani Krabi Beach Resort, in Krabi, which has been operated since early 2003, has changed its name from “Sheraton Krabi Beach Resort” to “Dusit Thani Krabi Beach Resort” since July 2015.
3. Tinidee Hotel@Ranong (former Royal Princess Ranong Hotel), in Ranong, is operated by MBK-HT. The hotel was already in operation before MBK acquired shares in SSTN on August 20, 2002.
4. Tinidee Inn, located in the same area as Tinidee Hotel@Ranong, is operated by MBK-HT. The hotel has been opened since April 2011.
5. Tinidee Golf Resort@Phuket Hotel is located in Phuket, is operated by MBK-HT. The hotel has been opened since November 2010. (changed the name from the Tinidee Phuket Hotel since 2014)
6. Layana Hotel is located on Lantayai Island in Krabi, is operated by MBK-HT. The hotel had already been open before the takeover from MBK in April 2011.

MBK-HT was founded in 2010 to manage associated hotels and offer hotel management service to hotels in Thailand and abroad. In addition to managing

associated hotels as defined above, MBK-HT has also managed a club House inside the Riverdale Golf and Country Club, the Loch Palm Golf Course and the Red Mountain Golf Course since September 2011.

Pathumwan Princess Hotel

Products and Services

Pathumwan Princess Hotel is located in Bangkok and operated by MBK Hotels and Tourism Company Limited (“MBK-HT”). The hotel has commenced operations since 1996. The hotel offers services in several accommodations such as 455 guestrooms which are all non-smoking, banquet rooms, seminar rooms and ballrooms, meeting rooms, fitness centers and the spas.

The Major Change and Development in the Past Year

- ➔ To install replacement escalators at the hotel’s lobby with a budget of THB 4 million.
- ➔ To increase a private room of Loop Restaurant, in the name of Pisa Room. It can be arranged as a function room and a dining room, for private or group functions.
- ➔ To renovate the outdoor bar terrace in the name of Vista Bar.
- ➔ To increase the efficiency of WIFI by adding Wireless Access Points to every hotel room with a budget of THB 6.9 million.
- ➔ To install air conditioners in badminton courts in order to be an alternative for guests. They can choose to play badminton in both air-conditioned or non-air conditioned courts.

- ➡ To improve 2 400-meter jogging track lanes in the Sport Zone on the 8th floor to be professional ones.
- ➡ To increase 20 most advanced technology sport equipment at the Olympic Club such as press machines for muscles and cardio machines such as electric treadmills and bicycles.
- ➡ To change some parts of the floor around the Studio Bar in order to support 24 seats available for guests to have breakfast and this new area was called Studio Bistro.
- ➡ To change a TV inside each hotel room to be a 43-inch Smart LG TV for a total number of 455 hotel rooms.
- ➡ To add soundproof walls to the Club Lounge area on G floor.
- ➡ To have another Japanese restaurant called Tatsumi Japanese Restaurant on the hotel's 2nd floor.
- ➡ To have all new replacement mattresses inside each hotel room for a total number of 455 hotel rooms.
- ➡ To have more hotel rooms for TIME SHARE selling on the 6th floor.
- ➡ Marketing: the marketing plans of the Group in previous 2016
 - To aim to promote sales in markets with high growth potential such as Israel, China, and Japan.
 - To maintain the stability and requirements of the major markets by making promotional plans to promote season-based sales of each market.
 - To aim to sell and expand the countries in the European market through agencies that have call centers in such regions. Apart from expecting hotel rooms' incomes, it expects to increase incomes for the Food and Beverage Department from these market countries.
 - To aim to offer more sales of catering, conferences, seminars— both at the hotel or outside the hotel, including MICE and Incentive Groups because seminar rooms were increased and renovated. A variety of menu and various functions of event organization were also added in order to meet the need more.

- To improve the appearance of the hotel's website to be more modern, convenient and easier to book a room and consider the use of Booking Engine to be more compliant with the competitive conditions, including an increase in communication technology for guests and prospects.
- To optimize the increasing use of online media and developing the Digital and Social Marketing system.
- To cooperate and build an alliance with other organizations in order to encourage sales such as sports associations and leading tourist magazines— both domestic and international magazines.
- To develop a system to control an occupancy and price rate for the utmost benefit.
- To increase an occupancy rate through TIME SHARE sales (Guestrooms will be sold in advance for 5 years or 10 years.)
- To emphasize the sales through websites of both the hotel itself and travel agencies.
- To participate in sales promotion events in both the country and foreign countries, which were organized by agencies, organizations, and institutions such as WTM, Thai Travel Fair, and road shows in different countries.
- To jointly promote the sales with credit cards.
- To review the hotel by bloggers in their blogs.

The Target Customers of Pathumwan Princess Hotel

The main customers are travelers from Australia, Singapore, Israel and Europe such as Germany Switzerland and U.K. and Asia.

The Minor Customers

➡ Customers that have a certain traveling season of the year such as customers from Scandinavia and Customers from Middle East.

➡ Customers that use hotel services less but have the efficiency in paying such as China, India, Japan, Malaysia, Israel, the Eastern European countries, and U.S.

The Marketing and Competition

1 The selling and distribution channels of Pathumwan Princess Hotel

Pathumwan Princess Hotel has established the following channels of distribution:

- ➡ To sell directly to companies, commercial establishments, and educational institutions.
- ➡ To sell through local travel agents and overseas tour operators in different regions of the world.
- ➡ To sell through electronic media channels or website, emphasizing the Hotel's own website.
- ➡ To sell through leading airlines' systems.
- ➡ To sell through press, advertisement and public relations.
- ➡ To sell during tourism promotion events in both the country and foreign countries.
- ➡ To sell through the hotel's networks of Dusit International.
- ➡ Direct sales to government agencies, public enterprises, embassies, and associations.
- ➡ To organize promotion with travel agencies, associations, and banks, for an occasional reason and a need for new customers.
- ➡ To prepare package with the Hotel and affiliated businesses.

2 The Competitive Situation of Pathumwan Princess Hotel

Nowadays, a number of hotels and hotel's guestrooms in Bangkok is highly increasing, particularly an increasing number of budget hotels and hostels, as well as an increasing number of guestrooms as a result that entrepreneurs modify their houses, condominiums, or apartments to be available for rent as a hotel. The Hotel necessarily has to adapt its sales strategy by increasingly focusing on a new tourist groups and groups for meetings, incentive travels, conventions, and exhibitions from abroad (MICE). The Hotel uses its competitive advantage of a number of guestrooms in order to compete with small hotels and budget hotels which are all around.

Moreover, tourists' behavior towards room booking has changed to less bookings in advance (more last-minute bookings). The Hotel has to adapt its strategies and increase a number of the personnel in order to follow the change of occupancy all the time. A Revenue Management system is used and sales through electronic channels or websites are available.

In the year 2016, the Hotel emphasized on organizing both indoor and outdoor catering. The Hotel was capable of handling large size Outside Catering. The Hotel enhanced the potential and decoration style for indoor catering, and organized the events to meet the need of customers which received a well feedback.

Pathumwan Princess Hotel is still able to attract tourists from the main target group. Owing to these reasons, the Hotel is able to maintain the market share when compared with its competitors.

3 Pathumwan Princess Hotel's Industry Outlook and Competitive Situation in the Future

The factors which impact to Pathumwan Princess Hotel's industry outlook and competitive situation in the future are as follows:

- ➡ The economic situations and depreciation of the Australian currency which is a big market, impacts of the Australian tourists' change of tourist attractions from Thailand to Bali and Hawaii instead, and the Australian tourists increasingly turn to have short-term travel inside their country.
- ➡ The overall economic situation of the European countries.
- ➡ The international terrorism and rumors about terrorism.
- ➡ The policy to cut down the prices of competitors and newly-opened hotels.
- ➡ The problem of the nation's security and political stability.
- ➡ The fluctuation in the world's main currencies.
- ➡ A highly increasing number of illegal hotels.

As aforementioned factors, the Hotel has to adapt its sales strategy by focusing on potential countries and maintaining the stable market at the same time.

The third languages such as Chinese and German are used to publicize in various media channels of the Hotel.



The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

-None-

2 The process of reducing environmental impacts

Pathumwan Princess Hotel has the same environmental protection measures as those of MBK Center since the hotel is located in the same building of MBK Center.

Dusit Thani Krabi Beach Resort Hotel Products and Services

Dusit Thani Beach Resort Hotel is located in Krabi Province. The hotel has opened since 2003 and offers an accommodation for 240 rooms, the restaurants, the fitness center, the recreation room, the seminar rooms, the banquet rooms and the spa. In 2016, the restaurant called “Sand Bar” was changed to be Malati Beach Bar in order that customers could relax and admire the beach and the sea closely. Also, the Italian restaurant was improved and changed its name from Gecko to Limoncello and Coco Vida was renovated to have decoration and atmosphere of the pool and the beach.

Other services are also provided for customers such as reading online newspapers through www.pressreader.com where the newspapers in different languages covering the world’s main languages are available for guests to choose. This service impresses guests more and makes them feel worthy of the Hotel’s modern service.

The Major Change and Developments in the Past Year

Sales and Marketing:

- ➔ To receive warm welcome continuously after changing the hotel operator from Starwood to Dusit International and having impacts in the beginning of the change. Product training was given to wholesales agencies, marketing for seminars, wedding parties, and independent tourists were continuously arranged by having co-promotion with travel agencies. As a result, the Hotel could have an increasing customer base and focus on E-Commerce marketing.
- ➔ To introduce Dusit Thani Krabi Beach Resort by being a host to welcome both domestic and foreign press and travel agencies possessing potential in every market.
- ➔ To expand a customer base through social media channels, increasing its business alliance with online companies, developing its customer base through the Hotel’s website directly by adding the Hotel’s information in order that customers could receive information and Hotel Promotions which helped them easily decide to book the hotel rooms.
- ➔ To expand the customer base of the Chinese tourists who made bookings through China’s leading travel agents. The 200% welcome was received, compared with the previous year.

- ➡ There were continued agreements and sales promotion strategies with German, UK and Scandinavian markets so that bookings in advance during high seasons reached the aimed target.
- ➡ To participate in international sales and promotion events organized by agencies, organizations, and institutions such as WTM, road shows in different countries, Thai Travel Fair.
- ➡ To participate in the sales promotion with airlines such as Bangkok Airways, Nok Air, Thai Smiles and Qatar Airways.
- ➡ To support the launching of Loyalty Program by Dusit International “Dusit Gold” in order to expand its new customer base.
- ➡ To participate in marketing and sales promotion to various newspapers.
- ➡ To participate in marketing and sales promotion with different credit cards.
- ➡ To put advertisements in both domestic and foreign potential magazines.
- ➡ To review the Hotel through bloggers from various countries.
- ➡ To participate in fairs organized by the province in order to promote the Hotel such as Krabi Naga Festival and Krabi Adventure Race Trophy.
- ➡ To have advertisements in a new style— 360-degree pictures— which made them more interesting and modern.

Engineering Works:

- ➡ To decorate the interior of guestrooms and areas around the Hotel.
- ➡ To place the Hotel’s marble plate on the beach front.

- ➡ To install a TV inside the bathroom of the Suite guestroom in order to enhance guests’ convenience.
- ➡ To place 154 replacement safes.
- ➡ To renovate the lobby’s Check-in and Check-out areas from a standing style to a sitting style in order to facilitate guests.
- ➡ To buy new beach cleaners and tractors in order that customers get an impression.
- ➡ To install CCTVs to cover all areas of the Hotel, improve and solve some problems so that these CCTVs could be used efficiently.
- ➡ To buy new washing machines in order to increase the efficiency of working and help save electricity costs.

Food and Beverages:

- ➡ To renovate the Italian restaurant to be more beautiful and modern by being partly equipped with air conditioners in order to support a lot of Asian customers who will come to use the service outside the tourist season. It has also been changed its name from Gecko to Limoncello in order to get along with the atmosphere of the Italian restaurant more.
- ➡ To renovate Coco Vida Restaurant to be like the Pool Outlet more.
- ➡ To renovate Coco Vida Bar and Restaurant to be more beautiful and modern, emphasizing the white tone decorated with rowboats hanging above the restaurant in order to create the seaside atmosphere. Moreover, live music performances are performed every day, and special performances “HITS NIGHT” on Fridays.



- ➡ To create varieties for lovers, honey moon lovers, or couples having wedding anniversaries under the program called “Just For You” with private dinner on the beach. It was a warm welcome in previous 2016.
- ➡ To open Malati Beach Bar in order that customers can feel the beachside atmosphere of beautiful Klong Muong by improving the area near the previous Sand Bar so that it will be a now alternative for customers to have seats sipping cocktails while admiring the sunset.

IT Works:

- ➡ To change the Internet Provider to have more efficiency while the costs decrease.
- ➡ The Hotel increased Wi-Fi signal receivers by doubling Wireless Access Points into every building. Thus, Wi-Fi signals were strong and covered more areas in the rooms and had more stability in connection. From the aforementioned plan to increase the efficiency of Wi-Fi service, a number of wireless access points increased from 42 to 84 points which a result was very satisfactory. However, in 2016, the Hotel planned to increase the efficiency of Wi-Fi signal to cover every area of the Hotel such as from the lawn around the Malati pool to the beginning of the beach, and bars and restaurants.
- ➡ In order to support the increasing internet usage and bigger contents, the Hotel has expanded the internet bandwidth from 16 Mbps to 80 Mbps for customers, and from 16 Mbps to 35 Mbps for employees.

Moreover, between 2015 and 2016, Dusit Thani Krabi Beach Resort participated in the project and had standard certification from Thailand Convention and Exhibition Bureau (TCEB). Therefore, customers can have more confidence in the Hotel’s service standards and this increases more opportunities and marketing potential.

The Target Customers of Dusit Thani Krabi Beach Resort Hotel

Main Customers are leisure travelers. These include tourists from Europe, U.K., Scandinavia, Germany, India, U.S., Singapore, China, and Spain.

Minor Customers are the seminar groups from Europe and China which organize tours to bring officials and employees as incentive groups, wedding groups of the Indian customers who regularly use the services, companies that like to arrange events by using lawn areas on the beachfront next to the beautiful sea.

In 2016, the customers from a public agency at the ASEAN level— India’s Narcotics Control Bureau— organized its seminar here.

The Marketing and Competitive Situation

1 The selling and distribution channels of Dusit Thani Krabi Beach Resort Hotel

Dusit Thani Krabi Beach Resort Hotel has established the following channels of distribution:

- ➡ To sell directly to companies and commercial establishments.
- ➡ To sell through local travel agents and overseas tour operators in different regions of the world.
- ➡ To sell through electronic media channels or websites, emphasizing the Hotel’s own website.
- ➡ To sell through leading airlines’ systems.
- ➡ To sell through press, advertisements and public relations.
- ➡ To sell during tourism promotion events, in both the country and foreign countries.
- ➡ To sell through the hotel’s network channels, i.e. those of the Dusit International.
- ➡ To have joint-promotions with the travel agents.
- ➡ To have package with the other hotels in the Group.

2 The Competitive Situation of Dusit Thani Krabi Beach Resort Hotel

The Hotel’s occupancy rate in the first half of 2016 generated lower incomes than estimated because its name was changed, leading to be a quite unfamiliar name for customers. After introducing the Hotel and continuous marketing, the average occupancy rate in the second half of 2016 was better than the second half of 2015 in the same period.

The causes of revenues under target were because of a decreased number of Chinese tourists as a result of measures to suppress Zero-Dollar Tours. However, the Chinese tourists who travelled in small groups or as individuals (FIT: Freely Independent Travellers) were highly increasing. Particularly, this Chinese target group had purchasing power to buy food and beverages from the Hotel. Therefore, the Hotel had incomes generated by the food and beverage consumption as a by-product.

The economic situations and depreciation of the currencies of U.K. and Europe caused the decreased occupancy rate or tourism in Thailand. Meanwhile, tourists spent less money on food and beverages at the hotel as well.

However, Dusit Thani Krabi Beach Resort hotel has its long-term competitive potential because Dusit Thani Hotel is on a top-level leading hotels and well known for the quality and standards in terms of location and services. Importantly, the size of the Hotel is large and able to accommodate big groups of customers or many groups at the same time. Moreover, videos to promote tourist attractions of Krabi, made by Italian National Tourist Board, German National Tourist Board, and French Government Tourist Office has made the Hotel more recognized in such markets.

In 2016, tourism authorities and representatives of travel operators visited Dusit Thani Krabi Beach Resort Hotel as follows:

- ➡ Tourism Authority of Thailand (TAT) brought the media press from Italy, Australia, India, and Switzerland to visit the Hotel.
- ➡ TAT Krabi Office
- ➡ Representatives of tour operators from Europe and Asia

These activities helped promote the Hotel's public relations, together with occupancy of celebrities, a lot of online media's followers, and good word of mouth spread in wide circles— all have well helped advertise the Hotel. Furthermore, guests' good impressions of services provided by receptionists and food and beverage personnel have helped promote the Hotel so that the Hotel has gradually gained much popularity.

Moreover, since December 2016, Qatar Airways has a direct flight from Doha to Krabi which makes travelling to Krabi easier and spends less time. It is expected that a number of the European tourists coming to Krabi is increasing and this gradually boosts the opportunity of the Hotel.

3 Dusit Thani Krabi Beach Resort Hotel's Industry Outlook and Competitive Situation in the Future

The factors which impact to Dusit Thani Krabi Beach Resort Hotel's industry outlook and competitive situation in the future are as follows:

- ➡ The opening of small hotels in Krabi or around Ao Nang and the expansion plans of hotels with a reputation in Krabi within a few years in the future will automatically lead to a higher competitive situation.
- ➡ Overall global economy results in the change of behavior of tourists which make less tourists travel overseas and even though they may travel but tend to spend less especially on food and beverage expenses.
- ➡ Overall maritime disasters result in the behavior of tourists which are reluctant to travel by the sea.



- ➡ Inadequate in a number of flights and the scheduling of flights to Krabi and are not in line with a number of tourists. Moreover, airlines that links with main cities like Singapore or Kuala Lumpur are mostly low cost airlines, which the senior executive of leading companies are not very fond of this because they view that it is not safe to travel low cost and is not covered by the accident insurance or other inconvenience.
- ➡ Krabi International Airport's limitation is one of the significant obstacles that decrease tourist potential. This limitation causing customers' inconvenience in many aspects was already reported to the Department of Civil Aviation.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

-None-

2 The process of reducing environmental impacts

Dusit Thani Krabi Beach Resort Hotel has taken the following actions to reduce the impact on the environment.

1. Wastewater
 - 1.1 To Put in place a wastewater treatment pond and a wastewater treatment system
 - 1.2 To check the quality of water monthly
 - 1.3 To use the treated water in maintaining gardens
2. Garbage
 - 2.1 Separation of wet and dry garbage as well as garbage that can be recycled
 - 2.2 A special room for keeping wet garbage at 15 degree Celsius
 - 2.3 A vehicle to pick up and dispose of the wet garbage daily
 - 2.4 Production of bio-fertilizers to reduce the quantity of garbage

3. Noise pollution

The appointment of a committee to manage the environment and energy conservation. To grow trees in front of the Hotel in order to reduce noise pollution which may affect the guests.

4. The Hotel already made a report of performance according to preventive measures and solutions to environmental impacts, and measures to follow-up the quality of the environment between July and December 2016.

5. The Hotel participated in a project called "SMOKE FREE HOTEL", together with receiving a trophy for reaching a standard from the Green Leaf Foundation.

6. The Hotel has encouraged growing organic vegetables since November 2016 in order to be used for cooking. It began at the employees' kitchen first and will have a plan to increase the production in following years.

Tinidee Hotel@Ranong and Tinidee Inn Hotel

Products and Services

Tinidee Hotel@Ranong (formerly Royal Princess Ranong Hotel) is located in Ranong Province and operated by Supsinthanee Company Limited ("SSTN").The hotel offers an accommodation for 138 rooms with mineral water and also includes the banquet rooms, the seminar rooms, the restaurant, the fitness room, the body massage room, the foot massage room, the swimming pool and the mineral water pool.

Tinidee Inn Hotel was renovated from commercial buildings to make a budget room 47 rooms, including a restaurant and souvenir shops. The hotel has opened since April 2011 and has received a good response.

The Major Change and Development in the Past Year

Tinidee Hotel@Ranong

- ➡ To renovate a swimming pool.
 - To change the edge of the swimming pool from sand wash finishes to be granite finishes.
 - To grout tiles, repair some tiles, and change the lighting system in the swimming pool.
- ➡ To renovate the bathroom in all new guestrooms for the sake of safety and beauty.
- ➡ To paint the outside of the buildings.
- ➡ To change a new system of lightning conductors for the sake of the safety of customers and employees.
- ➡ To change the system of Automatic Circuit Breaker (ACB) in a Main Distribution Board (MDB)
- ➡ To convert 3 guestrooms to a health massage and prepare masseuses who were skillful at health in order to meet the need of increasing customers.
- ➡ Marketing and marketing plans of the Group in 2016:



- To focus on the markets of meetings and seminars by preparing the Meeting Package to target public agencies in every province, beginning with provinces in the south. A warm welcome was received because of receiving bookings from every province where the marketing team visited.
- To develop and arrange a new sales team by assigning responsibilities according to segments for the coverage and improve a new system of Customer Profiles for the sake of easy following.
- To prepare the Package tour including a guestroom, facilities at the Hotel, and tour programs in Ranong, in cooperation with travel agencies which were the Hotel's alliances.
- To continuously expand the sales channels through more websites of the Hotel and alliances.
- To attend the event to promote "Thais travel in Thailand." in order to stimulate the domestic FIT market.

Tinidee Inn Hotel

- ➔ To improve the local restaurant to be the sukiyaki restaurant called "Rienthong Sukiyaki" using the same concept and standards as Suki Number One Restaurant.

The Target Customers of Tinidee Hotel@Ranong and Tinidee Inn Hotel

The main customers of Tinidee Hotel@Ranong and Tinidee Inn Hotel includes

- ➔ The Government sector and public enterprises.

- ➔ The company groups, store groups concerning with fishery business.
- ➔ Company or store groups that operate business related to drilling and oil terminal.
- ➔ Group Incentive and MICE.
- ➔ The foreign tourists with long term package tour in many provinces.
- ➔ Thai tourist groups that start to become fond of domestic travel.
- ➔ The healthy tourists
- ➔ The group of sales representatives in Ranong, Phuket and Chumporn.

The Marketing and Competitive Situation

1 The selling and distribution channels of Tinidee Hotel@Ranong and Tinidee Inn Hotel

- ➔ To sell directly to government agencies including ministries, bureaus and various departments which have potential for using the hotel for their training activities and seminars as well as website operators.
- ➔ To sell through an intermediary, such as Thai Hotels Association and Association of Thai Travel Agents.
- ➔ To sell directly to companies and commercial establishments.
- ➔ To sell by distributing leaflets on special occasions which take place at different periods of the year.
- ➔ To sell in tourism promotion events.
- ➔ To sell through both domestic and overseas travel agencies.
- ➔ To sell through electronic media or websites by focusing on hotel's website.

- ➡ To offer advertisements on billboards on Petchkasem Road which is the main road to Ranong.
- ➡ To sell through partners.

2 The Competitive Situation of Tinidee Hotel@Ranong

Tinidee Hotel@Ranong

Tinidee Hotel@Ranong is well known to both Thais and foreigners for its high quality service standards and safety. It is a big hotel in Ranong Province, which is capable of accommodating a large number of seminar participants. The business profits the Hotel, in terms of its revenue was below the estimated due to both domestic and international economic situations which did not recover. Myanmar also prohibited fishing in its territorial waters and had its own fish market. Law was also enforced to control fishing licenses and then caused the fishing industry drastically collapsed. This had an impact on the benefit profits of Tinidee Hotel @Ranong because the fishing industry was the main purchasing customers. From the aforementioned causes, several entrepreneurs of fishing business turned to run tourist business instead, particularly hotels and accommodation. As a result, there was an increase in competitions and market shares.

Tinidee Inn Hotel

Many small hotels have emerged from commercial buildings and offer low prices to customers, causing a decrease in monthly customers. However, Tinidee Hotel@Ranong has been acknowledged as having standards and safety, the Tinidee Inn thus received good feedback from customers and had a good market share. Moreover, the Hotel has opened an OTOP shop, a RAMEN restaurant, a bubble tea shop, “Suki Rienthong” suki yaki restaurant with its traditional recipe, and an area for rent for travel agencies inside Tinidee Inn Hotel. The Hotel gets good feedback, especially for the OTOP shop.

3 Tinidee Hotel@Ranong and Tinidee Inn Hotel's Industry Outlook and Competitive Situation in the Future

The tendencies of industrial in Ranong is growing in the future

- ➡ To know that mineral water in Ranong province is the best in Thailand and is one of the best three mineral water in the world.
- ➡ To know more about Payam Island which is the new popular tourist attraction.

- ➡ To discover more tourist attractions such as the Cocks Comb Island, Kam Island, Khang Khao Island (Bat), and Kam Klang Island (the Japanese Island), together with dinner cruises around islands.
- ➡ To expand roads to facilitate more convenience to travel and transportation.
- ➡ To expand the harbour to increase opportunities in shipping goods from the Andaman coast.
- ➡ Public sector projects that are constructing border market to attract more tourists.
- ➡ NOK AIR reopene direct flight to Ranong, offering 2 flights a day and the flights are available every day, NOK Airlines daily flights.
- ➡ As being the border city that have the opportunities to welcome tourists from the neighbor countries to support the arriving of AEC.
- ➡ A government policy promotes Health Destination which will benefit Ranong Province.
- ➡ There are oil drilling and oil terminals in the area.

The Competitive Situation of Tinidee Ranong Hotel and Tinidee Inn Hotel

- ➡ At present, more row houses are renovated into small hotels, which do not have direct effect in terms of competition with Tinidee Ranong but directly affect Tinidee Inn Hotel.
- ➡ For competition in seminar and catering services, competitors have competitive advantage in terms of the size of venue. The Hotel has adjusted its strategy as follows:
 - To focus on quality and service standards and convenient car parks.
 - Meeting types are stylish and various.
 - To focus on target customer groups whose size of the group is suitable for the size of the banquet rooms.
- ➡ To enhance the hotel potential to be better than the competitors. The Hotel has proceed with the improvements and developments as follows:
 - A coffee shop is renovated to look clean and modern.
 - To open an OTOP shop selling products which are 95% of consignment.
 - To open Ramen Restaurant and a bubble tea shop for the first time in Ranong province.

- To open a traditional suki yaki restaurant in the name of “Suki Rienthong”.
- During the conversion of the Ice Bar Pub to the 200-seat seminar room in order to support the customer group of the Meeting Package.
- During the expansion of the Gym in order to support the increasing needs.
- To improve aforementioned systems in order to build the security and gain customers’ confidence.
- To modify 3 guestrooms to be a health massage parlor run by expert masseuses.
- To improve all guestrooms in accordance with standards.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

- OTOP products in the form of consignment.

2 The actions taken by Tinidee Hotel@Ranong and Tinidee Inn Hotel to reduce the environment impact

1. Wastewater
 - 1.1 To put in place a wastewater treatment pond.
 - 1.2 To check the quality of water every quarter.
 - 1.3 To improve the entire system of wastewater treatment in order to increase the treatment. Moreover, the new wastewater treatment system enables the Hotel to reuse already treated wastewater more efficiently.

2. Garbage

2.1 Separation of wet and dry garbage as well as garbage that can be recycled.

2.2 Municipal vehicles to pick up and dispose of the garbage daily.

3. The elimination of smoke from burning fuels produced by steam engines

3.1 To maintain the steam engines annually.

3.2 Engineers regularly test and certify the efficiency of the burning process.

4. Energy saving by partly improving the Cooling Tower system in order to increase the efficiency of cooling the heat down and help chillers save the energy

In addition, the Hotel has taken the following measures aimed at preventing problems which may affect the environment in other areas.

1. To establish a special committee responsible for managing safety, bio-sanitation, and workplace environment.

2. To promote communication systems using emails in order to reduce paper use.

3. To use energy saving lamps in both inside and outside the buildings.

Tinidee Golf Resort @ Phuket Hotel Products and Services

Tinidee Golf Resort @ Phuket Hotel is a 3-star hotel and located within the Loch Palm Golf Course and the Red Mountain Golf Course in Phuket Province. The Hotel is operated by MBK-HT which is only 40 minutes from Phuket International Airport and 15 minutes from Patong Beach. It is surrounded by beautiful scenery and





fresh atmosphere and with 24-hour security. The Hotel's Centric Life is club house that offers a fitness center, a swimming pool, and a bar for selling a variety of snacks and beverages. The Hotel guests can use services provided in the fitness and the swimming free of charge. The outside customers can use these services by paying for a fee on a daily/ monthly/ and yearly basis.

The Major Change and Development in the Past Year

- ➡ To improve a guestroom type. For a Deluxe guestroom type, facilities were added and the size of a bathroom was expanded to be more convenient and modern.
- ➡ To provide necessary items for sale for the Hotel's guests.
- ➡ Marketing and the marketing plan of group in 2016
 - To welcome athletes who were students of international schools abroad for their annual sports competition.
 - To expand the transportation service for customers to Patong Beach and department stores in Phuket.
 - To expand and develop sales channels on websites continuously. To have an alliance with more online companies in 2016. Particularly, the Hotel's own website had increasing sales.
 - (Affiliate) To offer a special guestroom rate for members of golf clubs which

were the Hotel's domestic and international alliances (affiliates).

- To arrange a package for a guestroom combined with a golf club for the Corporate market by adjusting the promotion directions which led to a better welcome.
- To expand a customer base and have promotions for credit cards' holders.
- To provide a discount guestroom rate for the group of government officers and state enterprise employees.
- To have a booth to promote tourism continuously such as Thai Travel Fair.

The Target Customers of Tinidee Golf Resort @ Phuket Hotel

Main customers are from companies, shops and travel agencies, and golfers from local and overseas.

Minor Customers are from government agencies, state enterprises, independent organizations, students and parents from various schools, and customers who make direct bookings and through websites.

The Marketing and Competitive Situation

1 Selling and distribution channels of Tinidee Golf Resort @ Phuket Hotel

Tinidee Golf Resort @ Phuket Hotel has the following sales channels:

- ➡ To sell directly to companies, commercial establishments, schools and educational institutions.

- ➡ To sell through local travel agents and overseas tour operators in different regions of the world.
- ➡ To sell through electronic media or websites, particularly the Hotel's website.
- ➡ To sell through leading airlines' systems.
- ➡ To sell through press, advertisements and public relations.
- ➡ To sell during tourist promotion events.
- ➡ To sell through the Hotel's network channels, i.e. those of the MBK-HT Group.
- ➡ To sell through partners.
- ➡ To sell as a package with a golf club.
- ➡ To sell through golf agencies.
- ➡ To sell in Group Series with tour companies.

2 The Competitive Situation of Tinidee Golf Resort @ Phuket Hotel

For a trend and marketing competition in hotels in Phuket, customers tend to mostly make online reservations because they can find and choose hotels with a reasonable price. The Hotel then aims to offer a lot of promotions on its website. Mostly, customers still prefer seaside locations. Entrepreneurs provide their condominiums, apartments, or their own houses for daily rent like a hotel but their prices are cheaper than the hotels' prices because they are not legally registered and also provide customers with facilities. Therefore, the Hotel must target customers who mainly like to play golf or tour groups having a package already included in order to enhance its competitive potential, along with adding the Club House— having both a fitness center and a swimming pool— in order to provide facilities for customers.

3 The Industry's Outlook and Competitive Situation of Tinidee Golf Resort @ Phuket Hotel in the Future

Because of the sluggish global economy, fluctuations in foreign currency exchange rates such as the European continent, it has an impact on a decreased staying period of this customer group. Together with the governmental measures on suppressing the Zero Dollar Tours, a number of Chinese tourists in Phuket drastically decrease. Hotels which used to welcome Zero Dollar Tours considerably cut their prices. This certainly affects Tinidee Golf Resort @Phuket which is not situated close to the sea. The Hotel then has a contract to sell its guestrooms as Group Tour Series which will help maintain the occupancy rate at a constant level all year round.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

- To offer miscellaneous and necessary items for sale in a Mini Mart for inexpensive prices.

2 The actions taken by Tinidee Golf Resort @ Phuket Hotel to reduce the environmental impact

1. Wastewater
 - 1.1 To put in place a wastewater treatment pond.
 - 1.2 To check the quality of water every quarter.
 - 1.3 To use the treated water in using in gardens.
 - 1.4 To add natural microorganisms in a sewage pond every month.
2. Garbage
 - 2.1 Separation of wet and dry garbage as well as garbage that can be recycled.
 - 2.2 A vehicle to pick up and dispose of the wet garbage daily.
 - 2.3 To promote communication systems using emails in order to reduce paper use.
 - 2.4 To proceed with using recycled paper policy strictly.
3. Energy saving
 - 3.1 To install a key for an electricity shut-off system inside every guestroom in order to save the energy.
 - 3.2 To use energy saving lamps inside and outside the building and control the automatic system of turning the lights on and off according to the scheduled time.

Layana Resort and Spa Products and Services

Layana Resort and Spa is operated by MBK Hotels and Tourism Company Limited (MBK-HT). The hotel is located on Phra Ae Beach, Koh Lanta Island, Krabi Province and it is on an area of 17 rai. Layana Resort and Spa is a 5-star boutique seaside resort surrounding by tropical greenery nature and panoramic views of the mountains and the sea can be seen. It consists of 57 guestrooms in 6 room types.

The Major Change and Development in the Past Year

- ➡ In 2015 after the Hotel was renovated and 6 more guestrooms were increased, in 2016 the Hotel had all 57 guestrooms available for guests as follows:
 - Garden Pavillon : 44
 - Grand Garden Pavillon : 4
 - Terrace Suite : 2
 - Ocean Deluxe Villa : 3
 - Beach Villa 3
 - La Maison : 1
- ➡ In 2016, roofs of 4 buildings— B1, B2, B3, and B4— were changed. A better quality material was selected (Cedar) in order to enhance beauty and a solution to leakages of water.
- ➡ To solve a piping problem inside guestrooms in order to improve the piping system of sending and draining water to be efficiently in order that guests have more satisfaction.
 - Terrace Suite 2
 - Grand Garden Pavilion 4
- ➡ To utilize the Opera Express system— new guestroom management— in order to increase the potential of collecting guest details held on a database and increase the efficiency of guest occupancy management and faster providing guests with services.
- ➡ To increase the speed of the internet signals for both guests and employees more efficiently.
- ➡ To manage to buy a 10-rai piece of land on Lanta Island in order to support a new project in the future.
- ➡ To extend the period of a rental contract for the area of Sand Bar as a 3-year rental contract.
- ➡ To add more CCTVs to be a total of 32 CCTVs in order to cover more areas inside the Resort for the sake of guests' safety.
- ➡ To change machines and tools in a laundry room in order to enhance the quality of caring for clothes of guests and employees.
- ➡ To decorate the interior part and improve a stereo system inside the Speed Boat 1 (Layana 1 Speed Boat) in order to enhance the customer satisfaction.

- ➡ To buy beach cleaners in order to impress customers.
- ➡ Marketing and a marketing plan of the group in 2016
 - The Hotel has been honored to be a representative to hold a reception for groups of Product Manager Teams from many famous travel agencies as well as for groups of the Airlines in order to receive services and have authentic experiences of staying at Layana Resort and Spa. The group of Product Manager Teams has admired the beauty of the Hotel and its excellent services and quality of products provided for customers (guests) of the Hotel.
 - The Hotel has participated in activities in cooperation with world-class associations as follows:
 - Hideaways Hotels
 - Conde Nast Johansen Spas
 These two associations will enhance the image and marketing of the Hotel in order to reach the high-potential target groups as expected.
 - The Hotel has offered the Package for health called “Fusion Fitness and Wellness Being Package” in order to promote the recognition of new healthy products focusing on taking some exercise and holistically promote the better health during the stay at the Hotel. The customers/guests can choose sports and activities provided by the Hotel such as yoga, woga (yoga in water), and spa treatments. They also can choose healthy food as liked.
 - To increase sales strategies on websites of online companies and the Hotel's website.
 - Sales presentation of new packages on the Hotel's website and special promotions in order to increase attractions and a variety to the customers.
 - To sign more contracts with Asian travel agencies in order to increase an occupancy rate in a low season.

- More participation in foreign Trade Shows.
- To have a website in Chinese in order to draw attractions of Chinese customers to stay at the Hotel during a low season.
- The new harbor at Baan Ramard has been in service for customers since the beginning of 2016 in order to enhance the privacy and convenience for the Hotel's guests which a warm welcome is received.
- Breakfast has been changed to be buffet breakfast which has a more variety of choices for customers such as a special menu for health, gluten-free food for health care lovers or customers who have limitations of nutrition so they have more confidence in having breakfast.
- To maintain a customer base of the European customers to be number 1 and service standards. The Hotel received many awards such as
 - 1/84 resorts on the Island
 - 1/304 hotels and resorts in Krabi Province
 - 16/25 Romance in the world 2016
 - 2 Top Hotel in all Thailand
 - 2 Best Service in Thailand
 - 2 Best Luxury Hotel in Thailand
 - 19 Top Hotel in Asia

- 25 Best Luxury Hotel in Asia
- Global Winner 2016 World Luxury Spa Awards – Best Luxury Destination Spa
- Country Winner 2016 World Travel Awards – Thailand's Leading Spa & Resort
- Continent Winner 2106 World Travel Awards - Asia's Leading Spa Resort
- Country Winner 2016 World Luxury Hotel Awards – Best Luxury Adults Beach Resort
- Country Winner 2016 Global Seven Star Luxury Lifestyle Awards – Best Luxury Resort
- Continent Winner 2016 Conde Nast Johansen Awards – Best Treatment Menu
- Continent Finalist 2016 Conde Nast Johansen Awards – Best Spa Facilities
- Country Winner 2016 Haute Grandeur Global Hotel Awards – Best General Manager
- Country Winner 2016 Haute Grandeur Global Hotel Awards – Most Unique Guest Experience



The Target Customers of Layana Resort and Spa

Main Customers are from the European countries such as U.K., Germany and Switzerland, who are likely to come during a high season (November – April). The main target group includes honeymooners, retirees and adults. The Hotel does not have a policy to accept the guests under 18 years old.

Minor Customers are from Australia and the Asian countries who make online reservations. They will come to stay during a low season (May – October). In 2016, the Hotel had an opportunity to welcome increasing American and Chinese tourists between May and October. This target group checked the Hotel's information through websites and made reservations a short period in advance. This is the good opportunity for the Hotel to have an increase in new customer groups which have purchasing power.

The Marketing and Competitive Situation

1 The selling and distribution channels of Layana Resort and Spa

- ➡ To sell via travel agencies in regions around the world, both in the country and foreign countries.
- ➡ To sell through websites, particularly the Hotel's website, or social media channels.
- ➡ To sell through representative agents in other countries such as Australia, U.K., German.
- ➡ To sell packages with affiliated hotels.
- ➡ To offer special packages for customers who come back repeatedly.

2 The Competitive Situation of Layana Resort and Spa

Due to the fact that the Hotel has clearly set target groups such as not accepting any guest whose age is below 18 in order to maintain a target group that comes for a honey moon or the elderly who need peaceful and quiet environment as well as the privacy. Therefore, the Hotel is the leading hotel on Lanta Island. The business profits in 2016 were higher than in 2015 because there were more guestrooms. However, the profits were below the target because of the sluggish global economy, high currency depreciation of Euro and U.K's pound sterling—the Hotel's main customer group—and an impact of U.K.'s withdrawal from the European Union (Brexit). These factors led to a slowdown in room reservations and a decrease in spending at the Hotel as well.

3 Layana Resort and Spa's Industry Outlook and Competitive Situation in the Future

Due to the fact that the Hotel in Krabi Province has few guests in May to September, it is important to increase customers that will book rooms during a low season, by using Pathumwan Princess Hotel which is quite well known to recommend new customers and increasing Honey Moon customers. However, limitations of the flights to Krabi must be studied because some countries do not have a direct flight to Krabi in low seasons. As a result, some customers view that it is inconvenient. Layana Resort and Spa needs time to promote the destination of Lanta Island to be known for a wider circle. Because tourists feel enough of Phuket, it is a good opportunity for Krabi province and the Lanta Island.

The bridge from Lanta North Island to Lanta Yai Island was built and opened for use on 22nd April 2016, therefore, the transportation to Lanta Yai Island is more convenient which has a good effect on the economy and overall living of Lanta Island.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

- ➡ Goods and products in the Gallery which include trading and consignment.

2 Reducing the environment impact

Layana Resort and Spa has worked to reduce the impact on the environment as follows:

1. Water Management
 - 1.1 The Hotel has a wastewater treatment before it is released back to the environment.
 - 1.2 The wastewater from staff residence area is under the process of the wastewater treatment and it is used to water trees around the Hotel.
 - 1.3 The Hotel uses a refilling drinking water tank.
2. Waste Management
 - 2.1 There is a campaign for the office to use reused papers.
3. Energy Management
 - 3.1 The Hotel has regulations for purchasing products and materials with environmental and safety certifications such as No.5 Energy Saving Label.

- 3.2 The Hotel has regulations for purchasing seasonal fruits and vegetables to reduce toxic contamination.
- 3.3 The Hotel uses renewable energy for inside and outside transportation to reduce the impact on the environment and reduce a global warming such as a bicycle.
- 3.4 The Hotel has an electricity consumption report and publicizes to all personnel for encouraging them to participate in the Hotel's energy saving.
- 3.5 The Hotel uses energy-saving bulbs to reduce a global warming and save energy.
- 3.6 The Hotel has automatic light control switches to reduce an energy loss.
- 3.7 The Hotel does not allow to start a car engine while waiting in the Hotel in order to reduce the loss of fuel.
4. Environmental Management outside the Hotel
 - 4.1 To cooperate with MBK GROUP and Thanachart Bank Public Co., Ltd. in order to organize the Growing Happiness activity which was a project to create happiness at Baan Ramard in July 2016.
 - 4.2 To encourage the personnel to take care of the beach in front of the Hotel where is a public area, and always keep it clean.
 - 4.3 The Hotel is a part of the environmental campaign with Tourism Authority of Thailand.

5. To help the neighboring communities

- 5.1 The Hotel provided students from Burapha University with the training in Hotel and Tourism Management in order to encourage knowledge and skills in providing services for customers in the real working atmosphere.

The Golf Business

Products and Services

The golf business is operated by MBK Resort Public Company Limited ("MBK-R") and Riverdale Golf and Country Club Company Limited ("RDGCC"). The detail of business is as follows:

The golf business in Phuket province is operated by MBK Resort Public Company Limited ("MBK-R"), an indirect subsidiary which MBK holds 72.61%. MBK-R has two golf courses which are currently operating open for golf business. They include the Loch Palm Golf Course ("Loch Palm Golf Course: LPGC") and the Red Mountain Golf Course ("Red Mountain Golf Course: RMGC") and are located in Kathu district, Phuket province.

Loch Palm Golf Course (LPGC) has opened since 1993 and MBK Group has operated it from 2002 until now. Red Mountain Golf Course (RMGC) is developed and built by MBK-R and it was officially opened in 2008.





Loch Palm Golf Course (LPGC) is a standard golf course with 18 holes, par 72, on an area of about 500 rai. It has been specially designed, taking into consideration the unique characteristics of its landscape. It includes a large lake and a long line of fresh green palm trees which are the main elements of the golf course. For the convenience of golfers who need a warm-up before playing a round, there is a driving range located in the same area.

Red Mountain Golf Course (RMGC) is MBK-R's second golf. It is a new standard golf course with 18 holes, par 72 on an area of over 600 rai which is adjacent to the Loch Palm Golf Course (LPGC) golf course. Red Mountain Golf Course (RMGC)'s clubhouse equipped with full amenities is located at the foot of the hill where golfers can have a clear view of the whole landscapes. In addition, it provides golfers with golf driving ranges and other facilities including putting greens for practicing, which are well maintained and look like the real ones. The driving ranges and available facilities enable golfers to enjoy the game more than before.

The golf business in Pathum Thani province is operated by Riverdale Golf and Country Club Company Limited ("RDGCC"), with a golf course that has been opened since June 2010 called 'the Riverdale Golf and Country Club' (RDGC). Located in Bang Kradi district, Pathumthani province, it is a standard golf course with 18 holes, par 72, on an area of about 346 rai. The golf course has been specially designed, based the concept of a golf course in the valleys. To achieve such an impressive landscape, it is necessary to dig over 10 meters down into the earth. The purpose is to make the golfers feel that they are playing golf in the valleys. The design also includes creation of hills in order to make the game more

challenging for the golfers. As regards the club house, it incorporates modern design features and is equipped with a full range of amenities. Looking from the club house, the golfers will enjoy a beautiful panoramic view of the whole golf course as if they looked down from the top of a mountain. It also has driving ranges for golfers and a putting green which is maintained as well as real golf course in order to practice and get prepared before playing.

For the management of Bangkok Golf Club (BKGC) run by Ma Boonkrong Sirichai Enterprise Co., Ltd., BKGC has its reputation for a long time. Adjacent to Riverdale Golf Club (RDGC), it is a golf course with 18 holes and par 72, which provides both Day Golf and Night Golf services. It used to be managed for the Golf Championship's Asian Tours. Facilities are completely provided for golfers—restaurants, lockers, pro shops, and banquet rooms—in order to completely offer services to golfers. The Golf Club's strengths are that green speed is fast which challenges golfers, and the golf course is not too long but designed for golfers to enjoyably play with its design of neither too difficult nor too easy to play. Therefore, it is popular among golfers.

In 2016 the golf business renewed the reciprocal agreement with leading golf courses in both of domestic and foreign countries and made new contracts with several golf courses. The new contracts made MBK Group's golf business to have business alliances with different 13 golf courses as follows:

1. Montgomerie Links, Vietnam
2. Mount Lawley Golf Club, Australia
3. Tanah Merah Country Club, Singapore
4. Singapore Island Country Club, Singapore
5. Orchid Country Club, Singapore

6. Bintan Lagoon Resort, Indonesia
7. Macau Golf & Country Club, Macau
8. The Royal Selangor Golf Club, Malaysia
9. Kota Permai Golf Club, Malaysia
10. Seletar Country Club, Singapore
11. Ostravice Golf Club, Czech Republic
12. The Eastern Golf Club, Australia
13. Warner Inter Golf Club, China

Moreover, the golf business becomes an alliance with Pacific Links International Group which currently has 24 golf courses – 8 courses in the United States, 2 courses in Indonesia, 1 course in Singapore, 7 courses in Australia and 6 courses in Vietnam.

From such alliances, the golf business has a connection with 37 courses in 9 countries, resulting in an increase in revenue from golf members under the provisions of a reciprocal agreement. Furthermore, the members also receive the privileges from our business alliances. We have planned to further expand the number of international alliances in order to increase the number of golfers visiting the course.

The Major Change and Development in the Past Year

For the management of Bangkok Golf Club, run by Ma Boonkrong Sirichai Enterprise Co., Ltd., the Night Golf service was provided for the sake of convenience of golfers who lived in Bangkok and surrounding areas.

For operating the golf business, the distribution channels of sales is divided into each golf course as follows:

Group of the Customer of the Golf Business

Loch Palm Golf Course (LPGC) and Red Mountain Golf Course (RMGC)'s distribution channels are divided by customer groups into two categories as follows:

➔ Overseas Customers

Most foreign customers of Loch Palm Golf Course (LPGC) and Red Mountain Golf Course (RMGC) are tourists from Asia, particularly the Japanese tourists. A number of Australian golfers are increasing. The distribution channels are as follows:

- Through travel agencies which are both domestic and international representative agents of Loch Palm Golf Course (LPGC) and Red Mountain Golf Course (RMGC).
- Through the electronic media such as the website called www.mbkgolf.com or e-mails. Moreover, the public relations are also run through the electronic media such as Facebook.
- Members of golf partnership under the provisions of a reciprocal agreement.
- Other affiliated companies from other businesses that share their customer database in order to expand their customer base.

➔ Domestic Customers

Most domestic customer target groups consist of local people and foreigners who are living in Phuket and adjacent provinces as well as domestic tourists who are members and non-members visiting the golf courses on their own. There are 6 types of membership as follows:



- Permanent individual membership (only at LPGC)
- Permanent juristic person membership (only at LPGC)
- Annual membership for local residents (only at LPGC)
- Annual membership for civil servants (only at LPGC)
- 30-year membership for the house owner within Loch Palm Golf Course (LPGC) & Red Mountain Golf Course (RMGC) projects
- One-year and two-year short-term membership (only at RMGC)

Moreover the Golf Course can support the competition of the associations, the companies or the institutes which arrange the golf competition.

The distribution channels of Riverdale Golf Club (RDGC) are similar to those of Loch Palm Golf Course (LPGC) and Red Mountain Golf Course (RMGC). There are 2 types as follows:

➡ Overseas Customers

The majority of Riverdale Golf Club (RDGC)'s customers are asian and australian tourists which use the following distribution channels;

- Travel agencies of Riverdale Golf Club (RDGC).
- Through the electronic media such as the website called www.mbk golf.com or e-mails. Moreover, public relations are also run through the electronic media such as Facebook.
- Members of golf partnership under the provisions of a reciprocal agreement.
- Other affiliated companies from other businesses that share their customer database in order to expand their customer base.

➡ Domestic Customers

Most of domestic customers are from Bangkok and its surrounding areas, both Thai residents and foreigners having business or working in Thailand. Customers who have a member card of Riverdale Golf Club get a special discount for card-holding members, and walk-in customers. Moreover, there are customers who book tee-time scheduled all day long for competition

that generates an income for Riverdale Golf Club (RDGC) by 10 percent of the total green fee.

The distribution channels of Bangkok Golf Club (BKGC) are similar to those of Riverdale Golf Club (RDGC). There are 2 types as follows:

➡ Overseas Customers

Most overseas customers of Bangkok Golf Club (BKGC) are tourists from Asia, particularly the Korean golfers. The distribution channels to sell are as follows:

- Through travel agencies which are representative agent of Bangkok Golf Club (BKGC).
- Through the electronic media such as the website called www.mbk golf.com or e-mails. Moreover, public relations are also run through the electronic media such as Facebook.

➡ Domestic Customers

Most of domestic customers are from Bangkok and its surrounding areas, both Thai and foreigners having business or working in Thailand. This group's need is to play golf with not too high fees but the high frequency of golf playing, particularly public officials. Vouchers are issued for public officials with a special fee. Moreover, customers who get the Night Golf service are the ones who generate main revenues for the golf club.

As well, both Loch Palm Golf Course (LPGC), Red Mountain Golf Course (RMGC), Riverdale Golf Club (RDGC) and Bangkok Golf Club (BKGC) occasionally organize seasonal promotion activities and tournaments for associations and clubs in general.

The Golf Business' future goal is to become a leader in quality golf course at the same level as famous international golf courses and improve service standards; for example, providing quality and good taste food, providing customers with the services of attentive and friendly personnel.

The Marketing and Competitive Situation

1 The Competitive Situation of the Golf Business

➡ Phuket

In 2016, the overall situation of the Golf Business quite leveled off the same as the situation in 2015 and has probably remained the same until 2017 because of

a drop in foreign golfers coming to Phuket to play golf. Meanwhile, a number of the Chinese tourists coming to Phuket increased but they mainly came to travel, not to play golf. As a result, golf courses in the area turned to focus on the golfers in Phuket instead by using a quite-low-fee strategy for local golfers.

Loch Palm Golf Course (LPGC) and Red Mountain Golf Course (RMGC) also have advantage over the competitors in Phuket, which are the locations of the golf course as they are located near the central area and Patong Beach— a significant tourist attraction of Phuket. Moreover, both golf courses have large areas allowing potential for the development of various components. As a result, the golf courses are always novelty, beautiful and have the view of natural scenery.

Red Mountain Golf Course (RMGC) and Loch Palm Golf Course (LPGC) have received good feedback from both Thai and foreign golfers due to the features of the course, which was designed to challenge, accompanying with the beauty of the landscape. This also includes a regular maintenance of the golf course and well equipped facilities. Within a short period of time, Red Mountain Golf Course (RMGC) and Loch Palm Golf Course (LPGC) are considered the leading golf courses of Thailand and received many awards given by Trip advisor, Asian Golf Award, HAPA, Thailand Best Golf Courses, Best of Thailand Awards Voted by Chinese Tourists, IAGTO, IGOLF Charter. These two golf courses are recognized by both foreign and Thai golfers as ones of the best golf courses recommended as the must-visit golf courses if they travel to Phuket.

➡ Bangkok and Its Surrounding Provinces

In 2016, Riverdale Golf Club (RDGC) will have been opened for 6 years and business competitions are increasing, by both new golf courses and other golf courses that have renovated their layout to be more interesting and challenging. Marketing events with fees as incentives are organized. There are also nearly-opened golf courses nearby. Golfers then have a variety of choices to pick, but Riverdale Golf Club (RDGC) still holds the advantages in terms of location, which is located not far from the heart of the city like Bangkok. Moreover, the layout of the golf course has a distinctive design and is different from other competitors within the same area; as well as the integrity and challenging of the golf course which is broadly mentioned that Riverdale Golf Club (RDGC) is one of the must visit golf courses.

2 Golf Business's Industry Outlook and Competitive Situation in the Future

➡ Phuket

Both golf courses of MBK-R— formerly focused mainly on tourists— have to adapt themselves because of today's situation. They have turned to focus on local golfers and domestic golfers more.

For the competitors in the future, there are 1 new golf course in the neighboring province called Pang Nga and 1 nearly-opened golf course in Krabi but they both are not direct competitors. The direct competitors are rather golf courses within the area and in ASEAN countries because new golf courses are opened and world-class tournaments are organized. As a result, golfers have headed to the golf courses in these countries. However, both golf courses have adapted their strategies in order to support more local and domestic golfers and continuously run marketing for foreign golfers in order that a number of golfers will reach the goal through fee types and an online booking system.

➡ Bangkok and its Surrounding Provinces

Riverdale Golf Club (RDGC) and Bangkok Golf Club (BKGC) aims primarily at Thai and foreigner customers that operate their business or work in Thailand, as they are located near the city center. Moreover, tourist groups that come to play golf and customers that book Tee-Time are potential customer groups for increasing Riverdale Golf Club (RDGC) and Bangkok Golf Club (BKGC)'s income in the future. Thus, the future of Riverdale Golf Club (RDGC) and Bangkok Golf Club (BKGC)'s industry trend and competitive situation mainly depend on domestic factors and impacts such as domestic economic condition and political issues.

In the future, new golf courses will be opened around surrounding provinces. Both new golf course and existing golf courses have improvement. There are already competitors in the same area, making the market highly competitive. However, Riverdale Golf Club (RDGC) and Bangkok Golf Club (BKGC) are still competitive for its outstanding design, easy access and good service, with the clear target groups that can provide a variety of marketing types. Marketing plans are prepared to increase distribution channels to sell through agencies such as tour and travel agencies. They also emphasize organizing competitions both in groups and tournaments, which are still on high demand.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

-None-

2 The environmental impact

The Golf business manages to reduce environmental impacts, i.e., business operations may affect the environment in the vicinity of golf course. Due to maintain their golf courses to be always in perfect and beautiful condition, the course needs regular fertilizers and chemical substances. Nevertheless, Loch Palm Golf Course (LPGC), Red Mountain Golf Course (RMGC), Riverdale Golf Club (RDGC) and Bangkok Golf Club (BKGC) have realized the impact on the environment as mentioned above. We have set the policy to reduce the use of fertilizers and chemical substances in maintaining the golf courses and try to use the organic fertilizers and sources in our golf courses shows that pond water has the same water quality standards according to the notification of the Ministry of Public Health.

The Real Estate Business

The Real Estate Business has operated the business as follows:

1. Property development for sale business.
2. Property management business.
3. Asset appraisal and advisory service business.

Property Development for Sale Business Products and Services

MBK-RE operates business by developing vacant land for sale, which is single home residential project that is divided into 2 types: pre-built houses and built-to-order houses.

The Major Change and Development in the Past Year

In 2016, MBK-RE had main revenues from the QUINN Condo Project which its revenue recognition of the rest of the project was equivalent to THB 1 billion from the project's total value of THB 3.2 billion. Because of good feedback from customers, MBK-RE had a plan to develop the second high-rise residential area project along the sky train line on Sukhumvit Road. It has been expected to open around the beginning of 2018.

From the projects in Phuket, 1 project which could be closed was the Indy 2 Project (Phase 2) in Koh Kaew district. It was developed for 32 two-floor twin

houses. The Sabai Village 2 Project in Khatu district, was developed for one-floor single houses, 2-floor single houses, and two-floor twin houses— 106 units in total. The conveyancing for 103 units was already done but there were 3 units left which has been expected to be able to close the project within 2017.

Moreover, in 2016 MBK-RE began to develop the empty land next to the golf club in Pathum Thani for the residential area. Its first project to be opened in May 2016 was Park Riverdale Project. Situated 100 meters far from the golf club, its project was developed for 79 two-floor modern-style single houses which its price started from THB 6.99 million. The total value of the project was more than THB 670 million. Nowadays, the project's 41 units (houses) have been already completed and available for sale. The whole 79 units are expected to be completed within 2017 and the total revenues will be recognized within 2019. Moreover, the Riverdale Residence project—the luxury project— will be planned to open in the first quarter of 2017. The project is in a modern contemporary style which offers plots of empty land with good locations next to the golf club together with their house plans, and land-and-houses— altogether 56 plots of land with total value of over THB 1,500 million. Also, there is a development plan for other plots of land around the golf club in the next phase.

For the development project of condominiums on Rama IX Road, because the customers' needs are changing, MBK-RE has conducted a feasibility study of the new style development project for a low-rise residential area which its project is expected to be opened within late 2017.

The Target Customer of Property Development for Sale Business

1. The house buyer group who needs the first house. This group has upper-middle and above income. This group needs a house located in the Central Business District (CBD) or community areas.
2. The house buyer group who needs the second house upcountry for the leisure purpose. This group has middle to high income.
3. The investor group who buys houses for the purpose of renting them out.

The Marketing and Competitive Situation

1 The selling and distribution channels of property development for sale

The distribution channels of MBK-RE to sell property development consists of the following:



1. Through MBK-RE and PST's direct sales teams.
2. Through sales agents.
3. Through a mixed combination of advertising, public relations activities as well as promotion campaigns aimed at creating and expanding channels of distribution and at disseminating information to prospective customers and convincing them on the worthiness of the offered products.

2 The Competitive Situation of Property Development for Sale Business

Since 2016 onwards to 2017, most entrepreneurs have slowed down investment in new projects, particularly the projects in provinces, and placed the importance of managing a lot of real estate still in stock. As a result, the entrepreneurs compete with marketing strategies or sales promotion events used to stimulate a sales volume of the real estate. MBK-RE has increased distribution channels to sell it and arranged marketing events to match target customer groups and stimulate the customers to make a faster decision to buy it.

3 Property Development for Sale Business's Industry Outlook and Competitive Situation in the Future

In 2017, the housing market has still leveled off because of unclearly economic recovery in the country, a high level of household debts, fluctuations in political situations and the global economy, particularly the China's economy which has still slowed down, and policies on the economy of the new U.S.'s President which will have an impact on countries depending on the export to U.S. Therefore, entrepreneurs have to be careful with investments in new projects with locations in demand and matching customer groups who have the purchasing power. Therefore, the entrepreneurs have to emphasize the importance of management of in-stock real

estate as the first priority, and new development projects which its expansion normally is along the development of infrastructure, particularly sky train lines and newly constructed roads. However, an important factor to have an impact on the development projects is the price of plots of land which is soaring by leaps and bounds. This will be an obstacle to the growth of the real estate. Therefore, the entrepreneurs have to adapt themselves very much to these aforementioned situations by finding the appropriate size of plots of land, designing the projects that meet the behavior and needs of the target customer groups.

The Property Management Business Products and Services

Property management business is operated by the PST. It is engaged in the business of managing properties as follows:

1. To look after and maintain the properties under its management, making sure that they are in good conditions and ready for sale.
2. To provide services, including improvement, and renovations of the properties.
3. Coordination with financial institutions in applying for loans for the buyers of the properties.
4. To act as a sales agent of financial institution for their foreclosed properties.

At the present, PST have more roles in operating real estate business by giving services in management and managing real estate efficiently both in continuously developing project, property maintenance, marketing and selling to increase the real estate value that are in the Company's care. Projects and communities that the Company had managed are as follows: Baan Suan Phuttamonthon Sai 1, Baan Suan Cha-am Beach, Glas Haus Building (Sukhumvit), Glas Haus Building Ratchada and MBK Tower Building.



The Target Customer of Property Management Business

The key customer Most of PST's customers are those of financial institutions.

The target groups of PST consist of the following:

1. Members of the general public who purchase the properties for residential purpose or for their own use.
2. Retail investors who purchase the properties and renting them out for a return.
3. Retail investors who purchase the properties for the purpose of renovating them and re-selling them to others.
4. Big-scale investors who purchase the properties for further development.
5. Debtors who are entitled to buy back the foreclosed properties.

The Marketing and Competitive Situation

1 The selling and distribution channels of property management business

The distribution channels of PST's property management business consist of the following:

1. Through PST's sales teams.
2. Through auction activities.
3. Through media such as magazines, printed materials, PST's website, brochures or leaflets.
4. Through real estate brokers.
5. Through establishment of portfolios of properties offered to investors.
6. Through cooperation with financial institutions and banks in setting up booths to promote sales and give information about the properties to prospective buyers of new and second-hand houses.

2 The Competition in Property Management Business

PST's potential in property management business is stronger than those of its competitors as it maintains the properties under its management in good condition. In addition, its services include negotiation with those trespassing on the property foreclosed by the financial institutions, which is the main problem encountered by the financial institutions.

As regards the project management business, PST started this business in 2006. The business is highly competitive with many operators. However, as PST has adopted an effective strategic plan, it is confident that the business will generate a good return.

3 The Property Management Business's Industry Outlook and Competitive Situation in the Future

Second hand real estate trend for the year 2017, shows the there are opportunities and great choices, as purchasers can utilize it for commercial purposes or purchase for investment. Because of new real estate prices have the tendency to adjust the price up in accordance to the increasing costs.

In view of the above situations, the competition is expected to remain intense. Both financial institutions and brokers in the private sector need to improve their marketing strategies and the quality of their services. As well, they should continuously organize sales promotion activities.

The Asset Appraisal and Advisory Service Business

(1) Products and Services

The business is operated by Plan Appraisal Company Limited ("PAS"), available as follows:

1. To appraise the value of residential properties for projects.
2. To appraise the value of assets in general, such as houses, apartments, and hotels.
3. To give advice on valuation and use of properties, taking into account the legal constraints.
4. To conduct feasibility studies of property development projects.
5. To give opinions on the management of foreclosed properties for sale.

The Target Customer of Asset Appraisal and Advisory Service Business

1. Financial institutions.
2. Property development operators or real estate developers.
3. The general public.

The Marketing and Competitive Situation

1 The selling and distribution channels of asset appraisal and advisory service business

PAS has two main distribution channels for its asset valuation and advisory business as follows:

1. For financial institutions, PAS offers its services directly to their property valuation department or collateral office.
2. For property development operators or real estate developers, PAS offers its services through websites and through its letter of introduction.

2 The asset appraisal and advisory service business's industry outlook and competitive situation in the future

The growth of the asset appraisal and advisory business varies in line with the economic growth. On the part of banks, they are expected to accelerate the expansion of their lending activities in the areas including home loans and loans for small and medium sized enterprises. This should have a positive impact on the future expansion of the market for the asset appraisal and advisory service business. In addition, state agencies have adopted measures aimed at promoting transparency in asset valuation by encouraging the property development business to make use of independent and professional asset appraisers. This development should lead to a higher growth rate of the country's asset appraisal and advisory service business. It augurs well for the business of PAS.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

-None-

2 Environmental impacts

The actions taken by the property development business to reduce the environmental impact

Actions to reduce the impact on the environment are mainly concerned with the property development business operated by MBK-RE. The company is required to take actions to reduce the impact of all of its projects on the environment. This is in compliance with the requirements imposed by the Environmental Impact Evaluation Bureau (EIEB) under the Office of Natural Resources and Environmental Policy and Planning (ONEP). For each of its property development projects, MBK-RE is required to conduct an Environmental Impact Assessment (EIA) before the construction of each project.

As regards the foreclosed properties for sale and the management of other property development projects, PST also continuously complies with the standard requirements imposed on those properties.

The Food Solution Business

The Rice Business is operated by Patum Rice Mill and Granary Public Company Limited ("PRG") and its subsidiary. Their main business includes producing and selling rice and other related products both in the local and overseas markets, as well as operating restaurant and food court business. The details about their rice products and distribution channels are as follows:

Products and Services

Main Products – The Rice Business

Rice in plastic packaging, in the package size of 2 kilograms, 5 kilograms, 15 kilograms, 48 kilograms, 49 kilograms, and 50 kilograms, under the trademarks of "Mah Boonkrong Rice", "Mah Boonkrong Plus Rice" and "Jasmine Gold Rice". In 2016, PRG has increased the product distribution under the trademarks of "Pun Suk Rice" (Sharing the Happiness Rice) and "Mah Boonkrong Organic Rice" which their details are as follows:

➡ Jasmine rice is the rice that has won plates of award for the production of quality packaged rice for 9 consecutive years and it is the first Company in Thailand that has been awarded the standard certificate (with a picture of hands together in a praying position inside a square), and the excellent standard certificate (with a picture of hands together in a praying position with a star—★), Granted by the Department of Internal Trade, the Ministry of Commerce. This can assure that every bag of Mah Boonkrong Jasmine Rice always holds the constant standards. Jasmine rice can be divided into several types as follows:

- Jasmine Rice 100% (a red foil bag), consisting of new 100% jasmine rice from an early season. This comes in the package size of 5 kilograms.
- Jasmine Rice 100% (a red bag), consisting of 100% jasmine rice. This comes in the package size of 200 grams, 2, 5, and 15 kilograms.
- Jasmine Rice 100% (a green bag), consisting of old 100% jasmine rice. It comes in the package size of 1, 5, 15, 45, 49 and 50 kilograms.
- Jasmine Rice 5%, consisting of 95% whole grain jasmine rice and 5% broken jasmine rice. It comes in the package size of 5 kilograms.
- Jasmine Rice 10%, consisting of 90% whole grain jasmine rice and 10% broken jasmine rice. It comes in the package size of 5, 15, 48, 49 and 50 kilograms.
- Jasmine Rice 100% - Jasmine Gold- is extra quality jasmine rice packed in a vacuum bag with the package size of 2 kilograms.
- Noppakhun Aromatic Brown Rice is 100% brown jasmine rice that is packed in a vacuum bag with the package size of 2 kilograms.

➡ Tip Fragrant Rice is a mixture of 70% of 100% jasmine rice and 30% of 100% white rice. Package size of Homtip Rice (a yellow bag) is 5 kilograms, Tip Fragrant Rice (a pink bag) is 5 kilograms, and Homtip Rice (an orange sack) is 15, 48, 49 and 50 kilograms.

➡ Fragrant rice 100% — a combination of Jasmine rice 20% and Patum fragrant rice 80% with the package size of 5 kilograms.

➡ Patum Fragrant Rice 100% is the fragrant rice that is developed from Jasmine rice's species.

The package size of Patum fragrant rice (an orange bag) is 5 kilograms and Patum fragrant rice (a green bag) is 5 kilograms.

➡ White Rice 100% (a blue bag), with the package size of 5 kilograms and Ruangkaew rice (a dark blue bag), with the package size of 1 and 5 kilograms.

➡ White Rice (Saohai) 100%, consisting of 100% white rice (a blue sack) with the package size of 15, 48, 49 and 50 kilograms.

➡ White Rice 15% (a brown bag), with the package size of 5 kilograms and Ruangtip rice (a purple bag) with the package size is 5 kilograms.

➡ Pun Suk Rice, is available for both white rice and jasmine rice, with the package size of 45, 48, and 49 kilograms.

➡ Mah Boonkrong Plus is Thai jasmine rice with nutritive value from vegetables and grains and no additives. 6 types of Mahboonkrong Plus are as follows:

1. Grains Rice, consisting of sunflower seeds, black sesame and pumpkin. The package size is 450 grams.
2. Garlic Rice with Chinese mushrooms, consisting of garlic, Chinese mushrooms and carrots. The package size of 450 grams.
3. Five-Color Rice, consisting of corn, carrots, taros and green peas. The package size is 450 grams.
4. GABA Rice (Germinated brown rice), Nutra Gaba rice is 100% brown jasmine rice which goes through natural process to add more nutritive value which are fiber, vitamins, magnesium and antioxidants such as GABA that gives nutrition 30 times more than normal brown rice, which is healthy to the body and help prevent disease such as cancer, diabetes, Alzheimer, decrease stress and feel relaxed. The package size is 1 kilogram.
5. Riceberry is a new species of jasmine rice, the cross-bred species of black rice and jasmine rice. It contains protein 2 times more than jasmine rice and high antioxidants— anthocyanin, beta-carotene, gamma oryzanol, vitamin E, tannin, zinc, and folate— but a low level of sugar. The package size is 1 kilogram.
6. 4 Hearty Rice is suitable for anyone who likes healthy food for a good health or

begins to eat brown rice. It consists of 100% jasmine rice which is a specially selected grade, 100% brown jasmine rice, 100% riceberry, and red brown jasmine rice. It is an excellent cross-bred species which provide utmost nutritious benefits under a special formula of Mah Boonkrong rice. Therefore, already cooked rice has its constant quality and looks delicious. The package size is 1 kilogram.

- ➡ Mah Boonkrong Organic Rice is chemical-free rice and receives international standards— U.S.'s National Organic Program (NOP) and EU's organic agriculture standards. It can be divided into 3 types as follows:
 - Organic Jasmine rice is jasmine special grade-selected rice 100%, with the package of 1 kilogram.
 - Organic Jasmine Brown Rice is jasmine brown rice 100%, with the package of 1 kilogram.
 - Organic Riceberry is riceberry brown rice 100%, with the package of 1 kilogram.
- ➡ Nutra Oris 10 Rice Bran Oil is produced from fresh organic rice bran which is cold pressed immediately within 24 hours after being milled. Specific oil extractors are used, the oil is pure, fragrant, fresh, long kept, not rancid, and containing all nutrients. It ensures that the rice bran oil is free of chemical contamination and its organic agriculture standards are certified by the International Federation of Organic Agriculture Movements (IFOAM).
- ➡ Pure Rice Bran Oil is produced from fresh rice bran and rice germ by a cold press method. The rice bran oil's quality is the best. Also, the oil press factory is clean in accordance with the standards.

The By-products

Broken milled-rice, white rice bran, and rice rejection is broken rice resulting from an improvement process of rice quality. It is used to mix with other rice species for a formula for inferior grades as required. Moreover, broken milled-rice which is small is sold to animal feed manufacturers in order to produce animal food.

Main Products- the Restaurant and Food Court Business

Apart from the Rice Business, the Group has also run the Restaurant and Food Court Business through management of subsidiaries and affiliated companies as follows:

Trade Name	Segment	Number of Branches
The Fifth Food Avenue	International Food Court	1
MBK Food Island	Economic-Price Food Court	1
Hina	Sushi, Sashimi, and Set Menu	1
FuYuu	Set Menu and Udon	1
Sukiyaki Number One	Teochew-styled Sukiyaki	4



PRG Subsidiary

PRG Granary Company Limited (“PRG-G”) (PRG holds 99.99% of its paid-up capital)

PRG-G offers warehouse and land renting services for PRG itself and other companies by renting out its buildings and every kind of properties (near PRG) such as plots of land for warehouses and PRG-G pier. One-year contracts are made and their fees are charged according to the amount of storage space or area space.

Ratchasima Rice Company Limited (“RR”) (PRG-G holds 99.99% of its paid-up capital.)

RR was established on 2nd June 1997, approved and promoted by Board of Investment (BOI) to hand over the best quality selection of rice from PRG. The Company is the manufacturer and distributor of milled rice that is packed in 2-kilogram and 5-kilogram bags for the local market under “Mah Boonkrong” trademark.

Approved on 24th February 2006, RR abolished investment promotion and allowed other rice packing company to rent the factory for 1 year. Nowadays, RR is the major producer to improve the quality of jasmine rice— by selecting and improving the quality of rice so that the rice is bag-packaged for PRG and other domestic and international buyers. Moreover, RR has also run business about buying rice for PRG and ordinary people.

RR has started its production of rice for health since November 2016. Nowadays, it has produced GABA rice (or germinated brown rice) in order to promote the good health under the trade name of Nutra GABA Rice and dietary supplements from rice bran oil and organic jasmine rice germs packaged in capsules under the trade name of “Mah Boonkrong Plus”, and non-organic jasmine rice bran oil. Moreover, other rice products for health are produced such as Riceberry and four-color rice. Moreover, RR has operated rice trading business for Patum Rice Mill and Granary Public Company Limited as well as the general public.

Simapac Company Limited (“SMP”) (PRG-G holds 99.99% of its paid-up capital.)

SMP was approved and promoted by Board of Investment (BOI) and on 27th August 1997. There was a resolution approving domestic promotion type 6.12 manufacturing plastic product or coated with plastic and on 22nd November 2006, SMP was approved by Board of Investment to promote investment in manufacturing prints from plastic film business type 6.14 Prints Manufacturing business. The Company is the manufacturer and the distributor of milled rice bags for PRG.

SMP has worked on packaging business development by investing on purchasing a 8-color Gravure printing machine, a bag making machine and a grinder and a cutter machine to support in manufacturing varieties of packaging for the market which consumers demand.

SMP ceased the production and selling of plastic bags in March 2016 and has changed to rent out its factory’s buildings and has procured unhusked rice for the affiliated companies since August 2016.

MBK Food and Entertainment Company Limited (“MBK-FE”) (PRG holds 75.00% of its paid-up capital.)

MBK-FE operates food court business by opening the international food court called the Fifth Food Avenue, on the 5th floor of the MBK Center. A dining place with more than 400 seats and 22 food kiosks where various types of international cuisine are offered. The food court is grand, clean, hygienic with excellent services.

MBK Food Island Company Limited (“MBK-FI”) (PRG holds 99.98% of its paid-up capital.)

MBK-FI operates the food court business by making a long term rent of the 6th floor spaces of MBK to operate a food court under the name the MBK Food Island— a dining place with over 1,000 seats with the concept of a food court with a variety, freshness, cleanliness, and inexpensive prices. Over 50 selected food kiosks are famous and recognized by gourmets or gain in popularity— both Dine-in and Take-away kiosks— in order to meet the need of both Thai customers and foreign tourists who can find delicious dishes from leading restaurants around Thailand in this Food Island with accessible prices.

MBK Restaurant Group Company Limited (“MBK-RG”) (MBK-FE holds 99.99% of its paid-up capital.)

MBK-RG operates the suki-yaki, traditional Teo-chew style restaurant. It was opened on 19th October 2014 at the Nine Center, on Rama 9 Road. It has had considerable success because Suki Number One has been recognized by customers for a long time, together with original taste which is delicious and impressive immediately when customers taste the food. The sales volume is very good and a lot of customers come back again to the restaurant. Currently, Sukiyaki Number One has 4 branches as follows:

- 1) The Nine Center Rama IX
- 2) The MBK Center, on the 6th floor
- 3) The Glas Haus Ratchada Building
- 4) The AC Plaza Saimai Project

MBK-RG plans to expand its branches in potential locations.

MBK Food System Company Limited (MBK-FS) (PRG holds 55% of its paid-up capital.)

MBK-FS is the joint venture with Fujio Food System Private Company Limited from Japan, which operates 2 brands of the Japanese restaurant: “Fujio Shokudo” which distributes local and family-styled Japanese food and focuses on food’s freshness; and “Tsurumaru Udon Honpo” which distributes types of food like Udon that are freshly made in the restaurant.

In 2016, the slowed down economic situation and competitive situation in the food business caused joint venture companies to have significant changes as follows:

1. Cancel the joint venture and the Master Franchise Agreement under the brands of Fujio and Tsurumaru Japanese Restaurants since 31st October 2016.
2. INNO FOOD Thailand Company Limited—a subsidiary of PRG— purchased properties and the restaurant business from MBK Food System Company Limited.

INNO FOOD Thailand Company Limited (“INF”) (RR holds 99.99% of its paid-up capital.)

From 1st January 2016 to 30th October 2016, INF manufactured rice for health. At present, the Company manufactures jasmine GABA rice to strengthen health called Nutra GABA Rice, a dietary supplement from rice bran oil and organic rice germs in capsules, under the trademark of “Mahboonkrong Plus” and non-organic jasmine rice bran oil, under the trademark of “INNO FOOD”. Moreover, there are other types of rice for health such as riceberry or four-color rice. INF has also run business by trading rice for Patum Rice Mill and Granary Public Company Limited and the general public.

Since 1st November 2016, INF has changed to run 2 Japanese restaurants which are Hina Japanese Restaurant— providing the Japanese sushi, sashimi, set menu, and seasonal special menu, and focusing on freshness, food quality, delicious taste, and impressive services— and FuYuu Japanese Restaurant— providing the Japanese sushi, sashimi, set menu, and udon, and focusing on good quality raw materials, appealing to Thai customers’ tastes, and not too expensive prices.

Currently, Hina Japanese Restaurant is on the 6th floor of the MBK Center, while FuYuu Japanese Restaurant is in HaHa Shopping Center on Srinakarin Road.

The Major Change and Development in the Past Year

The Rice Business

In 2016, the Rice Business had important development as follows:

Since 2016, the rice business has fluctuated because the global economy having an impact on the global market’s need for rice and the quantity of rice production brought to the markets by producers all around the world. Therefore, PRG has to make a plan for business operations carefully.

PRG has continuously supported the government’s trade policies. PRG is the rice producers for the Department of Foreign Trade (DFT), the Ministry of Commerce, which is the Thai Government’s representative to enter into Government to Government (G2G) agreements on rice trade. In 2016, rice was exported to different countries such as China, the Philippines, and Indonesia.

In late 2016, PRG had a policy to support rice farmers during a sharp fall in rice’s prices because of a quantity of rice production exceeded the need of the global market by being one of supporters who distributed the rice produced and packaged by the Thai Agriculturist Association.

The current policy of PRG does not focus on only the growth of the rice business, but also a goal to increase a diversity of food products in order to harmonize with PRG’s operational guidelines which aims to be a Food Solution for consumers by utilizing the efficiency of existing selling and marketing to the maximum effectiveness and concentrating on the brand image of quality products at points of sale under the brand of “Mah Boonkrong” and “Mah Boonkrong Plus” both domestically and internationally for the sake of building the confidence of the quality of the MBK Group’s products. Therefore, operational guidelines are adapted to be suitable for policies’ directions. The sale distributions are divided into 2 main domestic and overseas channels as follows:



The domestic sale has 3 separate channels.

1. Modern trade channels include all modern retailers such as Tesco Lotus, Macro, Big C, Tops Supermarket, Max Valu, 7-eleven, and convenience stores, etc.
2. General wholesale and retail channels include wholesale shops and grocery stores across the country.
3. Direct sales channel include hotels, hospitals, restaurants, factories, and food service providers, etc.

The overseas sale has 4 sale zones.

1. Europe and America
2. The Asian and Middle Eastern Countries
3. Africa
4. Australia, New Zealand and the Pacific Islands

The distribution channels are divided into 2 channels as follows:

1. Distribution through the Company's distribution center in Pathum Thani, Surat Thani, and Nakhon Ratchasima.
2. Direct distribution from a producer to buyers in order to reduce transportation costs.

Moreover, PRG has managed warehouse buildings and ports in Pathum Thani as well as PRG has a policy to rent out these properties in order to increase incomes and develop the land in Pathum Thani and Nakhon Ratchasima— for both industrial agricultural gardens and the allocation of spaces to match activities for the sake of utilizing spaces efficiently.

PRG has continuously developed its business operations in order to support the sustainable growth for the business and increase the value added to the business as well.

The Restaurant and Food Business

Apart from producing and selling rice, the Company has run business about restaurants and food courts as follows:

1. The international food court called THE FIFTH Food Avenue (“THE FIFTH”)

THE FIFTH, run by MBK Food and Entertainment Co., Ltd., has operated since May 2006. With the concept of “THE FIFTH Food Avenue, New Definition of International Food Hall— the new style of an international food court you can feel satisfied.” The convenience and a variety of food are offered for customers. Whatever customers like to taste, everything can be found here at THE FIFTH. A variety of international food— Thai, Japanese, Italian, Vietnamese, Indian, vegetarian, Arabic, Greek, Teppanyaki, and seafood— is offered. Also, an excellent gourmet-styled service is provided here. Moreover, a credit card with a limit of THB 1,000 is provided so that customers can freely choose what to eat. THE FIFTH has a dining place with over 400 seats and its areas are divided into the Dining zone and the Open Kitchen for various international food.

In 2016, THE FIFTH Food Avenue invested in the major renovation of its food court (or food avenue) in order to enhance its image to be modern so that service users would have good experiences of using the services.

2. The food court called MBK Food Island (“MBK-FI”)

MBK-FI, run by MBK Food Island Co., Ltd., is situated on the 6th floor of MBK Center. It is a dining place with over 1,000 seats available, with the concept of the food court provided with a variety of food, freshness, cleanness, and inexpensive prices. More than 50 shops which are selected to be part of MBK Food Island are famous and well recognized in order to satisfy both Thai and foreign customers’ needs.

In 2016, MBK-FI expanded its spaces and diversity of kiosks and food by adding another Food Souvenir-styled and Takeaway-styled zones in order to offer new experiences to customers who used services continuously.

3. The Japanese restaurants branded as “Hina Japanese Restaurant” and “FuYuu Japanese Restaurant”

The Japanese restaurants are a joint venture between PRG and Fujio Food System Singapore Proprietary Limited which is famous in Japan. They have operated their restaurant chain since 2013 which MBK Food System Company Limited has the right to use brand names of Fujio Shokudo and Tsurumaru Udon Honpo. The first branch was opened in the MBK Center.

In 2016, the slowed down economic situation and competitive situation of the food business caused the joint-venture companies to have significant changes as follows:

- ➡ The change of operations of the Japanese restaurants under the brands of Fujio Shokudo and Tsurumaru Udon Honpo on 31st October 2016 to be the restaurant chain operations from 1st November 2016 onwards.

- To change the name from Fujio Shokudo to Hina Japanese Restaurant. One branch has been opened on the 6th floor of the MBK Center.
 - Change the name from Tsurumaru Udon Honpo to FuYuu Japanese Restaurant. One branch has been opened on the 1st floor of HaHa Shopping Center.
- ➡ INNOFOOD (Thailand) Company Limited—a subsidiary of the PRG GROUP—bought properties and restaurants from MBK Food System Company Limited.

4. Sukiyaki Number One Restaurant

Sukiyaki Number One Restaurant, run by MBK RG, is operated with the concept of Teochew-styled sukiyaki. This brand has been recognized for more than 50 years. Sukiyaki Number One is opened again for customers to have a classic taste of the original but contemporary Teochew recipe. With the aim to make customers have a warm feeling as if staying in a house of the ancient Chinese but with the modern decoration. The restaurant has modern and retro-styled decoration but with the Chinese atmosphere all around. Its outstanding recommended menu is a set of meat—pork, beef, chicken, and seafood—which is mingled with marinated sauces according to the original recipe in the proper temperature until the meat is well saturated. The softness of the meat is unique like nothing else. In 2014, Its first branch was opened in the Nine Center.



In 2015, Sukiyaki Number One had 3 branches—the 1st floor of the Nine Center, the 6th floor of MBK Center, and the 2nd floor of Glas Haus Ratchada Building.

In 2016, Sukiyaki Number One opened one more branch. It was the fourth branch which was situated in the AC Plaza Saimai Project.

For 2017, PRG plans to expand branches of the GROUP's restaurants by focusing on branch expansion in order to expand the market to consumers who do not have the opportunity to use the service of PRG's restaurant chains in every area. PRG has a plan to expand its branches continuously. However, PRG carefully chooses the appropriate locations to match each business type as well as locations which are more outstanding than its competitors' restaurants in order that the food business will be successful, have good feedback from customers, and gain profits from operations. The branch expansion in order to increase a new channel to increase the sales is among the top priority and is listed in the annual operational plan of PRG.

The Customer Character and Target Groups of the Rice Business

Nowadays, the symbol of "Mah Boonkrong Rice" still focuses mainly on standards and quality in order to forge a relationship with customers as if being in the same family. Therefore, its operations are the support and mutual help one another in many aspects such as information about marketing, the Company's responsibilities to customers at every level. The Company's policies on these operations help improve the operations in order to meet the need of consumers. Moreover, there are policies to focus on increasing more distribution channels in regions in order to cover the expansion of the market in every area.

During past 3 years, the sale for the first 10 major customers was calculated as 50% of the total revenues and PRG had one customer who had the sale of over 30% of the total revenues.

The Marketing and Competitive Situation

1 The selling and distribution channels of the Food Business

1.1 To distribute rice packed in bag under the trademarks "Mah boonkrong Rice" and "Mah Boonkrong Plus" in Bangkok and its surrounding areas. At approximate 75% is the distribution of rice in Bangkok and its surrounding areas, and the remaining 25% is distributed in other areas around the country.

PRG has divided channels of distribution into 3 channels, which are:

- ➡ Traditional Wholesale and Retail Stores. PRG has the sales volume of 27% of the total sales volume of rice in the country which these stores mostly have a long-term trade relationship with PRG. In 2016, PRG had expansion to more areas in regions by focusing on more distribution in the north. In 2017, PRG has a plan to focus on wholesale and retail stores in the regions which are semi-local supermarkets in order to distribute packaged rice to consumers throughout every area.
- ➡ Modern wholesale and retail stores, a supermarket network and co-operatives. PRG has a sales volume of 33% of all the rice distributed in the whole country. Consumer prefers more to use service from modern retail stores and wholesale stores, and supermarkets because of the convenience and more branches covering every area. At present, products are distributed through department stores, cooperatives, and convenient stores in every area, even if in convenient stores in petrol stations. The expansion of more branches is planned to follow the expansion of department stores nationwide.
- ➡ Direct sales, PRG has sales volume of 5% of all the rice distributed in the whole country by distributing to a network of restaurants, industrial plants, hotels, hospital and etc. In 2017, PRG plans to expand more distribution into educational institutes and a chain of restaurants in order to expand the market.

1.2 Export: In the previous year, PRG joined the Thai Rice Exporters Association and exported white rice according to a quota received by the government and allocated to the Thai Rice Exporters Association. Jasmine rice was exported to main customers and a number of customers were increased. In 2016, the export volume of rice was 35% of the Company's whole sales volume of rice.

2 The market condition of the Food Business

Since the beginning of 2016, Thai rice has more competitive potential because the domestic rice price follows a market mechanism. Therefore, in 2016, Thailand became the world's second rice exporter next to India. However, because of the sluggish global economy causing the world's decreased purchasing power, news

about flooding the market with a large quantity of rice production, Thailand's plunged raw materials— all having an impact on an amount of rice trading in each period. Some buyers postponed orderings in order to monitor the situations. Therefore, the demand in the market was not continuous. As a result of these situations, including political situations in each country, they had a long-term impact on rice trade and in 2016, most entrepreneurs of rice trading heavily focused on a price competition policy.

In 2017, economic and political factors have to be continuously considered about their impacts on the market of rice export which probably occurs.

3 The competitive potential of the Food Business

In the era of Thailand 4.0, it is considered an era that information is crucial in building confidence and the need to the market. Therefore, a policy on presenting accurate and constant information is very important to emphasize the potential and image of the brand which indicate a concern for consumers' health all the time in terms of quality, safety from the beginning to the end of the process of consumption, diversity, convenience, transparency of operations, and sharing in order to further happiness to other people. In 2016, PRG had organized projects in order to help and share the happiness as follows:

- ➡ The project called “Being Full and Pleased about Merit with Mah Boonkrong”. Consumers buying every Mah Boonkrong rice package meant that they donate THB 2 per each package to Ramathibodi Hospital in order to build the Chakri Naruebodindra Medical Institute (CNMI) under the “Giving is Endless” project.
- ➡ The project called “Rice farmer grows rice. We sell rice. Thai people help one another” by helping distribute the packaged rice with the tradename “Khao Ruam Palang” (means summon up the strength) of the Thai Agriculturist Association. This helped increase the opportunity for Thai rice farmers to sell and generate incomes during the fluctuations in rice prices.

PRG organized several more projects in order to support small and medium entrepreneurs of the food business in terms of consulting, increasing distribution channels which were useful to the entrepreneurs and the Company, and increasing a variety of products in order to be a full range of Food Solutions.

Nowadays, it can be mentioned that Mah Boonkrong rice maintains its popularity among consumers, having a good growth rate, and consumers' trust in the products of the Company which was the first packaged rice producer who pioneered the market since 1984 and has gained a reputation up until this time. PRG was the first company in Thailand that received the excellent standard certification (with a picture of hands together in a praying position with a star) for packaged jasmine rice in plastic bags, certified by the Department of Internal Trade (DIT), the Ministry of Commerce. Therefore, PRG has the potential to be the leading distributor who has a market share of the domestic market consistently.

PRG has a policy to focus on creating a system and regulations of work performance which have standards, transparency, and accountability— all are major factors leading to the quality products and services. Strategies in every aspect are adjusted and employed in order to catch up with the market's changes by concentrating on satisfying the need of consumers in time which is a key factor of the organization.

4 The industrial trend of the market of rice packed in plastic bags

From the slowed down economic situation affecting demand and supply in the market, in late 2016 Thailand's new rice production entering the market and slumped raw material prices led to call for more help given to rice farmers by the rice farmers or their representatives in affected areas who were helped through selling their rice directly in order to stimulate consumption and reduce Thai rice farmers' problems. Since 2016, competitions of the domestic market of rice packed in plastic bags are very fierce, however, a variety of products, increasing healthcare trends, and consumer behavior towards finding new things in existing products, are concerned in order to be consistent with changes, product design which reach the new generation, modified and varied marketing events and selling to harmonize with consumers' life style trend, techniques to reach consumers in terms of distribution channels in order to create alternatives and be able to reach the consumers as much as possible. These issues are both opportunities and obstacles for the entrepreneurs to formulate the operational strategies in order to satisfy the need of consumers and differentiate their products from their competitors' products for the sake of the survival and being a leader in the business.

5. The industry's outlook and competitive situation of the Food Court and Restaurant Business in the future

From the data of Euromonitor International, it is expected that the market value of the Restaurant Chain Service business in 2016 was THB 275,000 million, with a growth rate at 4.0-6.0%. The Restaurant Chain Service business is one of businesses which constantly expand because nowadays more consumers have to go out for work, the social situations in a hurry against time, traffic jams—all lead to less time and less convenience for consumers to prepare food by themselves. Therefore, a number of consumers eating out is highly increasing as well as this food style is convenient, fast, clean, and inexpensive. This food style then can well meet the need and the life style of metropolitan people, leading to an increase in using services of the restaurant chains. The target groups are not only teenagers who like to use the services, but also families, children, and working people. Currently, the Restaurant Chain Service business is popular and available nationwide.

The Procurement of Product or Services

1) The nature of the procurement of products to be distributed

Patum Rice Mill and Grainer Public Company Limited

The Head Office is located at 88 Moo 2, Tiwanont Road, Tumbol Bangkadee, Amphur Mueng, Pathum Thani 12000.

PRG Granary Company Limited

The Head Office is located at 88 Moo 2, Tiwanont Road, Tumbol Bangkadee, Amphur Mueng, Pathum Thani 12000. The Company's assets which are for rent are as follows:

1. Five rice storage warehouses with the total storage capacity of 30,000 tons.
2. A port to upload and unload goods at the size of 3,000 tons per day.

Ratchasima Rice Company Limited

The plant's location is at 109 Moo 14 Mitraparp Road 199th KM., Tumbol Lardbuakhow, Amphur Sikhiu, Nakorn Ratchasima 30340. Production Capacity is as follows:

- ➡ To pack rice into the bags with the capacity of 100,000 tons per year.

The Raw Materials and Suppliers

At present, the Company has closed down rice mill business and maintained only the quality improvement of rice and rice packing warehouses, therefore primary raw materials are then changed into rice and brown rice, which

can be divided into main categories as follows:

1. *In-season rice* or Napee rice is rice that derived from polished or milled Napee paddy rice which can be planted during May-October and can be harvested as well as distributed to the market from December to February. Napee paddy rice has very good taste. In consuming, when Napee rice is milled into rice, when cooked, it becomes soft and not wet. It is good for storage as it has low moist content. The rice's feature is heavy (rice with harvest age of 120 days or more, counting from the seedling cultivation). It is the most popular for domestic consumption.

2. *Off-season rice* or Naprun rice comes from milled or polished off-season paddy rice which is cultivated off-season from the normal rice growing period. This rice can be cultivated all year which is 2-3 times a year and can be cultivated on both lowland and areas that have irrigation. Off-season paddy rice has high moist content, it has to be baked to dry. The rice feature is light (rice with harvest age of 90-120 days, counting from the seedling cultivation).

3. *Jasmine rice* is rice that derived from polished or milled jasmine in-season rice, which is grown on the area that has sandy soil such as in the northeastern and northern areas. The distinctive characteristic is that after cooked, it will be soft and tender, with soft fragrant aroma and beautiful grain, which is mouthwatering.

Source of in-season and off-season rice are all over the country but mainly comes from rice mill in the central region such as Nakhon Sawan, Phichit, Phitsanulok, Suphanburi, Phra Nakhon Si Ayutthaya and etc. However, the source of Jasmine rice comes from the northeast region such as Buriram, Khon Kaen, Roi Et, Sisaket, Maha Sarakham and etc.; as well as rice mill in the central region which is mentioned earlier.

Since rice is an agricultural product, which generally agricultural products' fluctuation in prices is high. Moreover, the nature of rice is a seasonal product, that is in-season rice during December and February is the high yield harvest interval, the price is then lower than other periods. However, as a result from government's rice pledging project, the rice price tends to rise higher than the previous year.

To purchase the rice, the quality of rice must be checked such as the amount of moisture, the length of the grain, rice yield, level of milling, purity degree, cooking properties. The jasmine rice has to be checked for its DNA in order to find the adulteration of other rice types.

To purchase the rice, the Company mostly purchases rice directly from the rice mill and purchases through 2-3 agents. The Company has always researched and analyzed rice situations in order to reduce price risks

and prevent the shortage of raw materials that are used in production.

2) The environmental impacts

The operations to reduce impacts related to the environment of the Food Business

From previous operational performance, PRG is still determined to reduce environmental impacts by following the formulated policy on the environment. Every step of operational activities is well realized and determined in order to solve environmental problems and prevention of pollution. Previously, PRG had operations according to the principles of good governance of industrial environment with the concentration on disclosure of information about the environmental management from getting raw materials to transporting products to destinations— dust management during production processes before releasing to the environment, checking noise levels around the factory areas, chemical management, waste management, informing communities for information and opening contact channels for complaints concerning the environment, opening factories in order that neighboring communities can visit and observe the production processes and environmental management so that they can have access to information about the environmental management of factories and participate in solving problems according to transparent and accountable legal principles. For the past 20 years, PRG has not received complaints about the environment. Moreover, PRG has operated a project to reduce energy consumption constantly through improving the production planning and increasing the efficiency of the production. It can reduce the average electricity expense around THB 160,000 per month which is better than expectation of THB 100,000 per month, calculating as the energy reduction in the production processes at 26% which this led to be certified by the Department of Industrial Works for the Green Industry and Good Governance of Industrial Environment.



The Financial Business

Products and Services

The Financial Business is operated by MBK's subsidiaries— MBK Guarantee Company Limited ("MBK-G"), T Leasing Company Limited ("TLS"), MBK Life Assurance Public Company Limited ("MBK-LIFE") and TM Broker Company Limited ("TMB")

The Major Change and Development in the Past Year

-None-

The Customer Groups of the Financial Business

MBK's financial business providers focus on catering to the needs of customers in specific markets their service are separated into 3 types as follows:

1) General loans are operated by MBK Guarantee Co., Ltd. ("MBK-G") whose primary business is to give condominium loans to individuals and business loans with asset finance which the security is marketable property in a good location, has potential for commercial development that comply with the MBK Group's performance, having liquidity, and being on market demand.

2) The motorcycle hire purchase is operated by T Leasing Company Limited ("TLS"). Its main business is to give new motorcycle hire purchases— small bikes and big bikes— as well as after-sales services such as registration renewal, insurance to protect assets and prevent risk that may arise from using the assets bought under hire purchase agreements. Customers for small bikes are individuals living in service areas, have low-to-middle income,



and use motorcycles to do business or as their main transportation or part in his occupation, while customers for big bikes are individuals having middle-to-high income, and using motorcycles in order to satisfy their own life style.

3) The Insurance Business is operated by MBK Life Assurance Public Company Limited (“MBK-LIFE”) (formerly named Siam City Life Assurance Public Company Limited) operates life insurance business by offering individual life insurance and group life insurance which serve as financial security as well as life and health protection coverage for individuals, institutions, and organizations through the Company’s distribution channels— telesales and brokers, or other channels

The personal life insurance products of MBK Life include saving products and fixed maturity products as follows:

- **MBK Life 20/10M:** A policy coverage of 20 years with 10-year premium payment. A cash back policy of 3% in year 1st-19th and 150% in year 20th. A total return of 207%.
- **MBK Smart Life 10/3:** A policy coverage of 10 years with 3-year premium payment. A cash back policy of 3% in year 1st-9th and 330% in year 10th. A total return of 357%.
- **MBK Smart Life 10/4:** A policy coverage of 10 years with 4-year premium payment. A cash back policy with 4% in year 1st-9th and 434% in year 10th. A total return of 470%.
- **MBK Smart Life 10/10:** A policy coverage of 10 years with 10-year premium payment, which can claim death benefit with 200%. A fully return of the total paid of premium payment in year 10th.
- **MBK Smart Life 10/5:** A policy coverage of 10 years with 5-year premium payment. A cash back policy with 20% in year 1st-6th, 100% in year 7th-9th, and 150% year 10th, a total return of 570% cash back of the insurance capital premium.

- **MBK Smart Sure 10/7:** A policy coverage of 10 years with 7-year premium payment. A cash-back with 5% in year 1st-9th and 155% in year 10th, a total of 200% cash back of the insurance capital premium.
- **MBK Life 14/7:** A policy coverage of 14 years with 7-year premium payment. A cash back with 3% in year 1-5, 4% year 6th -10th, 5% in year 11st-13rd, and 180% in year 14 th, a total of 230% cash back of the insurance capital premium.
- **MBK Happy Pension 85/1 (tax deductible pension insurance):** A policy with 1-year premium payment with pension return during 60-85 years of age of the assured, a total of 26 pension payment periods accounted for 520% of insurance capital premium.
- **MBK Wow 888:** A policy coverage of 3 years with 1-year premium payment. A cash back of 8% in year 1st-2nd and 88% in year 3 rd, a total of 104% cash back of insurance capital premium.
- **Healthy Max:** A policy coverage of 5 years with 5-year premium payment. The coverage for both life, health and accident in all scenarios with coverage as high as 100,000 baht, along with in-patient department medical care coverage in both illness or accident cases up to 200,000 baht per incident.

Personal accident (PA) insurance products include the coverage in cases of death, permanent disability and injuries from accident 24 hours a day. The accidents cover both from car and motorcycle with highest claim of 365 days. Individual and family insurances are possible for people in the range of 1 – 65 years of age.

Group life insurance products include life insurance and health insurance protections. The insurance covers both during and outside of work hours. The policy does not require health check – up and is the same price for all genders and all ages.

Mortgage Reducing Term Assurance (MRTA) is a product that insures an individual for the credit liability in term payment in the case which unexpected event occurs to the debtor, such as, death or permanent disability. The insured amount decreases at each term payment whether equally or in proportion of each term payment at a rate of compound interest rate.

4) The Insurance Broker Business is run by TM Broker Company Limited ("TMB"). It operates as a non-life insurance and life insurance broker by giving advice or offering products of the non-life insurance company and the life insurance company to customer groups of the MBK GROUP and the general public, including other business related to the life and non-life business such as providing training for employees and the general public.

The Marketing and Competitive Situation

1 The marketing situation of the Financial Business

The competition in the financial system is not only among commercial banks but also non-banks. The competition has become more intense in line with the increasing credit demands. The company has made efforts to differentiate its services, aiming at catering to the needs of certain groups of customers that commercial banks cannot cover such as foreigners with high income and purchasing power which customers want to buy a property for residing and investing. Other customers also include entrepreneurs who are in need of quick bridging loans to expand their business or continue its operations. The Company sets prices that not only generate a good return but are also competitive in the market. In regards to the competition in the motorcycle hire purchase, this business remains highly competitive. TLS needs to develop its products and services continuously and expands the branches and motorcycle dealerships to increase coverage areas of customer services.

2 The competition in the Financial Business's industry outlook and competitive situation in the future

The trend of motorcycle hire purchase industry is expected to recover in accordance with the domestic economy condition and the domestic motorcycle sales figures. In 2017, a number of registered motorcycles nationwide will increase by 2%, compared with the year 2016. The group which its growth rate is high is the group of big bikes, with the growth rate of 20% because the import duty is reduced as well as factories of several big bike brands are moved to Thailand.

In the future, the competition in the motorcycle hire purchase business will be quite high. 7-8 major creditors have more than 80% of the market share. The creditors will compete in the fast credit approval, convenience, and can provide services thoroughly.

TLS's strength is fast loan approval and TLS aims to develop a more convenient and more efficient online credit approval system. Moreover, TLS has a project to give credit of new products in order to respond to various needs of the motorcyclist group in the future.

In regards to the business loans with properties as securities, MBK Guarantee Co., Ltd. develops a procedure and process of fast credit approval with regard to customers' needs as their main priority and increase the flexibility in designing appropriate credit limits and credit conditions to meet customers' needs more in order that the Company can compete in the business and maintain the Company's customer base through providing services with understanding and care.

For the whole picture of the competition in business, new competitors begin to increase in the market because this business makes a good profit and has a tendency to grow because of the mentioned limitation. MBK-G sets a goal to maintain its existing customer base, make these customers receive the services again, recommend other people to receive the services, offer



more credit through expanding its customer base of foreign customers who want to invest in assets in Thailand such as condominiums through the channels of real estate operators, agents and real estate agents. As for short term credit, the strategy is to give credit with valuable and marketable properties as securities. However, financial institutes cannot give credit to every customer and this is considered as a limitation.

MBK-LIFE's strategy is to focus on organizing marketing events for individual customers. Its main customer group is customers with middle-to-upper income by offering the products that satisfy the need of customers, building the customer relationship and providing services to them through various sale channels in order to satisfy the various financial needs of customers and better protect all target customer groups. The main sale channels include telesales, a broker called TM Broker Co. Ltd., sale channels through the Employee Relationship Management, and other broker companies. MBK-LIFE has a policy to utilize networks and resources of shareholders' companies in order to build the efficient distribution channels and meet the financial and protection needs of every target group thoroughly by dividing distribution channels into 2 main channels— the direct sale through employees of the Group's companies and telesales and information technology.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

-None-

2 The environmental impact

-None-

The Other Business

The Other Business is run by the MBK GROUP's affiliate— Apple Auto Auction (Thailand) Company Limited ("AAA"). It operates the business of auction, retention, and transport vehicles by employing the standards of assessment and checking the vehicle's conditions from Japan.

The Used-Car Auction Business

The Used-Car Auction Business is operated by Apple Auto Auction (Thailand) Company Limited ("AAA"). The company runs the used-car and used-motorcycle auction from different parties such as financial institutions, insurance companies, car rental companies, second hand car dealers and car users. AAA's revenue comes from commission from participants that place their cars into auction and operation fees from buyers which are charged at the rate specified in the contract. In 2016, more than 65,000 cars were placed into auction. In addition to car auction, AAA has placed the motorcycle auction into the auction business since June 2010, both in Bangkok and other provinces. At present, AAA begins to use the country's number 1 modern online auction program. The program provides sounds and vision from the auction places so that the users feel like being there in the auction

places. The stock and product management system is also developed so that sellers can manage the product data faster and more accurately that time and cost is saved through the AAA's system.

AAA aims to become Thailand's leading auction company within the year 2017. The goal complements the Company's strategies to develop the organization in different aspects in order to accomplish the established goal.

Products and Services

AAA is an agent to put vehicles in auction which the Company obtains the cars or motorcycles from the sellers to test their vehicles, compile the profiling of the vehicles and store them in garages. When receiving an order from an auctioneer, the vehicle will be placed into auction and the auctioneer may announce prices to start the auction. When a bidder wins a bid, the auctioneer will collect money and deliver it to the seller on schedule and act as a coordinator in delivering and alienating the vehicle. AAA will earn an operational fee from the buyer and seller as specified in the contract.

The Major Change and Development in the Past Year

Car parks were increased in provinces in order support an increasing number of cars confiscated by sellers of the Finance Group. Nowadays, the car parks cover 13 provinces nationwide and in 2017, there is a plan to increase more car parks in 3 more provinces— Rayong, Nakhon Ratchasima, and Krabi which will make AAA to have move car parks in total 16 provinces.

AAA has built confidence to both buyers and sellers by developing a vehicle inspection system through tablet, which is expected to complete in early 2016.



Also, AAA has developed the price estimates system called Apple Auction Book. In 2016, customers— both buyers and sellers— could see the price estimates of the auction cars or each auction car. In 2017, AAA will provide its website for particularly the price estimates in order to facilitate buyers, sellers, and the general public who want to know the prices after the auction.

Moreover, AAA has provided the application in order to satisfy the new generations' life style and facilitate anyone who wants to have online auction through using the Apple Mobile Live Bid Application. It is expected to be completed in 2017.

The Marketing and Competitive Situation

The competition in the car auction business is quite fierce due to the fact that there are only 2-3 main dealers that give hire purchase and place a lot of cars into auction. Meanwhile, there are several auction companies in Thailand and only 2-3 auction companies that are well-known and gain trust from the sellers. AAA has invented and developed the new and efficient operating system continuously in order to facilitate and used as a strategy to attract sellers to use this system.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

-None-

2 The environmental impact

-None-





The Supporting Business Products and Services

Apart from the 7 main businesses, the MBK Group runs the Supporting Business that serves as the consulting and business support unit for the Group's main business operations. With employees of various types of business expertise and experience, the Supporting Business is as follows:

➡ MBK Training Center Company Limited ["MBK-TC"]

To provide consultation on human resource development planning service as well as provide training and seminar services to prepare personnel for the expansion of the MBK Group's business.

➡ MBK Club Company Limited ["MBK-CB"]

It has officially operated in 2015, with the objectives to provide services of managing privileges for member card holders of companies under the MBK GROUP.

➡ MT Service 2016 Company Limited ["MTS"]

It has officially operated in 2016 with the objectives to provide support to business and other support for MBK Life Company Limited and TM Broker Company Limited.

The Major Change and Development in the Past Year

- None -

The Nature of Services, Marketing Conditions and Competition of the Supporting Business

Due to its nature, the Supporting Business emphasizes providing services in internal management of the organization in transfer pricing and reflecting the actual costs of business operations. Thus, no comparison of the competition condition is made and there is no industry to reference the business operation capability of the Supporting Business.

The Procurement of Products or Services.

1 The nature of the procurement of products to be distributed

-None-

2 The environmental impact

As the nature of the business emphasizes providing services in organization management and expertise in the professions, therefore, none of the evaluated project has an environmental impact.

The Undelivered Products or Services

The Shopping Center Business, the Hotel and Tourism Business, the Golf Business, the Food Solution Business, the Financial Business, Other Business and the Supporting Business have no undelivered products or services.

For the Real Estate Business, some jobs are undelivered, which are as follows:

As 31st December 2016, Subsidiaries had obligations to deliver products to buyers of houses and condominiums as specified in the sale contract. The obligations were separated into each project, as follows:

No.	Name of Project	Location	House to be delivered	
			No. of Unit (Unit)	Sales value (Million Baht)
1	Quinn Condo Project*	Rachadapisek Rd., Bangkok	12	62.75
2	Park Riverdale Project**	Bangkae, Pathum Thani	4	44.37
Total			16	107.12

Remarks * The project of Subsidiary (Glas Haus Ratchda Company Limited)
 ** The project of Subsidiary (Riverdale Golf and Country Club Company Limited)

Division Policy in MBK Group

MBK Group consists of 8 main businesses as follows:

1. Shopping Center Business

- ➡ operated by MBK and MBK's subsidiaries:
The Nine Center Company Limited ("TNC")
Paradise Park Company Limited ("PDP")
Glas Haus Building Company Limited ("GHB")
Glas Haus Ratchada Company Limited ("GHR") etc.

2. Hotel and Tourism Business

- ➡ operated by MBK's subsidiaries:
MBK Hotel and Tourism Company Limited ("MBK-HT")
MBK Hotel and Resort Company Limited ("MBK-HR")
MBK Business Company ("MBK-BUS")
Subsin Thani Company Limited ("SSTN")
Lanta Land Development Company Limited ("LLD") etc.

3. Golf Business

- ➡ operated by MBK's subsidiaries:
MBK Resort Public Company Limited ("MBK-R")
Riverdale Golf and Country Club Company Limited ("RDGCC")
Mah Boonkrong Sirichai Enterprise Company Limited ("MBKS-E") etc.

4. Real Estate Business

- ➡ operated by MBK's subsidiaries:
MBK Real Estate Company Limited ("MBK-RE")
Plan Estate Company Limited ("PST")
Crystal Lake Properties Company Limited ("CLP") etc.

5. Food Solution Business

- ➡ operated by MBK's subsidiaries:
Patum Rice Mill and Granary Public Company Limited ("PRG") and PRG's subsidiaries:
PRG Granary Company Limited ("PRG-G")
MBK Food & Entertainment Company Limited ("MBK-FE")
MBK Food Island Company Limited ("MBK-FI")
Innofood (Thailand) Company Limited ("INF")
MBK Restaurant Group Company Limited ("MBK-RG") etc.

6. Financial Business

- ➡ operated by MBK's subsidiaries:
MBK Guarantee Company Limited ("MBK-G")
T Leasing Company Limited ("TLS")
MBK Life Assurance Public Company Limited ("MBK-LIFE")
TM Broker Company Limited ("TMB") etc.

7. Other Business

- ➡ operated by MBK's subsidiaries:
Apple Auto Auction (Thailand) Company Limited ("AAA")

8. Supporting Business

- ➡ operated by MBK's subsidiaries:
MBK Training Center Company Limited ("MBK-TC")
MBK Club Company Limited ("MBK-CB")
MT Service 2016 Company Limited ("MTS") etc.

All eight business divisions of MBK Group have a clear business operation policy and management that each company needs to conduct and be responsible for.

Revenue structure by financial statement of MBK Public Company Limited and its subsidiaries

(Unit : Thousand Baht)

Product/Service	Type of business	Operated by	For the years ended 31 December					
			2014		2015		2016	
			Revenues	%	Revenues	%	Revenues	%
1. Revenue from service and rental	- Shopping center and property for lease	MBK Public Company Limited Paradise Park Company Limited The Nine Center Company Limited Glas Haus Building Company Limited Glas Haus Ratchada Company Limited, and Siam Delice Company Limited	4,223,396	41.90	4,374,712	35.82	4,392,845	38.99
	- Golf	MBK Resort Public Company Limited Riverdale Golf and Country Club Company Limited, and MBK Enterprise Company Limited						
2. Sales	- Processing and packaging rice	Patum Rice Mill and Granary Public Company Limited PRG Granary Company Limited Ratchsima Rice Company Limited	2,624,773	26.04	4,832,696	39.57	3,412,569	30.29
	- Property development	Sima Pac Company Limited, and Innofood (Thailand) Company Limited MBK Resort Public Company Limited Plan Estate Company Limited Crystal Lake Properties Company Limited						
	- Food center and restaurant	MBK Realty Company Limited, and Glas Haus Ratchada Company Limited MBK Food and Entertainment Company Limited MBK Food Island Company Limited MBK Food System Company Limited, and MBK Restaurant Group Company Limited						
3. Revenue from hotel operations	- Hotel	MBK Public Company Limited MBK Hotels and Resorts Company Limited Supsinthanee Company Limited Lanta Land Development Company Limited MBK Resort Public Company Limited, and Absolute Travel Company Limited	1,123,770	11.15	1,250,929	10.24	1,299,639	11.53
4. Revenue from financial business	- Lending and debt guarantee business	MBK Guarantee Company Limited, and T Leasing Company Limited	1,141,863	11.33	1,091,900	8.94	1,310,729	11.63
5. Other revenues	- Motorcycle hire purchase							
	- Interest income							
	- Dividend income							
	- Gain on sale of investments							
	- Gain on sale of assets							
	- Share of profit from investments in associates and joint venture							
Total revenues			10,080,106	100.00	12,212,883	100.00	11,267,672	100.00

Risk Factors

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1. The Risk Factors of the Shopping Center Business

The MBK Center

➡ The Risk from the Economic Situation

The overall picture of the economy continuously slowed down as a result of severe drought, vulnerability of the world trade, a continuous slump in commodity prices, a drop in export, depression in trade, a problem of agriculturalists' incomes, and economic fluctuations which did not recover as expected, so that the government had to continuously lower the growth rate, together with a global economic factor which drastically fluctuated in 2015, for example, the global economy did not recover as expected, the currency depreciation, and the capital market which might have more fluctuations because of the result of the presidential election of the U.S., a sharp fall in oil prices, which inevitably affected

business operations. Moreover, people suffered from the passing of His Majesty King Bhumibol Adulyadej (King Rama IX) so that they did not want to spend money or joyfully travel during the high season. This had an impact on some kinds of business such as tourism business and entertainment venues which had to temporarily close or postpone activities during the mourning period, together with the suppression of Zero-Dollar tours which directly affected tourism. Therefore, tourist spending was less active which had direct impacts on the country's overall economy— particularly the consumer confidence which consumers still worried about expenses and incomes in the future, consumers' limited purchasing power due to an increase in the price of goods and debts from the first car populism policy which led to long-term installments causing a decline in the consumers' purchasing power. However, the overall economy grew because of drives from the government sector— its policy to help rice farmers by letting them have credit to postpone selling the rice, wage increases, the extension of the reduction of VAT for another 1 year. Moreover, the Cabinet approved the measure "To Go Shopping for Helping the Nation" in order to stimulate people's spending for goods and services between 14th and 31st December 2016.



The MBK Shopping Center has set and employed marketing strategies to apply to situations continuously, through online publicity and new events which meet target customers' lifestyle needs in order to draw more customers and stimulate more spending. The company's policy has also actively implemented with the customer-oriented concept by listening to the customers' opinions, needs, and expectations which lead to new improvements in creative service providing with the aim that customers are satisfied and have a long-term attachment to the MBK Shopping Center.

➡ The Risk from the Political Situation

Under the control of the National Council for Peace and Order (NCPO) which has followed 3 phases of the Road Map. The first and the second phases (2014-2016) managed the reconciliation, nomination and appointment of the Prime Minister and the cabinet to run the public administration, draft a constitution, a plebiscite on accepting the whole constitutional draft on 7th August 2016, while following the Road Map for the third phase— an absolute democratic election— is expected in late 2017.

During the past 2 years, Thailand's political atmosphere was stable. There was no violence like some years before. The country was in order. Movements of several political groups were limited in scope. People were happy and not worried about political unrest. However, people's expenses and a slump in product prices in the agricultural sector were problems which the government had to resolve urgently in order to regain

people's confidence. In relation to an international aspect, the public sector stressed the significance of the country's tourism industry by means of taking measures to stimulate the tourism, developing a better understanding with tourists from different countries, cooperating with both domestic and international private sectors which led to a much better understanding and recognition of the situations in Thailand. In addition, the public sector's proactive marketing through organizing activities and continuous publicity encouraged Thailand's tourist atmosphere to be more vigorous and revitalize the market of foreign tourists in 2016 to grow continuously.

The MBK Shopping Center has a policy on strict and watertight security, providing security guards with training in the working performance in case of terrorism or political rallies. Apart from the concentration on security, the Company has a policy to cooperate with the public agencies, shopping centers in Siam Square, travel agencies, and a network of tour guides which organize activities and publicize the activities for tourists in order to build the good image of the country's tourism and regain the tourists' confidence so that they decide to travel to Thailand.

➡ The Risk of Terrorism

Although in 2016 there was no terrorism in Thailand, the government had to have more watertight measures by increasing the efficiency of CCTVs and increasing the security of Thai people and foreign tourists in every community, every tourist attractions, and discussed measures on long-term security with involved agencies.

The MBK Shopping Center has a strict security policy. A number of security guards and the frequency of security checks in areas inside the shopping center were increased. Also, security guards received training in operations when dealing with terrorism or political rallies. Moreover, the Company's security policy is to cooperate with the public sector's relevant agencies when emergencies take place.

➡ The Risk from Increasing Competition

The competition of retailing nowadays has intensified. New projects are continuously launched—mega shopping centers, hyper markets, community malls, and new styles of the market—in several potential areas in Bangkok in order to meet and respond to consumers' lifestyles and needs which are changing all the time. Several entrepreneurs have adapted themselves by attaching significance to creation of the new projects' identities and uniqueness. Some long-operated projects are renovated in order to change their images to be modern and more satisfy consumers. New marketing strategies are utilized in order to gain direct access to consumers.

The MBK Shopping Center has stressed importance to research on target groups' behavior and lifestyles constantly in order to use them as a database to develop the project on selecting shops which suit the target groups' needs and planning for suitable activities of marketing promotion in order to increase the competitive opportunity, seek new target groups, and maintain existing customers. The Company runs business carefully, sets policies on reducing costs and expenses in accordance with situations so that the business can grow with continuity, steadiness, and sustainability; which all lead to increase the Company's potential for marketing competition.

➡ The Risk from Changes of Technology

Nowadays, information technology plays a more important role in retailing. Consumers tend to search for information used to make a decision to buy products through online society (Social Media). Therefore, entrepreneurs have to adapt themselves by focusing on digital marketing strategies, developing applications to sales promotion, and establishing customers' participation in activities through online media.

The MBK Shopping Center has focused on organizing the marketing mix which uses digital marketing as a medium of communicating information and marketing activities in order to gain access to consumers, stimulating publicity by word of mouth via the online society, and running Omni-channel marketing before setting communication types for each target group in each channel. Moreover, the MBK Shopping Center's online society is a 2-way communication channel with customers in order to be informed of the customers' problems and opinions which are used as a road map to develop goods and services to enhance quality and satisfaction at the utmost level.

Paradise Park Shopping Center

➡ The Risk from the Political Situation

In 2016, the country's overall economy leveled off. Particularly, the confidence of consumers who worried about spending and incomes in the future so that they cut the spending, particularly luxurious goods, fashionable goods, and beauty products. However, food and beverages had a trend to grow continuously. The Paradise Park Shopping Center employed strategies of advertising, public relations, new kinds of marketing events, and continuous special promotions— particularly fashionable and beauty products and food—which led to an increasing number of users and helped increase the spending.

➡ The Risk from the Renovation of Some Areas

Because the Paradise Park Shopping Center has been officially opened for many years, some areas are renovated in order to be more suitable and modern. New and interesting shops, a wide variety of products, and more facilities are added to Paradise Park Shopping Center, as well as indoor and outdoor atmospheres are improved, with the aim of renovating the shopping center to be a beautiful and pleasing place for customers to spend their money, to meet their needs, to gain utmost satisfaction in the long term, and maintain existing customers. Therefore, customers may be temporarily inconvenient to receive services in some areas.

The Nine Center

In the beginning of 2016, the economy leveled off and under the special administration of the country, investments in the private sector slowed down in terms

of domestic and foreign purchasing power; household spending also slowed down; and consumers more controlled their spending. These situations affected area tenants inside The Nine Center. As entrepreneurs' costs increased, the prices of some products went up and then consumers cut their spending because they were not confident in the economic and political situations.

In late 2016, the economy slightly recovered and there was continuous household spending. These situations did not much affect the Nine Center because its location was one of the potential and important areas in Bangkok because it was business area and there were large communities, dormitories, and condominiums. Therefore, needs and purchasing power were very high. Moreover, most shops inside the shopping center were restaurants and food was an important factor for consumers' living. A number of service users inside the shopping center have continuously increased, compared with the year 2015. Most of the shopping center's users are residents living in villages and communities, and office employees in neighboring areas who regularly come to use services and buy consumer products.

However, the shopping center has organized the marketing events to attract service users, stimulate the sales volume of shops, and support entrepreneurs to run the business continuously. Also, the public sector's measures to stimulate the economy helped more household spending around the year-end. The shopping center has the competitive advantage of its location which is near important places such as Rajamangala National Stadium where continuously holds activities and national sport competitions. This brings a lot of users coming the shopping center on the days which activities and sport competitions are held. Another competitive advantage is its parking spaces conveniently available for the service. This is an important factor for the business in the city. Certainly, the shopping center is the last community mall on Rama IX Road, situated near the exit from Si Rat Expressway heading for the eastern region and the main road to Suvarnabhumi International Airport.

Glas Haus Building Company Limited

For the risk factor of space rental business inside the Glas Haus Building on Sukhumvit Road around the end of 2015 to 2016, there is a number of 55% of tenants whose date is due to renew a contract. In comparison with

other buildings' prices and conditions of space rental, together with the unstable economic situation, some tenants decline to further rent the space.

However, a strategy to adjust the size of rental space to satisfy the tenants' needs nowadays has maintained a rate of tenants of the Glas Haus on Sukhumvit Road at 98% continuously.

Glas Haus Ratchada Company Limited

The risk factor of space rental business of the Glas Haus Ratchada Building in 2016 did not have an impact on space rental inside the Glas Haus Ratchada Building. The 7,509 square meter space of office for rent was still fully occupied at 100% because the building's major tenant was Thanachart Bank Public Co.,Ltd. Also, the extended space of the Glas Haus's retail project, with the area of 1,827.93 square meters, has continuously rented at a rate of 100%.

Because the Glas Haus Ratchada Building has only one major tenant— Thanachart Bank Public Company Limited, if it cancels the use of its rental area, it will significantly have an effect. However, a tendency towards office-for- rent business on Ratchada Road will be rather high in the future because of the expansion of real estate and easy access to such area by MRT public transportation, together with the Glas Haus Ratchada Building has a strategic plan to develop the areas of the Retail Glas Haus Project in order to meet the need of current tenants and provide facilities such as a two-floor car parking building which satisfies the tenants continuously and makes them extend the contract for another 3 years.

2. The Risk Factors of the Hotel and Tourism Business

The impacts on hotels and tourism are mainly external factors such as the slowed-down global economy, fluctuations in foreign currency exchange in Europe, and terrorism in different areas around the world. These factors have an impact on a decision to travel to faraway places and stay at non-international chain hotels or chain hotels which are the target of terrorism. A direction towards the policy implementation to suppress Non-Dollar tours has affected a decreasing number of the Chinese tourist in the short term. An increase in a number of guestrooms which houses, condominiums, and apartments are modified

to provide services like hotels have an effect on fierce competition in prices. However, these are external factors which are uncontrollable and may have a direct impact on the Company's business operations significantly. Therefore, the Hotel has to make plans for strategies and marketing, and risk management, as well as specifying these plans as its management policies in order to harmonize with and keep up with situations all the time.

3. The Risk Factors of the Golf Business

Most of the risks affecting the operation of the golf business stem from external factors which are unavoidable. These risks include:

➡ The Seasonal Risk

The Loch Palm Golf Course (LPGC) and the Red Mountain Golf Course (RMGC) are located in Krathu District, Phuket Province. Therefore, their business is affected by the rainy season (approximately from May to October) which golfers cannot play the golf during the heavy rain. The period is considered a low season for the golf business as few visitors use the service. As a result, the income generated during the period is lower than that in other periods. Anyhow, in order to mitigate the impact, the Golf Business has put in place a number of sales promotion activities as follows:

- A special green fee rate is jointly offered as part of the package organized by the hotels in Phuket with the cooperation of the Tourism Authority of Thailand. The purpose is to attract more tourists and golf players from Asia and Australia to visit Phuket during the low season and use the golf course of the Group more.
- Special discount campaigns are organized for agents in the form of discount coupons to promote sales.
- Organization of golf competitions or tournaments for golfers during low seasons to promote more use of the golf course services.

Even though the Riverdale Golf Club (RDGC) and Bangkok Golf Club (BKGC) in Pathum Thani was also affected by the rainy season, the effect was not as severe as in Phuket Province. Moreover, main clients are local golfers in Bangkok and surrounding areas. Nonetheless, the Riverdale Golf Club (RDGC) and Bangkok Golf Club (BKGC) initiate following marketing activities in order to increase the number of golf players during the rainy season:

- Organization of golf competitions or tournaments for golfers during low seasons.
- A special promotion for golfers— a group of 5 golfers with a green fee of THB 6,000 on the 6th anniversary of the opening of the golf club.
- A special promotion for golfers— a group of 4 golfers will receive 1 voucher for free. A Super Sunday promotion around the year-end
- Golfers can book T-Time through the booking online.
- Point Reward for regular customers to receive special benefits and privileges from the course.
- Add more distribution channels through more distributors

➡ The Risk from Natural Disasters

In 2016, there were no severe natural disasters that affected service providing. In Phuket, many areas were flooded for a short time in the rainy season because water drainage to the sea was inefficient. Floods did not inundate the areas for a long time so that they became obstacles to travel and service providing.

➡ The Risk from the Global Economy

Many leading countries in the world, including the United States and European countries, have undergone economic crisis. Many countries have faced financial problems or increase in unemployment rate just like in the 2015, together with unrest and terrorism in European countries which spread to various countries. Some of the unemployed used to be tourists visiting Thailand. Such problems, therefore, affected tourism including golf business. Golf courses in Phuket during the high season

mainly entertain golfers from Europe, U.S., and Australia who are businessmen with high purchasing power. These people used to travel to Thailand to play golf both in Bangkok and Phuket. Therefore, the decrease of clients from this group affected the expansion of golf business.

4. The Risk Factors of the Real Estate Business

➡ The Risk from the Related Law Amendments

Real estate business operations have risks from improvement, amendments, and addition of laws and regulations related to real estate business - changing rules of land allocation according to Land Allocation Act, urban planning, expropriation boundaries, improvement in a public transportation system, or laws related to environment conservation, for example. All these are factors beyond the control of real estate business.

However, to decrease such risks, real estate business has carefully checked real estate-related restrictions prior to make a decision on investment as well as closely followed situations and moves for any issue all the time with the aim of preparation for residential development in conformity with such changes. Moreover, the company sets a policy on completing permission requesting before launching a project for sale - providing a report of Environmental Impact Assessment (EIA) and requesting for permission of construction, for example - in order to boost customers' confidence that a project can definitely developed.

➡ The Risk from Fluctuation in Construction Material Prices and Project Development Cost

To efficiently reduce and control the risk from the fluctuation, the real estate business aims to purchase some materials directly from the producers through bidding so that there can be comparison of material quality and market price. The most appropriate price will be selected and fixed prior to the delivery of materials to prevent increasing price risk. Contractor selection is proceeded through bidding and signed under the turnkey construction contract so that the construction cost can be contained within the budget.

Moreover, for real estate business, a committee is set up in order to closely follow paces of housing development and condominium markets by means of watching an economic tendency closely, building quality-oriented houses and condominiums, controlling construction material prices, reducing expenses, emphasizing service providing, maximizing customers' satisfaction, employing marketing strategies, and establishing differentiation in order to maintain sales volumes.

➡ The Risk from a Shortage of Skilled Workers and Quality Contractors

A shortage of skilled workers and quality contractors causes unfinished projects as already planned or may affect the work quality and possibly increases operational costs. However, real estate business has measures to reduce such risks by the following;

- Using new technologies or instant construction materials as substitutes for skilled construction workers in order to decrease reliance on workers, finding new construction technologies within the country and abroad regularly in order to determine suitability and application to construction.
- Real estate business still underlines significance of establishing a good relationship with contractors by providing engineers for each project in order to help the contractors when facing problems on site so that projects quality can be delivered on time.
- A shortage of skilled workers and quality contractors causes a change in the building contractor market. Formerly, contractors had to bid for projects. Now, real estate operators have to offer contractors for projects instead. The contractors' reputation, work experience, and competence are under consideration. Also, their actual performance for real estate business is assessed.
- Compiling a guideline for housing construction and providing training for both contractors and employees working in the real estate business.

➡ The Risk from the Competition

The market of housing and real estate is highly competitive because any real estate developer can enter or leave the market freely, together with many existing developers in the market. Most of them have the experience in the real estate for more than a decade. The competition in this business depends on each developer's strategies to compete with others and run its business to overcome any occurred crisis.

Therefore the real estate had established strategies to manage risk in competition, which are as follows:

- To follow situations of the housing and the real estate market through closely observing an economic tendency and adaptation of the real estate entrepreneurs.
- To consider projects with appropriate sizes for each location and development time by using information database within the organization continuously developed to be used as a decision tool.
- To study the changing behavior and needs of customers as information for developing housing projects in order to satisfy the customers' needs.
- To employ the marketing and differentiation to maintain sales volumes through increasing a various types of products in accordance with and needs and a change in purchasing power.
- To build houses and condominiums with emphasis on quality, cost control, and a reduction in expenses.
- Quality control process up to the product delivery to clients and a customer service that emphasizes on customers' satisfaction, giving real estate business more advantages in the competition in credibility, product quality and service.

- New target group, increase products and new channel of distribution that will allow real estate business to reach its new target group.
- To consider in expanding investment into other potentiality areas by placing importance to the environment and the community around the developing project to create economic value added to the society.
- To arrange activities to strengthen a relationship with surrounding communities and underlining the significance of environmental and social responsibilities in order to build confidence and a good relationship between real estate business and surrounding communities.
- To strengthen the management and brand communication of "MBK Real Estate" to be widely recognized, which will support the sales of new projects; to focus on strategies and customer management by creating "experience" that will add more value to the service, and directly increase the "confidence" in the brand.
- To study and employ modern technology used in building design and construction to help the construction to be more efficient and control the costs better.

➡ The Risk from the Economic Situation

The overall picture of the real estate market in 2016 still slowed down because of negative factors—a high level of household debts, a slump in agricultural products' prices, and financial institutions' strictness about offering credit loans. Also, in some locations, the supply in the market is quite high, therefore, most entrepreneurs try to release their products in stock and slow down the opening of new projects.

However, the MBK GROUP has great experience in property development for sale business, property management business, asset appraisal and advisory service business, as well as the real estate development in order to support a target group of most middle-class and upper-class customers. This target group makes the Group to be competitive and has a good market share continuously and is not much affected by the surplus of the products because the target group of middle-class and upper-class customers is quite less affected by an economic fluctuation than lower-class customers. Plus financial security and prudent business operations of the MBK Group's real estate business can have impressive and continuous growth and is believed that it can smoothly run business through this turbulent time.

5. The Risk Factors of the Food Solution Business

The Rice Business

➡ The Risk Arising from Prices of Raw Materials

Nowadays, rice is the agricultural product considered as the country's main product with high potential for export. However, there are changes in agricultural products all the time because of customers' changing needs. Moreover, the agricultural products are regarded as variable products according to external situations— economic, political, and environmental situations. In 2016, the economic situation was the major stimulant to demand and supply which caused the rice prices slumped much more than previous years. As a result, there was fiercely competition for rice prices. In 2016, PRG specified the competition policy carefully in order to be competitive in the market and measures on risk reduction of raw material prices through controlling the price situation and its quantity closely.

For a measure of raw materials in 2016, PRG still maintained a measure of storing raw materials sufficient for needs for the use and store the more quantity of some raw materials in order to be a spare quantity with the right price by checking all statistic data before making a buying decision.

For the international market, a measure of purchasing raw materials was the same as the previous

year. Purchasing orders were placed according to purchasing quantity in order to reduce the risk of prices of inventory raw materials when compared to the market.

➡ The Risk Arising from Price Fluctuations

For the selling price in 2016, changes were very high and fast because of the slowed-down economy, affecting less purchasing power. Moreover, a slump in rice prices caused rice farmers to call for help. The market then turned to support them by managing consumers to buy rice from the rice farmers directly. Therefore, for the competition in the fourth quarter, a number of competitors in the market increased and was likely to force the competition in the market. Competitions in the country and foreign countries were considered to be the market for buyers who had more negotiating power.

PRG has adapted itself to keep up with situations by focusing on prices and an increase in profits through traditional trade channels because changes through this channel are easily and fast made, while through modern trade channels, strategies on continuous promotions are concentrated in order to maintain the market share as much as possible.

➡ The Risk Arising from Rice Export

Although Thailand's rice prices are according to the real marketing mechanism, the depressed economy and less purchasing power of consumers slowed down orders to buy rice in some areas, caused fierce competition in prices and sellers to have less negotiating power.

However, PRG has participated in the government's project to release rice to foreign markets as Government to Government (G to G) negotiation. Therefore, the sales volume for the foreign markets was continuous, even though not high as the year 2015.

For the main market of PRG, the Company focuses on standards and quality production and services, together with customers' continuous confidence. Therefore, its products can be exported.

PRG's policies to reduce risk arising from foreign trade is as follows:

- PRG will sign a sale contract only when there are sufficient raw materials.
- PRG will store an appropriate amount of raw materials, with a minimum required by public agencies.

- Financial transactions have to be done through leading and trusted banks and customers' credibility is always verified before doing business with.
- In order to protect against a fluctuation in Thai Baht currency, PRG will immediately buy a forward contract for coverage of the exchange rate of foreign currency after receiving purchasing orders.

➡ The Risk in Value of THB Currency

PRG has no policy on currency trade from the currency exchange. Therefore, PRG will protect fluctuations in the currency exchange rates by coordinating with banks in order to manage the currency exchange rates for each trade transaction.

➡ The Risk from Natural Disasters

From natural disasters in preceding years, PRG has specified a policy to take care of areas in order to watch out for natural disasters, together with specifying a plan to deal with emergencies in order that operations do not stop. For satisfying the customers or consumers, there is a policy to distribute risk in areas where distribution warehouses are situated in order to be able to deliver products to customers continuously.

➡ The Risk of Depending on Major Customers or Distributors/a Small Number of Customers or Distributors

During the past 3 years, products were sold to the first 10 major customers, calculated as 49% of the total revenues. One customer of PRG had a rice sales volume of over 30% of the total revenues. This major customer was a representative to buy products for export. When the margin profit was considered, it was found that its volume did not significantly affect PRG's net turnover. Therefore, the sales volume of this major customer was not risk. However, PRG concentrates on increasing incomes from other business continuously, action plans for expanding its business to the Restaurant and Food Court Business, selecting other products in order that there was a full variety of products, including changing its strategies in order to enter the market through direct sales channel in order to have stable and sustainable growth.

The Food Court and Restaurant Business

➡ The Risk of the Business Competition

The social, economic and cultural changes have influenced customers to prefer to dine out increasingly and this leads to an increasing number of food business entrepreneurs, product diversity, and quality and price competition. Therefore, PRG has to compete with a lot of the food business entrepreneurs. They are international restaurant chains and local restaurant chains, including new entrepreneurs who seek the continuous opportunity for the food business. Moreover, for the consumer behavior towards openness to information from the mainstream media and social network that has an effect on responding to new goods and services which are profound, has lower switching costs which most entrepreneurs in the food business all place the importance on this opportunity in the competition. PRG then focuses on competitive strategies of the prices, food quality, diversity, value for money, and the significance of the service quality, a number and locations of restaurants, menu visions development, and marketing events, sales promotions— particularly the brand's fame and strength in order to build a barrier to entry for other new entrepreneurs.

However, PRG stresses the significance of strategies to enhance the competitiveness of the quality of goods and services, advertisements and public relations, and organize marketing events with a main focus on consumers' needs, branch expansion to potential locations, and develop human resources in order to support the organization's business expansion.

➡ The Risk from Inability to Expand Branches in Target Areas

Nowadays, the restaurant business is quite highly competitive and entrepreneurs from other types of restaurants are continuously increasing. According to criteria, rental space which has potential to expand PRG's branches is harder to find and may increase the risk of inability to open new branches as the goal set. However, PRG has managed the risks by emphasizing the importance of forming business alliances with agencies of rental space management which belong to rental space entrepreneurs and leasing agencies, and preparing the Company's internal database of rental space in Bangkok and its surrounding

areas as the Company's strategy planned in order to reduce a risk from inability to find rental space as a goal set which may have an impact on the Company's business profits which do not meet the goal.

Moreover, for branches of the restaurant business which have been running, PRG signs a rental contract for 3 years per time and the contract can be renewed for 3 times. Each time is for 3 years. PRG realizes the importance of contract renewals so that PRG builds good relationships with lessors by well following the contract thoroughly. PRG has never had a problem with the lessors. It has cooperated with them to solve problems and co-organized marketing events with lessors of rental space when being asked in order to reduce a risk from inability to renew contracts and increase competence in negotiating conditions of rental contracts in the future with the lessors.

➡ The Risk from a Shortage of Personnel

Because PRG is service providing business. Therefore, the personnel are the key mechanism to run the business. According to its strategy, PRG makes a plan to expand its branches in order to open new branches every year and every branch, there are at least 20-25 employees per branch. PRG has to make a plan to recruit and employ a lot of new employees in order to support opening new branches as the branch expansion is planned and replace employees who resign from the Company early enough which may have an impact on the Company's service providing and business operations significantly.

PRG well realizes that such risk has significance for driving a policy on human resources development and human capital which are important foundation for the personnel to have knowledge, skills, expertise, ability to have performance efficiently, career path and job security, remuneration, privileges, fair fringe benefits exceeding what specified by the law, competitiveness in the labor market, and building working environment which is warm and friendly through the cultivation of the organizational culture.

➡ The Risk from Fluctuations of Raw Material Costs

The costs of food are the most important costs of running restaurant business, calculated as a

proportion of 35% of sales incomes and the food costs are mainly raw material costs. Changes in raw material costs may not lead to changes in higher food prices immediately in order to compensate all impacts as a result of higher raw material costs. If food prices go up, they may partly compensate the impacts. These raw material costs will fluctuate according to the market's demand and supply, affected by weather, natural disasters, epidemics of contagious diseases— all are uncontrollable factors. These fluctuations in raw material costs have a negative impact on PRG's operations significantly.

In order to reduce an impact of fluctuations of raw material costs so that they are reasonable, PRG has estimated the demand on main raw materials which significantly have an impact on overall costs of the Company. This is used to make a plan to purchase raw materials in time for sales schedules. It is also used as information on negotiating with producers and sellers for a large quantity of raw materials. Moreover, the analysis and comparison of changes in raw material costs which have an impact on the costs is regularly reported and used as guidelines on increasing sales prices if necessary. It is also used to reduce fluctuations of prices affecting raw material costs and control the costs of raw materials to be reasonable and acceptable.

➡ The Risk that the Branch's Operations Are Not as Expected

The operational result of each branch of the Restaurant Business depends on internal and external factors. The internal factors which are controllable are like the quality of food and services and the quality of raw materials. The external factors are fluctuations in raw material costs, a shortage in personnel, business competitions, weather, economy, demographic traits, a number of competitor restaurants, or substitution restaurants in neighboring areas. PRG has managed such risk by managing information technology of strategic locations of the new opening of branches of each brand in the network of restaurants— beginning with finding the suitable locations by means of studying demographic information, consumer behavior, competitor restaurants in neighboring areas, expansion of infrastructure, and demand and supply of each area. All this information will be used in the Site Analysis and Optimization.

Moreover, PRG has studied important information about procuring raw materials, personnel, and quality control and all this information will be used for the Feasibility Study before the opening of a new branch ever time. Also, fixed costs are controlled at a low level and each branch's operations are analyzed and reported regularly as well as there is a team to change marketing strategies to match the situations in time.

6. The Risk Factors of the Financial Business

➡ The Credit Risk Management of Non-performing Loans

The risk arises from debtors and the counterparties who default on their payments or are unable to fulfill their obligations agreed in the loan agreements. This can arise from debtors facing business problems or situations in distress due to the economic fluctuations or mismanagement, as a result, the Group's revenues will be adversely affected.

However, the financial business Group is aware of the management of the risk arising from non-performing loans, which is the nature of financial business. Therefore, the Company emphasizes debt collection management by establishing a policy and procedures for monitoring the quality of the loans regularly. To begin with, the Group puts in place some procedures for appraising the credit worthiness of the borrowers or counterparties of the loan agreement. The credit analysis unit is responsible for appraising the risk and determining a suitable credit line as well as related terms and conditions to be included in each loan agreement. Moreover, there is a committee with knowledge and experience in real estate business to assign and approve loan applications. They are also responsible for regulating the operations. Furthermore, credit insurance is offered as an option to customers who want to buy insurance aimed to cover debts obliged to the company.

➡ The Risk from Collaterals

For secured loans, the financial business Group puts in place a system to assess and classify the quality of each type of collaterals by considering the liquidity in locations (for real estate) and market demands (for motorcycles) of the collaterals. The analyses will

be used to consider the loan application. In real estate collaterals, all assets are subject to appraisal by qualified independent appraisers while credits are appropriately granted to ensure collaterals to cover the debt balance. Buildings are also insured against fire throughout the contract term, which will compensate for the possible future damage. As regards the motorcycle hire purchase business in which motorcycles are considered collaterals, T Leasing Company Limited is the holder of the collateral and possesses the ownership of the collateral. If borrowers fail to repay their loans, the company can repossess the motorcycle which serves as collateral right away and sells it through a legal and transparent auction.

As a result, there is a risk arising from the inability to repossess the motorcycle, which serves as collateral. As well, there is a risk arising from the proceeds from selling the repossessed motorcycle being insufficient to repay the outstanding balance on the loan and other damages caused.

➡ The Risk Rising from Prices and Interest Rates

This risk arises from interest rate movements and the capital market, which may have adverse impacts on the Group's financial costs and revenues, particularly those companies engaged in hire purchase business. In the hire purchase business, the borrowers are required to pay a fixed rate of interest.

However, in order to absorb the risk, the Group charges an interest rate on loans are competitive and reasonable, in line with the higher risk when compared with the risk faced by commercial banks. Other measures to absorb the risk include, among others, charging a floating interest rate on loans and imposing prepayment penalties.

7. The Risk Factors of Other Business

➡ The Risk from Depending Only on a Few Car Deliverers

In the car auction business has car deliverers a major, which are the only 2-3 financial institutions. The proportion of the total number of cars from these car deliverers are more than 60% of all the cars put into auction at the present. AAA has only 1 main car deliverers and last year more than of 70% of cars were put into

auction. If AAA is not able to maintain this car deliverer, this will have major impact on AAA revenue.

To prevent the said risk, AAA had improved services standard and developing internal work system to be in the standard and higher than the criterions that the vendor had set. The Company also works together with the main deliverer to develop strategies to make the most benefits on the basis of neutrality and transparent for both the purchaser and the vendor.

➡ **The Risk from an Increasing Number of Confiscated Cars beyond Expectation**

As a consequence of a number of confiscated cars increasing in succession from 2015 to 2016, it makes AAA to rent more parking spaces - both in Bang Na and in other provinces. Also, it takes more security measures - for example, increasing a system of CCTVs, security guards, and considering insurance for full coverage as risk management and protection of sellers' possessions with the utmost safety.

8. The Risk Factor of Supporting Business

Supporting business, which is the main unit in managing the supporting work of the Group, mainly has an operational risk. Effects from this risk can be controlled by the means of risk transfer and control of risk from internal factors as follows:

➡ **The Risk in Human Resources and Management**

Mutual Recognition Arrangement, "MRAs" that comes with the free trade agreement among ASEAN countries is considered a major external factor that can affect the organization in terms of labor flow. This factor poses a challenge for human resource management because personnel with high competency may be harder to retain because of the free flow of labor.

Directors and management of the company is aware of the risk factor and puts more emphasis on the policy to develop human resources and human capitals, which are an important foundation of the organization's instability and value. From that vision, the organization is

trying to create a warm and friendly working environment by promoting organization culture and developing the human resource management system to be more professional. The objective is to create personnel that are united and share the same value, and colleagues with creative interactions. There will be more opportunities for employees to show their potentials, present new ideas and embark on new projects. Employees will realize their own value and be determined to use their knowledge to develop their organization and increase its ability to compete and grow with stability and sustainability.

➡ **The Risk from the Technology and Communication**

It is widely acknowledged that the current communication technology makes the business world much smaller. Access to customers through communication technology becomes a key factor that may give more advantages in competition by being able to communicate and present new products and services as well as innovations to respond to customers' business demands, and to effectively control the quality, time frame and cost.

The Group realizes the importance of the risk management of all 8 business groups. The Information Technology Steering Committee is founded in order to stipulate a frame of policies and provide opinions on the development of the Information Technology (IT) system both for the central part and business groups in order to meet the need of business operations of the Group and the need of customers for the services. In the past year, in order to support business expansion, IT development and operations were initiated in many projects. They established Data Center and Disaster Recovery Site used when main the information Technology system at the center did not work, a project to develop E-Procurement system and improvement of AS400 ERP system, developing and installing the Information Technology system in all 8 business groups in order to support transactions with the help of the IT system, and the Customer Relations Management (CRM) system to support marketing activities, for example.

Sustainability Report 2016



094

MBK Public Company Limited has realized the importance of taking care and having a responsibility to communities, the society, and the environment all around because the serious promotion and support for the strength of communities and the society will lead to the social and environmental development for the sustainability. The Company has continuously organized activities for communities and the society as well as running business under the social responsibility policy, including every group of stakeholders. The sustainable development in every aspect is taken into consideration, the Company has employed its own expertise and proficiency to create the economic value for the organization and the society at the same time and this is held as a set of guidelines within the organization.



ทำใจแล้วสิ

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The Participation in Developing the Society for the Sustainability

In 2016, the Company participated in developing the society, communities, and the environment as part of the CSR after Process policy which the Company has realized its importance and has carried it out continuously as follows:

The Social Aspect. Throughout the past year, the Company held to the principles of being “the Thai Organization with a Green Heart” in order to promote and encourage to help one another and employ the useful body of knowledge to improve the quality of life of people in communities by supporting public agencies, organizations, and foundations financially and providing areas for students and foundations to organize charitable activities and various activities for public purposes.

The Environmental Aspect. The Company has the responsibility of protecting the environment in every internal and external process through supporting activities concerning the energy conservation, efficient resources use—emphasizing on energy saving and recycling through reusing used objects in order to reduce an amount of waste from the organization’s business and communities—encouraging the employees in the organization to have good consciousness of the environmental protection, and expanding the cooperation with alliances in order to keep the balance between business operations and friendliness to the environment.

The Economic Aspect. As a professional for various business development as well as potential business operations and investments for the purpose of sustainable profits, the Company has grown continuously and stably and has been part of creating the society of happiness and promoting the Thai economy to be sustainably strong.

You can find more information from the Sustainable Development Report which is uploaded on the Company’s website at www.mbkgroup.co.th

Juristic persons which MBK holds more than 10%

as of December 31, 2016

Type of business	Name of company	Telephone Number	Fax Number
Shopping center business	1 MBK Shopping Center Company Limited	0-2620-9000	0-2620-7000
	2 Paradise Park Company Limited	0-2787-1000	0-2787-2222
	3 Paradise Retails Company Limited	0-2787-1000	0-2787-2222
	4 Siam Delice Company Limited	0-2787-1000	0-2787-2222
	5 Glas Haus Building Company Limited	Head Office 0-2620-9000 Branch 0-2260-6117 - 9	Head Office 0-2620-7000 Branch 0-2260-6055
	6 Glas Haus Ratchada Company Limited	Head Office 0-2620-9000 Branch 0-2260-6100	Head Office 0-2620-7000 Branch 0-2260-6099
	7 MBK Smart Force Security Guard Company Limited	0-2620-9000	0-2620-7000
	8 The Nine Center Company Limited	Head Office 0-2620-9000 Branch 0-2716-7999	Head Office 0-2620-7000 Branch 0-2716-7998
	9 MBK Center Company Limited	0-2620-9000	0-2620-7000
	10 MBK Square Company Limited	Head Office 0-2620-9000 Branch 0-2620-6117-9	Head Office 0-2620-7000 Branch 0-2620-6116
	11 P T Retails Corporation Company Limited	0-2620-9000	0-2620-7000
	12 MBK Digital Company Limited	0-2620-9000	0-2620-7000
	13 MBK Online Company Limited	0-2620-9000	0-2620-7000
	14 Siam Piwat Company Limited	0-2658-1000 - 19	0-2658-1020 - 1
Hotel and tourism business	15 MBK Hotels and Tourism Company Limited	Head Office 0-2620-9000 Branch 0-2216-3700	Head Office 0-2620-9000 Branch 0-2611-4622
	16 MBK Business Company Limited	0-2620-9000	0-2620-7000
	17 Tantara Gallery Company Limited	Head Office 0-2216-3700	Head Office 0-2216-3730
	18 Paemala Spa Company Limited	0-2216-3700 # 14 Branch 0-7562-8885	0-2686-3665 Branch 0-7562-8028
	19 MBK Hotels and Resorts Company Limited	Head Office 0-2620-9000 Branch 0-7562-8000	Head Office 0-2620-7000 Branch 0-7562-8048
	20 Supsinthanee Company Limited	Head Office 0-2620-9000 Branch 0-7783-5240	Head Office 0-2620-7000 Branch 0-7783-5239
	21 Lanta Land Development Company Limited	Head Office 0-2620-9000 Branch 0-7560-7100	Head Office 0-2620-9000 Branch 0-7560-7199
	22 MBK Capital Company Limited	0-2620-9000	0-2620-7000
	23 Absolute Travel Company Limited	0-2260-9000	0-2260-9000
	24 Royal Orchid Hotel (Thailand) Public Company Limited	0-2266-0123	0-2236-6646
	25 DMS Property Investment Private Limited	(960) 333-0678	(960) 333-2515
Golf business	26 Riverdale Golf and Country Club Company Limited	Head Office 0-2620-9000 Branch 0-2501-2789	Head Office 0-2620-7000 Branch 0-2501-1833
	27 MBK Resort Public Company Limited	Head Office 0-2620-9000 Branch 0-7632-1929	Head Office 0-2620-7000 Branch 0-7632-1927-8
	28 Phuket Loch Palm Golf Club Company Limited	Head Office 0-2620-9000 Branch 0-7632-1929	Head Office 0-2620-7000 Branch 0-7632-1927 - 8
	29 MBK Bangyai Company Limited	0-2620-9000	0-2620-7000
	30 Lam Luk Ka Golf and Country Club Company Limited	0-2995-2300-4	0-2995-2305
	31 MBK Enterprise Company Limited	0-2620-9000	0-2620-7000
	32 S C B Building Company Limited	0-2620-9000	0-2620-7000

Type of business	Name of company	Telephone Number	Fax Number
Real estate business	33 MBK Real Estate Company Limited	0-2620-9000	0-2620-7000
	34 Plan Estate Company Limited	0-2260-6100	0-2260-6099
	35 Crystal Lake Properties Company Limited	Head Office 0-2620-9000 Branch 0-7632-1929	Head Office 0-2620-7000 Branch 0-7632-1927 - 8
	36 C L P Management Company Limited	Head Office 0-2620-9000 Branch 0-7632-1744	Head Office 0-2620-7000 Branch 0-7632-1609
	37 Plan Appraisal Company Limited	0-2260-6100	0-2260-6099
	38 Lan Bangna Company Limited	0-2260-6100	0-2260-6099
	39 Kathu Land Company Limited	0-2620-9000	0-2620-7000
	40 MBK Residence Company Limited	0-2620-9000	0-2620-7000
	41 MBK Sukhumvit Company Limited	0-2620-9000	0-2620-7000
	42 MBK Realty Company Limited	0-2620-9000	0-2620-7000
	43 MBK Chiangmai Company Limited	0-2620-9000	0-2620-7000
Food solution business	44 Patum Rice Mill and Granary Public Company Limited	0-2501-2170 - 73	0-2501-2172
	45 PRG Granary Company Limited	0-2501-2170 - 73	0-2501-2172
	46 Ratchasima Rice Company Limited	0-2501-2170 - 73	0-2501-2172
	47 MBK Food and Entertainment Company Limited	0-2620-9000	0-2620-7000
	48 MBK Food Island Company Limited	0-2620-9812	0-2620-9815
	49 Innofood (Thailand) Company Limited	0-2501-2170 - 73	0-2501-2172
	50 Sima Pac Company Limited	0-2501-2170 - 73	0-2501-2172
	51 MBK Food System Company Limited	0-2620-9000	0-2620-7000
	52 MBK Restaurant Group Company Limited	0-2620-9000	0-2620-7000
Financial business	53 MBK Guarantee Company Limited	0-2620-7123	0-2620-7138
	54 Primacy Elegance Investments Limited	Contact to office 0-2620-9000	Contact to office 0-2620-7000
	55 MBK Premium Company Limited	0-2620-9000	0-2620-7000
	56 T leasing Company Limited	0-2832-2522	0-2611-9488
	57 M G 1 Company Limited	0-2620-9000	0-2620-7000
	58 M G 3 Company Limited	0-2620-9000	0-2620-7000
	59 M G 4 Company Limited	0-2620-9000	0-2620-7000
	60 M G 5 Company Limited	0-2620-9000	0-2620-7000
	61 M G 6 Company Limited	0-2620-9000	0-2620-7000
	62 T Consultant Company Limited	0-2620-9000	0-2620-7000
	63 Max Asset Management Company Limited	0-2611-9533	0-2611-9494
	64 MBK Life Assurance Public Company Limited	0-2252-5070	0-2252-7155
	65 TM Broker Company Limited	0-2252-5070	0-2252-7155
Other business Support business	66 Apple Auto Auction (Thailand) Company Limited	Head Office 0-2620-9000	Head Office 0-2620-7000
	67 MBK Advanced Company Limited	Branch 0-2399-2299	Branch 0-2399-2244
	68 MBK Training Center Company	0-2620-9000	0-2620-7000
	69 MBK Broker Company Limited	0-2620-9000	0-2620-7000
	70 MBK Insurance Broker Company Limited	0-2620-9000	0-2620-7000
	71 MBK Service Solution Company Limited	0-2620-9000	0-2620-7000
	72 X-GEN Premium Company Limited	0-2620-9000	0-2620-7000
		Head Office 0-2620-9000 Bangcare Branch 0-2455-4388	Head Office 0-2620-7000 Bangcare Branch 0-2757-8590 Samrong Branch 0-2455-4350
	73 MBK Asset Company Limited	Samrong Branch 0-2757-9100	0-2620-7000
	74 MBK Leisure Company Limited	0-2620-9000	0-2620-9000
	75 MBK Club Company Limited	0-2620-9000	0-2620-7000
	76 Puen Pob Paet Company Limited	0-2620-9000	0-2620-7000
	77 MT Service 2016 Company Limited	0-2620-9000	0-2252-7155
		0-2252-5070	

Juristic persons which MBK holds more than 10%

as of December 31, 2016

Type of business	Name of company	Headquarters	Main business	Registered capital	Paid-up capital	Direct shareholding	Indirect shareholding
				[Baht]	[Baht]	(%)	(%)
Shopping center business	1 MBK Shopping Center Company Limited	Bangkok	Investment	300,000,000	300,000,000	99.99	-
	2 Paradise Park Company Limited	Bangkok	Shopping center and Real estate rental	700,000,000	700,000,000	-	65.36 ^{1,2}
	3 Paradise Retail Company Limited	Bangkok	Retail business in shopping center	5,000,000	5,000,000	-	65.36 ³
	4 Siam Delice Company Limited	Bangkok	Shopping center and Real estate rental	1,020,000,000	1,020,000,000	-	65.3 ^{4,2,22}
	5 Glas Haus Building Company Limited	Bangkok	Real estate rental	195,000,000	195,000,000	-	99.99 ⁵
	6 Glas Haus Ratchada Company Limited	Bangkok	Property for lease and real estate	1,083,500,000	1,083,500,000	99.99	-
	7 MBK Smart Force Security Guard Company Limited (Formerly known as "MBK Smart Force Company Limited")	Bangkok	Security service	1,000,000	1,000,000	99.97	-
	8 The Nine Center Company Limited	Bangkok	Shopping center, property for lease and real estate	3,000,000,000	3,000,000,000	-	99.98 ¹⁶
	9 MBK Center Company Limited	Bangkok	Car park rental	2,000,000	2,000,000	99.99	-
	10 MBK Square Company Limited	Bangkok	Property for lease and management service	100,000,000	100,000,000	99.99	-
	11 PT Retail Corporation Company Limited	Bangkok	Retail business in shopping center	400,000,000	400,000,000	-	32.67 ¹⁰
	12 MBK Digital Company Limited	Bangkok	Online market place	5,000,000	5,000,000	99.97	-
	13 MBK Online Company Limited	Bangkok	Dormant	1,000,000	1,000,000	99.97	-
	14 Siam Piwat Company Limited	Bangkok	Shopping center and Real estate rental	174,000,000	174,000,000	30.72	-
Hotel and tourism business	15 MBK Hotels and Tourism Company Limited	Bangkok	Hotel management and Travel	10,000,000	10,000,000	99.99	-
	16 MBK Business Company Limited	Bangkok	Personnel management service	570,000,000	570,000,000	99.99	-
	17 Tantara Gallery Company Limited	Bangkok	Dormant	2,500,000	2,500,000	-	99.99 ¹⁵
	18 Paemala Spa Company Limited	Bangkok	Property for lease	5,000,000	5,000,000	-	25.00 ¹⁵
	19 MBK Hotels and Resorts Company Limited	Bangkok	Hotel	2,200,000,000	2,200,000,000	100.00	-
	20 Supsinthanee Company Limited	Bangkok	Hotel	505,325,000	505,325,000	100.00	-
	21 Lanta Land Development Company Limited	Bangkok	Hotel	340,000,000	340,000,000	99.99	-
	22 MBK Capital Company Limited	Bangkok	Land rental	5,000,000	5,000,000	-	99.99 ⁹
	23 Absolute Travel Company Limited	Bangkok	Hotel	5,000,000	5,000,000	-	99.99 ¹⁵
	24 Royal Orchid Hotel (Thailand) Public Company Limited	Bangkok	Hotel	937,500,000	937,500,000	-	29.86 ⁹
	25 DMS Property Investment Private Limited	Republic of Maldives	Hotel	1,157,527,525	1,157,527,525	-	35.00 ⁹
Golf business	26 Riverdale Golf and Country Club Company Limited	Bangkok	Golf course service and real estate development	4,000,000,000	4,000,000,000	99.99	-
	27 MBK Resort Public Company Limited	Bangkok	Golf course, hotel and real estate	200,000,000	160,000,000	-	72.60 ^{10,11}
	28 Phuket Loch Palm Golf Club Company Limited	Bangkok	Dormant	2,000,000	2,000,000	-	72.60 ¹²
	29 MBK Bangyai Company Limited	Bangkok	Personnel management service	5,000,000	5,000,000	-	99.99 ²¹
	30 Lam Luk Ka Golf and Country Club Company Limited	Pathum Thani	Golf course	1,308,600,000	1,308,600,000	45.32	-
	31 MBK Enterprise Company Limited (Formerly known as "Mah Boonkrong Sirichai Enterprise Company Limited")	Bangkok	Golf course and Property for lease	1,350,000,000	1,350,000,000	99.99	-
	32 SCB Building Company Limited	Bangkok	Dormant	100,000	100,000	-	99.70 ²¹
	33 Nasset Property Fund1	Bangkok	Property Fund (The Fund mature and dissolution on 31 August 2015)	13,656,192	13,656,192	-	72.45 ¹²
Real estate business	34 MBK Real Estate Company Limited	Bangkok	Property management service	1,000,000,000	1,000,000,000	99.97	-
	35 Plan Estate Company Limited	Bangkok	Real estate and property management service	200,000,000	200,000,000	-	72.60 ¹²
	36 Crystal Lake Properties Company Limited	Bangkok	Real estate	8,000,000	8,000,000	-	72.60 ¹²
	37 C L P Management Company Limited	Bangkok	Property management service	2,000,000	500,000	-	72.60 ¹³
	38 Plan Appraisal Company Limited	Bangkok	Survey and appraisal services	15,000,000	15,000,000	-	72.60 ¹⁴
	39 Lan Bangna Company Limited	Bangkok	Dormant	5,000,000	5,000,000	-	72.60 ¹⁴
	40 Kathu Land Company Limited	Bangkok	Dormant	4,000,000	4,000,000	-	70.36 ⁹
	41 MBK Residence Company Limited	Bangkok	Real estate	420,000,000	420,000,000	-	99.96 ¹⁴
	42 MBK Sukhumvit Company Limited	Bangkok	Real estate	800,000,000	800,000,000	-	99.94 ¹⁸
	43 MBK Realty Company Limited	Bangkok	Real estate	71,200,000	71,200,000	-	54.98 ¹⁸
	44 MBK Chiangmai Company Limited	Bangkok	Real estate	1,000,000	1,000,000	99.97	-

Type of business	Name of company	Headquarters	Main business	Registered capital	Paid-up capital	Direct shareholding	Indirect shareholding
				(Baht)	(Baht)	(%)	(%)
Food Solution Business	45 Patum Rice Mill and Granary Public Company Limited	Pathum Thani	Processing and packaging rice	900,000,000	600,000,000	74.52	-
	46 PRG Granary Company Limited	Pathum Thani	Warehouse rental	500,000,000	500,000,000	-	74.51 ¹⁵
	47 Ratchasima Rice Company Limited	Pathum Thani	Distribution and packaging rice and plant rental	62,500,000	62,500,000	-	74.51 ¹⁶
	48 MBK Food and Entertainment Company Limited	Bangkok	Food center	50,000,000	50,000,000	-	62.14 ^{17/15}
	49 MBK Food Island Company Limited	Bangkok	Food center	500,000,000	500,000,000	-	74.51 ¹⁵
	50 Innofood (Thailand) Company Limited	Pathum Thani	Distributor of rice and development of product from rice	21,000,000	21,000,000	-	74.51 ¹⁹
	51 Sima Pac Company Limited	Pathum Thani	Factory building rental and distributor of rice (cessation of manufacturer and distributor of plastic bag business since August 2016)	150,000,000	150,000,000	-	74.51 ¹⁶
	52 MBK Food System Company Limited	Bangkok	Restaurant (Cessation since November 2016)	109,091,000	109,091,000	-	40.99 ¹⁵
Financial business	53 MBK Restaurant Group Company Limited	Bangkok	Restaurant	50,000,000	30,000,000	-	62.14 ²⁰
	54 MBK Guarantee Company Limited	Bangkok	Lending	500,000,000	500,000,000	-	99.98 ⁴
	55 Primacy Elegance Investments Limited	British Virgin Island	Investment	2,218,000	110,900	100.00	-
	56 MBK Premium Company Limited	Bangkok	Leasing and hire purchase	528,319,300	528,319,300	100.00	-
	57 T Leasing Company Limited	Bangkok	Motorcycle hire purchase	500,000,000	500,000,000	99.99	-
	58 M G 1 Company Limited *	Bangkok	Dormant	466,000,000	466,000,000	-	99.97 ²⁵
	59 M G 3 Company Limited	Bangkok	Dormant	1,000,000	1,000,000	-	99.97 ²⁵
	60 M G 4 Company Limited	Bangkok	Dormant	1,000,000	1,000,000	-	99.97 ²⁵
	61 M G 5 Company Limited	Bangkok	Dormant	1,000,000	1,000,000	-	99.97 ²⁵
	62 M G 6 Company Limited	Bangkok	Dormant	1,000,000	1,000,000	-	99.97 ²⁵
	63 T Consultant Company Limited	Bangkok	Dormant	5,000,000	5,000,000	-	99.99 ⁸
	64 Max Asset Management Company Limited	Bangkok	Asset management	143,000,010	143,000,010	16.56	-
	65 MBK Life Assurance Public Company Limited (Formerly known as "Siam City Life Assurance Public Company Limited")	Bangkok	Life Assurance	700,000,000	700,000,000	49.00	-
Other business	66 MBK Broker Company Limited	Bangkok	Life assurance and non-life insurance broker	4,000,000	4,000,000	99.99	-
	67 TM Broker Company Limited	Bangkok	Insurance broker business and life assurance included training service	20,000,000	20,000,000	49.00	-
Supporting business	68 Apple Auto Auction (Thailand) Company Limited	Bangkok	Broker of cars and motorcycles	90,000,000	90,000,000	49.99	-
	69 MBK Advanced Company Limited	Bangkok	Dormant	1,000,000	1,000,000	-	99.89 ¹⁷
	70 MBK Training Center Company	Bangkok	Training service to affiliates	3,000,000	3,000,000	99.97	-
	71 MBK Insurance Broker Company Limited	Bangkok	Dormant	2,000,000	2,000,000	99.99	-
	72 MBK Service Solution Company Limited	Bangkok	Service and counseling (Cessation since February 2016)	150,000,000	150,000,000	99.99	-
	73 X-Gen Premium Company Limited	Bangkok	Dormant	90,000,000	90,000,000	99.99	-
	74 MBK Asset Company Limited	Bangkok	Dormant	300,000,000	300,000,000	99.99	-
	75 MBK Leisure Company Limited	Bangkok	Dormant	150,000,000	150,000,000	-	99.99 ²⁵
	76 MBK Club Company Limited	Bangkok	Recreation membership card	5,000,000	5,000,000	99.99	-
	77 Puen Pob Paet Company Limited	Bangkok	Dormant	1,000,000	1,000,000	36.29	-
	78 MT service 2016 Company Limited	Bangkok	Back-office and business support	50,000,000	50,000,000	49.00	-

Note

- /1 Held by MBK Shopping Center Company Limited
- /2 Held by Siam Piwat Company Limited
- /3 Held by Paradise Park Company Limited
- /4 Held by Riverdale Golf and Country Club Company Limited
- /5 Held by MBK Guarantee Company Limited
- /6 Held by MBK Business Company Limited
- /7 Held by Paemala Spa Company Limited
- /8 Held by T Leasing Company Limited
- /9 Held by MBK Hotels and Resorts Company Limited
- /10 Held by Paradise Retails Company Limited
- /11 Held by MBK Premium Company Limited

- /12 Held by MBK Resort Public Company Limited
- /13 Held by Crystal Lake Properties Company Limited
- /14 Held by Plan Estate Company Limited
- /15 Held by Patum Rice Mill and Granary Public Company Limited
- /16 Held by PRG Granary Company Limited
- /17 Held by MBK Insurance Broker Company Limited
- /18 Held by MBK Real Estate Company Limited
- /19 Held by Ratchasima Rice Company Limited
- /20 Held by MBK Food and Entertainment Company Limited
- /21 Held by Mah Boonkrong Sirichai Enterprise Company Limited
- /22 Held by The Nine Center Company Limited

* Referred to Notes to Consolidated Financial Statements no. 16.2 Investment in other company

Shareholders Structure and Management

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Shareholders

1) Major Shareholders

On October 21, 2016, the company collected shareholders' names and announced the book closure date according to section 225 of Securities and Exchange Act, there were 32 shareholders holding more than 0.5% of MBK paid-up capital, holding all together 79.40% of the Company paid-up capital and 2,864 minority shareholders holding not exceeding 0.5% of its paid-up capital but not less than 100 shares, there were 269 shareholders holding all together 20.59% of the Company paid-up capital. The total Company's shareholders were 3,165.

The top ten majority shareholders of MBK Public Company Limited were as follows:

No.	Name	Number of shares*	%
1	Patum Rice Mill and Granary Public Company Limited	474,249,530	27.767
	PRG Granary Company Limited	25,000,000	1.464
		499,249,530	29.231



No.	Name	Number of shares*	%
2	Thanachart Capital Public Company Limited	188,562,090	11.040
	Thanachart Bank Public Company Limited	76,842,000	4.499
	Thanachart Securities Public Company Limited	75,603,000	4.427
	Thanachart Insurance Company Limited	34,365,000	2.012
		375,372,090	21.978
3	Nortrust Nominees Limited-The Northern Trust Company Re ledp Aif Clients Nortrust Nominees 10 Percent Account	44,258,245	2.591
4	Thai NVDR Company Limited	38,090,333	2.230
5	Krungsri Dividend Stock LTF	37,356,200	2.187
6	DBS BANK LTD	36,307,500	2.126
7	AIA Company Limited - APEX	33,030,700	1.934
8	MORGAN STANLEY & CO.INTERNATIONAL PLC	23,050,000	1.350
9	Mr. Prinya Tieanworn	23,000,000	1.347
10	STATE STREET BANK AND TRUST COMPANY	22,846,166	1.338
	TOTAL	1,132,560,764	66.311

* The number of shares included with the shares held by the related parties according to section 258 of Securities and Exchange Act (No. 4) B.E. 2551

** The proportion of the share holding (%) was calculated on paid-in registered capital. The Company decreased its capital by repurchasing its shares as its treasury stocks on 25th October 2016. This led to a decrease in paid-in registered capital from 1,886,291,000 Baht to 1,707,960,000 Baht, or equal to 1,707,960,000 shares. (The par value was 1 Baht per share.)

- 2) A majority shareholder group whose its behavior significantly has influence on the formulation of a management policy or the company's operations.
- None -

Dividend Policy

MBK has a dividend policy with the calculation of the dividend based on “the consolidated financial statements”. In this connection, each dividend payment also has to take into account the retained earnings in “the separate financial statements”. This is in compliance with the Public Limited Company Act which stipulates that no dividend shall be paid out of funds other than profit and in the case where the company still sustains an accumulated loss, no dividend shall be paid.

For a dividend payout policy, if there is no incident beyond expectation, the company has a policy to pay a dividend equivalent to a net amount in Baht per share in a current period and not less than a net amount in a previous period, in order that shareholders have stability of receiving dividends as a result of holding the company’s stocks in the long term. This type of a stock is counted as a dividend stock.

Details about the Company’s Dividend Payment in the Past

	2011* (JUL. 1 –DEC. 31, 2011)	2012	2013	2014	2015	JAN. –JUN. 2016
Dividend per share	2.50	5.50	5.75	0.60	0.63	0.30***
Earnings (loss) per share (the Consolidated financial statements)	4.32	12.51	28.90	1.19	1.36	0.84
Par value	10.00	10.00	10.00	1.00**	1.00	1.00

Remark: * The Company changed the accounting period from the period starting from 1 July to 30 June to the period starting from 1 January to 31 December according to a resolution of the Ordinary General Shareholders’ Meeting on 31 October 2011, starting from the period ended 31 December 2011 onward.

** On 9 April 2014, the Annual General Meeting of the Company’s shareholders for the year 2014 passed a resolution to approve the changing of the par value of the Company’s shares from Baht 10 each to Baht 1 each. Therefore, the registered ordinary shares will be changed from 188,629,100 shares to 1,886,291,000 shares and the company has a paid-up capital Baht 1,886,291,000 ordinary shares and the amount paid. On 22 April 2014, the company registered with the Ministry of Commerce.

*** On 5 October 2016, a Board of Directors’ meeting passed a resolution to approve an interim dividend payment for the six-month period ended 30 June 2016 amounting to Baht 0.33 per share and the dividend will be paid 4 November 2016.

Subsidiaries that significantly affect the operation of MBK GROUP are the group of Patum Rice Mill and Granary Public Company Limited (PRG). The details are as follows:

- ➡ **Patum Rice Mill and Granary Public Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year at a performance-related rate that is not less than 50% of the net profit after tax.
- ➡ **PRG Granary Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year at a performance-related rate that is not less than 95% of the net profit after tax.
- ➡ **Ratchasrima Rice Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year at a performance-related rate that is not less than 95% of the net profit after tax.
- ➡ **Sima Pac Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year at a performance-related rate that is not less than 50% of the net profit after tax.
- ➡ **Innofood (Thailand) Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year at a performance-related rate that is not less than 50% of the net profit after tax.
- ➡ **MBK Food and Entertainment Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year by considering performance suitability and investment planning in the future.
- ➡ **MBK Food Island Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year by considering performance suitability and investment planning in the future.
- ➡ **MBK Food System Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year by considering performance suitability and investment planning in the future.
- ➡ **MBK Restaurant Group Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year by considering performance suitability and investment planning in the future.

Management

(1) Management Structure

The Company's management structure consists of the Board of Directors and specialized committees responsible for supporting important management areas and works in respect of which the Board of Directors has adopted resolutions including the Audit Committee, the Executive Committee as well as the Nomination and Remuneration Committee and Good Corporate Governance Committee. There are still various sub-committees such as the sub-committee for the consideration of rents, and the sub-committee for management of the real estate business. The details of the responsibilities of the various committees are as follows:

1) The Board of Directors

The Company's Board of Directors is comprised of 10 members including:

- 9 Non-Executive Directors
(of whom 4 are independent, exceeding one-third of the whole number of the Board).
- 1 Executive Director.

List of the Board of Directors is as follows:

Name		Position	Appointed date
1) Mr. Banterng	Tantivit*	Chairman	April 8, 1994
2) Mr. Suphadej	Poonpipat*	Vice Chairman	April 8, 1994
3) Professor Paichitr	Rojanavanich	Independent Director	November 23, 1999
4) Ms. Prakong	Lelawongs*	Independent Director	April 8, 1994
5) Mr. Pracha	Jaidee	Independent Director	November 14, 2007
6) Ms. Panit	Pulsirivong*	Independent Director	April 8, 1994
7) Mr. Piyaphong	Artmangkorn	Director	October 19, 1998
8) Mr. Suvait	Theeravachirakul	Director and President	November 1, 2000
9) Mr. Hatchapong	Phokai	Director	November 1, 2000
10) Mr. Atipon	Tantivit	Director	October 15, 2003

* Note : MBK Public Co. Ltd. was formerly a private company under the name of Mah Boon Krong Drying and Silo Co., Ltd. By registration, its name was changed to be MBK Properties and Development Co., Ltd. on 20th December 1990. It was registered for transformation into the public company limited on 8th April 1994 under the name of MBK Properties and Development Public Co., Ltd. and listed on the Stock Exchange of Thailand on 5th April 1996. Later, it was registered to change its name to MBK Development Public Co., Ltd. on 20th November 2002 and its name was registered to change to MBK Public Co., Ltd. on 10th November 2003. The Directors who held the positions of the Company's Directors before transformation into the Public Co., Ltd. The details are as follows:

- 1 Ms. Panit Pulsirivong held the position of Director of Mah Boon Krong Drying and Silo Co., Ltd. on 2nd March 1989.
- 2 Mr. Banterng Tantivit and Mr. Suphadej Poonpipat held the positions of Directors of Mah Boon Krong Drying and Silo Co., Ltd. on 19th September 1989.
- 3 Ms. Prakong Lelawongs held the position of Director of MBK Properties and Development Co., Ltd. on 13th May 1992.

The Board of Directors' meeting is held once per month and for the year 2016, the number of meetings held by the Board of Directors amounted to 12.

Definitions and Qualification of the Independent Director

The definitions and qualifications of the independent director according to the Company's policy on Good Corporate Governance are in line with the criteria established by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), which details are as follows:

1. Not to hold more than 1 percent of the voting shares of the Company, subsidiaries, joint-venture companies, major shareholders, or people who have control authority of the Company. In any respect, shareholding of people who have connections with such independent director is counted.
2. Not to be or used to be a director who take part in being an executive, an officer, an employee, a consultant being paid a fixed salary or having control authority of the Company, subsidiaries, joint-venture companies, major shareholders, or people who have control authority of the Company, with the exception of being discharged from mentioned above characteristics not less than 2 years before the appointment date. In any respect, the prohibition does not include a case that an independent director used to be a government officer or a consultant for the government sector which is a major shareholder or has control authority of the Company.
3. Not to be related by blood or by legal registration as a parent, a spouse, siblings, children, and including spouses of children of a director, an executive, a major shareholder, a person who has control authority, or a person who is appointed as a director, an executive or a person having control authority of the Company or its subsidiaries.
4. Not to have or used to have a business relationship with the Company, subsidiaries, joint-venture companies, major shareholders, or people who have control authority of the Company which may render a director to be unable to give an independent opinion, including not to be or used to be a shareholder with significance or a person who has control authority of people who have a business relationship with the Company, subsidiaries, joint-venture companies, major shareholders, or people who have control authority of the Company, with the exception of being discharged from mentioned above characteristics not less than 2 years before the appointment date.
5. Not to be or used to be an auditor of the Company, subsidiaries, joint-venture companies, shareholders, people who have control authority of the Company, and not to be a shareholder with significance, a person who has control authority, or a partner in an audit firm where auditors of the Company, subsidiaries, joint-venture companies, shareholders, or people having control authority work for, with the exception of being discharged from mentioned above characteristics not less than 2 years before the appointment date.
6. Not to be or used to be a provider for any professional service, including legal or financial consulting which its consulting fee is paid for more than THB 2 million per year from the Company, subsidiaries, joint-venture companies, shareholders, or people who have control authority of the Company, and not to be a shareholder with significance, a person who has control authority, or a partner of such professional services provider, with the exception of being discharged from mentioned above characteristics not less than 2 years before the appointment date.
7. Not to be a director whom is appointed to be a representative of a director of the Company, major shareholders, or shareholders who are related to major shareholders.

Tenure of Independent Directors

For the year 2015, the Board of Directors conducted a review of tenure of independent directors. The Board came to the conclusion that the Company's independent directors hold their positions not exceeding 9 years. This tenure of the directorship has been used since 2015.

Scope of Authority and Responsibilities of the Board of Directors

1. The Board of Directors is responsible for managing all the Company's businesses in line with the legal requirements, the Company's objectives and Articles of Association, as well as the resolutions adopted at the shareholders' meetings.
2. The Board of Directors has authority to assign one or more of its members or other persons to conduct any business affairs on behalf of the Company.
3. Names and number of directors authorized to sign on behalf of the Company: Mr. Suvait Theeravachirakul and Mr. Hatchapong Phokai— 2 directors have authority to sign jointly with the Company's seal affixed. Except in the case of a guarantee of debts, liability of debts, or fulfilling other obligations and responsibility under an agreement, it has to be approved by the Board of Directors' meeting before taking any action.
4. The Board of Directors has authority to appoint or change the directors serving as authorized signatories on behalf of the Company.
5. The Board of Directors has authority to consider and approve policies and strategies for administrating the company's and its subsidiaries' business operations.
6. The Board of Directors has authority to ensure that the Management Team implements the established policies effectively and efficiently.
7. The Board of Directors has authority to consider and approve the Company's liquidity management for debt instrument investments where the rate is not lower than the investment grade (rated BBB+ up).
8. The Board of Directors has authority to consider and approve the Company's investment expenditure.
9. The Board of Directors has authority to consider and approve the Company's administrative and selling expenses.
10. The Board of Directors has authority to manage risk of financial or investment activities relating to the Company's and its subsidiaries' projects by means of establishing risk management policies as well as monitoring and assessing results.
11. The Board of Directors has authority to consider the appropriateness of the Company's and its subsidiaries' business plan and annual budget.
12. The Board of Directors has authority to consider the Company's Organization Chart, the performance authority, the salary structure, and the structure of annual remuneration for the staff and the executives.
13. The Board of Directors has authority to consider and approve the use of accounting principles and changes in the Company's accounting principles.
14. The Board of Directors has authority to consider and approve on opening bank accounts.
15. The Board of Directors has authority to consider and approve to make domestic and international loans.
16. The Board of Directors has authority to appoint sub-committees to perform some duties in lieu of the Board.

Duties and Responsibilities of the Chairman

1. To call for the Board of Directors' Meeting and supervise the distribution of notices of meeting and other documents to ensure that the Board of Directors received sufficient and timely information.
2. To act as the Chairperson in both the Board of Directors' meeting and shareholders' meeting as well as ensure that the meetings are conducted in accordance with the Company's regulations and the specified agenda for the most efficient and effective meeting; by encouraging all of the Board of Directors to participate in the meetings and give independent opinion.
3. To conduct the meeting by providing the opportunities to fully give opinions and suggestions.
4. To regulate the efficiency of the communication between the Committee and Shareholders.
5. To cast the deciding vote in the case when the shareholders' meeting and the Board of Directors' meeting have the same number of votes.
6. To perform one's duties in accordance to the laws particularly specified that it is the responsibility of the chairman.

Tenure of the Directors

1. At the Annual General Meeting each year, one-third of the directors must retire from office. If the number of the directors retiring from office does not amount to exactly one-third, the nearest whole number of one-third shall be used.

The directors who must retire from office in the first year and the second year in line with the preceding paragraph shall be selected by random drawing. In the following years, the directors with the longest tenure in office shall be required to retire. In an event that the number of directors with the longest tenure in office exceeds the number of directors who must retire, the retiring directors shall be selected by random drawing. The retiring directors are eligible for re-appointment.

2. Apart from retiring from office upon the expiration of the tenure, the director shall retire from office upon:
 - (1) Death;
 - (2) Resignation by delivering a written notice of resignation to the Company;
 - (3) Lacking the required qualifications or becoming forbidden by any provisions of the law;
 - (4) Resolution for the director to retire, which is adopted by at least three-fourths of the shareholders attending their meeting and having voting rights, provided that the combined number of the shares owned by these shareholders at least half of the total shares owned by all the shareholders attending the meeting and having the voting rights;
 - (5) The order by the court of law.
3. If the directorship becomes vacant due to other reasons than the expiration of the tenure, the Board of Directors shall appoint a replacement who possesses the required qualifications and is not forbidden by any provisions of the law. The replacement shall be appointed at the Board of Directors' next meeting and has to be voted in by at least three-fourths of the remaining directors, with the exception of the situation in which the remaining tenure of the vacant directorship is less than 2 months.
4. In case the number of vacant directorships results in inadequate quorum, the remaining directors can act on behalf of the Board of Directors only in organizing a meeting of shareholders for the purpose of appointing replacements to fill the vacant directorships.
5. The directors appointed as replacements in line with Item 3 and Item 4 above shall be in the office only for the remaining term of the directorships being replaced.

2) The Executive Committee

List of the Company's Executive Committee, its Secretary and their positions are as follows:

Name		Position
1) Mr. Banterng	Tantivit	Chairman of the Executive Committee
2) Mr. Suphadej	Poonpipat	Vice Chairman of the Executive Committee
3) Mr. Piyaphong	Artmangkorn	Member of the Executive Committee
4) Mr. Suvait	Theeravachirakul	Member of the Executive Committee
5) Ms. Dararat	Homrossukhon	Secretary of the Executive Committee

The Executive Committee's meeting is held once per month and for the year 2016, the number of meetings held by the Board of Directors amounted to 12.

Scope of Performance of the Executive Committee

To manage the Company's business affairs in order to ensure that they follow the policies established by the Board of Directors.

Duties and Responsibilities of the Executive Committee

1. To propose policies and strategies for managing the Company's and its subsidiaries' businesses to the Board of Directors for approval.
2. To ensure that the Management Team implements the established policies and strategies effectively and efficiently.
3. To consider and approve the Company's liquidity management for investment in debt instruments rated investment grade (rated BBB+ up) within a limit of THB 200 million per one transaction and report to the Board of Directors when such transaction is approved.
4. To consider and approve long-term investment in equity instruments only relevant to core business of the MBK group.
 - 4.1 Investments in equity instruments listed on the Stock Exchange within a limit of THB 200 million per transaction and have to be reported to the Board of Directors for acknowledgement when such transaction is approved.
 - 4.2 Investments in equity instruments unlisted on the Stock Exchange of Thailand within a limit of THB 50 million per transaction and have to be reported to the Board of Directors for acknowledgement when such transaction is approved.
5. To consider and approve the Company's requirement of other capital expenditures, not specified in the annual budget, within a limit of THB 50 million per one meeting of the Executive Committee and report to the Board of Directors when such transaction is approved.
6. To consider and approve the Company's requirement of administrative and selling expenses, not specified in the annual budget, within a limit of THB 20 million per one meeting of the Executive Committee and report to the Board of Directors when such transaction is approved.
7. To consider and approve credit limits within a limit of THB 500 million per transaction and loan to value ratio is not more than 75% and report to the Board of Directors for acknowledgment when such transaction is approved.
8. To manage risks of financial or investment activities relating to the Company's and its subsidiaries' projects by means of establishing risk management policies as well as to monitor and assess results, then report to the Board of Directors.
9. To consider appropriateness of the annual business plan and budget in MBK and its subsidiaries' before proposing them to the Board of Directors for approval.
10. To consider the Company's Organization Chart, authority, salary structure, and annual remuneration for the staff and the management team before presenting them to the Board of Directors for approval.
11. To manage the Company's business affairs, ensuring that they comply with the legal requirements and that there is no conflict of interest.
12. To supervise the performance of various committees.
13. To acknowledge difficulties, obstacles and review practical solutions.
14. To carry out other duties as assigned by the Board of Directors.

Tenure of the Executive Committee

The chairman, vice chairman and the members of the Executive Committee shall have the same tenure as the Board of Directors' tenure.

3) The Audit Committee

The Board of Directors approved to establish the Audit Committee on 4 February 1999. The Committee is comprised of 3 members, who are fully qualified in accordance with the rules, all of whom are independent directors. Two of the members have adequate knowledge and experience in auditing financial statements. Their qualifications meet all the regulations of the Stock Exchange of Thailand. The current members of the Audit Committee include the following:

List of The Audit Committee, its Secretary and their positions are as follows:

Name		Position	Notes
1) Professor Paichitr	Rojanavanich	Chairman of the Audit Committee	Independent director having knowledge and experience in accounting and finance
2) Ms. Prakong	Lelawongs	Member of the Audit Committee	Independent director having knowledge and experience in accounting and finance
3) Mr. Pracha	Jaidee	Member of the Audit Committee	Independent director having knowledge and experience in law
4) Ms. Yupapun	Paritranun	Secretary of the Audit Committee	Head of the Internal Audit Department

The meeting of the Audit Committee is held at least once every month. The minutes of the meetings have to be sent to the Board of Directors. In addition, the Committee has to meet annually with the external auditors and the Management Team to review the financial statements. For the year 2016, the number of meetings held by the Audit Committee amounted to 16.

In 2016, the Audit Committee has regularly reviewed the Charter of the Audit Committee in order to conform to practice guidelines of the Stock Exchange of Thailand which its details are as follows:

Scope of Performance of the Audit Committee

1. The Internal Control and Internal Audit

- 1.1 To review that the Company has the appropriate and effective internal control system and internal audit system.
- 1.2 To consider the independence of the internal audit agency.
- 1.3 To consider and approve the Company's annual audit plan in cooperation with the internal audit agency, and a budget used in an audit process with regard to related risks.
- 1.4 To supervise that the Management Team corrects detected flaws and follow related agencies up that the correction is efficiently carried out.
- 1.5 To review evidence or conduct internal investigation when raising doubts about operations which may have an impact on the organization significantly, or flaws, or conflicts of interest which may affect operational performance or the internal control system; and the results are submitted to the Board of Directors for further consideration.
- 1.6 To consider and approve the appointment, transfer to another position, and discharge from the job of the head of the internal audit agency.
- 1.7 To assess the performance, and consider and approve wages, bonuses, or other remuneration for the personnel of the internal audit agency.

2. The Financial Statement Reports and Disclosure of Information

- 2.1 To review that Company has accurate, sufficient, and reliable financial statement reports according to certified accounting principles.
- 2.2 To consider related transactions or transactions with conflicts of interest in compliance with the law and regulations of the Stock Exchange of Thailand in order to ensure rationality and the utmost benefits for the Company.
- 2.3 To review evidence when raising doubts about operations which may have an impact on the Company's operational performance significantly, or conflicts of interest which may affect the Company's operational performance.

3. The Auditor

- 3.1 To consider the selection or discharge, an offer of remuneration, and a proposal to appoint a person who has independence in order to be the Company's auditor.
- 3.2 To attend the meeting with an auditor, without the presence of the Management Team, at least one time per year.
- 3.3 To recommend that an auditor review or check necessary and important transactions during the Company's account audits.

4. The Compliance with Stipulations and the Law

- 4.1 To check that the Company complies with the law, regulations of the Stock Exchange of Thailand, or rules and regulations of the public agencies.
- 4.2 To review evidence when raising doubts about any transactions or actions which may violate the law, or regulations of the Stock Exchange of Thailand, or rules and regulations of the public agencies which may affect the Company's financial status and operational performance significantly.

5. The Risk Management

To review the risk management system.

6. The Regulation of Performance of the Subsidiaries and Associated Companies

To cooperate with the Audit Committee of the subsidiaries and associates companies, and request that the Internal Audit Division provides summarized reports on results of auditing the business of every subsidiary and associated company for the Audit Committee's acknowledgement.

7. The Corporate Governance

To regulate and review the internal control related to good corporate governance and measures against corruption.

8. The Recruitment of a Specialist

In case of necessity, the Audit Committee may recommend that the Board of Directors hire or recruit a specialist to work together for considering and discussing the Company's problem-solving.

9. Other Responsibilities

Other missions as assigned by the Board of Directors.

Tenure of the Audit Committee

The chairman and the members of the Audit Committee shall have the same tenure as the Board of Directors' tenure.

4) The Nomination and Remuneration Committee

List of the Nomination and Remuneration Committee, its Secretary and their positions are as follows:

Name		Position	Notes
1) Mr. Suphadej	Poonpipat	Chairman of the Nomination and Remuneration Committee	
2) Ms. Panit	Pulsirivong	Member of the Nomination and Remuneration Committee	Independent Director
3) Mr. Pracha	Jaidee	Member of the Nomination and Remuneration Committee	Independent Director
4) Mr. Thaneit	Khantigaroon	Secretary of the Nomination and Remuneration Committee	

For the year 2016, the number of meetings held by the Company's Nomination and Remuneration Committee amounted to 2.

Scope of Performance of the Nomination and Remuneration Committee

To nominate the Company's directors and president as well as to determine their remuneration.

Duties and Responsibilities of the Nomination and Remuneration Committee

1. To nominate and consider remuneration of the Company's Directors
 - 1.1 To nominate suitable candidates for the Company's directorships and propose them to the Board of Directors or to the shareholders at their meeting for approval, depending on the case.
 - 1.2 To consider remuneration of the Company's Directors by considering duties, responsibilities, the Company's financial position, the salary rate comparable to the industry benchmarks, and propose them to the Board of Directors for consideration and approval.
2. To nominate and consider remuneration of the position of the President
 - 2.1 To nominate the person who is suitable to be the President and propose the nomination to the Board of Directors in order to approve or present it to the meeting of shareholders depending on circumstances.
 - 2.2 To consider remuneration of the President by considering duties, responsibilities, the Company's financial status, and remuneration rate compared with the industry benchmarks, and propose it to the Board of Directors for consideration.
3. To consider the President's yearly performance. The performance result shall be proposed to the Board of Directors for considering and approving for a change in the President's salary or any other benefits.
4. To carry out any missions as assigned by the Board of Directors.

Tenure of the Nomination and Remuneration Committee

The chairman and the members of the Nomination and Remuneration Committee shall have the same tenure as the Board of Directors' tenure.

5) The Good Corporate Governance Committee

List of the Good Corporate Governance Committee, its Secretary and their positions are as follows:

Name		Position
1) Mr. Banterng	Tantivit	Chairman of the Good Corporate Governance Committee
2) Mr. Suphadej	Poonpipat	Member of the Good Corporate Governance Committee
3) Professor Paichitr	Rojanavanich	Member of the Good Corporate Governance Committee
4) Ms. Prakong	Lelawongs	Member of the Good Corporate Governance Committee
5) Mr. Pracha	Jaidee	Member of the Good Corporate Governance Committee
6) Ms. Panit	Pulsirivong	Member of the Good Corporate Governance Committee
7) Mr. Piyaphong	Artmangkorn	Member of the Good Corporate Governance Committee
8) Mr. Suvait	Theeravachirakul	Member of the Good Corporate Governance Committee
9) Mr. Hatchapong	Phokai	Member of the Good Corporate Governance Committee
10) Mr. Atipon	Tantivit	Member of the Good Corporate Governance Committee
11) Ms. Dararat	Homrossukhon	Secretary of the Good Corporate Governance Committee

For the year 2016, the number of meetings held by the Company's Good Corporate Governance Committee amounted to 1.

Scope of Performance of the Good Corporate Governance Committee

To regulate operations of the Company and performance of executives and employees in compliance with the policy on Good Corporate Governance.

Duties and Responsibilities of the Good Corporate Governance Committee

1. To consider and review the policy on Good Corporate Governance and a code of conduct for corporate governance appropriate for the Company and conformed to international standards of Good Corporate Governance which comply with relevant law, rules, and regulations.
2. To regulate and provide consulting in order to follow the policy on Good Corporate Governance.
3. To regulate and reexamine the internal audit related to measures against corruption.

Tenure of the Good Corporate Governance Committee

The Chairman and the members of the Good Corporate Governance Committee shall have the same tenure as the Board of Directors' tenure.

6) Company Secretary and the Company's Compliance Supervisor

On 1st September 2008, the Company has appointed Ms. Dararat Homrossukhon, to act as Company Secretary of MBK in accordance with the Securities and Exchange Act and the Good Corporate Governance practices of listed companies concerning the Responsibility of Directors, having the responsibility relating to the convening of meetings and the preparation and safe-keeping of documents, such as the register of directors, the notices for the convening of the meeting of the Board of Directors, the minutes of the meetings of the Board of Directors, the annual report of the Company, the notices for the convening of the meetings of the shareholders of the Company, the minutes of the meetings of the shareholders, and the report on the fact and the nature of conflicting of interests of the directors/executives, and the giving of recommendations, information/various regulations in respect of which the directors must have knowledge and compliance, and the attending to the various activities of the directors to enable them to discharge their duty efficiently and in the manner most beneficial to the Company.

Moreover, Ms. Dararat Homrossukhon also holds the position of Vice President of the Compliance Department to supervise and ensure that the Company's performance is in accordance with the regulations of The Stock Exchange of Thailand, the Securities and Exchange Commission, and other related regulators.

7) The Executive Management

Name		Position
1) Mr. Suvait	Theeravachirakul	President and CEO
2) Mr. Pongsak	Sabdasen	Senior Executive Vice President, Office of President
3) Mr. Kasemsuk	Chongmankhong	Senior Executive Vice President, Finance & Administration Division
4) Ms. Yupapun	Paritranun	Senior Executive Vice President, Internal Audit Division
5) Mr. Somphol	Tripopnart	Senior Executive Vice President, Sales Division and Acting Senior Executive Vice President, Marketing Division
6) Mr. Apichat	Kamoltham ¹	Senior Executive Vice President, Legal Division
7) Mr. Satit	Saisorn	Executive Vice President, Operation Division
8) Ms. Siratha	Suksawang ²	Executive Vice President, Marketing Division

Notes 1 Mr. Apichat Kamoltham has held a position of Senior Executive Vice President Legal Division on 1st January 2017.
2 Ms. Siratha Suksawang has held a position of Executive Vice President Marketing Division on 13th October 2016.

Duties and responsibility of the President are as follows:

1. To regulate the operations of the Company's and its subsidiaries to be in line with the vision, missions, the committee policies, shareholders' resolution, regulations and objectives of the Company; for the highest efficiency and legitimacy of the Company's and its subsidiaries' business operations.
2. To manage and supervise the general administration of the Company and its subsidiaries in order to ensure that it is in line with the objectives, policies, rules and regulations of the Company as well as to monitor the performance of the management in order to report overall operations and performance of the Company's and its subsidiaries to the Board of Directors at all time.
3. To determine a policy on human resource management and encourage the operations of every department to be in line with the guidelines that the Board of Director established in order to develop and fully use the potential effectively.
4. To give advice and hand down the experience in business operations to the executives and staff for the benefits of the Company and its subsidiaries' business operations.
5. To manage finance of the Company and its subsidiaries and efficiently spend budget for the highest benefit.
6. To perform other assigned tasks according to resolutions approved by the Company's and its subsidiaries' Board of Directors Meeting and/or the shareholders' meeting; under the objectives, rules and related laws.

(2) Nomination of Directors and Executives

In relation to selecting the candidates nominated or to be nominated as the Company's directors, the candidates are elected by the Nomination and Compensation Committee according to the specified directors' qualifications that should be in accordance with the Company's Strategy in operating business. The mechanism which the Company appoints its directors is specified in the Company's Articles of Association which details are as follows:

1. The number of the Company's directors shall be determined by the shareholders' approval at their meeting, provided that the number is not less than five. The directors may hold shares in the Company. However, at least half of the member of the Board of Directors must be residents in Thailand.

2. The directors shall be appointed at the shareholders' meeting in line with the rules and mechanism as follows:

- 2.1 Each shareholder shall have one vote for each of the shares held. (Each share entitles the holder to one vote.)
- 2.2 The directors may be appointed by casting votes for each director or a number of directors at the same time or by any other procedures as the shareholders' meeting deems appropriate, provided that, at each voting, the shareholders shall cast all their votes in Item 2.1 without allocating some of their votes to any particular directors.
- 2.3 The persons in order of the votes received, starting from the one with the highest votes, shall be appointed to fill the vacant directorships. In an event that the persons appointed to fill the remaining vacant directorships receive the same number of votes (In case of ties), the Chairperson of the meeting shall cast the deciding vote.

The Board of Directors, a total of five members are representatives for the Company's major shareholders. In the appointment of directors, minor shareholders are also entitled to appoint the Company's directors.

Qualifications for Company's Directors

1. To be fully qualified and not be prohibited according to:
 - Public Company Act
 - Securities and Exchange Act
 - Securities and Exchange Commission
 - The Stock Exchange of Thailand
 - The Company's Articles of Association
 - The Principles of the Company's Good Corporate Governance
2. To have knowledge, skills and experiences that are beneficial to the company's business.
3. To be dedicated to perform all the duties as assigned.

(3) Additional information relating to the Directors and the Executives of the Company is as follows:

For the year 2016, no director or executive of the Company had any records of breaches of the law in respect of the following:

- 1) To be subject to a court judgment in respect of a criminal prosecution, except in the case of a prosecution arising from a traffic violation, petty offence, or any other similar offence;
- 2) To be adjudged a bankrupt person or placed under receivership in relation to his/her property;
- 3) To be an executive or a person nominating a company or partnership adjudged bankrupt or its asset being ordered to be placed under receivership;

The Company also appointed experts and executives from various departments to be in charge of considering and managing specific matters within the Company, ensuring that the matters were managed properly, efficiently, and effectively in the best interest of the Company. Committees and working groups were formed to look after and manage of the following specific matters.

Committee responsible for supervising and developing the MBK Group

1. The Human Resources Committee of the MBK Group
2. The Information System Development Committee of the MBK Group
3. The Committee and the Working Group of Human Resource Information System Development of the MBK Group

4. The Quality Management System Committee
 - 4.1 The Strategic Planning and Balance Scorecard Management Committee of the MBK Group
 - 4.2 The Risk Management Committee of the MBK Group
5. The Working Group of Accounting System and Accounting Standards Development of the MBK Group
6. The Working Group of Centralization of Procurement System Development
7. The Working Group of the Development of the Good Relationship between Customers and Business groups
8. The Customer Representatives to Nurture MBK's Service Values

Committee responsible for supervising and developing the Shopping Center Business are as follows:

1. The Strategic Planning and Balance Scorecard Management Committee for the Shopping Center Business (SCB)
2. The Risk Management Committee for the Shopping Center Business (SCB)
3. The Committee and the Working Group of the Knowledge Management and Organizational Culture Development for Shopping Center Business (SCB), and the Supporting Business (SB)
4. The Sub-Committee on Service Quality Management for the Shopping Center Business (SQMC)
5. The Working Group of Service Quality Management for MBK Shopping Center
6. Prevention against Tenants Causing Damage to the Shopping Center Committee
7. The Committee of Thailand's Private Sector Collective Action Coalition against Corruption
8. The Space Design and Corporate Image Committee
9. The Business Continuity Planning Committee
10. The Sub-Committee on Rental Space of the Shopping Center
11. The Working Group of Community Relations of the Sky MBK Walk Project
12. The ISO 9000 Quality Management System Committee
13. The Working Internal Quality Audit
14. The Thailand Quality Award Committee (TQA)
15. TQA Application Report Working Team
16. The Committee and the Working Group of Developing the System of Consolidated Financial Statement through Using Oracle Hyperion Financial Management (HFM)
17. The Strategic Planning and Balanced Score Card Management Committee of MBK Shopping Center
18. The Risk Management Committee for the MBK Shopping Center (RMC)
19. The Election for Welfare Committee Members in the Establishment Committee (MBK Public Co., Ltd.)
20. The Election for Committee Members of the Safety, Occupational Health, and Work Environment Committee (MBK Public Co., Ltd.)
21. The Safety, Occupational Health, and Work Environment Committee (MBK Public Co., Ltd.)
22. The Welfare Committee (MBK Public Co., Ltd.)
23. The Welfare Committee (MBK Smart Force Security Guard Co., Ltd.)
24. The Election for Welfare Committee Members in the Establishment Committee (MBK Smart Force Security Guard Co., Ltd.)
25. The Safety, Occupational Health, and Work Environment Committee (MBK Smart Force Security Guard Co., Ltd.)
26. The Election for Committee Members of the Safety, Occupational Health, and Work Environment Committee (MBK Smart Force Security Guard Co., Ltd.)
27. The Service Quality Management Working Group of the Shopping Center (MBK Square Co., Ltd.)
28. The ISO9000 Quality Management Committee (MBK Square Co., Ltd.)
29. The ISO9000 Quality Management Committee (The Nine Center Co., Ltd.)
30. The Strategic Planning and Balance Scorecard Management Committee (The Nine Center Co., Ltd.)

31. The Risk Management Committee (The Nine Center Co., Ltd.)
32. The Working Group of Internal Quality Audit (The Nine Center Co., Ltd.)
33. The Nine Community Relations Committee
34. The Service Quality Management Working Group (The Nine Center Co., Ltd.)
35. The Executive Committee of Paradise Park Co., Ltd.
36. The Executive Committee of Paradise Retails Co., Ltd.
37. The Executive Committee of Siam Delice Co., Ltd.
38. The Innovation Committee
39. The Innovation Working Group
40. The Committee and the Working Group of MBK E-Exhibition

Committees responsible for supervising and developing the Hotel and Tourism Business are as follows:

1. The Executive Committee for the Hotel and Tourism Business
2. The Committee and the Working Group of the Knowledge Management and Organizational Culture Development for the Hotel and Tourism Business (HTB)
3. The Strategic Planning and Balance Scorecard Management Committee for the Hotel and Tourism Business (HTB)
4. The Risk Management Committee (Hotel and Tourism Business) (HTB)
5. The Strategy Planning and Balance Scorecard Management Committee (MBK Public Co., Ltd. Pathumwan Princess Hotel branch) (PPB)
6. The Risk Management Committee for the MBK Public Co., Ltd. Pathumwan Princess Hotel branch
7. The Strategic Planning and Balance Scorecard Management Committee (Dusit Thani Krabi Beach Resort Hotel) (DTKR)
8. The Risk Management Committee (Dusit Thani Krabi Beach Resort Hotel) (DTKR)
9. The Strategy Planning and Balance Scorecard Management Committee (Tinidee Hotel@Ranong Hotel) (Supsinthanee Co., Ltd.)
10. The Risk Management Committee (Tinidee Hotel@Ranong Hotel) (TNDR) (Supsinthanee Co., Ltd.)

Committees responsible for supervising and developing the Golf Business

1. The Executive Committee for the Golf Business
2. The Strategic Planning and Balance Scorecard Management Committee for the Golf Business (GB)
3. The Risk Management Committee for the Golf Business (GB)
4. The Committee and the Working Group of the Knowledge Management and Organizational Culture Development for the Golf Business (GB)
5. The Food Safety Management Project Committee
6. The ISO 9000 Quality Management System Committee (MBK Resort Public Co., Ltd.)
7. The Strategic Planning and Balance Scorecard Management Committee (MBK Resort Public Co., Ltd.)
8. The Risk Management Committee (MBK Resort Public Co., Ltd.)
9. The Safety, Occupational Health, and Work Environment Committee (MBK Resort Public Co., Ltd.)
10. The Welfare in the Establishment Committee (MBK Resort Public Co., Ltd.)
11. The Strategic Planning and Balance Scorecard Management Committee, (Riverdale Golf and Country Club Co., Ltd.)
12. The Risk Management Committee (Riverdale Golf and Country Club Co., Ltd.)
13. The Welfare in the Establishment Committee (Riverdale Golf and Country Club Co., Ltd.)
14. The Working Group of the Construction and Design of Real Estate Development Projects (Riverdale Golf and Country Club Co., Ltd.)

15. The Technical-Level Workplace Safety Staff
16. The Service Development Committee (Riverdale Golf and Country Club Co., Ltd.)

Committees responsible in supervising and developing the Real Estate Business are as follows:

1. The Executive Committee for the Real Estate Business
2. The Service Quality Management Committee for the Real Estate Business
3. The Service Quality Management Working Group for the Real Estate Business
4. The Strategic Planning and Balance Scorecard Management Committee for the Real Estate Business (REB)
5. The Risk Management Committee for the Real Estate Business (REB)
6. The Committee and the Working Group of The Knowledge Management and Organizational Culture Development Committee for the Real Estate Business(REB)
7. The ISO 9000 Quality Management System Committee (CLP Management Co., Ltd.)
8. The Risk Management Committee (CLP Management Co., Ltd.)
9. The Quinn Condo Management Committee
10. The Working Group of Quinn Condo Construction and Design
11. The Working Group of Quinn Condo Marketing and Sales
12. The Working Group of Nine Condo Construction and Design

Committees responsible in supervising and developing the Food Solution Business are as follows:

1. The Strategic Planning and Balance Scorecard Management Committee for the Food Solution Business (FSB)
2. The Risk Management Committee for the Food Solution Business (FSB)
3. The Committee and the Working Group of the Knowledge Management and Organizational Culture Development for the Food Solution Business (FSB)
4. The Strategic Planning and Balance Scorecard Management Committee (Patum Rice Mill and Granary Public Co., Ltd.)
5. The Risk Management Committee (Patum Rice Mill and Granary Public Co., Ltd.)
6. The Risk Management Committee (Sima Pac Company Limited)

Committees responsible in supervising and developing the Financial Business are as follows:

1. The Executive Committee for the Financial Business
2. The Credit Committee
3. The Strategic Planning and Balance Scorecard Management Committee for the Financial Business (FB)
4. The Risk Management Committee for the Financial Business (FB)
5. The Committee and the Working Group of the Knowledge Management and Organizational Culture Development for the Financial Business (FB)
6. The ISO 9000 Quality Management System Committee (MBK Guarantee Co., Ltd.)
7. The Strategic Planning and Balance Scorecard Management Committee (MBK Guarantee Co., Ltd.)
8. The Risk Management Committee (MBK Guarantee Co., Ltd.)
9. The Working Internal Quality Audit (MBK Guarantee Co., Ltd.)
10. The Information System Development Committee (MBK Guarantee Co., Ltd.)
11. The Working Group of the Information System Development (MBK Guarantee Co., Ltd.)
12. The Executive Committee (T-Leasing Co., Ltd.)
13. The Strategic Planning and Balance Scorecard Management Committee (T-Leasing Co., Ltd.)
14. The Risk Management Committee (T-Leasing Co., Ltd.)
15. The ISO 9000 Quality Management System Committee (T-Leasing Co., Ltd.)
16. The Representatives of the Quality System Management (T-Leasing Co., Ltd.)

Committees responsible in supervising and developing Other Business are as follows:

1. The Strategic Planning and Balance Scorecard Management Committee for Other Business (OB)
2. The Risk Management Committee for Other Business (OB)
3. The Committee and the Working Group of the Knowledge Management and Organizational Culture Development for Other Business (OB)
4. The Executive Committee (Apple Auto Auction (Thailand) Co., Ltd.)
5. The Strategic Planning and Balance Scorecard Management Committee (Apple Auto Auction (Thailand) Co., Ltd.)
6. The Risk Management Committee (Apple Auto Auction (Thailand) Co., Ltd.)
7. The Welfare Committee (Apple Auto Auction (Thailand) Co., Ltd.)
8. The Election for Welfare Committee Members in the Establishment Committee (Apple Auto Auction (Thailand) Co., Ltd.)
9. The Safety, Occupational Health, and Work Environment Committee, (Apple Auto Auction (Thailand) Co., Ltd.)
10. The Election for Committee Members of the Safety, Occupational Health, and Work Environment Committee (Apple Auto Auction (Thailand) Co., Ltd.)

Committee responsible in supervising and developing the Supporting Business is as follows:

1. The Committee on Business Development for MBK Holiday Club

MBK's Committees that are responsible for supervising and developing the Human Resources of the MBK Group are as follows:

1. The Knowledge Management and Organizational Culture Development Committee of the MBK Group
2. The Committee on the Consideration of Merits and Mistakes of employees of the MBK Group
3. The Welfare Committee of MBK Public Co., Ltd.
4. The Safety, Occupational Health, and Work Environment Committee
5. The Savings and Credit Cooperative Committee
6. The Provident Fund Committee
7. The Employees' Scholarships Committee
8. The Committee on the Consideration of Fraud and Corruption
9. The Working Group of the Investigation of Fraud and Corruption

MBK's Committees that are responsible for taking care of stakeholders such as users of the services, lessees, creditors and debtors are as follows:

1. The Procurement Committee
2. The Assets Sales Committee

Moreover, MBK encourages all level of its employees to be part of the working groups to enhance the potential of its human resources. These working groups are as follows:

1. The Working Group of the Energy Management
2. The Working Group of the Promotion of 5-Sor Activities
3. The Working Group of the In-house Energy Management Evaluators
4. The Working Group of the Community Relations for Sky Walk MBK Project
5. The Working Group of the Promotion of Good Corporate Governance

(4) Delegation of the Authority to act on behalf of the Company

The Company has put in place operational rules which provide details related to the exercise of the authority to approve transactions on behalf of the Company. The objective is to delegate the authority to the staff holding different positions and in charge of performing various duties. To make the performance of their duties more flexible and efficient, they are authorized to act on behalf of the Company within the scope of the authority specified by the Company. In this connection, the delegated authority is also subject to the Company's appropriate internal control system.

(5) Remunerations of Directors and Executives Management

5.1 Directors' Remunerations (1st January – 31st December 2016.) Directors' Remunerations

List of Name	Director Allowance (THB)	Meeting Allowance (THB)				Gratuity (THB)	Total Remuneration (THB)
		Board of Directors	Audit Committee	Executive Committee	Nomination And Compensation Committee		
1. Mr. Banterng	600,000.00	600,000.00		1,080,000.00		1,808,450.70	4,088,450.70
2. Mr. Suphadej	360,000.00	330,000.00		600,000.00	120,000.00	1,356,338.05	2,766,338.05
3. Professor Paichitr	300,000.00	300,000.00	840,000.00			904,225.35	2,344,225.35
4. Ms. Prakong	300,000.00	275,000.00	405,000.00			904,225.35	1,884,225.35
5. Mr. Pracha	300,000.00	300,000.00	390,000.00		60,000.00	904,225.35	1,954,225.35
6. Ms. Panit	300,000.00	275,000.00			30,000.00	904,225.35	1,509,225.35
7. Mr. Piyaphong	300,000.00	300,000.00		360,000.00		904,225.35	1,864,225.35
8. Mr. Suwait	300,000.00	300,000.00				904,225.35	1,504,225.35
9. Mr. Hatchapong	300,000.00	300,000.00				904,225.35	1,504,225.35
10. Mr. Atipon	300,000.00	300,000.00				904,225.35	1,504,225.35
Total	3,360,000.00	3,280,000.00	1,635,000.00	2,040,000.00	210,000.00	10,398,591.55	20,923,591.55

The comparison of Directors' remunerations from 2012 – 2016

Remunerations	1st January 2012 – 31st December 2012		1st January 2013 – 31st December 2013		1st January 2014 – 31st December 2014		1st January 2015 – 31st December 2015		1st January 2016 – 31st December 2016	
	Number (persons)	Amount (THB)	Number (persons)	Amount (THB)	Number (persons)	Amount (THB)	Number (persons)	Amount (THB)	Number (persons)	Amount (THB)
Meeting Allowances	11	9,100,000.00	11	9,120,000.00	11	10,265,000.00	10	10,550,000.00	10	10,525,000.00
Directors' Commissions	11	4,715,727.50	11	10,374,600.50	11	9,820,169.35	11	10,247,138.77	10	10,398,591.55
Total		13,815,727.50		19,494,600.50		20,085,169.35		20,797,138.77		20,923,591.55

5.2 Other Remunerations

At an Annual General Meeting of Shareholders 2016- held on 20th April 2016- a resolution on other remunerations for the Board of Directors, the Executive Committee, the Audit Committee, and the Nomination and Compensation Committee was approved, as the equivalent of 1,600,000 Baht.

5.3 Remunerations for the Executive Management (1st January – 31st December 2016)

Remunerations of the Executive Management

Executive Management	Number (persons)	Amount (Million THB)
Executive Management	8	44.16

The Comparison of the Remunerations of the Executives Management from 2012 to 2016

Remunerations	1st January 2012 – 31st December 2012		1st January 2013 – 31st December 2013		1st January 2014 – 31st December 2014		1st January 2015 – 31st December 2015		1st January 2016 – 31st December 2016	
	Number (persons)	Amount (Million THB)	Number (persons)	Amount (Million THB)	Number (persons)	Amount (Million THB)	Number (persons)	Amount (Million THB)	Number (persons)	Amount (Million THB)
Remunerations (Salaries and Bonuses)	8	34.75	9	38.04	8	42.84	7	44.05	8	44.16

(6) Human Resources

6.1 A Number of Employees

As of 31st December 2016, MBK Public Company Limited employed a total of 545 employees, consisting of the Managing Director, Deputy Managing Director, Assistant Managing Directors total 8 people and 537 employees. Also, it included 172 employees of MBK Smart Force Security Guard Co., Ltd. A number of employees in each department is as follows:

Division	Number of Employees (person)*				
	1st January 2012 – 31st December 2012	1st January 2013 – 31st December 2013	1st January 2014 – 31st December 2014	1st January 2015 – 31st December 2015	1st January 2016 – 31st December 2016
1. President Office	90	52	52	55	59
2. Legal Division	14	18	18	20	20
3. Business Development Division	16	19	22	23	25
4. Finance & Administration Division	118	122	128	131	107
5. Internal Audit Division	24	26	28	30	27
6. Marketing Division	100	105	75	83	90
7. Operation Division	135	142	145	147	151
8. Sales Division	-	-	29	32	31
9. Human Resources Division	-	-	-	-	28
10. MBK Smart Force Security Guard Co., Ltd.	237	290	195	181	172

Note: A number of employees is calculated from the average of employees in each year.

6.2 Remunerations of Employees (Excluding the President and the Executive Management)

Unit : Baht

Remunerations	1st January 2012 To 31st December 2012	1st January 2013 To 31st December 2013	1st January 2014 To 31st December 2014	1st January 2015 To 31st December 2015	1st January 2016 To 31st December 2016
Salary, Bonus and Provident Fund (MBK)	302,433,364.70	228,550,187.15	252,345,850.89	271,750,739.82	293,123,868.67
Salary, Bonus and Provident Fund (MBK-SF)		38,188,484.94	36,522,843.63	35,576,108.60	35,606,665.63

6.3 Other Remunerations

The Company has provided for other remunerations and welfare benefits in addition to salaries, such as bonuses, savings and credit cooperative, working in the upcountry expenses, OT expenses, uniform expenses, provident funds, medical treatment costs, group insurance, social security and yearly check-ups.

The Company has established the provident fund entitled “MBK Group Staff Provident Fund” on 1st July 1992. Under the terms and conditions specified in the Provident Fund, the Company agrees to make its subsidies and the employees who are members of the Provident Fund also agree to make their contributions, the details of which are as follows:

Saving Rate of Employees	Subsidy Rate of the Company			Payments from the Fund	
	Years of Membership			Years of Membership	Subsidy and Benefits (%)
- A member can choose to contribute more than 5%, but not exceed 15% of his/her wage, to the provident fund.	Membership				
	Commencement	Subsidy Rate	5%	Less than 1 year	0
	2 years –less than 4 years	”	6%	1 year–less than 3 years	30
	4 years- less than 6 years	”	7%	3 years–less than 5 years	50
	6 years- less than 8 years	”	8%	5 years- less than 7 years	70
	8 years-less than 10 years	”	9%	7 years or more	100
	10 years or more	”	10%		

6.4 The Human Resources and the Organizational Development

The Company is well aware that each employee is a valuable resource in helping the Company to achieve its goals or vision and enhancing it into a leading company with sustainable growth. Therefore, the Company has adopted a policy to develop human resources for all levels of employees. The objectives of this policy are to increase the efficiency of human resources in skills, knowledge, competency, attitude and good working behavior in their field of work. The career path will encourage each individual to learn, do research and continuously share their experiences. These management and development courses such as developing the Human Resource Management System, training, giving scholarships to study in bachelor/ master levels, both domestic and international work field trips, employees and executives’ development plans in order to carry on important position in the Company, performance management, building relationships of personnel and developing the Company to be the learning organization. These will lead the staff and Executive into topmost professionals.

6.4.1 The Development of the Human Resource Management System

6.4.1.1 To Use the Program Package to Manage the Human Resources Database System

The Company is proceeding with installing and developing Humatrix7 for the Group’s businesses, which is the system with functions that fully support a management process in human resources such as a recruitment system, an employment system, a salary system, a time record system, a leave of absence system, a performance management system, succession management and progress in the career path system. Moreover, this program allowed the manager of each division and the employees to enter into the data and use the system for the management (Self Service). It can also be connected to a working system of other divisions, which is called the Enterprise Resources Planning (ERP). This will enhance the efficiency in performance and improving the human resource management system into a higher level as well as enhance the level of satisfaction of employees and any related individuals.

6.4.2 To Strengthen and Develop the Personnel Competency

6.4.2.1 The Development of the Competency Model to be Used for the Human Resources

Performance

For the year 2016, the Human Resources Development Department and developed the functional competency in cooperation with the Group's Businesses in order to enhance the quality of the staff and staff preparedness to satisfy the business needs of today and tomorrow, and efficiently respond to the Company's change. Also, the improved functional competency was applied to the human resource management system. For example, the employees' recruitment and selection, training, non-classroom training, career development, talent management programs, succession planning, and performance evaluation.

6.4.2.2 The Career Path and Career Development

The Company has utilized the competency to further the career development in order to create career models of various types of the job family, both for career paths which are developed within the same job family and across the job family. This will culminate in personnel competency development focusing on clear goals and responding to both business demands and employees' career development. For the year 2016, the Human Resources Development Department has developed career paths of each job family in its Group's Businesses in order to conform to the improvement and development of the functional competency. Also, the updated career paths of each job family were thoroughly communicated to employees in each division and department for their acknowledgement.

6.4.2.3 The Training

Training is one of the significant components of the Company's personnel development which employees are continuously developed according to the training roadmap in order that the employees increase their competency to be higher than normal standards. They can compete with other leading companies in the same business and can develop the organization in order to be the organization with continuous and sustainable development. Updated internal and external training courses are provided for employees at all levels. Also, the evaluation of each training course is conducted with efficient tools. Guidelines for training courses to improve skills, knowledge, and abilities, are well arranged. These training courses emphatically respond to strategic objectives, core competency, managerial competency, and functional competency. These courses are as follows:

6.4.2.3.1 MBK Core Course

The Core Course emphasizes reinforcement of desired behavior and attitudes according to the organizational culture called SMOOTH© which encourages and promotes to build the corporate culture, including courses leading to achieve the organization's missions and respond to its business plans. For the year 2016, the Company focused on providing this course to new recruits in order that the values and culture were nurtured right from the start. For the existing employees, the Company continuously promoted the organizational culture called SMOOTH© through various activities.

6.4.2.3.2 The Managerial Course

The Managerial Course is arranged to increase knowledge and managerial skills for administrators with a position of a manager upward in order that they can manage their work performance, their teams, and the organization; and can be efficient change leaders. According to the managerial competency, the course can be divided into 3 categories as follows: 1) The Leader of Change, 2) Decisiveness, and 3) People Development. For the year 2016, the Company developed managerial courses, arranged courses within the organization, sent employees to attend training courses outside the Company. Also, the Company promoted employees at a managerial level to build up a network of other employees and organizations as alliances for the sake of exchanging useful information about business operations.

6.4.2.3.3 The Functional Course

The Functional Course is to enhance knowledge, understanding and skills for employees of each job family. The course marks on specific responsibilities and duties of each position by means of training, on-the-job training (OJT), coaching, and a community of practice (CoP), for example.

6.4.2.3.4 The Master and Bachelor's Scholarships

The Company has adopted a strong will to support employees to increase their knowledge and abilities, and develop their potential to be ready to handle with changing technologies all the time and can apply these to work performance for the advantages. The Master and Bachelor's scholarships inside the country, both technical scholarships and business scholarships, are granted to potential employees in order that they can later apply the knowledge gained to develop the Company.

6.4.3 The Preparedness of the Personnel

6.4.3.1 The Talent Management and the Succession Plan

The Company has prepared the readiness of the employees to meet the present and future's demands in order to support the business expansion by establishing the Talent Management Project, making the Succession Planning for top executives and Individual Development Plans for employees, which are considered from functional competency, core competency and managerial competency that suits with the present and future responsibilities.

6.4.3.2 The Performance Management

The Company aims at executives and employees of all levels to be involved in and understand the organization's direction and expected results by brainstorming ideas, specifying goals and action plans at the organizational level, department level and divisional level. This is to ensure that the performance and success of each individual will be part of the success of the organization.

The performance evaluations are set twice a year, midyear and year-end evaluations. Moreover, the Company also applies the Core, Functional and Managerial Competency evaluations to plan to develop the performance and employees' competency to be continuously improved.

6.4.4 The Employee Engagement

The Company is well aware that employee engagement is one important fact in exerting and dedicating oneself to work and this will help the Company to be outstanding and reach its goals. The Company has established the management system of the Quality of Work Life (QWL) by continuously taking care of the employees as well as encouraging employees to be part in specifying benefits through the Welfare Committee. The Savings and Credit Cooperative and the provident funds are also established to build security for employees.

6.4.5 The Knowledge Management and Organizational Culture Development and the Working Group of the Knowledge Management and Organizational Culture Development

The Company has established the Cultural Organization Development Committee and the Working Group of the Learning Organization in order to help employees to become aware and be part of the activities. This encourages and supports organizational vision by setting the Company's core values and regularly organizing activities so that every individual in the organization can together put into practice. This will impact on behavior which is said to be the standard of reaching the organization's goal or vision. The "Learning Organization" is established from all levels of personnel's learning and knowledge is then shared with each other and within the personnel, together with gaining knowledge from outside. The main purpose is to give opportunities in seeking the best practices to use in developing and building a strong knowledge base of the organization in order to be ready in time to the change and sustainable growth in a fierce business competition, to achieve the vision of the organization and to be the Learning Organization. We should have belief and hold on to the values and ways in practicing together which we call **SMOOTH⁹**

Service Mind	Have the Service mind Primarily focus on customers through providing good experiences for both internal and external customers.
Merit & Integrity	Perform duties in a transparent manner Be honest with oneself, work, the organization, and stakeholders, cling to the integrity.
Ownership	Love and be proud of the organization Have the entrepreneurial consciousness of the organization, and take pride in being part of the organization.
Openness	Be ready to be open-minded Be broad-minded, open to listening and communicating with other people forthrightly.
Teamwork	Establish the outstanding teamwork Efficiently co-work as teamwork for the shared goals.
High Commitment	Be determined Be determined and responsible for achieving assigned work efficiently.
Continuous Learning	Learn creatively Continuously and systematically seek new knowledge and self-development, have courage to change for a new way of working or new working systems which will enable the organization to grow and develop without limits, continuously keep on learning and developing oneself in order to have creative working practices or new working systems.

Apart from behaving themselves to set a good example which is in line with the above-mentioned SMOOTH© values, the leaders or staff at the executive level should adhere to a set of leadership values called “**L D P**”, which will help them guide and lead their teams to the achievement of the organization goals. These additional values are as follows:

Leader of Change	Act as the change agent Be an envisioned and respected leader whom people have faith in, in order to lead the organization to change.
Decisiveness	Confident Have courage to make decisions On a knowledge, available data, and reason basis, and take stakeholders’ benefits and impacts into consideration in order that the goals are achieved and updated.
People Development	Develop ethical and competent staff Encourage, develop, and give the personnel the opportunity to have knowledge, capabilities, virtue, and professional-like career path.

In addition, the Company has realized the importance of developing the personnel to become good citizens and participate in developing and helping the society, communities, and the environment (Corporate Social Responsibility) on the basis of the policy on Good Corporate Governance, as a framework to which the executives and the employees adhere.



Moreover, the Company has used the Knowledge Management (KM) as one of strategies, focusing on learning and developing of the personnel to be in time with the expanding of business and to become the Learning Organization (LO). The Knowledge Management Committee, which is comprised of representatives of top executives from departments, works together in carrying out the knowledge management so that it will be developed in the same path and be compatible throughout the organization. For the year 2016, the Company developed the Knowledge Management website by classifying knowledge levels according to a work system, promoting the culture of exchanging knowledge through activities such as the Community of Practices (CoP), arranging the KMOC Day in order to share knowledge gained from CoP, organizing the Book Brief activity in order to encourage learning by means of reading and skill development of professional presentation, and expanding a learning cycle in order to increase competency and develop potential of the personnel at the individual, group, and the Company's levels.

Good Corporate Governance

The Company's Board of Directors has placed strong emphasis on making the Company's business management appropriate, transparent, fair and accountable. The Company has established a Good Corporate Governance policy which is in line with the rules and principles of Good Corporate Governance of the Stock Exchange of Thailand and Thai Institute of Directors which will bring about transparent business management and control as well as stability for the Company's business operations.

In 2003, the Company established a Good Corporate Governance policy which was in line with the Good Corporate Governance promoted by the Stock Exchange of Thailand. The Company also prepared a manual of business ethics and a code of conduct for directors, executives and staff. The written information was disseminated to all the Company's executives and staff to sign an acknowledgement of compliance.

The Company provides a manual of its Corporate Governance policy and code of business conduct of MBK Public Company Limited. The contents include the Good Corporate Governance policy, the code of business conduct, the code of ethics for directors and executives, and the code of ethics for employees by reviewing the Company's Corporate Governance policy and code of business conduct annually. They are given to all directors, executives and employees for their acknowledgment, sign-off, training and practice. The information, knowledge and the related news on the Corporate Governance are also distributed to the executives and employees regularly through the Company's internet and website. The orientation activities organized for new executives and employees also cover the topics on Corporate Governance as well as the code of ethics for executives and the code of ethics for employees for their information and practice guidelines. Moreover, when the Company makes their investments in various areas of businesses, it applies the principles of Good Corporate Governance to the business operations of those subsidiaries. The Company's Board of Directors is mainly determined to conduct all the Company's business affairs in an appropriate, transparent and fair manner. The adherence to the principles of Good Corporate Governance will not only enhance the confidence of all concerned, including its shareholders and stakeholders, but also will add value to the Company in long term.

In the year 2016, the Board of Directors considered and revised the Corporate Governance Report of Thai Listed Companies' regulations by streamlining the Company's Good Corporate Governance to be in line with the guidelines and regulations of ASEAN CG Scorecard standard. The objective was to develop Corporate Governance to be in accordance with the Thai Institute of Directors' CGR Project and in compliance with the anti-corruption policy which operations for the Good Corporate Governance were performed as follows:

1. The Board of Directors reviewed the policy on Good Corporate Governance, the manual of business ethics, the code of conduct for directors, executives, and employees through improving and completing them so that they were complete, clear, and consistent with principles of the Good Corporate Governance for the listed companies on the Stock Exchange of Thailand.
2. To regulate the Company's eight business groups to provide the action plan "Good Corporate Governance" (Action Plan GCG) in order to be consistent with issues proposed for criteria-specified improvement by the Internal Audit Division.
3. To provide training in the policy on the Good Corporate Governance, the policy and practice guidelines on anti-corruption, and business ethics to directors, executives, and employees.
4. To provide and announce anti-corruption measures to employees and the public.
5. To specify that the Board of Directors of the Company had to report buying-selling shares/ possessing the Company's securities to the Board's meeting every time.

6. To specify that directors who were not executives could have a meeting among themselves in order to discuss management-related issues which were in focus, without the Management Team in attendance.
7. To specify that every sub-committee (only at a director level) made a report on the results of its performance and was disclosed in the annual report.

By virtue of the Company's determination, emphasis on business operations, continuously holding to principles of the Good Corporate Governance, and regularly developing the Good Corporate Governance to be efficient and appropriate to the Company, therefore, the Company has been evaluated and awarded by organizations as follows:

➡ **The Corporate Governance Report of Thai Listed Companies 2016**

From the Corporate Governance Report of Thai Listed Companies, assessed by Thai Institute of Directors Association (IOD), the Company was 1 of 80 companies which received the highest scores as "Excellent or 5 Stars" (a score range of 90-100 marks), from all assessed 601 listed companies.

➡ **The Annual General Meeting Checklist 2016**

The Company has emphasized and improved the quality of the annual general meeting regularly and continuously. From the Annual General Meeting Checklist (AGM Checklist), assessed by Thai Investors Association, the Company got 100 marks (full marks) as its 5th consecutive year since 2012.

➡ **To be Certified as a Member of the Private Sector Collective Action Coalition against Corruption (CAC)**

The Company was certified as a member of the Private Sector Collective Action Coalition against Corruption (CAC) by CAC Certification Committee on 14th October 2016. This helped confirm the Company's definite anti-corruption direction obviously.

➡ **The Outstanding Listed Company for Sustainable Business Operations (ESG100) 2016**

The Company was ranked as 1 of 100 securities possessing the outstanding Environmental, Social and Governance (ESG) - related operations 2016, from all 612 listed companies.

The Corporate Governance policy of MBK Public Co., Ltd. covers the following practices:

- 1) The rights of shareholders
- 2) The equitable treatment of shareholders
- 3) The consideration of roles of stakeholders which consist of customers, business partners, competitors, creditors, employees, the society, communities, and the environment.
- 4) The disclosure of information and transparency
- 5) The responsibilities of the Board of Directors which consists of as follows:
 - 5.1 The structure of the Board of Directors
 - 5.2 Independence of Directors
 - 5.3 Roles and responsibilities of Directors
 - 5.4 Tenure of Directors
 - 5.5 The specific Committees
 - 5.6 The meeting of Directors
 - 5.7 Separation of duties between the Board of Directors and the Management Team
 - 5.8 Training and development of Directors
 - 5.9 Self-assessment of the Board of Directors
 - 5.10 Leadership and vision
 - 5.11 The Company Secretary and the Company's Compliance Supervisor
 - 5.12 Succession plan
 - 5.13 Remuneration of Directors and Senior Executives

- 6) Internal control and risk management.
- 7) Anti-corruption
- 8) Business ethics.
- 9) Conflicts of interest which include the supervision of use of inside information.
- 10). Discipline review

The Company's code of business conduct, code of ethics for directors and executives and code of ethics for employees cover the following practices and behaviors:

1. In the conduct of the Company's business affairs, the directors, executives and employees are required to comply with all the laws, rules and regulations. The compliance is beneficial to the overall management systems.
2. The directors, executives and employees have responsibility towards the Company's shareholders and treat them in an honest and equitable manner. For the convenience of the shareholders, the Company puts in place channels for the shareholders to file their complaints and to obtain information about the Company.
3. The directors, executives and employees have responsibility towards the Company's customers and treat them in a fair and equitable manner. The directors, executives and employees establish good relationships with the customers and provide them with correct information in a timely manner and keep confidentiality of their information. The Company also puts in place procedures for the customers to file their complaints and to give their opinions or suggestions about the management.
4. In their conduct of business affairs, the directors, executives and employees show their responsibility towards the Company's trading partners, competitors, and officials by behaving in an appropriate, equitable and fair manner within the established framework, rules and regulations and without seeking undue benefits for themselves. The Company also puts in place procedures for the trading partners, competitors and officials to file their complaints and to give their opinions or suggestions about the management.
5. The directors, executives and employees show their responsibility towards the society, communities and environment by giving their assistance and cooperation to the state, communities, society environment and educational institutions within the constitutional framework. The Company puts in place management systems of occupational health, safety and environment in line with the legal requirements.
6. The Company has responsibility towards its employees and treats them fairly. The Company looks after their employees in areas of benefits, welfare, working environment, and safety at work. The Company encourages the employees to develop their knowledge and skills and to make progress in their careers. The Company puts in place procedures for the employees to file their complaints on various matters.
7. The Company encourages all employees to live corporate values and safeguard the organization, taking into account the interests of the organization or the public.
8. The directors, executives and employees are prohibited from abusing their authority in seeking information for their own benefits.

The key points related to the implementation of the corporate governance can be summarized as follows:

1. Rights of Shareholders

The Company realizes that each shareholder is the owner of the Company. As a result, it places emphasis on the appropriate maintenance of the shareholders' basic rights as stipulated by the law as well as other rights as deemed appropriate. These rights include, among others, the right to participate in the meetings of shareholders to be informed of the Company's performance and the right to receive a share of profit/dividends. The shareholders are provided with convenience to exercise their various rights such as proposal of agenda items, proposal of candidates for appointment



as new directors, sending their questions about the Company prior to the shareholders' meetings, as well as the right to vote on agenda items under which a resolution needs to be adopted, with the understanding that the voting rights of all the shareholders will depend on the types of the shares they own. The Company has also established an investor relations unit responsible for providing the shareholders with the convenience to exercise their rights on various matters. Moreover, the Company has established the following policies in compliance with the principles of Good Corporate Governance.

1.1. Sending the Notice of the Meeting to the Shareholders

At the Annual General Shareholders Meeting, the Company has assigned Thailand Securities Depository Company Limited ("TSD"), as the securities registrar, to send the notice of meeting and related documents to the shareholders, both in Thai and English. The shareholders can use them at the shareholders meeting as supporting information in making vote decisions on various matters.

The notice of the meeting will clearly specify meeting agendas and objectives of the meeting for each agenda as well as the Board of Directors' opinions. Related documents such as annual report, financial statements, support document for each agenda and proxy statement, will be attached with the invitation letter. The notice of the meeting shall be sent to all shareholders listed in the shareholders' registration book. The notice should be sent on the day the Company announced the closing date of share transfer registration and should be sent 14 days in advance, as well as publish the notice of the meeting along with the mentioned meeting agenda on the Company's website not less than 30 days prior to the meeting. The purpose is to allow the shareholders to study the information before the actual meeting. This also includes continuously advertise the invitation notice on the Newspaper not less than 3 days before the meeting date to inform shareholders to prepare in advance before participating in the meeting, which is in accordance with the Public Limited Companies Act, B.E. 2535(1992).

However, for the 2016 AGM meeting the Company sent an invitation letter to shareholders 21 days in advance and publish the invitation letter along with other relevant documents since 17th March 2016 on the Company's website 34 days prior to the meeting. They were written in both Thai and English. The purpose was to enable the shareholders to study the information before the meeting. Taking into consideration the convenience of shareholders in attending the meeting, the Company fixed the appropriate date, time and place of meeting. In case any shareholders were unable to attend the meeting, they might appoint proxy holders to attend the meeting on their behalf and might cast a vote in each agenda by using the proxy statement that the Company provided. Another channel for shareholders to participate in making decision or making any votes if they were unable to attend the shareholders agenda themselves, they might appoint two independent directors proposed by the Company as their proxy holders. In voting on various agenda items, one share was equal to one vote.

1.2. Setting the Annual General Meeting of Shareholders

The Company holds an Annual General Meeting of Shareholders within four months from the end of its accounting period. In case it is urgent for the shareholders to consider special agenda items, an Extraordinary General Meeting of Shareholders will be held. The special agenda items include matters that may affect the interests of the shareholders or those that are related to the conditions, rules, laws or articles that need approval by the meeting of shareholders. For the Year 2016, the Company organized an Annual General Meeting of Shareholders on 20th April 2016 in Jamjuree Ballroom, Mezzanine Floor, Pathumwan Princess Hotel, Bangkok. **In this connection, the Company provided the shareholders including institutional investors with convenience in an equitable manner to attend the shareholders' meeting.** It put in place staff to welcome and look after the shareholders. For efficiency and the convenience of the shareholders, it made use of the barcode reader in registering the attendance of the shareholders. To check and verify the attendants' supporting documents, the Company started accepting registrations one hour and thirty minutes before the meeting and stopped accepting registrations just before the last agenda item of the meeting was considered.

In the Annual General Meeting of Shareholders, the number of 10 Directors attending the meeting included Chairman of the Board of Directors and Chairmen of every Committee— Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee, Senior Executives, and the Company's auditor.

Ms. Vipá Soponudomporn, a certified public accountant, who was an independent auditor and was not related to the Company, served as a neutral party in checking and counting votes. Ms. Nongluk Pumnoi, the Company's auditor, also attended the meeting. At the meeting, the Chairman conducted the meeting in compliance with all the requirements imposed by the law. He provided the shareholders with clarifications on all the meeting procedures including vote counting methods and the exercise of voting rights. The Chairman also provided the shareholders with a report on the Company's annual performance and other agenda items. Under each agenda item, the Chairman gave the shareholders an opportunity for giving opinions and suggestions as well as asking questions. In response to the questions, the Chairman and the executives gave the shareholders appropriate answers and explanations. The shareholders were requested to vote and adopt resolutions on all agenda items.

In appointing new directors, the Company made arrangements for the shareholders to vote on each candidate separately. In this connection, the shareholders could also propose candidates for appointment as directors through the Company's website prior to the date of the meeting of shareholders. The minutes of the meeting were also accurately kept. From the Company's shareholding structure, no director held shares altogether more than 25% of issued and paid common shares.

The Annual General Meeting of Shareholders 2016 took about two hours. Following the commencement of the registrations at 12.30 pm., the meeting started at 14:05 pm. and closed at 15.55 pm. The agenda was not added to or important information was changed without prior notice given to shareholders.

1.3. Actions Undertaken after the Meeting of Shareholders

The Company submitted the report of the voting result during the AGM to the Stock Exchange of Thailand (SET) within 1 day since the meeting was adjourned and also submitted the minutes of Annual General Meeting of Shareholders to the Stock Exchange of Thailand and the Securities and Exchange Commission within 14 days after the date of the meeting concerned. As well, the video recordings of the meetings are available on the Company's website (<http://www.mbkgroup.co.th>). The purpose was to provide the shareholders with convenient access to the information.

2. Equitable Treatment of Shareholders

The Company places very strong emphasis on the equitable treatment of all the shareholders. As a result, it has included the upholding of the rights of shareholders and the equitable treatment of shareholders in its policies on the Good Corporate Governance, the Company's performance, voting on appointment or removal of directors as well as dividend payments, proposing additional items to the agenda, and asking questions or giving opinions on various matters which the Board of Directors brings to the attention of the shareholders for information or consideration. Although some shareholders may not be able to attend the meeting, they can appoint other persons or the independent directors who are proposed by the Company to attend the meeting on their behalf by filling in the proxy statement sent by the Company together with other supporting details. To provide the shareholders with convenience, the Company also makes available the proxy statement as well as the related details and procedures on the Company's website 30 day prior to the meeting, from which the shareholders can download the form and the information. The shareholders can obtain additional information from the Company's Investor Relations Unit.

All shareholders also have access to the information about the Company through various channels or sources such as its website (<http://www.mbkgroup.co.th>), annual reports, Form 56-1 or the Investor Relations Unit. In addition the Company has set up the Investor Relations Unit to communicate with investors, shareholders and all stakeholders. The Investor Relations Unit can be contacted by the following contact information:

Contact Person and Address of the Company's Investor Relations Unit:

Mr. Pongtip Pongkham
Vice President, Business Investment Department
MBK Public Company Limited
8th Floor, MBK Center Building, 444 Phayathai Road,
Kwaeng Wangmai, Pathumwan, Bangkok 10330
Telephone : 0-2620-7120
Fax : 0-2620-7138
Email address: inv@mbk-center.co.th

3. Consideration of Stakeholders' Role

The Company looks after various groups of stakeholders whether they are internal stakeholders or external of the Company such as shareholders, customers, trading partners, competitors, creditors, staff at all levels, as well as the society in general and the environment to ensure that the stakeholders will be treated appropriately, equally, and fairly. The Company also fosters the understanding and cooperation with various stakeholder groups. This is also another factor that will support the sustainable and stable growth of the Company.

Anti-Corruption

The Board of Directors is well aware and places importance in operating the business on the principle of honesty, transparency and fairness to all parties, as well as operates the business with a focus of practicing in accordance with the rules of the established laws, the regulations and ethics in order to build confidence for employees and all stakeholders.

Moreover, in 2011, the Company declared its intention to participate in the anti-corruption campaign "Private Sector Collective Action Coalition against Corruption". The campaign includes 8 organizations— Thai Institute of Directors, Thai Chamber of Commerce, Foreign Chamber of Commerce in Thailand, Thai Listed Companies Association, Thai Banks Association, Federation of Thai Capital Market Organizations, Federation of Thai Industries, and Tourism Council of Thailand in order to declare its intention to operate a transparent business, and stand against corruption with the consideration of the utmost benefits of all stakeholders.

On 14th October 2016, the Company was certified as a member of Thai Private Sector Collective Action Coalition against Corruption (CAC) by the CAC Committee. This indicated the Company's determination to implement its anti-corruption intention obviously.

The Anti-Corruption Policy

The Company sets out its Anti-Corruption policy by prohibiting directors, executives, and employees of the Company and its subsidiaries from directly and indirectly having or involving in every form of corruption for the benefits of themselves, or the Company, or other parties involving with them. The Anti-Corruption policy is thoroughly declared on the Company's website www.mbkgroup.co.th

The Assessment of Risk Caused by the Anti-Corruption

The Company specifies that the corruption-involved risk assessment is conducted by the internal unit within the organization through analyzing, assessing, and reviewing the risk management involving the organization's both internal and external factors. Then, the Strategic and Operational Management Team takes responsibility for the coordination, consulting, collection of information about the risk assessment, measures, solutions, and guidelines on controlling corruption-involved risk from various involved units in order to propose it to the Risk Management Committee (RMC) for consideration. It also verifies information about corruption-involved risk operations and reviews corruption-involved risk.

The Guidelines on Regulations and Internal Control of Anti-Corruption

The Company lays down the guidelines on regulations and internal control of Anti-Corruption by providing sufficient and proper internal control in order to prevent employees from not complying with policies, law, rules and regulations both inside and outside the organization; submitting accurate and transparent financial reports; managing risks involving corruption; regularly providing an audit process of procurement by clearly specifying steps and levels of procurement approval for the sake of accuracy and transparency; and regularly providing examinations and reviews of the compliance with the Anti-Corruption policy in order to conform to changes in business, rules and regulations, and the law.

The Communication and Training

The Company disseminates and publicizes its policies on Anti-Corruption and Whistle Blowing and Complaints to the directors, executives, and employees of the Company and its subsidiaries, and the public through the Company's website. The Company also campaigns to send a letter to its every customer, business trader, and supporter in order to ask for cooperation in abstaining from giving presents during the New Year's celebration or other occasions in accordance with guidelines of the Private Sector Collective Action Coalition against Corruption.

Moreover, the Company provides training on the Private Sector Collective Action Coalition against Corruption by inviting experts outside the organization to train the Company's senior executives. Also, the employees at all levels of the Company and its subsidiaries receive continuous training on Good Corporate Governance and Anti-Corruption annually in order to acknowledge and abide by the common practice within the organization.

The Policy on Whistle Blowing and Complaints

The Company issues the policy on Whistle Blowing and Complaints caused by abuses of law, rules, regulations, ethics, improper code of conduct, and behavior implying corruption of anyone in the organization and any stakeholder from every group. This policy allows a mechanism for protecting anyone who informs or complains about corruption, informants in good faith, and anyone who opposes corruption. Clues and complaints are treated as strictly confidential in order to give the informants, complainers, and anyone who opposes corruption confidence. The clues and complaints can be informed through channels of communication as follows:

1. The E-mail Channel
 - ➡ The Audit Committee
E-mail address: ac@mbkgroup.co.th
 - ➡ The President and CEO
E-mail address: asksuvait@mbkgroup.co.th
 - ➡ The Senior Executive Vice President of the Internal Audit Division
E-mail address: ia@mbkgroup.co.th
2. The Letter to Persons Indicated above Channel
MBK Public Company Limited
8th Floor, MBK Center
444 Phayathai Road, Wang Mai, Pathumwan, Bangkok 10330
3. The President and CEO Channel
MBK Public Company Limited
P.O. Box 444 Rong Muang Post Office, Bangkok 10330

The Operational Procedure for Whistle Blowing and Complaints

1. The person who receives a complaint has to inform an authority in charge of this complaint within 7 working days of receiving it.

2. A complaint relevant to or implying corruption has to be submitted to the Operation Audit Department and the Management Audit Department. Also, it has to be submitted to the Corruption Examination Committee or the Corruption Investigation Committee in order to conduct an inquiry to discover the facts. The CEO will be notified of it.
3. A complaint irrelevant to or not implying corruption has to be submitted to the Human Resources Management Department according to the specified regulations. The CEO will be notified of its action result.
4. The Corruption Examination Committee or the Corruption Investigation Committee considers the facts and directs action to further follow the Company's procedure.

The Protection of Informers, Complainers, Informants, or Anyone Who Opposes Corruption

The Company will afford the protection of informers, complainers, or informants as follows:

1. The identity of informers, complainers, or informants is not disclosed. If necessary, only essential information is revealed with regard to their safety and risks posed to them and concerned parties.
2. Their work is not affected nor changed such as disemployment, suspension, job mobility, intimidation or any action unfair to informers, complainers, informants, or anyone who opposes corruption.
3. The person who acknowledges a complaint or information relevant to the complaint has to keep it confidential and undisclosed to other people with regard to their safety and risks posed to them. In intentional contravention of this, that person will be face disciplinary actions and/or legal actions depending on circumstances.

In addition, the Company has announced the policies that are compatible to the anti-corruption and has established as policies and regulations for the employees to acknowledge and strictly abide by.

Policies and Regulations Relating to Non-Infringement of Intellectual Property and Copyrights

The Company forbids employees to use any copyright work in the Company's advertising media, print media or in any work without permission from the copyright owners. If any is used without permission it will be considered as piracy.

Thus, the Company has established regulations in using others copyright work, from the Internet, advertising media or print media, with the work of Company and MBK GROUP. The regulations should be strictly followed, which are:

1. Check from internet or other form of media whether the work which will be used in the Company's advertising media or print media has any copyright or not before using it. By considering from the following principles:
 - 1.1 Works that occur from wisdom, knowledge and capability in terms of creative work is considered intellectual property.
 - 1.2 Contain "©" on the work piece
 - 1.3 Mention by name of the owner of the work piece or the site of the work piece.
 - 1.4 On the work piece appears to be stamp with watermark or logo
2. Permission must be granted from the copyright owner before using any work piece with copyright from the Internet or other form of media with the Company work.
3. It is prohibited to use copyright work from the Internet or other form of media to reproduce, modify or publish to the public without permission from the copyright owners.

4. It is prohibited to use copyright work from internet or other form of media with the Company work or individual work for commercial gain, seek profit or in a manner that may cause damage the copyright owner unless it is use for the purpose of teaching, education or non-profit events.

In the case where it is necessary to use such copyright work with any of the Company work, the superior or executives with the level of vice president or equivalent or above must approved the said copyright work. MBK legal division must also approve that copyright work. If the Company found that the employee has taken the aforementioned action (Number 1-4) and causing the Company to be filed with lawsuit of copyright infringement which is in line with the Copyright Act B.E. 2537 or other related laws, the Company will considered that the employees does not practice in accordance with the rules and regulation therefore disciplinary punishment will be made in accordance with the rules and regulation regarding the operation of the Company.

In order that, the details of related policies which the Company has established to the Board of Director, the Executive Management and all of staff in order to treat to the stakeholders unless the shareholders are as follows:

1) Customers

The Company realizes that it is important for its customers to feel completely satisfied. This is because the Company's success depends on the customer satisfaction. To win customer confidence in its services, the Company needs to treat every customer fairly. The following policies and measures have been undertaken.

1. The Company honors all the terms and conditions agreed upon with the customers. In case it is not possible to honor any terms and conditions, the Company will try to find a satisfactory resolution or make necessary adjustments.
2. The Company treats all customers fairly and equitably.
3. The Company always keeps good relation with the customers.
4. The Company takes good care of the customers, taking into consideration their safety.
5. The Company provides the customers with accurate, adequate and timely information. It keeps the customers' information confidential. It will not use the customers' information for one's own benefit or for the benefit of the related parties.
6. The Company puts in place a system or process, through which the customers can file their complaints or give their suggestions about its services.

In 2016, no complaint was filed.

2) Trading Partners, Competitors and Creditors

In conducting its business affairs, the Company takes into account the benefits of its trading partners, competitors and creditors. It treats them equitably and fairly, in the best interest of the Company and based on the principles of righteousness and suitability as well as the business relationship. The following are the Company's practice guidelines.

1. The Company's conduct of business affairs is under the framework of fair competition rules and in line with the good culture and tradition.
2. The Company honors all agreements, terms and conditions, as well as rules and regulations. If it is not possible to honor them, the Company will try to find a satisfactory resolution or make necessary adjustments.
3. The Company places emphasis on treating these stakeholders appropriately, equitably and fairly.
4. The Company does not ask for or accept or pay any undue benefits dishonestly. The Company also does not violate confidentiality. As well, it will not attempt to gain access to trade secrets in a dishonest manner.
5. The Company puts in place a system or process, through which its trading partners, competitors and creditors can file complaints.

In 2016 no complaint was filed.

Apart from the aforementioned regulations, the Company has set up policies and regulations in selecting the trading partners by conducting under the following principles:

Policies and Regulations in Selecting the Trading Partners

1. Established the regulation in selecting and evaluating trading partners
2. Open bidding and select trading partners transparently, fairly and appropriately by the Company's procurement committee.
3. Compile appropriate contract form.
4. Provide steps of procurement and tracking system including internal control to ensure that the conditions are practices accordingly.

3) The Society, Communities and the Environment

The Company has always committed to operating its business in a manner that shows responsibility towards society, communities and the environment. As part of its efforts, it takes actions that are of benefit to the society and communities. In particular, it complies with the building standards and requirements imposed by the authorities concerned. It has adopted the policies and measures as follows:

1. The Company complies with the laws as well as rules and regulations related to the environment.
2. It gives assistance to and cooperates with state agencies, communities, and educational institutions in their activities. The Company assists in preserving the local customs and traditions of the communities in which the Company and its offices are located. It also encourages its subsidiaries to adopt the same policy.
3. The Company encourages staff of the Company and its subsidiaries to be mindful of their responsibility towards society, communities and the environment.
4. The Company puts in place a system or process, through which complaints can be filed.

In 2016, no complaint was filed.

4) Employees

The Company is aware that employees are the valuable assets and essential to the Company's achievement. The Company hopes that the employees will feel proud in the organization and have an equal opportunity to progress professionally and all are given a chance to continuously develop their skills. Therefore the Company has adopted the following guidelines in regards to its employees:

1. All employees are treated with equality and without prejudice.
2. The Company supports and promotes activities that allow employees to feel proud in the organization as well as strengthen the relationship among employees and between employees and that organization.
3. The Company provides fringe benefits for employees such as provident funds, healthcare and safety in the working environment.
4. The Company supports and promotes the development and professional progress of employees.
5. The Company sets up a system and procedure that allows employees to file a complaint in case of injustice.

In 2016, no complaint was filed.

4. Information Disclosure and Transparency

The Company places strong emphasis on disclosure of its information. In this connection, the Company has adopted a policy on equitable disclosure of a policy on equitable disclosure of key information both financial and non-financial, to shareholders and stakeholders in a complete, timely and reliable manner, in both Thai and English, through various channels as follows:

4.1 Through annual reports and the Company's website (<http://www.mbkgroup.co.th>) The disclosed information covers all areas in line with the practice guidelines given by the Stock Exchange of Thailand for directors. The information includes, among others, the following:

1. Financial statements, and financial statement analysis as well as the report on the responsibility of the Board of Directors towards the financial report together the report of the auditor in the annual report.
2. Report of the Audit Committee.
3. Related party transactions.
4. Policy and report on Corporate Governance.
5. Composition of the Board of Directors, their profiles showing experiences which are of benefit to the Company's business performance, as well as the role, duties and responsibilities of the Board of Directors and committees on various specific areas, in addition to details on the meeting attendance of members of each committee.
6. Policy on remuneration for directors and senior executives, both in cash and other fringe benefits, as well as information about compensation for directors, members of various committees, and senior executives, (Notes: As regards directors and members of various committees, the Company will disclose details about the compensation of each person.).
7. Shareholdings of directors and senior executives.
8. Organizational structures of the Company and its subsidiaries.
9. Vision and Mission.
10. Internal control and risk management.

4.2 Website of the Securities and Exchange Commission (SEC). In full compliance with the requirements imposed by the Office of the Securities and Exchange Commission (SEC), the Company has disclosed all the information and various developments. The information is disclosed to members of the general public through SEC's website such as Annual Report, Report of 56-1, Financial Statement. This includes, among others, related party transactions and details about company share holdings of the directors.

4.3 The Company has established an investor relations unit responsible for disclosing information to shareholders, investors, and stock analysts through its website (www.mbkgroup.co.th) under the tab entitled Investor Relations. The available information includes the information sent to the Stock Exchange of Thailand and the Securities and Exchange Commission, information about the Company's shareholders, analyses, as well as its quarterly investor magazine entitled "MBK Today" which contains information such as the Company's quarterly performance, share price movements, businesses of MBK Group's member companies and the Company's activities in the past quarter. The information on the website is regularly updated. The objective is to enable investors and interested members of the general public to have efficient and equitable access to the information.

The Company respects the rights and treats shareholders, investors, and security analysts with fairness. The Company is also ready to listen to opinions and questions as well as gain a mutual understanding with stakeholders in order that the shareholders, investors, and security analysts gain the confidence that the Company operates in accordance with the regulations and transparent and fair information disclosure.

In 2016, the Company took care of the shareholders, investors, and security analysts as follows:

1. The annual general meeting of shareholders

2. The disclosure of every quarterly turnover on the Company's website
3. To provide a quarterly magazine for investors called MBK Today
4. To meet and talk with investors and security analysts
5. To answer questions sent through telephone call and email channels

The Investor Relations Unit realizes the importance of disclosure of critical information through improving the existing one in order that the shareholders, investors, and security analysts have confidence that the Company operates in accordance with the regulations and transparent and fair information disclosure.

Interested person can contact of the Company's Investor Relations Unit at

Mr. Pongtip Pongkham

Vice President, Business Investment Department

MBK Public Company Limited

444, 8th Floor, MBK Center Building,

Phayathai Road, Wang Mai, Pathumwan, Bangkok 10330

Telephone number : 0-2620-7120

Fax number : 0-2620-7138

E-mail : inv@mbk-center.co.th

Website : www.mbkgroup.co.th

Filing Complaints and Requesting for Information

In conduct its business affairs, the Company has adopted a policy which takes into account the satisfaction of all stakeholders. They can file complaints, make suggestions, or request for information as well as sharing news, leads, and clues or giving information about the Company through its various channels such as web-based Intranet, through its various channels, both internal and external, such as web board, Internet, telephone calls, written letters, and complaint boxes.

The related contact details are as follows:

1. Call center phone number : 0-2620-9000
2. Website : www.mbkgroup.co.th
3. Email address of the Investor Relations Unit : inv@mbk-center.co.th
4. Complaint boxes :
 - ➡ A compliant box is placed in the office near the Public Relations Department.
 - ➡ Complaint boxes are placed on all floors of MBK Center.

The Company has set up procedures in dealing with complaints from all groups of stakeholders. As part of the policy, all customers and stakeholders information will be kept confidential. The information includes complaints, suggestions, requested information, news, leads or clues about the Company. The Internal Audit Department is required to witness the opening of all the complaint boxes and gathered all the complaints and suggestions to propose to the Audit Committee to consider and make further implementations. This also includes assigning the management or related department to rectify the complaints and notify the appellant to acknowledge the proceeding of the complaints.

5. Responsibilities of the Board of Directors

To manage the Company efficiently, the Board of Directors must consist of individuals with knowledge, expertise and work experience in different fields of endeavor. Importantly, they must be able to dedicate themselves fully to their work and act at all times in the best interest of the Company.

5.1 The Structure of the Board of Directors

- 1) The total number of members of the Board of Directors must be in line with the number specified by the meeting of shareholders. However, the number of the directors must be at least five.
- 2) The number of independent directors must account for at least one-third of the total members of the Board of Directors.
- 3) All directors must have proper qualifications and possess none of the characteristics prohibited under the Public Company Limited Act.
- 4) The appointment of directors must be transparent and clear. They must be appointed at the meeting of the shareholders or by the Board of Directors in case the director post becomes vacant before the end of the tenure.

5.2 Independence of the Board of Directors

The independent directors must possess qualifications as specified by the Company. The qualifications are in line with those prescribed in the notifications issued by the Securities and Exchange Commission. The related details are given on Page 103 under the subject entitled 'Management Structure'.

In 2016, the Company had four independent directors, accounting for 40.00% of the Board of Directors. Their names were as follows:

- | | |
|-----------------------|---------------|
| 1) Professor Paichitr | Rojanavanich, |
| 2) Ms. Prakong | Lelawongs, |
| 3) Mr. Pracha | Jaidee, |
| 4) Ms. Panit | Pulsirivong. |

5.3 Executive Directors

Executive Directors are those directors who participate in the management of the business, in line with the Notification of the Capital Market Supervisory Board No. Tor Chor. 28/2551 Re: Application for and Approval of the Offer for Sale of Newly Issued Shares. According to the Notification, "Executive director" means any director who holds an executive position, or any director who is in charge of any actions deemed to be taken by executive, and includes any authorized director except where it can be demonstrated that such authorized director signs on transactions which have been approved by the board of directors and jointly with other directors. In 2016, the Company had 1 executive director, accounting for 10.00% of the Board whose name was Mr. Suvait Theeravachirakul.

5.4 Directors Authorized to Sign on Behalf of the Company

The directors who are authorized to sign on behalf of the Company and whose names are specified in the Company's Articles of Association include the following:

1. Mr. Suvait Theeravachirakul,
2. Mr. Hatchapong Phokai,

In signing on behalf of the Company, two directors jointly sign with the Company's seal affixed.

5.5 Responsibilities of Directors

In considering the holding of directorships of its members, the Board of Directors takes into account the appropriate arrangements that will result in the highest efficiency possible for the Company. As well, the arrangements must add value the all groups of the stakeholders.

5.6 Committees on Specific Areas

The Board of Directors may appoint committees to perform some of its duties on specific areas. These committees assist the Board in carrying out some of its duties, conducting detailed studies, and checking things as deemed necessary and appropriate. These committees consist of the following:

- 5.6.1 The Executive Committee
- 5.6.2 The Audit Committee
- 5.6.3 The Nomination and Remuneration Committee
- 5.6.4 The Good Corporate Governance Committee
- 5.6.5 The Other Committees

The characteristics of the committees must be in compliance with the requirements stipulated by the Stock Exchange of Thailand. As well, the Board of Directors has clearly specified the scope of responsibilities of each committee. It also requires that the committees present their respective report at each meeting of the Board of Directors.

5.7 Holding of Directorships

The Board of Directors has considered the appropriateness of time allocation in carrying out the responsibilities of each director who is required to assume positions in various subsidiaries. The objective is to achieve the maximum efficiency possible in ensuring that each subsidiary adopts policies and conducts its business affairs in alignment with the parent company and that its business is beneficial and adds value to all groups of stakeholders. The Board of Directors then sets out a policy that individual Company Directors can serve as directors for not more than 5 companies listed on the Stock Exchange of Thailand (SET) without exception.

Moreover, the Board of Directors sets out a policy that the President and CEO can occupy positions for not more than 3 listed companies. However, the positions held in subsidiaries, affiliates, and joint-ventured companies are excluded because the Company has to govern the operation management for the sake of the Company with the utmost efficiency.

In 2016, there was no member from the Board of Directors— who held the position of the Company's executive— to hold the position of a director for more than 2 listed companies which were outside the Company's business groups.

5.8 Segregation of Duties between the Board of Directors and the Management

The Company clearly defines and segregates the authority between the Board of Directors and the management at various levels. In addition, the Chairman of the Board of Directors and the Company's President must not be the same person. As well, the Company clearly segregates the authority and duties of the Chairman and the President. The objective is to strike a proper balance in managing the Company's business. The system in segregating the roles, duties and responsibilities between the Board of Directors and the management is in line with the segregation principle that is based on the Corporate Governance policy. This includes systematic delegation of decision-making authority. The management is independent in making decisions and managing the business within the limits of the delegated authority. In this connection, the Company has prepared a handbook on the delegation of authority. It gives details about the roles and authority of the management and serves as its practice guidelines. The delegation of authority handbook will be reviewed as deemed appropriate for the conduct of the Company's business affairs, taking into account the prevailing situation. Moreover, the Board of Directors closely monitors the performance of the management.

5.9 Training and Development of Directors

The Company regularly places importance in training and development of the directors. All the newly appointed directors is required to attend the orientation session which will provide them with adequate information about the Company before they start carrying out their responsibilities. The information includes the Company's vision, missions, strategies, goals, Memorandum of Association, Articles of Association, roles and responsibilities of the Board of Directors, a policy on Good Corporate Governance, code of business ethics, code of conduct for directors, and business information of related companies, as well as related rules and regulations. The Company promotes and supports all the directors to regularly participate in the training and develop knowledge. No matter whether the training courses that are related to the performance of their responsibilities as director, are organized by the Thai Institute of Directors Association

(IOD), the Stock Exchange of Thailand, the Securities and Exchange Commission or other institutes; the Company will regularly inform the directors of the details about these courses in advance. The training will enable the directors to carry out their responsibilities and look after the Company's business affairs in an efficient manner. The directors who have participated in the training courses organized by the Thai Institute of Directors Association (IOD) include the following:

Name of Directors	Name of Training Course from the Thai Institute Of Directors
1. Mr. Banterng Tantivit	- Director Accreditation Program (DAP) Course
2. Mr. Suphadej Poonpipat	- Director Accreditation Program (DAP) Course - Role of the Compensation Committee (RCC) - Role of the Chairman Program (RCP) - Financial Institutions Governance Program (FGP)
3. Professor Paichitr Rojanavanich	- Director Accreditation Program (DAP) Course - Directors Certification Program (DCP) Course - Audit Committee Program (ACP) Course
4. Ms. Prakong Lelawongs	- Director Accreditation Program (DAP) Course - Directors Certification Program (DCP) Course
5. Mr. Pracha Jaidee	- Director Accreditation Program (DAP) Course - Audit Committee Program (ACP) Course
6. Ms. Panit Pulsirivong	- Director Accreditation Program (DAP) Course - Directors Certification Program (DCP) Course - Audit Committee Program (ACP) Course - Role of the Compensation Committee (RCC)
7. Mr. Piyaphong Artmangkorn	- Director Accreditation Program (DAP) Course
8. Mr. Suvait Theeravachiraku	- Directors Certification Program (DCP) Course - Audit Committee Program (ACP) Course - Successful Formulation & Execution of Strategy (SFE) Course
9. Mr. Hatchapong Phokai	- Director Accreditation Program (DAP) Course
10. Mr. Atipon Tantivit	- Directors Certification Program (DCP) Course

In 2016, member of the Board of Directors attended the training courses in order to promote and support the knowledge development of the director continuously as follows:

Name of Directors	Course	Institute	Date
1. Mr. Banterng Tantivit	Private Sector Collective Action Coalition against Corruption	By Dr. Bandid Nijathaworn (IOD)	13 th July 2016
2. Mr. Suphadej Poonpipat	Private Sector Collective Action Coalition against Corruption	By Dr. Bandid Nijathaworn (IOD)	13 th July 2016
3. Professor Paichitr Rojanavanich	Private Sector Collective Action Coalition against Corruption	By Dr. Bandid Nijathaworn (IOD)	13 th July 2016
4. Ms. Prakong Lelawongs	Private Sector Collective Action Coalition against Corruption	By Dr. Bandid Nijathaworn (IOD)	13 th July 2016
5. Mr. Pracha Jaidee	Private Sector Collective Action Coalition against Corruption	By Dr. Bandid Nijathaworn (IOD)	13 th July 2016

Name of Directors	Course	Institute	Date
6. Ms. Panit Pulsirivong	Private Sector Collective Action Coalition against Corruption	By Dr. Bandid Nijathaworn (IOD)	13 th July 2016
7. Mr. Piyaphong Artmangkorn	Private Sector Collective Action Coalition against Corruption	By Dr. Bandid Nijathaworn (IOD)	13 th July 2016
8. Mr. Suwait Theeravachiraku	Private Sector Collective Action Coalition against Corruption	By Dr. Bandid Nijathaworn (IOD)	13 th July 2016
	Top Executive Program in Energy Literacy-Class 8,	Thailand Energy Academy	May-September 2016
9. Mr. Hatchapong Phokai	Private Sector Collective Action Coalition against Corruption	By Dr. Bandid Nijathaworn (IOD)	13 th July 2016
	English for Executives	By Mr. James Victor Woodward MBK Training Center Co., Ltd.	January-July and November-December 2016
	Strategic Planning for the Competitive Excellence	By Dr. Kajornvut Namsirikul MBK Training Center Co., Ltd.	26 th February 2016
	MBK Brand Re-Engineering	By Dr. Ake Pattaratanakun MBK Training Center Co., Ltd.	1 st April 2016
	Knowledge Management (Quinn Condo)	By Mr. Kittipat Jirawaswong MBK Training Center Co., Ltd.	22 nd April 2016
	The site visit to a nursing home and an energy-saving village, and the observation of the system for building prefabricated houses.	Thai Appraisal Foundation	11 st -16 th December 2016
	The Feasibility Study of Investment in the Real Estate Projects	Dr. Phannaphatr Savetpanuvong MBK Training Center Co., Ltd.	26 th -27 th December 2016
10. Mr. Atipon Tantavit	Private Sector Collective Action Coalition against Corruption	By Dr. Bandid Nijathaworn (IOD)	13 th July 2016

5.10 Leadership and Vision

The Company's Board of Directors clearly establishes its vision, mission, business directions, policies, strategies, and targets through reviewing them annually. They serve as guidelines for the management in formulating business plans and budgets as well as future business expansion plans in order to enable the Company to further achieve continuous growth and stability.

In 2016, the Company reviewed and specified its vision and mission as follows:

Vision: “A leading group of companies in Thailand, which produces robust growth, concentrates on investment and engages with businesses that generate sustainable returns.”

Mission: “A group of companies managed by professionals, that engages in businesses and investment to earn potential and sustainable returns, concentrates on creating net worth, credibility and trust to stakeholders with Good Corporate Governance.”

Policies on Reviewing the Strategies, Vision and Mission

MBK Public Co., Ltd. specifies/reviews its vision, mission, strategies, and action plans annually by specifying a 5-year time frame for long term planning in order to harmonize with financial goals and an investment cycle of the business. It is submitted to the Board of Directors for consideration before the implementation. In every quarter, operations are reviewed by the Strategic Plan Management and Balance Scorecard Committee at business group level in order that the organization can adapt itself to situations and business environment which are changing. For 2017-2021 time frame, the Company's strategic goals are specified as follows:

1. To be the leading business group that delivers happiness to meet all lifestyles by operating businesses which cover the happiness of living— the Shopping Center business, Hotel and Tourism business, Golf business, Real Estate business, Food Solution business, Financial business, and Other business, for example.
2. To efficiently manage the business portfolio for the highest benefits under an acceptable risk level.
3. Continuous growth income rate and net profit of more than 10% per year.
4. To be the Company group with service mind for customers and efficient working procedures.
5. Top rank Company group that trading partners and employees want to work with. Join force/desire for.

The Company's Board of Directors specifies monitor and evaluation procedures for the Company's strategic planning, collection and analysis of information technology through various analysis instruments such as SWOT Analysis and GAP Analysis, used for the annual strategic planning. Moreover, the Company passes on action-plans-to-practices, from KPI at the organizational level to line/division/department/individual levels (at manager level up) respectively. Moreover, the Company employs stakeholders' needs as information used for the strategic formulation which achieves a balance of the needs/expectations of the stakeholders in order to ensure that the action plans can be achieved effectively and have a maximum benefit in the supply chain. KPI Software is used to record data in order to monitor and report the results. If goals are not achieved, resolutions are found by the Strategic Planning Management and Balance Scorecard Committee. These aforementioned operations will be later used in the annual performance evaluation.

5.11 Company Secretary

The related details are given on Page 111 under the subject entitled "Management Structure"

5.12 The Company's Board of Directors has formulated a succession plan.

The objectives are to ensure availability of qualified people for positions at the level of department head and above and to support the Company's business expansion. In implementing the plan, the efficiency and potential of executives will be assessed. As well, they will be required to participate in appropriate training and development activities which are aimed at enhancing their skills and knowledge. Their professional development will be closely monitored.

5.13 Remuneration of the Board of Directors and the Executives Management

Remuneration of the Board of Directors

The Board of Director has set up policies and regulations for the Directors and sub-committee's remuneration at which the rates is appropriate and in line with the Directors responsibilities that have to minister to be in comply with the stakeholders expectation and in accordance with the related laws and rules. The Company, therefore, is required to select directors with experience and appropriate qualifications. The Board of Director has also set up policies that will determine the remuneration of each director, where the remuneration rates will reflect the duties and responsibilities of each individual, the Company's financial status and the remuneration rate. This can be compared with the similar size of listed company on The Stock Exchange of Thailand along with to be able to practice in accordance with the Good Corporate Governance. The remuneration is revised annually.



The remuneration of the Board of Directors is paid in the form of the meeting allowances, director allowances and gratuity. The directors who also serve as members of other committees such as the Audit Committee and the Executive Committee will receive additional payments as deemed appropriate and in line with the resolution adopted at the shareholders' meeting.

The Remuneration of the Senior Executives

The Company has annually evaluated the executives' performance based on Performance Management System (PMS) which consists of 2 performance evaluation factors— (1) Key Performance Indicators (KPIs), a crucial mission passed on by the Company in order to support its goals, strategies, operating results, and financial performance results, which are in accordance with duties and responsibilities of the executives, and (2) Competency, an instrument to assess the job performer's behavioral assessment which specifies that the executives and every employee behave while on duty. These 2 factors are employed so that the Company's goals are achieved sustainably and with quality.

The remuneration is paid to the senior executives by means of monthly salaries, bonuses or other forms of remuneration according to the results of the Company's performance and the executives' performance, compared with a benchmark in the same industry.

The remuneration of Chief Executive Officer (CEO) is specified under clear, transparent, fair, and rational rules. The duties, responsibilities, and the Company's performance results are taken into consideration by the Nomination and Remuneration Committee.

The remuneration of directors and senior executives for 2016 is disclosed on Page 118 under the subject entitled "Management".

5.14 Meetings of the Board of Directors

The Company's various committees including the Board of Directors, the Executive Committee, and the Audit Committee plan their official meeting schedules for the whole year in advance. They are required to hold their meeting at least once a month. They may organize additional meetings as deemed appropriate, to consider special agenda items. The purpose is to acknowledge and monitor the Company's performance and business operations. The Company will send the notice of the meeting together with the agenda and supporting documents to each director at least 5 working days before the Board of Directors' meeting so that the directors will have adequate time to read through the documents. At the meetings, the directors can give their opinions openly and independently. The minutes of the meetings will be taken and made available for the parties concerned for future reference. For the Nomination and Compensation Committee's part, their meeting will be held when the Company has to nominate directorships or when the performance of the President and CEO has to be evaluated. For the Corporate Governance Committee's part, the meeting will be held when there are consideration and reviews of a policy on Good Corporate Governance, including auditing the internal control which is relevant to measures against corruption. For the year 2016, the various committees regularly held their meetings within the scope of their prescribed duties.

Meeting Attendances of the Members of the Company's Current Committees in the 2016 Financial Year

Name List	Meeting Attendances of the Members (Attendances/ Total Meetings)				
	The Board of Directors (12 meetings)	The Executive Committee (12 meetings)	The Audit Committee (16 meetings)	The Nomination And Remuneration Committee (2 meeting)	The Good Corporate Governance Committee (1 meeting)
1. Mr. Banterng Tantivit	12/12	12/12	-	-	1/1
2. Mr. Suphadej Poonplipat	12/12	12/12	-	2/2	1/1
3. Professor Paichitr Rojanavanich	12/12	-	16/16	-	1/1
4. Ms. Prakong Lelawongs	11/12	-	14/16	-	1/1
5. Mr. Pracha Jaidee	12/12	-	15/16	2/2	1/1
6. Ms. Panit Pulsirivong	11/12	-	-	1/2	1/1
7. Mr. Piyaphong Artmangkorn	12/12	12/12	-	-	1/1
8. Mr. Suvait Theeravachirakul	12/12	12/12	-	-	1/1
9. Mr. Hatchapong Phokai	12/12	-	-	-	1/1
10. Mr. Atipon Tantivit	12/12	-	-	-	1/1

Note The Board of Directors at present:

>> The Executive Committee is comprised of 4 persons. They are the name list 1, 2, 7 and 8.

>> The Audit Committee is comprised of 3 persons. They are the name list 3, 4 and 5.

>> The Nomination and Remuneration Committee is comprised of 3 persons. They are the name list 2, 5 and 6.

>> The Good Governance Committee is comprised of 10 persons. They are the name list 1-10.

Moreover, in 2016, the Company had the policy that Non-Executive Director (NED) had meetings among themselves in order to discuss issues relevant to the management in focus without the attendance of the Management Team. Since 2016, 2 meetings every year.

In 2016, it was the first year to hold the NED Meeting. The first NED Meeting was held in December in order to open up an opportunity for Non-Executive Directors to discuss and share their opinions.

5.15 The Performance Assessment of the Board of Directors and the Committees

1) The Performance Assessment of the Board of Directors

The Company has annually assessed the performance of the Board of Directors by means of the board assessment and the individual assessment. The Board Self-Assessment conforming to an approach used by the Stock Exchange of Thailand (SET), which is improved in order to be able to reflect the efficiency of performance and complies to principles of Good Corporate Governance, is used. The Company's secretary makes a start on preparing the performance assessment for the Board of Directors' both board and individual assessment. The Board Self-Assessment requires each director of the Board to have self-assessment through responding a questionnaire and sending it back to the Company's secretary. These responded questionnaires are then summarized and the result of the assessment will be presented in a Board of Directors' meeting by the Company's secretary. The assessment's result is used to consider and review the performance, problems and obstacles faced during the previous year and to help encourage the Board of Directors' effectiveness of the performance. Moreover, it also helps improve a relationship between the Board of Directors and the Management Team.

- ➡ The criteria for the performance assessment of the Board of Directors, according to the Board Self-Assessment in each assessment topic, are divided into 5 levels as follows:

0 = Extremely disagree or not carry out such topic

1 = Disagree or carry out such topic little

2 = Agree or carry out such topic moderately

3 = Quite agree or carry out such topic well

4 = Extremely agree or carry out such topic excellently

- ➡ The criteria for the performance assessment of the Board of Directors are divided into 5 levels as follows:

More than 90 equals 'excellent'.

More than 80 equals 'very good'.

More than 70 equals 'good'.

More than 60 equals 'fairly'.

Less than 60 equals 'It should be improved'.

The result of the Board Self-Assessment for the year 2016 can be summarized as follows:

- ➡ **The result of self-assessment of the performance through the board assessment**

Topic to be assessed (The board assessment)	Result of the assessment	
	Full marks	Average marks
1) Structure and qualifications of the Board of Directors	20.00	19.92
2) Roles, duties, and responsibilities of the Board of Directors	30.00	29.51
3) Meeting of the Board of Directors	15.00	14.88
4) The Board of Directors' execution of duties	15.00	14.89
5) Relationship with the Management Team	10.00	10.00
6) Self-development of the Board of Directors and development of executives	10.00	9.67
Total	100.00	98.87

- ➡ **The result of self- assessment of the performance through the individual assessment**

Topic to be assessed (The individual assessment)	Result of the assessment	
	Full marks	Average marks
1) Structure and qualifications of the Board of Directors	30.00	29.25
2) Meeting of the Board of Directors	30.00	29.06
3) Roles, duties, and responsibilities of the Board of Directors	40.00	38.80
Total	100.00	97.11

2) The Performance Assessment of the Committees

For the year 2016, the Company assessed the performance of every committee. They were the Executive Committee, the Audit Committee, the Nomination and Compensation Committee, and the Good Corporate Governance Committee. Previously, only the Audit Committee had been assessed. The Board Self-Assessment conforming to an approach used by the Stock Exchange of Thailand (SET), which is improved in order to be able to reflect the efficiency of performance and complies to principles of Good Corporate Governance, is used. The Company's secretary or each committee's secretary makes a start on preparing the performance assessment for every committee. The Board Self-Assessment requires each director of the committees to have self-assessment through responding a questionnaire and sending it back to the Company's secretary or to each committee's secretary. These responded questionnaires are then summarized and the result of the assessment will be presented in a Board of Directors' meeting annually.

- ➡ The criteria for the performance assessment of the Board of Directors, according to the Board Self-Assessment in each assessment topic, are divided into 5 levels as follows:
 - 0 = Extremely disagree or not carry out such topic
 - 1 = Disagree or carry out such topic little
 - 2 = Agree or carry out such topic moderately
 - 3 = Quite agree or carry out such topic well
 - 4 = Extremely agree or carry out such topic excellently
- ➡ The criteria for the performance assessment of the Board of Directors are divided into 5 levels as follows:
 - More than 90 equals 'excellent'.
 - More than 80 equals 'very good'.
 - More than 70 equals 'good'.
 - More than 60 equals 'fairly'.
 - Less than 60 equals 'It should be improved'.

The result of the Board Self-Assessment executed by the committees for the year 2016 can be summarized as follows:

- ➡ The result of the self-assessment of the Executive Committee, the Audit Committee, the Nomination and Compensation Committee, and the Good Corporate Governance Committee

Topic to be assessed (The committee assessment)	Result of the assessment				
	Full marks	Average marks			
		The Executive Committee	The Audit Committee	The Nomination and Compensation Committee	The Good Corporate Governance Committee
1) Structure and qualifications of the Committee	20.00	20.00	20.00	20.00	19.50
2) Meeting of the Committee	20.00	20.00	20.00	20.00	19.38
3) Roles, duties, and responsibilities of the Committee	60.00	60.00	60.00	60.00	58.20
Total	100.00	100.00	100.00	100.00	97.08

2) The Performance Assessment of President and CEO

The Board of Directors appoints the Nomination and Compensation Committee to annually evaluate the performance of President and CEO by means of consideration of their suitability for assigned duties and responsibilities, the Company's business operations compared with the Company's goals, actual economic situations, and a remuneration comparison with other companies in the similar industry, in order to present obtained results of the assessment to Board of Directors' meetings to be informed

Nevertheless, a conclusion to the performance assessment of President and CEO is individual confidential which cannot be disclosed. Criteria for the assessment can be divided into 2 parts as follows:

Part 1: The Assessment of Key Performance Indicator (KPI)

Part 2: The Assessment of Competency

However, in 2016, the Company did not follow the principles of Good Corporate Governance in some aspects as follows:

- ➡ The Chairman was not an independent director and also held the Chairman of the Executive Committee because the Chairman was competent with knowledge, abilities, and diverse experiences which highly brought benefits to the organization.
- ➡ To specify a method of voting for directors by the cumulative voting in the General Meeting of Shareholders because mentioned practice did not suit the vote counting of the Company.
- ➡ To specify that Directors or Senior Executives informed the Committee or a person whose task was assigned to deal with buying or selling shares of his/her own company at least 1 day prior to the buying/selling date. It was because the Board of Directors has specified the Company's insider information measures to prohibit the Committees, executives, or units which had insider information; to disclose this insider information to outsiders or people who were not involved in as well as use this insider information for personal interest.

6. The Appointment of Auditors and the Remuneration of Auditors

The Audit Committee's consideration of the appointment and remuneration of auditors was submitted to the Board of Directors in order to be proposed to the shareholders. The proposal was considered through the auditors' qualifications, knowledge, abilities, experiences, and independence according to the rules of the Stock Exchange of Thailand and involved agencies, including the quality of the previous year's audit.

In the General Meeting of Shareholders on 20th April 2016, the shareholders considered and approved the appointment of the auditors from EY Office Co., Ltd. to be the Company's auditors as follows:

- | | | | |
|----|-------------|-----------------|----------------------------------|
| 1. | Ms. Ratana | Jala | CPA Registration No. 3734 and/or |
| 2. | Ms. Nonglak | Pumnoi | CPA Registration No. 4172 and/or |
| 3. | Ms. Rachada | Yongsawadvanich | CPA Registration No. 4951 |

All 3 proposed auditors are on the list of auditors approved by the Office of SEC.

6.1 Audit Fee

The Company and its subsidiaries paid the audit fee to

- ➡ The Company's auditor (Ms. Nonglak Pumnoi or Ms. Ratana Jala or Ms. Rachada Yongsawadvanich) In the previous year, with a total amount of -0- Baht.
- ➡ An audit office where an auditor works for (EY Office Limited), individuals or businesses relating to an auditor and an audit office where an auditor works for, in the previous accounting year, with a total amount of 11,208,000 Baht as follows:
 - MBK Company Limited 2,175,000 Baht
 - Subsidiaries 9,033,000 Baht

6.2 Non-Audit Fee

- No. -

The Internal Control and Risk Management

The Internal Control

The Company has continuously placed importance on the internal control equipped with continuous monitoring because it realizes that an internal control system is a crucial mechanism for the Company to be able to run its business and achieve its goals efficiently and effectively in order to gain long term returns, using resources and asset management, reporting financial information, trustworthy operations, complying with the law, rules, and preventing or reducing risks of any actions which may damage the Company's assets and reputation, as well as assessing the operations according to Good Corporate Governance (GCG) and anti-corruption measures according to the principles of the Private Sector Collective Action Coalition against Corruption (CAC). The Board of Directors has clearly specified roles and duties of the committees and the Management Team. The Board has also supervised them to comply with stipulated roles and duties by setting the organizational structure and its distinct chain of command for checks and balances and appropriate internal control, and set its business goals and Key Performance Indicators (KPI) in order to assess the efficiency and follow up its operational performance compared with the organization's goals regularly.

The Company has formulated a policy on Good Corporate Governance, business ethics and a code of conduct for the Company's directors, executives, and employees, a policy and its measures against corruption, a policy on notification of clues or complaints, and penalties for discipline violations and serious mistakes in writing in order for the efficient, transparent, and equitable performance. It has also launched a campaign to promote every employee to have awareness and continuously act on this practice by providing the employees with annual knowledge training so that the performance is transparent and equitable for every group of stakeholders, a clear follow-up process and penalties, reviewing and preparing written manuals of the execution of authority and performance of every system which are used as

guidelines on performance and help with flexible and systematic business operations. The scope of duties and responsibilities, and the internal control system are taken into consideration in order that a system of the internal control is appropriate.

The Board of Directors allows the Audit Committee to supervise the internal control system, the risk management system, the corporate governance system whether those systems are appropriate and efficient, including the compliance of related laws, orders and regulations, preventing conflicts of interest. Making, related transactions to control and utilizing, asset in order to prevent fraud or misconduct. The Company sets up an auditing mechanism for checks and balances by establishing the internal audit division an independent, unit who reports directly to the Audit Committee, performs audit, evaluates the efficiency and sufficiency of the internal control system, the risk management system and the corporate governance system in the performances of all units in the Company and its subsidiaries. They adopts the framework of COSO (The Committee of Sponsoring Organizations of the Tread way Commission) and Enterprise Risk Management, and monitoring regulations in compliance with the Stock Exchange of Thailand (SET), Thai Institute of Directors (IOD), and Organization for Economic Co-operation and Development (OECD) to be used to fulfill internal control, risk management, and governance in order to allow the Company's performances to pursue the utmost of operational performance efficiently and effectively.

Besides, the Board of Directors has revised the assessment of the sufficiency of the internal control system annually according to an internal control framework of Securities and Exchange Commission (SEC) which reference to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) - for both 5 principles and 17 components. The Company has not found any significant flaws affecting the Company's internal control system.

The Risk Assessment

The Company realizes the importance of the risk management which may affect the business operations, from the organization's both internal and external factors. The Company then organizes the Risk Management Committee (RMC) to monitor the organization's risk management to achieve goals according to the organization's acceptance level. RMC then sets a policy on risk management in order that every employee complies with the policy which risks from external and internal factors -covering every aspect of the risks - are evaluated and managed. For example, they are strategic, operational, financial, compliance, event risk factors, including risks from corruption. These risks are divided into risks for MBK Group, business group, organization, and division levels. In order to find suitable and adequate measures against these risks, a report is submitted to RMC every quarter and another report is submitted to the Board of Directors annually. Risk factors which are changing externally and internally that may affect the organization are also reviewed annually.

The Control of Activities

The Company has internal control measures in accordance with risks and business types by clearly dividing duties and responsibilities of each position, providing and reviewing manuals of authority and manuals/processes of performance appropriate to the organizational structure and current work performance regularly. Each position can be run by checks and balances, and a mechanism for proper rechecks- particularly, operational performance entailing crucial risks such as financial transactions, selling, procurement, asset management, and human resources management - in order to prevent and reduce errors. Also, each position's work performance is regularly reexamined by an internal audit division in compliance with rules, regulations, and manuals of authority and work performance in order to ensure efficient work performance with a suitable and adequate internal control system. The information technology is systematically managed and

employed in order to promote faster and more efficient work performance.

Moreover, the Company imposes policies, rules, and regulations to transactions on a parties involved in the Company to comply in the same direction such as major shareholders, directors, executives, and interested party for correctness, transparency, and fairness. The Company's utmost benefits are taken into consideration according to regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

The IT and Communication System

The Company realizes the importance of the IT and communication system and always encourages the improvement of the system to ensure that all information is accurate and up-to-date. An efficient and modern IT system is adopted to guarantee the safety of the information from the process of collecting, processing, storing and following-up to bring such information to advantage management work of the directors, executive members, employees, shareholders, customers and stakeholders. This process should be carried out as a complete, accurate method and within an appropriate time so that it can be used in the business decision making. There is also a policy regarding the security in the information technology and the use of information.

Channels of communication are opened for information receivers from both inside and outside the organization to have access easily and rapidly such as intranet and internet as the channels of communication to publicize the Company's policies, rules and regulations, manuals/processes of operational performance and important information, or to receive recommendations and information useful for the Company's business operations as well as the channels of communication to receive notification of corruption (Whistle-blower) through various channels established by the Company.

The System of Monitoring Activities

The Board of Directors provides a system to assess and monitor the internal control system and risk management covering all aspects such as accounting and finance, compliance with laws/regulations, asset management, and corruption which significantly has an impact on the Company's reputation in order to ensure that the internal control system appropriately and fully operates as specified and be able to solve any incurred problems in time. The Board of Directors assigns the Audit Committee to audit and monitor the internal control system by nominating internal auditors to monitor and assess work performance to ensure that findings found from auditing and monitoring will be improved or solved appropriately and promptly. Moreover, the evaluation of internal audit for accounting and finance is carried out by certified accountants and presented to the Audit Committee for consideration on a quarterly and yearly basis. As a result of reviews conducted by certified accountants and internal auditors, no significant fault is found.

The Audit Committee and the Board of Directors have considered the result of the assessment of the sufficiency of the Internal Control System and conferred with and given useful recommendations to the Management Team. It is concluded that the Company has the sufficient and appropriate internal control and risk management for business operations which is consistent with the auditors' opinions.

The Internal Audit

The Internal Audit Committee has monitored that the Internal Control Division has built assurance and given consulting advice independently and fairly about examining and assessing the sufficiency of the internal control system covering the processes of the performance, conformity to the law, rules, regulations, and the accuracy of information of the Company and its subsidiaries, submitting a report to the Audit Committee every month, regularly monitoring results of the improvement of operational processes to be more appropriate - particularly, issues that are important or related to high risks - and being reported of abnormal incidents such as corruption and malpractice in order to find causes and measures to prevent damage or reoccurrence so that it can ensure that the Company's performance has the

sufficient, appropriate, and efficient internal control system as well as the risk management at a level accepted by the Company. The Company's Good Corporate Governance is also monitored in order to achieve the organization's goals of its operation. The Charters of the Audit Committee and the Internal Audit Division and internal auditors' code of conduct are clearly set as guidelines for operation. Also, these are annually reviewed for their appropriateness.

The Internal Audit Division has developed the internal audit system to accord with the International Standards for the Professional Practice of Internal Auditing (IIA) by utilizing the Information Technology System to help the audits, setting the self-assessment according to the standard and satisfaction assessment of people who are audited. Moreover, audit competency is imposed to assess the performance quality of internal auditors in order to continuously improve efficiency and effectiveness of the Internal Audit Division and recognize actual conditions and work performance so that problems, obstacles and working limitations related to work performance can be properly analyzed. Also, the internal auditors are developed so that their knowledge, skills, and competency meet an international standard and they can conduct the auditing more efficiently by means of encouraging them to receive training such as professional practice of internal audits, businesses of the Company Group, knowledge of other professionalism, and taking examinations to get professional certificates, for example.

The Risk Management

The Risk Management Committee of MBK GROUP

The Duties and Responsibilities of the Risk Management Committee

1. To impose MBK Group's policies and guidelines on risk management in order that MBK Group's operations reach its objectives and goals.
2. To analyze and evaluate incurred or possibly incurred risks at a level of MBK GROUP continuously and annually.
3. To consider, approve and review risk management plans of MBK GROUP annually.
4. To review and monitor risk management performance of MBK GROUP regularly.

5. To report to the Board of Directors and communicate risks and major risk management to the Audit Committee.
6. To support, follow up and develop risk management of MBK GROUP regularly.

MBK Public Co., Ltd. realizes the importance of risk management as an important mechanism and tool to help the organization achieve the target objectives and goals. Therefore, the Company has set up a risk management policy that focuses on the improvement of the risk management system according to the good corporate governance guidelines. There is also an integrated risk management that is implemented systematically and consistently throughout the organization.

MBK Public Co., Ltd. enforced risk management at all levels - from MBK GROUP, Business Unit (BU) and MBK Shopping Center. In 2015, MBK Group re-reviewed the risk management in order that the risks were more strategic and initially piloted in 3 business groups - the Shopping Center business, Food business, and Finance business.

In 2016, consultants were invited to further help review the risks at the MBK GROUP level and Business Units (BU) for the rest 5 business groups— Hotel and Tourism business, Real Estate business, Golf business, Supporting business, and Other business. Moreover, risks were further managed at the division level separating into 3 divisions the Office of the President, the Marketing Division and the Business Development Division.

Risks at all levels of the organization and may directly affect the business can be divided into 5 aspects that may directly affect the business as follows:

- **Strategic Risk** is the risk in important strategies and policies of the Company. It can arise from inappropriate strategy formulation or implementation, or the inconsistency of the policy, targets, strategies, organization's structure, the state of competition, resources, plan implementation and environment. However, the Company has regularly followed up on important strategies and policies that may affect the Company's operational performance in order to achieve its strategic goals.

- **Operational Risk** is the risk that can arise from every operational process. It covers all factors related to the process, tools, IT, and personnel that may affect the operation of the organization. However, the Company has set up a clear operational process and a measure to supervise the work of each unit that may cause damage on the organization so that the operational performance can be correct and appropriate.
- **Financial Risk** is the risk that can arise out of the ineffectiveness of budget, financial problems and risks that can affect the performance and financial status of the organization. The Company has always generated sufficient fund in time to reduce the risks that can affect the Company's investment.
- **Compliance Risk** is the risk that can arise out of the inability to comply with the regulations or the related rules and laws. It can be that the rules and laws are inappropriate and become an obstacle to the operation. However, the Company has also considered the compliance with the rules inside and outside the organization as well as important laws by supervising and examining the strict compliance by the related rules and laws.
- **Hazard Risk** is the risk that can affect the life safety of customers, tenants, employees and the organization's property. The hazard can come from both internal and external factors. The Company has set up a policy and safety measure to strictly prevent such risk that may cause damage to the Company.

Additionally, in regards to the investments in different projects, the Risk Management Committee (RMC) in each level (MBK GROUP / BU / MBK Center) has implemented a rule stipulating that the request for the approval of the budget exceeding THB 10,000,000 requires a risk analysis and an approval from the relevant committees. The Risk Management Committee (RMC) must always be informed to prevent any investment risk of the Company.

The Company continues to track the execution of risk management. All levels are required to submit a quarterly risk management report in order to reduce the risk to an acceptable level and allow the risk management plan to be reviewed and updated annually.

The Code of Ethics and Code of Conduct

The Board of Directors has made available the Code of Ethics and the Code of Conduct for directors, executives and the Company's staff. They serve as guidelines for all directors, executives and staff of the Company and its subsidiaries in carrying out their duties in honest, upright and fair manner. The purpose is to ensure that the Company's conduct of business affairs meets with the established objectives, taking into consideration the responsibility towards all groups of stakeholders including shareholders, customers, trading partners, competitors, creditors, staff, the society, communities, as well as the environment. The codes also help enhance the positive corporate image that will bring greater stability to the Company. Adhering to the codes is also in line with the Company's good corporate governance principles.

In 2016, the Board of Directors improved the codes, making them clear and in line with the policy on the Good Corporate Governance and the policy and measures against corruption. The codes were announced and the related compliance manuals were prepared. Distributed to the directors, executives and employees of the Company as well as its subsidiaries, the compliance manuals were served as guidelines for performing their responsibilities. Every employee would be provided with training on code of ethics and code of conduct, ensuring that they had a correct understanding and were able to put them into practice. The Company also regularly and continuously organized activities aimed at providing all its employees with the knowledge about the codes and inculcating in them the consciousness of the codes.

The Company has determined to monitor and supervise the committee, the executives and employees to practice in accordance to the business ethic and code of ethics by assigning all the employees to sign in order to acknowledge and have understanding of the business operation manual of the ethics that the Company has established and use it as guidelines to perform their duties with integrity, honesty, and fairness. Those who refrain from these will be investigated and appropriate disciplinary punishment will be made, which may be extent to the

termination of employment and even legal action will be made in the case of illegal conduct.

The Conflicts of Interest

The Board of Directors has adopted a policy and various measures that serve as guidelines for dealing with conflicts of interest. The policy and the measures are in compliance with the guidelines given by the Stock Exchange of Thailand. In this connection, all employees of the Company are required to take into consideration the best interest of the Company when they make business decisions. In addressing conflicts of interest, the employees have to consider carefully and adhere to the principles of honesty, integrity and rationality as well as independence within the framework of good ethics. The Board of Directors also ensures that complete information is disclosed, mainly in the best interest of the Company. In considering and deciding on matters which require approval, those with conflicts of interest or those who are involved in the matters under consideration are prohibited from participating in the process. At the meetings of the Board of Directors in the past year, if there was an agenda item in which a director might have a conflict of interest, the director concerned would refrain from giving opinions or voting on the item. In this connection, the Audit Committee was responsible for giving opinions on the related party transactions or any transactions which might involve a conflict of interest, in an appropriate and careful manner and in compliance with the requirements imposed by the Stock Exchange of Thailand. The information about the transactions had to be disclosed in the annual report.

As regards the transactions which may involve a conflict of interest, the Audit Committee will consider such transactions in an appropriate and careful manner and in compliance with the requirements imposed by the Stock Exchange of Thailand before proposing them to the Board of Directors for consideration and approval. The information about the transactions has to be disclosed in the annual report (Forms 56-1 and 56-2).

To follow the principles of the Good Corporate Governance, the Company has determined that the directors and executives have to report their advantages and disadvantages, including their involved parties, according to laws and regulations, to the secretary of the Company as crucial information for following up and monitoring the directors and executives, their involved parties, in the management of the Company and its subsidiaries.

In 2016, there was no event shown inappropriate behavior or practice involving a conflict of interest.

The Supervision of Use of Inside Information

The Company places strong emphasis on the supervision of use of inside information. As a result, it has adopted a policy on Good Corporate Governance. As well, it has established its Code of Ethics and the Code of Conduct. The directors, executives and staff are prohibited from using inside information for their own benefits by taking advantage of their positions. They are also prohibited from getting involved in either any business that competes with the Company or any other related businesses. As well, they shall not use inside information in trading the company shares for their own or others' benefits, and shall give inside information to other people with caution. The related details are as follows:

The Supervision of Use of the Company's Inside Information

The Company has imposed regulations on the prohibition period of buying or selling the Company's assets by specifying the certain period that directors, executives, and agencies receiving inside information are prohibited from buying or selling the Company's assets between 6 days before the Company's financial statement submission to the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) and within 24 hours since the date that the Company submitted the financial statement, and are prohibited from disclosing inside information to outsiders or people who do not have related duties as well as from using such information for their own or other people's direct and indirect benefits.

If any person violates these regulations, he/she has to be penalized according to the Securities and Exchange Act B.E. 2535 (as additional amendments) and if he/she is the Company's official or employee, he/she also has to be penalized according to the Company's regulations on work performance.

The Changes in Shareholdings

The Board of Directors, senior executives, or first 4 people holding the positions at the management level next below the executive with the highest position, everyone who holds the position equivalent to the one having the fourth-ranked position at the management level, and the one who holds the position higher or equivalent to the accounting manager, including their spouses and minor children are required to prepare and disclose reports annually to the Securities and Exchange Commission (SEC) when there are changes in their shareholdings of MBK Public Co., Ltd., in compliance with Section 59 of the Securities and Exchange Act B.E. 2535. (as additional amendments) within 3 days since the date which changes are occurred.

The Trading of the Company's Shares

The directors, the executives and staff are prohibited from trading the Company's shares before the financial statements are disclosed to the public. The Company issues a notification prohibiting the share trading every time before the disclosure schedule.

Moreover, the directors have to report their selling-buying or holding assets of the Company to the Board of Directors' meeting for the acknowledgment every time when these actions are taken.

In 2016, there was no event showing inappropriate behavior's supervision of use of inside information.

Related Transactions

Policy on MBK's Related Transactions

The board of Directors and the Audit Committee consider and give opinions about related transactions or transactions possibly causing conflicts of interest between MBK and its subsidiaries by holding principles of prudence, rationality, fairness, consideration of stakeholders' involved interest, and disclosure of sufficient information to comply with rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

For the year 2016, there were related transactions between MBK and subsidiaries and related parties. MBK disclosed the transactions in the notes to the financial statements for the year ended 31 December 2016 (No 6).

Profiles of Directors and Executive Management of the Company

The background and designation details of the Board of Directors and the Executive Management as of December 31, 2016

Name-surname/ position	Age (years)	Highest education	Shareholding in MBK				Shareholding in MBK includes MBK's shares held by their spouse and minor child				Relationship				
			31 Dec.* 2016	(%)	31 Dec.* 2015	Number of Shares : Increase (de- crease) during the year	31 Dec.* 2016	(%)	31 Dec.* 2015	Number of Shares : Increase (de- crease) during the year		Number of po- sition in Company Limited (Compa- ny)	Number of position in Public Company Limited (Compa- ny)	Number of position in legal person (Unit)	
Board of Directors															
1 Mr. Banterng Tantivit Chairman	72	- Master of Science (Finance) in Management, Massachusetts institute of Technology (M.I.T.), U.S.A.	-	-	-	-	-	-	-	-	Mr. Banterng Tantivit is the father of Mr. Atipon Tantivit	7	3	-	
2 Mr. Suphadej Poonpipat Vice Chairman and Chairman of the Compensation and Nomination Committee	66	- Master of Science, University of Wisconsin, U.S.A.	-	-	-	-	-	-	-	-	-	8	4	-	

5 years previous working experience				Details of Training Program from IOD				Illegal Record
	Period	Position	Name of company-agency	Do not pass	Passed	IOD Course	Year	
	2006 - Present 1994 - Present 1994 - 2006 Present 2003 - Present 2002 - Present 2015 - Present 1997 - Present 1987 - Present 1987 - Present	- Chairman of the Board of Directors - Chairman of the Executive Committee - Vice Chairman of the Board of Directors - Chairman of the Board of Directors and Director - Director - Chairman of the Board of Directors - Director - Chairman of the Board of Directors - Director - Director	- MBK Public Company Limited (“MBK”) - MBK - MBK - The subsidiaries and associates of MBK as shown on page 164-165 - B.V. Holding Company Limited - Thanachart Bank Public Company Limited - Dusit Thani Public Company Limited - Thanachart Capital Public Company Limited - Dee Buk Company Limited - Thai Farming Company Limited		✓	DAP	2004	None
	2006 - Present 2003 - Present 2015 - Present 2002 - 2015 Present 2007 - Present 2007 - Present 2005 - Present Sep. 2012 - Present 2003 - Present 2006 - Present Sep. 2012 - Present 2011 - Sep. 2012 2007 - Present 2013- Present 2010 - Present	- Vice Chairman of the Board of Directors - Vice Chairman of the Executive Committee - Chairman of the Compensation and Nomination Committee - Member of the Compensation and Nomination Committee - Director - Director - Director - Vice Chairman of the Board of Directors and Chairman of the Executive Committee - Director and Chairman of the Executive Committee - Vice Chairman of the Board of Directors - Director - Director - Chairman of the Board of Directors and Chairman of the Executive Committee - Vice Chairman of the Board of Directors - Vice Chairman of the Board of Directors and Chairman of the Executive Committee - Chairman of the Risk Management Committee - Chief Executive Officer	- MBK - MBK - MBK - MBK - The subsidiaries and associates of MBK as shown on page 164-165 - Royal Orchid Hotel (Thailand) Public Company Limited - Thai Royal Orchid Real Estate Company Limited - Thanachart Bank Public Company Limited - Thanachart Insurance Public Company Limited - Thanachart Insurance Public Company Limited - Siam Piwat Company Limited - Siam Piwat Holding Company Limited - Patum Rice Mill and Granary Public Company Limited - Patum Rice Mill and Granary Public Company Limited - Thanachart Capital Public Company Limited - Thanachart Capital Public Company Limited - Thanachart Capital Public Company Limited		✓ ✓ ✓ ✓	DAP RCC RCP FGP	2004 2012 2012 2012	None

Name-surname/ position	Age (years)	Highest education	Shareholding in MBK				Shareholding in MBK includes MBK's shares held by their spouse and minor child				Relationship	Number of position in Company Limited (Company)	Number of position in Public Company Limited (Company)	Number of position in legal person (Unit)	
			31 Dec.* 2016	(%)	31 Dec.* 2015	Number of Shares : Increase (de- crease) during the year	31 Dec.* 2016	(%)	31 Dec.* 2015	Number of Shares : Increase (de- crease) during the year					
3 Professor Paichitr Rojanavanich Independent Director and Chairman of the Audit Committee	88	- MGA, Fiscal Policy, University of Pennsylvania, U.S.A. - Higher Diploma in Accountancy (equivalent with the master's degree) Thammasat University - Bachelor of Law, Thammasat University - College Diploma, National Defence Batch 25, Year 1982, National Defence College	5,000	0.0003%	5,000	-	-	-	-	-	-	2	3	-	
4 Ms. Prakong Lelawongs Independent Director and Member of the Audit Committee	86	- Master of Business Administration, Pennsylvania University, U.S.A.	2,155,000	0.126%	2,155,000	-	-	-	-	-	-	1	1	-	
5 Mr. Pracha Jaidee Independent Director and Member of the Audit Committee and Member of the Compensation and Nomination Committee	61	- Master of Business Administration, Kasetsart University	-	-	-	-	-	-	-	-	-	2	1	-	
6 Ms. Panit Pulsirivong Independent Director and Member of the Compensation and Nomination Committee	68	- Honorary Degree of Director of Philosophy Faculty of Journalism and Mass Communication, Thammasat University - Master of Arts Faculty of Journalism and Mass Communication, Thammasat University	404,990	0.024%	404,990	-	-	-	-	-	-	4	1	9	

5 years previous working experience				Details of Training Program from IOD				Illegal Record
	Period	Position	Name of company-agency	Do not pass	Passed	IOD Course	Year	
	Present	- Independent Director and Chairman of the Audit Committee	- MBK		✓	ACP	2006	None
	Present	- Independent Director and Chairman of the Audit Committee	- Muramoto Electron (Thailand) Public Company Limited		✓	DAP	2004	
	Present	- Independent Director and Chairman of the Audit Committee	- G Steel Public Company Limited		✓	DCP	2003	
	1993 - Present 1985 - Present	- Chairman of the Board of Directors - Chairman of the Board of Directors	- The Far East Law Office (Thailand) Company Limited - Karn Jean Company Limited					
	2003 - Present 1993 - Present	- Independent Director and Member of the Audit Committee - President	- MBK - Alpha Business Center Company Limited		✓ ✓	DCP DAP	2005 2004	None
	2007 - Present 2006 - Present 2004 - Present 2004 - Present	- Independent Director and Member of the Audit Committee and Member of the Compensation and Nomination Committee - Director - Member of the Audit Committee - Advisor	- MBK - Batan Marble Company Limited - MBK Resort Public Company Limited - MBK Resort Public Company Limited		✓ ✓	ACP DAP	2007 2004	
	2006 - Present Present 1974 - Present 1988 - Present 1996 - Present 1985 - 1996 1997 - Present 1993 - Present 1994 - 2015 2015 - Present 2000 - Present 2005 - Present 2008 - Present 2014 - Present 2015 - Present 2015 - Present	- Independent Director and Member of the Compensation and Nomination Committee - Chairman of the Board of Directors and General Manager - Executive Director - Managing Director - Vice Chairman - Director - Vice Chairman - Director - Executive Secretary - Chairman - Chief Operating Officer and Chairperson, Public Relations Department - Conciliator - Honorary Advisor to the Committee - Director - Sub Committee - Honorary Advisor	- MBK - Naew Na Newspaper Company Limited - World Express Company Limited - Naew Na Network Company Limited - The Royal Chiangmai Golf Resort Co., Ltd. - Thammasat Association - Thammasat Association - One Thousand Baht Fund for the Building Celebrating 60th Anniversary Thammasat University, Thammasat University - Bangkok Scholarship Foundation - Bangkok Scholarship Foundation - The Organ Donation Centre, The Thai Red Cross Society - The Samut Prakan Provincial Court - Committee on Social Development and Children, Youth, Women, the Elderly, the Disabled and the Underprivileged Affairs of the Senate, Kingdom of Thailand - Friends in Need (of "PA") Volunteers Foundation Thai Red Cross - Human rights and Education - National Assembly		✓ ✓ ✓ ✓	RCC ACP DCP DAP	2009 2006 2005 2004	None

Name-surname/ position	Age (years)	Highest education	Shareholding in MBK				Shareholding in MBK includes MBK's shares held by their spouse and minor child				Relationship	Number of position in Company Limited (Company)	Number of position in Public Company Limited (Company)	Number of position in legal person (Unit)	
			31 Dec.* 2016	(%)	31 Dec.* 2015	Number of Shares : Increase (de- crease) during the year	31 Dec.* 2016	(%)	31 Dec.* 2015	Number of Shares : Increase (de- crease) during the year					
7 Mr. Piyaphong Artmangkorn Director	59	- Master Degree, Public Administration (Taxation), University of Southern California, U.S.A.	-	-	-	-	-	-	-	-	-	1	1	-	
8 Mr. Suvaith Theeravachirakul Director and CEO	57	- Master of Business Administration, Wagner College, New York, U.S.A. - Chief Executive Program, Class 10 Capital Market Academy (CMA) - Anti-Corruption Strategic Management course for Senior Executives, Class 5 Sanya Dharmasakti Anti- Corruption Institute - Top Executive Program in Energy Literacy-Class 8, Thailand Energy Academy (TEA)	1,383,000	0.081%	1,383,000	-	410,000	0.024%	410,000	-	-	73	5		
9 Mr. Hatchapong Phokai Director	55	- Master of Business Administration, Chulalongkorn University	-	-	-	-	-	-	-	-	-	10	1	-	
10 Mr. Atipon Tantivit Director	40	- Master of Business Administration (Executive) Sasin Graduate Institute of Business Administration, Chulalongkorn University	-	-	-	-	6,450,000	0.378%	6,450,000	-	Mr. Atipon Tantivit is a son of Mr. Banterng Tantivit	10	1	-	

5 years previous working experience				Details of Training Program from IOD				Illegal Record
	Period	Position	Name of company-agency	Do not pass	Passed	IOD Course	Year	
	1998 - Present 2006 - Present 2005 - Present 2005 - Feb. 2009 2001 - 2008 2000 - 2008 2005 - 2007	- Director - Member of the Executive Committee - Executive Vice President - Chairman of the Board of Directors and Chairman of the Executive Committee - Director - Director - Director and Executive Director	- MBK - MBK - Thanachart Bank Public Company Limited - Thanachart Securities Public Company Limited - Thai Royal Orchid Real Estate Company Limited - Royal Orchid Hotel (Thailand) Public Company Limited - Thanachart Capital Public Company Limited		✓	DAP	2003	None
	2002 - Present 2002 - Present 2009 - Present Present 2007 - Present 2005 - Present 2009 - Present 2007 - Present 2000 - 2007	- Director and CEO - Member of the Executive Committee - President - Chairman of the Board of Directors and Director - Independent Director and Member of the Audit committee - Independent Director and Member of the Audit Committee and Member of Risk Management Committee - Vice Chairman of the Executive Committee - Chairman of the Executive Committee - Member of the Executive Committee	- MBK - MBK - MBK - The subsidiaries and associates of MBK as shown on page 164-165 - IFS Capital (Thailand) Public Company Limited - Thai Rung Union Car Public Company Limited - Patum Rice Mill and Granary Public Company Limited - Royal Orchid Hotel (Thailand) Public Company Limited - Royal Orchid Hotel (Thailand) Public Company Limited		✓ ✓ ✓ ✓	SFE ACP DCP	2010 2006 2001	None
	2000 - Present Present 2000 - 2007 1999 - 2004	- Director - Director - Director - Director	- MBK - The subsidiaries and associates of MBK as shown on page 164-165 - NFS Asset Management Company Limited - Thanachart Securities Public Company Limited		✓	DAP	2004	None
	2003 - Present 2000 - Present 2000 - Present 2000 - Present 2000 - Present 2000 - Present 2000 - Present 2000 - Present 2003 - Present 2003 - Present Present	- Director - Managing Director - Director - Director - Director - Director - Director - Director - Director - Director - Director	- MBK - B.V.Holding Company Limited - G.M.R.Company Limited - Kata Villages Company Limited - Learnsai Villages Company Limited - Phuket Development Company Limited - A.T. Design and Jewelry Company Limited - Thai Farming Company Limited - B.V. Company Limited - S.L.S Holding Company Limited - A.T. Venture Media Company Limited		✓	DCP	2006	None

Name-surname/ position	Age (years)	Highest education	Shareholding in MBK				Shareholding in MBK includes MBK's shares held by their spouse and minor child				Relationship	Number of po- sition in Company Limited (Compa- ny)	Number of position in Public Company Limited (Compa- ny)	Number of position in legal person (Unit)	
			31 Dec.* 2016	(%)	31 Dec.* 2015	Number of Shares : Increase (de- crease) during the year	31 Dec.* 2016	(%)	31 Dec.* 2015	Number of Shares : Increase (de- crease) during the year					

Executive Management

1 Mr. Suvaith
Theeravachirakul
President and
CEO

The details of Mr. Suvaith Theeravachirakul was shown on the part of the Board of Directors' background

2 Mr. Pongsak Sabdasen Senior Executive Vice President, Office of President	65	- M.S. Industrial Management, Marywood College Scranton P.A., U.S.A.	-	-	-	-	-	-	-	-	-	3	1	-	
3 Mr. Kasemsuk Chongmankhong Senior Executive Vice President, Finance and Administration	57	- Master of Accounting, Thammasat University	-	-	-	-	-	-	-	-	-	68	2	-	
4 Ms. Yupapun Paritranun Senior Executive Vice President, Internal Audit	52	- Master of Science, Chulalongkorn University - Certified Internal Auditor (CIA), The Institute of Internal Auditors, U.S.A.	89,000	0.005%	89,000	-	-	-	-	-	-	1	1	-	
5 Mr.Somphol Triponnart Senior Executive Vice President, Sales Division	58	- Master of Business Administration (M.B.A.) Kasetsart University	-	-	-	-	-	-	-	-	-	5	1	-	
6 Mr. Apichat Kamoltham Senior Executive Vice President Legal Division	56	- Master of Law Ramkhamhaeng University - Barrister at Law, Thai Bar Association	-	-	-	-	-	-	-	-	-	45	1	-	
7 Mr. Satit Saisorn Executive Vice President Operation	52	- Master of Business Administration (M.B.A.) Kasetsart University	10,000	0.001%	10,000	-	-	-	-	-	-	10	1	-	

5 years previous working experience				Details of Training Program from IOD				Illegal Record
Period	Position	Name of company-agency		Do not pass	Passed	IOD Course	Year	

2006 - Present Present 2000 - 2006	- Senior Executive Vice President, Office of President - Director - Senior Executive Vice President, Operation	- MBK - The subsidiaries and associates of MBK as shown on page 164-165 - MBK		✓	DCP	2004	None
2003 - Present Present	- Senior Executive Vice President, Finance and Administration - Director	- MBK - The subsidiaries and associates of MBK as shown on page 164-165		✓	DCP	2004	None
2009 - Present 2000 - 2009 2000 - 2013 2004 - Present 2000 - 2003	- Senior Executive Vice President, Internal Audit - Executive Vice President, Internal Audit - Acting Vice President, Management Audit Department - Director - Acting Vice President, Operational Audit Department	- MBK - MBK - MBK - The subsidiaries and associates of MBK as shown on page 164-165 - MBK		✓	DCP	2005	None
2013-2015 2008-2013 2002-2007 2006-2007 2015-Present	- Senior Executive vice president Sales Division - Executive Vice President - Marketing director - Independent Director - Senior Executive vice president Sales Division and Acting Senior Executive Vice President Marketing Division	- MBK - Islamic Bank of Thailand - krungthai panich insurance public company limited - Ua Withya Public Company Limited - MBK		✓	DCP	2006	None
Present 2010 - 2016 2007 - 2010 2005 - 2007	- Senior Executive Vice President, Legal - Executive Vice President, Legal - Director - Vice President Case & Juristic Person Department - Vice President of Legal & Debt Collection Department	- MBK - MBK - The subsidiaries and associates of MBK as shown on page 164-165 - MBK - Navaleasing Public Company Limited		✓	DCP	2011	None
Present 2011 - 2015	- Executive Vice President, Operation - Managing Director	- MBK - Paradise Park Company Limited	✓	-	-	-	None

Name-surname/ position	Age (years)	Highest education	Shareholding in MBK				Shareholding in MBK includes MBK's shares held by their spouse and minor child				Relationship				
			31 Dec.* 2016	(%)	31 Dec.* 2015	Number of Shares : Increase (de- crease) during the year	31 Dec.* 2016	(%)	31 Dec.* 2015	Number of Shares : Increase (de- crease) during the year		Number of po- sition in Company Limited (Compa- ny)	Number of position in Public Company Limited (Compa- ny)	Number of position in legal person (Unit)	
8 Ms. Siratha Suksawang Executive Vice President Marketing Division	49	- Master of Business Administration (M.B.A.) Lincoln University, USA	-	-	-	-	-	-	-	-	-	-	1	-	
Secretary of the Company															
1 Ms. Dararat Homrossukhon Secretary of the Company	49	- MA in Applied Economic Policy Analysis, Northeastern University, Boston, MA., USA - MBA in Finance, Kasetsart University - BBA in Finance, Thammasat University - Company Secretary Program (CSP # 32/2009) - Effective Minute Taking (EMT # 19/2011)	1,180,000	0.069%	1,180,000	-	-	-	-	-	-	-	2	-	

5 years previous working experience				Details of Training Program from IOD				Illegal Record
	Period	Position	Name of company-agency	Do not pass	Passed	IOD Course	Year	
	October - Present	- Executive Vice President, Marketing	- MBK	-	-	-	-	None
	2008 - Present	- Secretary of the Company and Vice President Compliance Department	- MBK					None
	2005 - Present	- Secretary of the Executive Committee	- MBK					
	2013 - Present	- Secretary of the Company and the Compliance Supervisor	- PRG					
	2005 - 2009	- Vice President Business Investment	- MBK					



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The Report of the Audit Committee

Dear Shareholders of MBK Public Company Limited

The Audit Committee of MBK Public Company Limited consists of three following independent directors with qualifications and expertise in accounting, finances, laws and management.

- | | | | |
|----|--------------------|--------------|---------------------------------|
| 1. | Professor Paichitr | Rojanavanich | Chairman of the Audit Committee |
| 2. | Mrs. Prakong | Lelawongs | Member of the Audit Committee |
| 3. | Mr. Pracha | Jaidee | Member of the Audit Committee |

Ms. Yupapun Paritranun, Senior Executive Vice President, Internal Audit Division, acts as the Secretary of the Audit Committee.

The Audit Committee has performed its duties in accordance with the charter of the Audit Committee which is assigned by the Board of Directors. It also complies with the regulation of the Stock Exchange of Thailand. In the accounting period of the year 2016, the Audit Committee convened a total of 16 meetings in order to consider issues. The relevant issues were discussed by the Audit Committee, the Management Team, the Internal Audit Division, and auditors as well as specific meetings with the Management Team and specific meeting with the auditors in the absence of the Management Team. The report of the meeting was submitted to the Board of Directors for acknowledgement every time. The main points of the year-round missions can be summarized as follows:

The Financial Statement Reports

The Audit Committee, together with the auditors, the Management Team, and the Internal Audit Division, reviewed the Company's quarterly and the yearly financial statements as well as the consolidated financial statements of the Company and its subsidiaries. The auditors gave approval to certify the financial statement unconditionally, considered the Key Audit Matters (KAMs) of information disclosure in the financial statement that were sufficient, in-time, and useful for users of the financial statement, provided useful recommendations in order that the Company's financial statement would be accurate and trustworthy according to financial report standards.

The Related Transactions or Potential Conflict of Interest Transactions

The Audit Committee considered and gave opinions about related transactions or transactions that might give rise to a conflict of interest with the Company and its subsidiaries, prior to report to the Board of Directors or shareholders as specified, with the principles of integrity, precautions, rationality, transparency and taking the interest of the Company and stakeholders into account. Information was sufficiently disclosed in line with the regulations imposed by the Stock Exchange of Thailand.

The Internal Control and Risk Management

The Audit Committee reviewed the adequacy of the Company's and its subsidiaries' internal control system and risk management by considering performance, asset management, prevention of damage or corruption, obedience to law, rules, and regulations. The Committee also reviewed reports of the Internal Audit Division and the auditors as well as amended the Key Audit Matters according to the audit reports in order to assess the sufficiency, the appropriateness and the efficiency of the Company's internal control system, risk management, including performance of the Management Team that conformed to the policies and stipulated authority.

The Compliance with Rules and Regulations

The Audit Committee reviewed the Company's performance in order to ensure that it was compliant with law and stipulations imposed by the regulatory authorities relevant to the business, and the Company's policies, rules, and regulations as well. The Committee were informed of changes in rules and regulations which had an impact on the Company's business operations.

The Good Corporate Governance

The Audit Committee reviewed and evaluated Good Corporate Governance to ensure that the Company managed in accordance with the principles of Good Corporate Governance in order to build confidence to stakeholders as well as check the performance according to the policy and measures against corruption in order to comply with the Good Corporate Governance.

The Internal Audit

The Audit Committee reviewed the Charter of the Audit Committee and the Charter of the Internal Audit Division, amended the part involving the anti-corruption in order to be clear and in accordance with duties and responsibilities, considered the independence of the Internal Audit Division, its scope of responsibilities, annual audit plans, and performance as planned. The Audit Committee also considered the audit reports, monitored solutions to important issues mentioned in the audit reports, acknowledged complaints, notifications, and results from investigations of such matters aforementioned, and giving advice on how to improve the audit performance to be more efficient. The committee also considered the sufficiency and appropriateness of budgets, the personnel, training and personnel development. In addition, the committee considered key performance index (KPI) and evaluated the annual performance of the Senior Executive Vice President and employees of the Internal Audit Division, and assigned the division to take self-assessment internal control by using the internal audit standards that is were in accordance with the International Standard for the Professional Practice of Internal Auditing.

Considering the Selection of Auditors and Their Remuneration

The Audit Committee selected and considered the remuneration of the auditors of EY Office Company Limited by considering auditors qualifications, knowledge, capabilities, experiences, and independence of the auditors which were in accordance with the regulations of The Stock Exchange of Thailand or any other related agencies, and the quality of auditing in the previous year. The Audit Committee approved that the auditors from EY Office Company Limited had good understanding of the Company's business and regularly delivered their work in a timely manner, thus the Board of Directors proposed to the Annual General Meeting of Shareholders of the year 2016 to appoint EY Office Company Limited as the Company's auditor.

The Audit Committee carried out their duties as assigned by the Board of Directors, by exercising knowledge, abilities, and precautions for the sake of utmost benefits of the Company and stakeholders. The Audit Committee deemed that during the accounting period ended on 31st December 2016, the Company provided the financial statement which was properly accurate according to the standard of financial reporting and sufficient information disclosure, established the internal control system and proper risk management. The Company's operations were in accordance with the relevant stipulations and law, and principles of the Good Corporate Governance.



Professor Paichitr Rojanavanich
Chairman of the Audit Committee
23th February 2017

The Report of the Executive Committee

The Board of Directors has approved the formation of the Executive Committee. Currently, the Executive Committee consists of four directors as follows:

- | | | | |
|----|---------------|------------------|--|
| 1. | Mr. Banterng | Tantivit | Chairman of the Executive Committee |
| 2. | Mr. Suphadej | Poonpipat | Vice Chairman of the Executive Committee |
| 3. | Mr. Piyaphong | Artmangkorn | Director of the Executive Committee |
| 4. | Mr. Suvait | Theeravachirakul | Director of the Executive Committee |

Ms. Dararat Homrossukhon is the Secretary of the Executive Committee.

The Executive Committee's duties are to regulate management of business operations of the Company and its affiliated companies so that the operations are efficiently performed in agreement with defined policies, prior to report submission to the Board of Directors. The Executive Committee has carried out its duties carefully, prudently, and reasonably in order to build confidence in operations and regulation of the organization which were continuous, efficient, and sustainable.

In 2016, the Executive Committee efficiently carried out its assigned duties 12 meetings in total were held and could be summarized as follows:

- ➡ To consider and comment on the investment in projects of the Company and its affiliated companies.

The Executive Committee carried out its duties to consider, screen, and comment the investment in various projects of the Company and its affiliated companies through analyses of opportunities and threats occurred in the investment. The Executive Committee also formulated policies on financial risk management or investment in projects of the Company and its affiliated companies, monitored and evaluated results, prior to report submission to the Board of Directors, in order to have opportunities to choose the investment efficiently and gain returns sustainably through the professional management.

- ➡ To regulate and make comments on the organizational management and strategy-oriented operations.

The Executive Committee carried out its duties to consider and make preliminary comments on policies on managerial strategies to run business operations of the Company and its affiliated companies, consider the appropriateness for business plans, and an annual budget. The comments made by the Executive Committee were useful for the organizational management and strategy-oriented operations in order to support the growth in the future, increase the organization's competitiveness in a long term, consider the organizational structure, authority, the salary structure, and the annual compensation for employees and executives, prior to submission for approval of the Board of Directors, as well as to monitor the Management Team to run operations in compliance with the law in order not to create conflicts of interest.



Mr. Banterng Tantivit
Chairman of the Executive Committee

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Company's Board of Directors approved the establishment of the Nomination and Remuneration Committee on 23rd February 2007. Currently, the Nomination and Remuneration Committee consists of three members as follows:

- | | | |
|----|------------------------|---|
| 1. | Mr. Suphadej Poonpipat | Chairman of the Nomination and Remuneration Committee |
| 2. | Mrs. Panit Pulsirivong | Member of the Nomination and Remuneration Committee
(Independent director) |
| 3. | Mr. Pracha Jaidee | Member of the Nomination and Remuneration
Committee (Independent director) |

Mr. Thaneit Khantigaroon acts as the Secretary of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is responsible for searching for qualified candidates for directorship, considering remuneration, and proposing them to the Board of Directors or the meeting of shareholders for consideration. It is also responsible for searching for qualified candidates for the position of President and Chief Executive Officer as well as considering the remuneration of the position. The Committee will appraise the performance of the Chief Executive Officer annually.

For the year 2016, the Nomination and Remuneration Committee carried out its duties cautiously, carefully and in a rational manner. To fill vacancies as a result of the retirement of directors by rotation, the Committee held 2 meetings. The important matters of duty performance were as follows:

1) To review and propose names of candidates who were qualified legally and in compliance with the rules and regulations related to directorship. The Committee also considered the remuneration of the Board of Directors and the various committees by considering duties and responsibilities for the Company's financial status and the remuneration rate compared with the industry benchmarks. The names of the qualified candidates were proposed to the Board of Directors and the meeting of the shareholders for appointment as directors of the Company.

2) To encourage and support the Company to open up an opportunity for shareholders to propose an agenda for the annual meeting of shareholders 2016 and propose names of qualified candidates in order to be considered for appointment as directors in compliance with disclosed rules on the website of the Company from 23rd September 2016 to 31st January 2017.

3) With regard to the consideration of the remuneration of President and Chief Executive Officer, the Committee took into account the position's duties and responsibilities, the assignments given to the Officer as well as the performance of the Company in comparison with the established targets. The Committee also took into account the real economic conditions and the levels of remuneration earned by the same position in similar industries.

4) To organize a performance evaluation of the Nomination and Remuneration Committee 2016 and submit an evaluation report to the Board of Directors, together with revealing the evaluation's results in the annual report.

The Nomination and Remuneration Committee carried out assigned duties thoroughly, prudently, transparently, and straightforwardly, for the maximum benefit of shareholders, investors, and every stakeholder.



Mr. Suphadej Poonpipat
Chairman of the Nomination and
Remuneration Committee

Report of the Good Corporate Governance Committee

The Company's Board of Directors approved the establishment of the Good Corporate Governance Committee on 3rd June 2015. The Good Corporate Governance Committee consists of ten members as follows:

1.	Mr. Banterng	Tantivit	Chairman of the Good Corporate Governance Committee
2.	Mr. Suphadej	Poonpipat	Member of the Good Corporate Governance Committee
3.	Prof. Paichitr	Rojanavanich	Member of the Good Corporate Governance Committee
4.	Mrs. Prakong	Lelawongs	Member of the Good Corporate Governance Committee
5.	Mr. Pracha	Jaidee	Member of the Good Corporate Governance Committee
6.	Mrs. Panit	Pulsirivong	Member of the Good Corporate Governance Committee
7.	Mr. Piyaphong	Artmangkorn	Member of the Good Corporate Governance Committee
8.	Mr. Suvait	Theeravachirakul	Member of the Good Corporate Governance Committee
9.	Mr. Hatchapong	Phokai	Member of the Good Corporate Governance Committee
10.	Mr. Atipon	Tantivit	Member of the Good Corporate Governance Committee

Ms. Dararat Homrossukhon, the Company Secretary and Vice President the Compliance Department, acted as Secretary of the Good Corporate Governance Committee.

The Good Corporate Governance Committee is responsible for considering and reviewing the policy on Good Corporate Governance and guidelines on corporate governance appropriate with the company in order to comply with international standards of Good Corporate Governance. Under relevant law, principles, and regulations, the Good Corporate Governance Committee gives supervision and advice in accordance with the policy on Good Corporate Governance. The Committee also provides monitoring and internal audits concerning anti-corruption measures.

For the year 2016, the Good Corporate Governance Committee held 1 meeting in order to carry out its duties according to its specified responsibility. It was then reported to the Audit Committee and the Board of Directors respectively. Its important operations were as follows:

- ➡ To consider improvements in a policy manual of Good Corporate Governance and business ethics in order that this manual is complete, explicit, up-to-date, and compliant with principles of Good Corporate Governance set by the Stock Exchange of Thailand (SET) and criteria set by Thai Institute of Directors (IOD).
- ➡ To consider results of the project evaluation of Corporate Report of Thai Listed Companies (CGR) and give recommendations for the development of the Corporate Governance according to a project on promoting the Corporate Governance with emphasis on work operations and performance in order to conform with principles of Good Corporate Governance.
- ➡ To give proval to the corporate governance utilized in the company and its subsidiaries. To make "the Action Plan for Good Corporate Governance" (Action Plan GCG) in order to be relevant to issues that the company's internal audit division proposed to be improved.
- ➡ To consider the operational plans of the project on Thailand Private Sector Collective Action against Corruption (CAC). On 14th October 2016, the Company was accredited to be a coalition member of CAC. This helped to affirm the Company's anti-corruption direction explicitly.



Mr. Banterng Tantivit
Chairman of the Good Corporate
Governance Committee

Report on the Responsibility of the Board of Directors Towards Financial Reports

The Company's Board of Directors is responsible for the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries as well as financial information presented in the annual reports. The financial statements for the year end December 31, 2016 have been prepared in accordance with Financial Reporting Standards. In preparing the financial statements, appropriate accounting policies have been adopted and regularly adhered to, using careful discretion and reasonable estimates. As well, key information has been adequately disclosed in the notes to the financial statements. The purpose is to ensure that the disclosed information rightly reflect the Company's financial status, performance and cash flows in transparent manner, which are beneficial to the investing public. Importantly, the certified auditor from EY Office Limited has audited the financial statements and issued an unqualified opinion on them. To enable the auditor to conduct the audit and provide the opinion in line with the audit standards, the Company provides the auditor with its support in terms of information and documents.

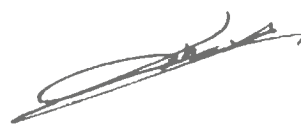
The Board of Directors has also put in place and maintained risk management systems, internal control systems, internal audit systems as well as appropriate and efficient corporate governance. The purpose is to ensure that the accounting information is accurate, complete and adequate, and that not only the Company's assets and risk protection are properly maintained but also fraud and significant irregular actions are prevented.

In this connection, the Board of Directors has appointed the Audit Committee with all of its members being independent directors. The Committee is responsible for reviewing accounting policies and ensuring the quality of financial reports. It is also responsible for reviewing internal control systems, the internal audit systems, and the risk management systems. As well, it is responsible for ensuring that the disclosure of information about related party transactions is complete, adequate and appropriate. The opinion of the Audit Committee is given in its report which is already included in this Annual Report.

The Board of Directors is of the opinion that the overall internal control systems are adequate and appropriate and gives rise to the reasonable confidence that the separate financial statements of the Company as well as the consolidated financial statements of the Company and its subsidiaries for the year end December 31, 2016 are reliable and in compliance with the Generally Accepted Accounting Principles (GAAP) as well as the related laws and regulations.



Banterng Tantivit
Chairman of the Board of Directors



Suvait Theeravachirakul
President and CEO

Management discussion and analysis of the financial statements

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2016

Analysis of operating results

1. Overall operating results

The operating results of MBK Public Company Limited and its subsidiaries ("the Group") for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	2016	2015	Inc/(Dec)	
Operating revenue	10,416	11,550	(1,134)	(10%)
Operating profit	1,964	1,998	(34)	(2%)
Share of profit from investments in associates and joint venture	282	226	56	25%
Other income	563	436	127	29%
Finance costs	(421)	(524)	103	20%
Income tax expense	(382)	(374)	(8)	(2%)
Net profit	2,006	1,762	244	14%
Loss (profit) attributable to Non-controlling interest of the subsidiaries	49	53	(4)	(8%)
Net profit – attributable to equity holders of the Company	2,055	1,815	240	13%
Earnings per share (Baht)	1.54	1.36	0.18	13%

The overall operating results of the Group for the year ended 31 December 2016 in comparison with the same period of last year showed that the performance of the Group satisfactorily improved. The operating revenue for the years ended 31 December 2016 and 2015 were Baht 10,416 million and Baht 11,550 million, respectively, decreased by Baht 1,134 million or 10%. The net profit attributable to equity holders of the Company ("the net profit") for the years ended 31 December 2016 and 2015 were Baht 2,055 million and Baht 1,815 million, respectively, increased by Baht 240 million or 13%. The significant changes were as follows:

- a) The significant changes in operating revenue and operating profit (loss) of the Group business segments were as followings. The details of changes were noted in No. 2.1 - Operating revenue – by segment and No. 2.2 – Operating profit (loss) – by segment.

(Unit: Million Baht)

Segment	Operating revenue increase / (decrease)	Operating profit increase / (decrease)
Finance	242	96
Hotel and tourism	53	78
Real-estate	(737)	(180)
Food Solution	(702)	(39)

- b) Other income increased by Baht 127 million or 29% which were mainly from dividend income by Baht 116 million as a result of higher investments in marketable securities and the recognition of gain on sales of investments in marketable securities amounting to Baht 91 million. However, interest income and other income decreased by Baht 34 million and Baht 45 million, respectively.
- c) Share of profit from investments in associates and joint venture went up by Baht 56 million or 25%. The major reasons were as follows:
- Share of profits from an associate that engages in life insurance business increased by Baht 105 million which mainly due to the decrease in fair value adjustment of liabilities from insurance contracts resulted from a higher market interest rate and a reduction in risk margin rate which both factors had direct effect in the calculation of the liability reserve.
 - An associate engages in shopping center business has a joint investment with other company for the grand and luxury project “ICONSIAM” to develop the shopping center, hotel and condominium located on Charoen Nakorn Road. Currently, ICONSIAM is under construction and therefore, there are fixed costs and marketing expenses to promote the project. As a result, profit sharing of such associate decreased by Baht 39 million.
- d) Finance costs decreased by Baht 103 million or 20% which related to the decrease in borrowings and the lower finance cost. Finance costs that presented in the statement of comprehensive income for 2016 amounting to Baht 672 million which represented total finance costs incurred for the year, which decreased by Baht 21 million or 3% according to the decrease in borrowings amount and the lower finance cost. However, in the presentation of business segment information (referred to Notes to financial statements no. 41), such finance costs amounting to Baht 251 million was allocated to be direct cost of the finance business in order to reflect the actual operating results. As a result, finance costs for 2016 presented under segment information was Baht 421 million, decreased by Baht 103 million or 20% due to the borrowings were used higher in the finance business according to the growth of lending portfolios.

2. Revenue and operating results by segment

The Groups' business operations are divided into 8 principal segments as follows:

1. Shopping Center business engages in the business of rental space to retail tenants in the shopping centers and the business of office space for rent.
2. Hotel and tourism business engages in providing for lodging, food and drink, and other facilities and services related for accommodation and travel.
3. Golf business engages in golf services, clubhouse and selling golf equipment.
4. Real-estate business engages in residential for sale, property management and asset appraisal.
5. Food Solution business engages in selling rice for both local and export markets, and the food center and restaurant business.
6. Finance business engages in providing general loan for housing and bridge loan of which the security is marketable property in good location, motorcycle hire-purchase business, and provision of life assurance business*.
7. Other business engages in the business of car and motorcycle auction*.
8. Supporting business performs as a back office functions for the Group.

Note: * The company that engages in such business is classified as an associate therefore the recognition of operating results is in the form of profit sharing.

The significant movements in operating revenue and operating profit/(loss) by segment for the year ended 31 December 2016 when compared to the same period of 2015 were as follows:

2.1 Operating revenue – by segment

(Unit: Million Baht)

Segment	For the years ended 31 December			
	2016	2015	Increase/(Decrease)	
Shopping Center	4,016	4,004	12	-
Hotel and tourism	1,242	1,189	53	4%
Golf	462	465	(3)	(1%)
Real-estate	1,458	2,195	(737)	(34%)
Food Solution	1,852	2,554	(702)	(27%)
Finance	1,383	1,141	242	21%
Supporting	3	2	1	50%
Total	10,416	11,550	(1,134)	(10%)

The operating revenue of the Group for the years ended 31 December 2016 and 2015 were Baht 10,416 million and Baht 11,550 million, respectively, which decreased by Baht 1,134 million or 10%. The major changes in operating revenue by segment were as follows:

- The revenue of shopping center business increased slightly by Baht 12 million. The major factor was that the revenue of MBK Shopping Center decreased by Baht 18 million because during 2016 the partial rental space for rent was temporarily closed for renovation to become a modern and trendy shopping center. On the other hand, the revenue of other shopping centers increased by Baht 30 million from the increase in annual rental rate according to the economic conditions.
- The revenue of hotel and tourism business increased by Baht 53 million or 4% mainly due to the growth of occupancy rate of Pathumwan Princess Hotel resulted in higher revenue by Baht 37 million. Furthermore, the revenue of Dusit Thani Krabi Beach Resort (formerly "Sharaton Krabi Beach Resort Hotel") and Layana Resort & Spa Hotel in Krabi, increased by Baht 8 million and Baht 12 million, respectively, because of the renovation of hotel rooms during the low season period of 2015.

c) The revenue of real-estate business decreased by Baht 737 million or 34%. The major changes were as follows:

- The revenue recognition of the project “Quinn Condominium” decreased by Baht 724 million. The construction of condominium project was completed in August 2015 and commenced its revenue recognition when the legal ownership of condominium unit was transferred to a buyer. As a result, a large number of legal ownership of condominium units was transferred during the early completion period. Moreover, the Government stimulated the economy for real-estate sector by temporarily reduced the ownership transfer fee and mortgage collateral fee for 6 months period from 29 October 2015 to 28 April 2016. Therefore, the revenue for 2016 was slow-down when compared to 2015. Currently, the approximately 94% of the legal ownership of the condominium units were transferred.
- The revenue of the residential project “Sabai Village 2” in Phuket decreased by Baht 86 million because the construction of such project was completed and recognized substantial revenue in 2014-2015 and the project is nearly closed for sales.
- The revenue of the residential project “Baan Rommai Borwin 2 – Phase I” in Chonburi increased by Baht 49 million because the construction project was completed and commenced its revenue recognition since December 2015. In addition, the project “Bann Rommai 3 – Pluak Daeng Phase 1” in Rayong was completed and commenced its revenue recognition in 2016 amounting to Baht 9 million.

d) The revenue of food solution business decreased by Baht 702 million or 27%, mainly due to the decline in sale of rice by Baht 710 million. The sale of rice under project “G to G” (Government to Government) went down by Baht 540 million and the slow-down of rice price and higher market competition resulted in lower revenue.

e) The revenue of finance business increased by Baht 242 million or 21% due to the growth of loans portfolio. The revenue of lending business and hire-purchase for motorcycle business increased by Baht 131 million and by Baht 111 million, respectively. However, in 2015, the hire-purchase for motorcycle business recognized other income amounting to Baht 21 million from the disposition by auction process of non-performing loan receivables portfolio, which had already been written-off to bad debts.

2.2 Operating profit (loss) – by segment

(Unit: Million Baht)

Segment	For the years ended 31 December			
	2016	2015	Increase/(Decrease)	
Shopping Center	1,014	1,005	9	1%
Hotel and tourism	137	59	78	132%
Golf	29	26	3	12%
Real-estate	345	525	(180)	(34%)
Food Solution	(37)	2	(39)	(1,950%)
Finance	477	381	96	25%
Supporting	(1)	-	(1)	(100%)
Total	1,964	1,998	(34)	(2%)

The operating profit of the Group for the years ended 31 December 2016 and 2015 were Baht 1,964 million and Baht 1,998 million, respectively, decreased by Baht 34 million or 2%. In overall, operating results varied according to the movements of revenue as mentioned in No.2.1, normal economic conditions and the significant changes as follows:

- a) The operating profit of hotel and tourism business increased by Baht 78 million or 132%, which higher than the growth of revenue because the major fixed assets of Pathumwan Princess Hotel were fully depreciated resulted in lower depreciation when compared with last year period by Baht 29 million.
- b) The food solution business recognized losses on disposals and written-off equipment amounting to Baht 16 million and allowance for impairment of equipment amounting to Baht 21 million.

Analysis of financial position

The significant movements in assets, liabilities and shareholders' equity as at 31 December 2016 when compared with the balance as at 31 December 2015 were as follows:

(Unit: Million Baht)

	31 Dec 2016	31 Dec 2015	Increase/(Decrease)	
Total assets	42,518	40,549	1,969	5%
Total liabilities	22,166	22,609	(443)	(2%)
Total shareholders' equity	20,352	17,940	2,412	13%

3. Assets

3.1 Current investments and other long-term investments

Current investments and other long-term investments mainly represented investments in equity securities which are classified as available-for-sale marketable securities. The balance as at 31 December 2016 was Baht 9,430 million, increased by Baht 297 million or 3% primarily due to the increase in fair value of marketable securities on hand at 31 December 2016 by Baht 1,667 million. However, the decrease of Baht 1,350 million was from sales (net of purchases) of marketable securities during the year.

3.2 Trade and other receivables

Trade and other receivables balance as at 31 December 2016 was Baht 402 million, decreased by Baht 552 million or 58%. The major decrease of Baht 580 million was from the rice business due to the "big lot" purchase volume from the Government under project "G to G" in December 2015 and such debtor already paid in current year.

3.3 Loans to customers

Loans to customers (including current portion) balance as at 31 December 2016 was Baht 8,255 million, increased sharply by Baht 2,716 million or 49%. The loan receivables and hire-purchase receivables for motorcycle portfolios increased by Baht 2,030 million and Baht 692 million, respectively, due to the continuous growth of finance business.

3.4 Inventories

Inventories balance as at 31 December 2016 was Baht 3,066 million, increased by Baht 639 million or 26%. The significant changes were as followings:

- a) The increase of Baht 492 million was from the reclassification of a plot of land that presented under investment properties (No.3.6 – Investment properties) to property development for sale under inventories for further development in a new condominium project located on Sukhumvit 101 Road.
- b) The increase of Baht 337 million comprised of land cost and construction costs for the new residence projects “Park Riverdale” and “Riverdale Residence” located around Riverdale Golf Course in Pathumtani. Park Riverdale project is already launched for pre-sale in May 2016 and began to transfer the legal ownership since August 2016. The project of Riverdale Residence is expected to open in 2017.
- c) The increase of Baht 475 million was from the purchase a plot of land located at Charan Sanit Wong Road Soi 7 for the purpose of residential development project.
- d) The property development costs of project “Quinn Condominium” decreased by Baht 569 million due to the recognition of revenue and its related costs in current year.
- e) The residential costs of project “Baan Rommai 2 – Borwin Phase 1” located in Chonburi and “Bann Rommai 3 – Pluak Daeng Phase 1” in Rayong decreased by Baht 50 million, in total, due to the recognition of revenue and its related costs in current year.

3.5 Investment in associates and joint venture

Investment in associates and joint venture balance as at 31 December 2016 was Baht 3,845 million, increased by Baht 177 million or 5%. The significant movements were as follows:

- a) Investment in a new associate that engages in life and non-life insurance broker amount of Baht 9.8 million, representing a 49 percent shareholding interest.
- b) Investment in a new associate that engages in back office supporting services to life insurance business and life and non-life insurance broker business amount of Baht 24.5 million, representing a 49 percent shareholding interest.
- c) An associate that engages in life insurance business adjusted the increase in fair value of investments in available-for-sale of debt and equity marketable securities, resulted in higher recognition of investment in the associate based on equity basis by Baht 22 million.
- d) The increase of Baht 282 million, from the recognition share of profit under equity method.
- e) The decrease of Baht 157 million, from the dividend income.

3.6 Investment properties

Investment properties balance as at 31 December 2016 was Baht 10,011 million, decreased by Baht 634 million or 6%. The significant movements were as follows:

Description	Million Baht
1 The costs of renovation MBK Shopping Center, Skywalk and Façade projects	489
2 The costs of renovation Paradise Parck and HaHa Shopping Center	57
3 Reclassification of a plot of land that presented under land held for development (No.3.8 – Land held for development) to investment properties	107
4 Reclassification of a plot of land to property development for sale under inventories (No.3.4 – Inventories) for further development a new condominium project located on Sukhumvit 101 Road	(492)
5 Depreciation for the year	(710)
6 Others	(83)
Total net movements	(634)

3.7 Property, plant and equipment

Property, plant and equipment balance as at 31 December 2016 was Baht 4,574 million, decreased by Baht 57 million or 1%. The significant movements during the year were, the purchases of other operating fixed assets amounting to Baht 356 million, but the decreases from disposals of fixed assets which the net book value of Baht 46 million, depreciation for the year of Baht 412 million and allowance for impairment of equipment of Baht 21 million.

3.8 Land held for development

Land held for development balance as at 31 December 2016 was Baht 520 million, decreased by Baht 234 million or 31% due to the reclassification of plots of land to property development for sale under inventories of Baht 105 million, and to investment properties of Baht 107 million.

3.9 Prepaid rental fee

Prepaid rental fee represented advance payment to Chulalongkorn University for the lease agreements granting the right to utilize the shopping center at Pathumwan intersection. Prepaid rental fee balance as at 31 December 2016 was Baht 521 million, decreased by Baht 322 million or 38%. During the year, there was advance payment for annual land rental amounting to Baht 435 million but the decrease of Baht 757 million was from the amortization of prepaid rental as an expense on a straight-line basis over the leased period.

4. Liabilities

4.1 Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions balance as at 31 December 2016 was Baht 1,330 million, decreased by Baht 366 million or 22% mainly due to the repayment of rice business amounting to Baht 493 million. In the early of 2016, the rice business received cash payment from the debtor under a big lot sale G to G project and then repaid its loans to reduce interest expense.

4.2 Advance rental and service deposits

Advance rental and service deposits (including current-portion) balance as at 31 December 2016 was Baht 1,994 million, decreased by Baht 448 million or 18% which mainly representing advance for rental and services of shopping center business which was realised as income in current year of Baht 466 million based on a straight-line basis over the lease periods.

4.3 Deferred tax liabilities

Deferred tax liabilities balance as at 31 December 2016 was Baht 1,195 million, increased by Baht 344 million or 40%. The increase of Baht 329 million was from the increase in fair value adjustment of investments in available-for-sale marketable securities on hand as at 31 December 2016.

5. Shareholders' equity

Total shareholders' equity balance as at 31 December 2016 was Baht 20,352 million, increased by Baht 2,412 million or 13%. The significant movements were as follows:

- a) The increase of Baht 2,055 million derived from the net profit for the year ended 31 December 2016.
- b) The increase of Baht 1,343 million in other components of shareholders' equity was mainly due to the increase of Baht 1,336 million in unrealized gains on available-for-sale marketable securities, net of related deferred tax impact, as a result of the higher stock market price.
- c) The decrease of Baht 882 million was from dividend payment.
- d) The decrease of Baht 97 million from non-controlling interests of subsidiaries was due to the recognition loss from subsidiaries operations for the year 2016 amounting to Baht 46 million, the decrease of Baht 33 million from dividend received and the decrease of Baht 18 million from the decrease in proportion of shareholding in a subsidiary.
- e) In 2013, the Company had total repurchased shares of Baht 2,805 million in accordance with the Share Repurchase Project for the financial management and also has fully set aside retained earnings to treasury stock reserve. The Share Repurchase Project period had 3 years and was ended in 2016. The board of directors resolved to reduce the Company's share capital and to reverse the number of treasury stock 178 million shares. As a results, share capital decreased by Baht 178 million, retained earnings decreased by Baht 2,627 million and treasury stock decreased by Baht 2,805 million.

Analysis of the liquidity

6. Cash flows of the Group for the years ended 31 December 2016 and 2015 are summarised in table below.

(Unit: Million Baht)

	For the years ended 31 December			
	2016	2015	Cash flows Increase/(Decrease)	
Net income from operating activities before changes in operating assets and liabilities	3,223	3,252	(29)	(1%)
Net movements in operating assets and liabilities	(2,636)	439	(3,075)	(700%)
Net cash flows from operating activities	587	3,691	(3,104)	(84%)
Net cash flow received from (used in) investing activities	1,012	(3,924)	4,936	126%
Net cash flows received from (used in) financing activities	(1,813)	408	(2,221)	(544%)
Net increase (decrease) in cash and cash equivalents	(214)	175	(389)	(222%)

6.1 Cash flows from operating activities

The significant movements in cash flows from operating activities and operating assets and liabilities are as mentioned in the analysis of operating results and financial status above.

6.2 Cash flows from investing activities

Net cash flows received from investing activities increased by Baht 4,936 million or 126% due to the following major reasons:-

Factors in cash increases:

- Cash paid for investments in marketable securities (net of cash receipt) decreased by Baht 4,794 million because during the last year, the Group increased sharply in investments in marketable securities for liquidity management.
- Dividend income increased by Baht 143 million which related to the increase in investments in marketable securities portfolio.
- Cash paid for purchases of property, plant and equipment, and investment properties (net of cash receipt) decreased by Baht 65 million.

- d) Cash paid for investment in associates and joint venture decreased by Baht 97 million. The major reasons were that in 2015, there was additional investment in an associate that operates hotel business in a foreign country of Baht 61 million and there was additional payment for the remaining share capital of Baht 50 million for investment in a new joint venture that operates a department store business at Paradise Park Shopping Center.

Factors in cash decreases:

- e) Cash receipts from short-term loans to related companies (net of cash repayments) decreased by Baht 105 million.

6.3 Cash flows from financing activities

Net cash flows received from financing activities decreased by Baht 2,221 million or 545% mainly due to the following major reasons:-

Factors in cash increases:

- a) Cash receipts from short-term loans from related companies (net of cash repayments) increased by Baht 190 million.

Factors in cash decreases:

- b) Cash repayments from short-term loans from financial institutions (net of cash receipts) increased by Baht 1,284 million.
- c) In June 2015, there was cash receipt from issuance of long-term debentures amounting to Baht 1,000 million for the purposes of working capital and/or the Group business expansion and/or settlement of liabilities.
- d) Cash paid for dividend from operations increased by Baht 80 million.

Financial Statements



Independent Auditor's Report

To the Shareholders of MBK Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of MBK Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of MBK Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MBK Public Company Limited and its subsidiaries and of MBK Public Company Limited as at 31 December 2016, their financial performances and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

The Group is organised into 8 business segments based on its products and services, with major revenues of the Group derived from shopping center business (representing 39% of total revenues). The Group has entered into agreements with a large number of customers and there are a variety of conditions in these agreements. There is therefore the possibility of timing differences in the recognition of revenue.

I have examined the revenue recognition of the Group by assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls; applying a sampling method to select rental and service agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy; on a sampling basis, examining



supporting documents for actual rental and services transactions occurring during the year and near the end of the accounting period; reviewing credit notes that the Group issued after the period-end; performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Allowance for doubtful accounts of loans to customers

As discussed in Note 10 to the financial statements, as at 31 December 2016, the Group had balances of loans to customers of Baht 8,359 million and allowance for doubtful accounts of Baht 103 million. the estimation of allowance for doubtful accounts of loans to customers was based on the from uncollectible receivables, taking into account the status of outstanding receivables and various assumptions. The management is required to exercise considerable judgement in determining the assumptions to be used in estimating allowances for losses that are expected to be incurred as result of debtors being unable to make payment and determining the timing of the recognition of such allowances. Furthermore, the estimation of allowance for doubtful accounts is significant, therefore, I evaluated the adequacy of allowance for doubtful accounts for loans to customers.

I involved the component auditor to assess and test the internal controls relevant to the approval and recording of transactions, receipt of payment from debtors, and the procedures for the estimation of the allowance for doubtful accounts by making enquiry of the responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I assessed the method applied by the Group in calculating the allowance for doubtful accounts by reviewing the credibility of key information to its sources. In addition, I evaluated the consistency of the application of assumptions, and tested on a sampling basis the aging of outstanding debts and the calculation of allowance for doubtful accounts.

Fair value disclosure for investment properties

As discussed in Note 17 to the financial statements. The Group disclosed investment properties at the fair value determined by an independent appraiser. The fair value of the land awaiting sale and land/land improvement for rent have mainly been determined based on market approach, while that of the building for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in rental rates. In determining the fair value, management had to exercise judgement with respect to its projections of future operating performance, plans for management of assets of the Group in various geographical locations, and determination of an appropriate discount rate and key assumptions.

I have examined disclosure of fair value of investment properties by the management. I reviewed the appraisal report prepared by the independent appraiser and considered the reasonableness of the selection of financial model used in the fair value measurement by gaining an understanding of management's decision-making process and evaluating whether the decisions were consistent with how assets are utilised. In addition, I gained an understanding of and assessed the assumptions applied in preparing plans and cash flow projections for the Group, based on the understanding I gained of the process by which the figures were arrived at, based on external sources of information and the experience of the independent appraiser.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ➡ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ➡ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ➡ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ➡ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ➡ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ➡ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Nonglak Pumnoi.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

EY Office Limited

Bangkok: 23 February 2017

Statement of Financial Position

MBK Public Company Limited and its subsidiaries
As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	532,715,615	746,929,264	68,142,645	303,792,052
Current investments	6, 8	3,095,564,512	3,745,600,635	2,163,718,921	3,025,631,73
Trade and other receivables	6, 9	402,075,014	954,201,648	100,063,542	85,218,792
Short-term loans to related companies	6	75,248,200	76,838,525	8,061,167,527	4,674,769,725
Current portion of loans to customers	10	1,807,800,573	1,414,888,313	573,786	1,095,093
Inventories	11	3,066,427,347	2,427,848,252	38,247,065	39,062,167
Other current assets	12	240,869,882	264,807,374	14,894,226	24,642,108
Total current assets		9,220,701,143	9,631,114,011	10,446,807,712	8,154,211,668
Non-current assets					
Restricted fixed deposits		5,813,314	5,744,969	-	-
Investments in associates	13	3,723,702,909	3,501,592,957	1,794,801,098	1,755,800,887
Investment in joint venture	14	121,720,010	166,795,634	-	-
Investments in subsidiaries	15	-	-	13,392,257,040	13,887,551,583
Other long-term investments	6, 16	6,335,053,679	5,387,662,680	5,717,597,800	4,794,006,801
Loans to customers - net of current portion	6, 10	6,447,619,695	4,124,910,174	-	575,643
Investment properties	17	10,010,532,733	10,644,686,296	5,378,707,758	5,279,208,464
Land held for development	18	519,557,303	754,001,567	-	-
Property, plant and equipment	19	4,574,106,463	4,630,648,091	920,946,519	843,004,534
Leasehold rights		262,312,225	288,343,659	-	-
Prepaid rental fee	27	520,619,812	843,056,586	520,619,812	843,056,586
Goodwill	20	72,033,275	72,033,275	-	-
Intangible assets	21	88,266,552	68,813,862	67,464,488	49,977,813
Deferred tax assets	37	493,065,233	395,079,481	397,460,096	300,366,713
Property foreclosed	22	117,751,524	29,200,057	-	-
Other non-current assets		4,845,482	5,698,969	74,896	74,896
Total non-current assets		33,297,000,209	30,918,268,257	28,189,929,507	27,753,623,920
Total assets		42,517,701,352	40,549,382,268	38,636,737,219	35,907,835,588

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

Statement of Financial Position (Cont)

MBK Public Company Limited and its subsidiaries
As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	23	1,330,209,351	1,696,121,509	800,000,000	683,000,000
Trade and other payables	6, 24	1,069,794,245	1,116,574,145	435,595,807	412,692,298
Short-term loans from other company		26,059,105	23,000,000	5,559,105	-
Short-term loans from related companies	6	223,000,000	75,000,000	4,163,844,356	3,423,557,000
Current portion of long-term debentures	26	-	1,999,907,021	-	1,999,907,021
Current portion of advance rental and service deposits		532,926,679	538,868,224	488,723,952	505,650,550
Current portion of long-term lease liabilities under					
financial lease agreements	27	31,445,346	11,866,152	31,445,346	11,866,152
Corporate income tax payable		166,334,926	215,586,515	34,697,293	67,933,832
Other current liabilities	6, 25	676,996,494	704,027,201	302,508,504	235,895,182
Total current liabilities		4,056,766,146	6,380,950,767	6,262,374,363	7,340,502,035
Non-current liabilities					
Long-term debentures - net of current portion	26	9,093,026,473	7,093,758,400	9,093,026,473	7,093,758,400
Advance rental and service deposits - net					
of current portion		1,461,394,754	1,903,734,344	1,803,065,580	2,264,209,971
Long-term liabilities under financial lease					
agreements - net of current portion	27	4,999,838,152	5,031,283,498	4,999,838,152	5,031,283,498
Provision for long-term employee benefits	28	181,812,669	157,586,208	75,671,032	58,480,154
Deferred tax liabilities	37	1,195,104,126	851,514,410	782,417,655	498,349,358
Deposits		1,163,603,616	1,174,132,114	768,038,882	775,613,916
Other non-current liabilities	29	13,973,977	15,780,929	26,737,569	33,131,941
Total non-current liabilities		18,108,753,767	16,227,789,903	17,548,795,343	15,754,827,238
Total liabilities		22,165,519,913	22,608,740,670	23,811,169,706	23,095,329,273

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

Statement of Financial Position (Cont)

MBK Public Company Limited and its subsidiaries
As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
Share capital	30, 32				
Registered					
1,707,960,000 ordinary shares of Baht 1 each					
(2015: 1,886,291,000 ordinary shares of Baht 1 each)		1,707,960,000	1,886,291,000	1,707,960,000	1,886,291,000
Issued and paid-up					
1,707,960,000 ordinary shares of Baht 1 each					
(2015: 1,886,291,000 ordinary shares of Baht 1 each)		1,707,960,000	1,886,291,000	1,707,960,000	1,886,291,000
Premium on ordinary shares		1,276,037,500	1,276,037,500	1,276,037,500	1,276,037,500
Difference between the lower acquisition cost of business and fair value		172,206,406	172,206,406	-	-
Retained earnings					
Appropriated - statutory reserve	31	200,000,000	200,000,000	200,000,000	200,000,000
- treasury stock reserve	32	-	2,805,280,611	-	2,805,280,611
Unappropriated		12,444,606,814	11,100,873,440	8,510,822,071	7,456,845,569
Other components of shareholders' equity		3,617,935,357	2,274,809,090	3,130,747,942	1,993,332,246
Equity attribute to owners of the Company before treasury stock and non-controlling interests of the subsidiaries		19,418,746,077	19,715,498,047	14,825,567,513	15,617,786,926
Less: Treasury stock	30, 32	(711,993,784)	(3,517,274,395)	-	(2,805,280,611)
Equity attributable to owners of the Company	33	18,706,752,293	16,198,223,652	14,825,567,513	12,812,506,315
Non-controlling interests of subsidiaries		1,645,429,146	1,742,417,946	-	-
Total shareholders' equity		20,352,181,439	17,940,641,598	14,825,567,513	12,812,506,315
Total liabilities and shareholders' equity		42,517,701,352	40,549,382,268	38,636,737,219	35,907,835,588

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

Statement of Comprehensive Income

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Sales		3,412,568,842	4,832,696,390	-	-
Service and rental income		4,392,844,784	4,374,711,545	2,850,455,543	2,855,509,722
Revenue from hotel operations		1,299,639,125	1,250,929,046	689,410,291	653,569,063
Revenue from financial business	34	1,310,728,530	1,091,900,101	4,777,859	5,264,553
Other income					
Interest income		13,719,014	48,490,005	319,633,612	332,342,698
Dividend income		381,827,900	266,197,639	1,651,066,940	954,412,002
Gain on sale of current investments		90,642,887	-	90,642,887	-
Gain on sale of assets		-	1,310,202	466,454	128,178
Others		84,051,422	120,844,294	8,377,304	12,173,195
Total revenues		10,986,022,504	11,987,079,222	5,614,830,890	4,813,399,411
Expenses					
Cost of sales		2,322,702,760	3,509,616,969	-	-
Cost of service and rental		2,653,743,475	2,665,350,687	1,416,910,697	1,399,973,992
Direct hotel operating expenses		883,309,800	887,902,938	455,929,943	464,840,491
Selling expenses		661,638,296	776,401,370	162,981,678	138,767,417
Administrative expenses		1,687,251,049	1,544,121,145	623,408,251	487,881,740
Total expenses		8,208,645,380	9,383,393,109	2,659,230,569	2,491,463,640
Profit before share of profit from investments					
in associates and joint venture, finance costs					
and income tax expenses		2,777,377,124	2,603,686,113	2,955,600,321	2,321,935,771
Share of profit from investments in associates					
and joint venture	13.2, 14.2	281,649,928	225,803,638	-	-
Profit before finance costs and income tax expenses		3,059,027,052	2,829,489,751	2,955,600,321	2,321,935,771
Finance costs		(672,076,538)	(693,129,145)	(881,254,646)	(860,023,125)
Profit before income tax expenses		2,386,950,514	2,136,360,606	2,074,345,675	1,461,912,646
Income tax expenses	37	(381,704,843)	(374,215,351)	(61,593,803)	(99,991,794)
Profit for the year		2,005,245,671	1,762,145,255	2,012,751,872	1,361,920,852

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

Statement of Comprehensive Income (Cont)

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Other comprehensive income:					
<i>Net other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods - net of income tax:</i>	37				
Gains on changes in values of					
in available-for-sale investments		1,338,382,620	115,271,619	1,143,854,540	19,985,939
Unrealised gains (losses) on investments in loans		(6,438,845)	154,728	(6,438,844)	154,728
Gains (losses) on changes in values of available-for-sale investment of an associate		17,578,078	(36,470,129)	-	-
Unrealised losses on investments in loans of an associate		(1,245,375)	(3,713,946)	-	-
Translation adjustment of an associate		(3,343,699)	25,314,703	-	-
		<u>1,344,932,779</u>	<u>100,556,975</u>	<u>1,137,415,696</u>	<u>20,140,667</u>
<i>Net other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods - net of income tax:</i>	37				
Actuarial gains (losses)		(3,549,279)	5,577,368	(9,852,770)	-
Actuarial losses of an associate		(2,202,766)	(331,525)	-	-
		<u>(5,752,045)</u>	<u>5,245,843</u>	<u>(9,852,770)</u>	<u>-</u>
Other comprehensive income for the year		<u>1,339,180,734</u>	<u>105,802,818</u>	<u>1,127,562,926</u>	<u>20,140,667</u>
Total comprehensive income for the year		<u>3,344,426,405</u>	<u>1,867,948,073</u>	<u>3,140,314,798</u>	<u>1,382,061,519</u>
Profit attributable to:					
Equity holders of the Company		2,054,514,899	1,815,184,805	<u>2,012,751,872</u>	<u>1,361,920,852</u>
Non-controlling interests of the subsidiaries		(49,269,228)	(53,039,550)		
		<u>2,005,245,671</u>	<u>1,762,145,255</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		3,390,229,305	1,922,856,308	<u>3,140,314,798</u>	<u>1,382,061,519</u>
Non-controlling interests of the subsidiaries		(45,802,900)	(54,908,235)		
		<u>3,344,426,405</u>	<u>1,867,948,073</u>		
Earnings per share	38				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>1.54</u>	<u>1.36</u>	<u>1.18</u>	<u>0.80</u>

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

Statement of Changes in Shareholders' Equity (Cont)

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements										Total shareholders' equity
	Other components of shareholders' equity										
	Retained earnings					Other comprehensive income					
	Appropriated		Treasury stock			Unrealised gains on available-for-sale securities	Unrealised gains (losses) on investments in loans	Total other components of shareholders' equity			
	Issued and paid-up share capital	Premium on ordinary shares	Statutory reserve	reserve	Unappropriated					Treasury stocks	
Balance as at 1 January 2015	1,886,291,000	1,276,037,500	200,000,000	2,805,280,611	7,119,700,717	1,972,175,935	1,015,644	1,973,191,579	(2,805,280,611)	12,455,220,796	
Profit for the year	-	-	-	-	1,361,920,852	-	-	-	-	1,361,920,852	
Other comprehensive income for the year	-	-	-	-	-	19,985,939	154,728	20,140,667	-	20,140,667	
Total comprehensive income for the year	-	-	-	-	1,361,920,852	19,985,939	154,728	20,140,667	-	1,382,061,519	
Dividend paid (Note 45)	-	-	-	-	(1,024,776,000)	-	-	-	-	(1,024,776,000)	
Balance as at 31 December 2015	1,886,291,000	1,276,037,500	200,000,000	2,805,280,611	7,456,845,569	1,992,161,874	1,170,372	1,993,332,246	(2,805,280,611)	12,812,506,315	
Balance as at 1 January 2016	1,886,291,000	1,276,037,500	200,000,000	2,805,280,611	7,456,845,569	1,992,161,874	1,170,372	1,993,332,246	(2,805,280,611)	12,812,506,315	
Profit for the year	-	-	-	-	2,012,751,872	-	-	-	-	2,012,751,872	
Other comprehensive income for the year	-	-	-	-	(9,852,770)	1,143,854,540	(6,438,844)	1,137,415,696	-	1,127,562,926	
Total comprehensive income for the year	-	-	-	-	2,002,899,102	1,143,854,540	(6,438,844)	1,137,415,696	-	3,140,314,798	
Reduction of paid-up share capital by writing off treasury stocks (Note 32)	(178,331,000)	-	-	-	(2,626,949,611)	-	-	-	2,805,280,611	-	
Reversal of appropriated retained earnings for treasury stocks (Note 32)	-	-	-	(2,805,280,611)	2,805,280,611	-	-	-	-	-	
Dividend paid (Note 45)	-	-	-	-	(1,127,253,600)	-	-	-	-	(1,127,253,600)	
Balance as at 31 December 2016	1,707,960,000	1,276,037,500	200,000,000	-	8,510,822,071	3,136,016,414	(5,268,472)	3,130,747,942	-	14,825,567,513	

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

Cash Flow Statement

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	2,386,950,514	2,136,360,606	2,074,345,675	1,461,912,646
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,122,078,531	1,152,621,606	427,845,402	435,952,602
Amortisation	16,688,124	12,083,672	11,467,288	7,108,016
Amortisation of underwriting fee	1,610,615	1,531,609	1,610,615	1,531,609
Amortisation of leasehold right and prepaid rental fee	784,874,765	785,218,945	756,914,544	756,914,544
Interest income and losses on investments in loans	1,421,716	425,371	1,421,716	425,371
Gains on sales of investments	(87,904,118)	-	(87,904,118)	-
Losses on sales of investments in subsidiaries	-	-	105,477,539	565,134
(Gains) losses on disposal of investment properties	509,544	860,853	(93,085)	(144,905)
(Gains) losses on disposal of property, plant and equipment	17,706,307	(2,171,055)	(373,369)	16,727
Gains on disposal of property foreclosed	-	(1,217,159)	-	-
Allowance for impairment of investments in subsidiaries (reversal)	-	-	(2,942,009)	(2,937,643)
Allowance for impairment of investments in other company (reversal)	(2,738,769)	2,738,769	(2,738,769)	2,738,769
Allowance for impairment loss on plant and equipment (reversal)	21,069,253	(1,409,000)	-	-
Allowance for impairment of intangible assets (reversal)	(2,046)	(2,040)	-	-
Allowance for impairment of property foreclosed	2,064,572	6,877,639	-	-
Losses on exchange	7,188,350	35,550,400	-	-
Allowance for doubtful accounts (reversal)	17,422,821	(15,620,951)	(131,693)	(2,157,702)
Allowance for diminution in value of inventories (reversal)	1,930,416	(6,165,303)	-	-
Income from rental deposits and revenue received in advance	(563,165,642)	(562,306,344)	(440,022,312)	(433,508,638)
Provision for long-term employee benefits	23,322,421	21,621,716	7,878,516	6,038,471
Interest income	(13,719,014)	(48,490,005)	(319,633,612)	(332,342,698)
Interest expenses	667,325,694	682,881,021	879,593,650	855,542,706
Dividend income	(381,827,900)	(266,197,639)	(1,651,066,940)	(954,412,002)
Share of profit from investments in associates and joint venture	(281,649,928)	(225,803,638)	-	-
Profit from operating activities before changes in operating assets and liabilities	3,741,156,226	3,709,389,073	1,761,649,038	1,803,243,007
Net movements in operating assets and liabilities (Note 39)	(2,636,475,779)	439,032,813	(404,748,314)	(219,123,586)
Cash flows from operating activities	1,104,680,447	4,148,421,886	1,356,900,724	1,584,119,421
Cash paid for employee benefits	(3,848,505)	(10,962,433)	(3,003,600)	(6,627,400)
Cash paid for corporate income tax	(514,134,512)	(446,026,999)	(189,746,160)	(247,721,439)
Net cash flows from operating activities	586,697,430	3,691,432,454	1,164,150,964	1,329,770,582

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

Cash Flow Statement (Cont)

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Cash payments for current investments	(1,273,798,956)	(6,183,389,478)	(1,273,772,316)	(6,106,771,308)
Cash receipts from sales of current investments	2,716,191,573	2,831,845,608	2,714,631,520	2,800,001,000
Cash payments for short-term loans to related companies	(7,452,000)	(5,000,000)	(4,149,743,730)	(3,341,700,000)
Cash receipts from short-term loans to related companies	9,000,325	111,205,155	763,345,928	4,456,605,155
Interest income	13,910,485	48,692,433	307,277,996	329,865,574
Cash payments for purchases of investments in loans	-	(1,733,534)	-	(1,733,534)
Cash receipts from investments in loans	4,056,897	2,116,677	4,056,897	2,116,677
Cash payments for purchases and increase in share capital of investments in subsidiaries	-	-	(9,000,000)	(35,520,000)
Cash payments for purchase investment in the subsidiary from non-controlling interest of the subsidiary	(17,573,440)	-	-	-
Cash receipts from sales of investments in subsidiaries	-	-	401,759,013	4,434,866
Cash receipts from non-controlling interest of the subsidiaries for increase in share capital of subsidiaries	-	9,091,000	-	-
Cash payments for purchases and increase in share capital of investments in an associate and joint venture	(39,000,211)	(136,216,189)	(39,000,211)	(25,401,436)
Cash receipts from share capital reduction of other companies	4,396,500	2,115	4,396,500	-
Dividend receipts from investments	538,926,560	395,659,639	1,651,066,940	954,412,002
Cash payments for purchases of property held for development	-	(11,313,380)	-	-
Cash receipts from sales of property, plant and equipment and investment properties	29,365,895	15,126,310	1,195,270	2,945,330
Cash payments for purchases of property, plant and equipment and investment properties	(927,949,105)	(978,780,036)	(603,369,517)	(286,939,593)
Cash receipts from sales of intangible assets	1,114,220	-	-	-
Cash payments for purchases of intangible assets	(36,949,249)	(18,951,179)	(28,640,887)	(13,789,858)
Cash payments for prepaid long-term lease	(1,928,787)	(2,280,471)	-	-
Net cash flows from (used in) investing activities	1,012,310,707	(3,923,925,330)	(255,796,597)	(1,261,475,125)

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

Cash Flow Statement (Cont)

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from financing activities				
Increase in bank overdrafts	87,842	45,258	-	-
Cash receipts from short-term loans from other company	5,559,105	32,000,000	5,559,105	-
Cash payments of short-term loans from other companies	(2,500,000)	(9,000,000)	-	-
Cash receipts from short-term loans from related companies	225,000,000	-	1,457,440,797	869,400,000
Cash payments of short-term loans from related companies	(77,000,000)	(42,000,000)	(717,153,441)	(413,100,000)
Cash receipts from short-term loans from financial institutions	16,457,500,000	11,184,000,000	13,263,000,000	8,969,000,000
Cash payments of short-term loans from financial institutions	(16,823,500,000)	(10,266,000,000)	(13,146,000,000)	(8,451,000,000)
Cash payments of liabilities under finance lease agreements	(301,925,230)	(284,835,200)	(301,925,230)	(284,835,200)
Interest paid	(378,880,816)	(391,841,302)	(575,421,842)	(564,502,986)
Dividend paid	(881,700,664)	(801,546,057)	(1,127,253,600)	(1,024,776,000)
Dividend paid to non-controlling interest of the subsidiaries	(33,612,460)	(12,173,614)	-	-
Cash receipts from long-term debentures	1,997,750,437	998,850,225	1,997,750,437	998,850,225
Cash payments of long-term debentures	(2,000,000,000)	-	(2,000,000,000)	-
Net cash flows from (used in) financing activities	(1,813,221,786)	407,499,310	(1,144,003,774)	99,036,039
Net increase (decrease) in cash and cash equivalents	(214,213,649)	175,006,434	(235,649,407)	167,331,496
Cash and cash equivalents at beginning of year	746,929,264	571,922,830	303,792,052	136,460,556
Cash and cash equivalents at the end of year	532,715,615	746,929,264	68,142,645	303,792,052

Supplemental cash flows information:

Operational cash flows from interest	1,311,539,972	1,097,184,086	4,777,859	5,264,553
Interest paid for property development for sale	(32,611,046)	(38,517,501)	-	-

Non-cash transactions:

Transfer of property foreclosed from receivable for loans settlement	49,700,000	14,000,000	-	-
Transfer from land held for development to property development for sale	116,498,294	-	-	-
Transfer from land held for development to investment properties	117,945,970	-	-	-
Transfer from investment properties to property development for sale	467,763,388	-	-	-

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

Notes to Consolidated Financial Statements

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2016

1. General information

MBK Public Company Limited (the “Company”) is a public company incorporated and domiciled in Thailand and listed on the Stock Exchange of Thailand. Its registered office is 8th Floor MBK Center Building, 444 Phayathai Road, Pathumwan, Bangkok 10330. The principal business operations of the Company and its subsidiaries (“the Group”) are summarised as follows:

- Shopping center business
- Hotel and tourism business
- Golf business
- Real estate business
- Food solution business
- Financial business
- Other business
- Supporting business

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of MBK Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
			%	%
Directly owned				
Siam Delice Company Limited	Shopping center and property for lease	Thailand	-	50.00
Glas Haus Ratchada Company Limited	Property for lease and real estate	Thailand	100.00	100.00
MBK Square Company Limited	Property for lease and management service	Thailand	99.99	99.99
MBK Smart Force Security Guard Company Limited (Formerly known as “MBK Smart Force Company Limited”)	Security service	Thailand	99.97	99.97
MBK Hotels and Resorts Company Limited	Hotel	Thailand	100.00	100.00
Supsinnthanee Company Limited	Hotel	Thailand	100.00	100.00
Lanta Land Development Company Limited	Hotel	Thailand	99.99	99.99
MBK Business Company Limited	Personnel management service	Thailand	99.99	99.99
MBK Hotels and Tourism Company Limited	Hotel management and travel	Thailand	99.99	99.99
Riverdale Golf and Country Club Company Limited	Golf course and real estate	Thailand	99.99	99.99
Patum Rice Mill and Granary Public Company Limited	Processing and packaging rice	Thailand	74.52	74.52
Primacy Elegance Investments Limited	Investment	British Virgin Island	100.00	100.00
MBK Premium Company Limited	Leasing and hire purchase	Thailand	100.00	100.00
T Leasing Company Limited	Motorcycle hire purchase	Thailand	99.99	99.99
X-Gen Premium Company Limited	Dormant	Thailand	99.99	99.99
MBK Center Company Limited	Car park rental	Thailand	99.99	99.99
MBK Asset Company Limited	Dormant	Thailand	99.99	99.99
MBK Shopping Center Company Limited	Investment	Thailand	99.99	99.99
MBK Training Center Company Limited	Training service to affiliates	Thailand	99.97	99.97
MBK Broker Company Limited	Life assurance and non-life insurance broker	Thailand	99.99	99.99
MBK Insurance Broker Company Limited	Dormant	Thailand	99.99	99.99
MBK Chiangmai Company Limited	Real estate	Thailand	99.97	99.97
MBK Service Solution Company Limited	Consulting service (Cessation since February 2016)	Thailand	99.99	99.99
MBK Real Estate Company Limited	Property management service	Thailand	99.97	99.97
MBK Enterprise Company Limited (Formerly known as “Mah Boonkrong Sirichai Enterprise Company Limited”)	Golf course and property for lease	Thailand	99.99	99.99

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
			%	%
Directly owned (continued)				
MBK Digital Company Limited	Dormant	Thailand	99.97	99.97
MBK Online Company Limited	Dormant	Thailand	99.97	99.97
MBK Club Company Limited	Recreation membership card	Thailand	99.99	99.99
Indirectly owned				
The Nine Center Company Limited	Shopping center, property for lease and real estate	Thailand	99.98	99.98
Paradise Park Company Limited*	Shopping center and property for lease	Thailand	65.36	65.36
Paradise Retail Company Limited**	Retail business in shopping center	Thailand	65.36	65.36
Siam Delice Company Limited***	Shopping center and property for lease	Thailand	65.36	-
Glas Haus Building Company Limited	Property for lease	Thailand	99.99	99.99
MBK Food and Entertainment Company Limited	Food center	Thailand	62.14	62.14
MBK Capital Company Limited	Land rental	Thailand	99.99	99.99
Absolute Travel Company Limited	Hotel	Thailand	99.99	99.99
MBK Leisure Company Limited	Dormant	Thailand	99.99	99.99
MBK Food Island Company Limited	Food center	Thailand	74.51	74.51
MBK Food System Company Limited	Restaurant (Cessation since November 2016)	Thailand	40.99	40.99
Tantara Gallery Company Limited	Dormant	Thailand	99.99	99.99
MBK Resort Public Company Limited	Golf course, hotel and real estate	Thailand	72.60	72.60
NASSET PROPERTY FUND1	Property fund (The Fund matured and dissolution on 31 August 2015)	Thailand	72.45	72.45
Phuket Loch Palm Golf Club Company Limited	Dormant	Thailand	72.60	72.60
PRG Granary Company Limited	Warehouse rental	Thailand	74.51	74.51
Ratchsima Rice Company Limited	Distribution and packaging rice and plant rental	Thailand	74.51	74.51
Sima Pac Company Limited	Factory building rental and distributor of rice (cessation of manufacturer and distributor of plastic bag business since August 2016)	Thailand	74.51	37.25
Innofood (Thailand) Company Limited	Distributor of rice and development of product from rice	Thailand	74.51	74.51
Plan Estate Company Limited	Real estate and property management service	Thailand	72.60	72.60

Company's name	Nature of business	Country of	Percentage of shareholding	
		incorporation	2016	2015
			%	%
Indirectly owned (continued)				
Crystal Lake Properties Company Limited	Real estate	Thailand	72.60	72.60
C L P Management Company Limited	Property management service	Thailand	72.60	72.60
Plan Appraisal Company Limited	Survey and appraisal services	Thailand	72.60	72.60
Lan Bangna Company Limited	Dormant	Thailand	72.60	72.60
MBK Guarantee Company Limited	Lending	Thailand	99.98	99.98
Kathu Land Company Limited	Dormant	Thailand	70.36	70.36
MBK Residence Company Limited	Real estate	Thailand	99.96	99.96
MBK Advance Company Limited	Dormant	Thailand	99.89	99.89
MBK Sukhumvit Company Limited	Real estate	Thailand	99.94	99.94
M G 3 Company Limited	Dormant	Thailand	99.97	99.97
M G 4 Company Limited	Dormant	Thailand	99.97	99.97
MBK Realty Company Limited	Real estate	Thailand	54.98	54.98
MBK Restaurant Group Company Limited	Restaurant	Thailand	62.14	62.14
T Consultant Company Limited	Dormant	Thailand	99.99	99.99
SCB Building Company Limited	Dormant	Thailand	99.70	99.70
MBK Bangyai Company Limited	Personnel management services	Thailand	99.99	99.99
M G 5 Company Limited	Dormant	Thailand	99.97	-
M G 6 Company Limited	Dormant	Thailand	99.97	-

* The Company has the indirect holding of 65.36% through MBK Shopping Center Company Limited of 50.00% and Siam Pivat Company Limited of 15.36%.

** The Company has the indirect holding of 65.36% through Paradise Park Company Limited.

*** The Company has the indirect holding of 65.36% and the indirect holding of 15.36% through Siam Pivat Company Limited, total direct and indirect holding of 65.36%.

During the year 2016, there were the following significant changes:

On 26 January 2016, the Extraordinary General Meeting of the shareholders of MBK Hotels and Tourism Company Limited, a subsidiary of the Company, passed a resolution granting approval for the subsidiary to increase its registered capital from Baht 5 million to Baht 10 million, through the issuance of 50,000 new ordinary shares with a par value of Baht 100 each, total amounting to Baht 5 million, and all share allocation to the Company. The Company paid in the called-up share subscription on 26 January 2016. The share capital increase of this subsidiary was registered with the Ministry of Commerce on 27 January 2016.

On 29 February 2016, the meeting of the Board of Directors of PRG Granary Company Limited, a subsidiary of the Group, passed a resolution granting approval for the company to acquired 250,000 ordinary shares of Sima Pac Company Limited, representing a 50 percent of its registered capital, from the other existing shareholders at 70.29 Baht per share, or for a total of approximately Baht 17.6 million. The Group's total proportion of shareholding in this company arose from 37.25 percent to 74.51 percent.

On 14 June 2016, MBK Smart Force Company Limited, a subsidiary of the Company, changed the name to "MBK Smart Force Security Guard Company Limited" and registered with the Ministry of Commerce to conform with the operations of the business.

On 20 July 2016, the Extraordinary General Meeting of the shareholders of Plan Appraisal Company Limited, a subsidiary of the Group, passed a resolution to approve the reduction of its registered capital from Baht 55 million to Baht 15 million, through the reduction 400,000 preference shares with a par value of 100 Baht each, total amounting to Baht 40 million, the subsidiary was registered with the Ministry of Commerce on 9 September 2016.

On 22 September 2016, the Extraordinary General Meeting of the shareholders of MBK Digital Company Limited, a subsidiary of the Company, passed a resolution granting approval for the subsidiary to increase its registered capital from Baht 1 million to Baht 5 million, through the issuance of 40,000 new ordinary shares with a par value of Baht 100 each, total amounting to Baht 4 million, and all share allocation to the Company. The Company paid in the called-up share subscription on 22 September 2016. The share capital increase of this subsidiary was registered with the Ministry of Commerce on 23 September 2016.

On 29 September 2016, the Extraordinary General Meeting of the shareholders of Sima Pac Company Limited, a subsidiary of the Group, passed a resolution granting approval to increase its registered capital from Baht 50 million to Baht 150 million, through the issuance of 1,000,000 new preference shares with a par value of Baht 100 each, totaling Baht 100 million, with all shares to be allocated to PRG Granary Company Limited, the shareholder of such company. PRG Granary Company Limited paid in the called-up share subscription on 19 October 2016 and the share capital increase was registered with the Ministry of Commerce on 20 October 2016.

On 19 October 2016, MBK Guarantee Company Limited, a subsidiary of the Group, established a new subsidiary company named M G 5 Company Limited, with registered share capital amounting to Baht 1 million. MBK Guarantee Company Limited holds 9,997 ordinary shares with par value of Baht 100 per share, representing holding of 99.97%.



On 20 October 2016, MBK Guarantee Company Limited, a subsidiary of the Group, established a new subsidiary company named M G 6 Company Limited, with registered share capital amounting to Baht 1 million. MBK Guarantee Company Limited holds 9,997 ordinary shares with par value of Baht 100 per share, representing holding of 99.97%.

On 1 December 2016, the Company sold all ordinary shares of Siam Delice Company Limited, a subsidiary of the Company, total 51 million shares (or equivalent to 50.00% of its registered capital) at Baht 7.88 each, for total amounting to approximately Baht 402 million to The Nine Center Company Limited, a subsidiary of the Company, to restructure of the shareholding in the Company's subsidiary. In this regard, the Company eliminated loss on sale of investment which is relevant to such related party transaction from the consolidated financial statements.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries and associates presented under the cost method.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

3.1 Financial reporting standards that became effective in the current year

During the year, the Group have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Group believes that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Group's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

a) Revenue from hotel and restaurant operations

Revenue from hotel and restaurant operations mainly comprises room sales, food and beverage sales and revenues from auxiliary activities, and is recognised when the services are completed.

b) Rental and service income related with real estate business

Rental and related services income from units in office buildings and shopping centers are recognised as revenue as time passes.

c) Sales

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

d) Service income

Service income is recognised when services have been rendered taking into account the stage of completion.

e) Revenues from sales of properties

The subsidiaries recognises revenues from sales of land and houses constructed, and sales of residential condominium units thereon when construction is completed and the significant risks and rewards of ownership have been transferred to the buyers, after receiving full payment.

For sales of land and houses to foreigners, since there are restrictions on land ownership by foreigners, the subsidiaries make legally enforceable agreements in the form of long-term lease contracts with customers with terms of 30 years and with options to renew the leases for a further 30 years or the maximum period permitted by law. The subsidiaries have no involvement with the management of or control over the land and houses sold, either directly or indirectly, and therefore record the revenues from such transactions as sales of properties in order to present the accounting transactions and events based on the substance and economic reality, not the legal form alone, in compliance with the principle of substance over form.

f) Hire purchase income

The subsidiaries recognise interest income under hire purchase contracts under the effective interest method and cease accruing interest income for hire purchase receivables on which payments have been defaulted for more than three months. The subsidiaries recognise income on an accrual basis until settlement of the overdue debt has been received.

g) Interest income

Interest income is recognised as income on an accrual basis based on the effective interest rate.

h) Dividend

Dividend is recognised as income when the right to receive the dividend is established.

4.2 Cash and cash equivalent

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade receivables and allowance for doubtful accounts

Trade receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is based on analysis of debtor aging, current status of receivables outstanding at the end of reporting period, and the likelihood of settlement of debt, on a specific account basis.

4.4 Hire purchase receivables and allowances for doubtful accounts

Hire purchase receivables are stated at the net realisable value of which comprise of contract value of the hire purchase receivables net of unearned income, and allowance for doubtful accounts.

The subsidiaries provide allowance for doubtful accounts at percentages of the outstanding balances of account receivable net of unearned interest income, based on the number of months overdue. For amounts no more than 3 months overdue, the subsidiaries set allowance for doubtful accounts based on the amount of debt remaining after deducting the value of collateral assets.



Any increase (decrease) in an allowance for doubtful accounts is recognised as an expense during the year. In addition, the subsidiaries written off receivables as bad debts when the relevant criteria under tax law are met, and the amount written-off is deducted from allowance for doubtful accounts. Bad debts recovery is recognised as income in profit or loss.

4.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost being determined by the weighted average or the first-in, first-out basis. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory. The cost of finished good comprises direct materials, direct labour, other direct costs and related production overhead, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimates of selling price in the ordinary course of business, less the costs of completion and selling expenses.

Inventories for development of commercial building for sales, which comprise land, building and equipment, are valued at the lower of cost and net realisable value. The cost is determined by the specific unit cost method.

Inventories for property development business are valued at the lower of cost and net realisable value. The costs of inventories are determined by the specific unit cost method. Property development costs are stated at cost less allowance for loss of projects. Costs comprise the acquisition costs of land, land development costs, the construction costs of infrastructure, borrowing cost capitalised to cost of projects and related other costs.

4.6 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in fair values of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income. The debt securities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).

- d) Investments in joint venture and associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries, joint venture and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable security is based on the latest bid price of the last working day of the year. The fair value of debt instrument is determined on based on the yield rate quoted by the Thai Bond Market Association. The fair value of unit trust is determined from unit trust's net asset value.

The Group use weighted average method for computation of the cost of investments.

In the event the Group reclassifies investments in securities, such investments are adjusted to their fair values as at the reclassification date. Differences between the carrying amounts of the investments and their fair values on that date are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment which is reclassified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.7 Investment properties

Investment properties are initially recorded of investment properties at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 - 40 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.8 Land held for development

Land held for development is presented at the cost less the allowance for loss on impairment of asset (if any).

4.9 Property, plant and equipment and depreciation

Land is stated at cost. Land improvement, building and building improvements, and equipment are stated at cost less accumulated depreciation and the allowance for impairment (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	5 - 20 years
Buildings and building improvements	5 - 30 years and 40 years
Machinery and equipment	5 - 20 years
Furniture, fixture and office equipment	3 - 10 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation has been provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.10 Leasehold right

a) Leasehold right to land

When a lessee enters into a land lease agreement, making payment to obtain the right to lease the land, or advance lease payment, or key money, under whatever name, the lessee recognises the amount paid as a prepaid rental expense and amortises it to expense over the lease term. This is because a characteristic of land is that it usually has an indefinite economic life and, if title is not expected to pass to the lessee by the end of the lease term, and the lessee does not receive substantially all of the risks and rewards incidental to ownership, the lease agreement is classified as an operating lease. The lessee need to review for impairment at the end of each reporting period, whenever there is indicator that the leasehold right may be impaired.

b) Leasehold right to building

Land lease agreement that requires the lessee to construct a building on the leased land and transfer ownership of this to the landowner when construction is completed or termination of contract, and which has a term shorter than the useful life of building, will have rental rate that are lower than market rate since a part of the rental is embedded in the construction expense paid by the lessee. The lessee is to separate the land and building elements based on the market rental rate, and if the lease term covers the majority of the economic life of the building, the entire lease is classified as a finance lease. The lessee recognises the entire lease as a fixed asset in amount equal to the cost of construction net of the allocation to land rental.

4.11 Goodwill

Goodwill is initially recorded at cost, which equal to the excess of the cost of business combination over the fair value of the net assets. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.12 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the profit or loss.

A summary of the useful lives of intangible assets with finite useful lives is as follows:

Computer software	3 - 10 years
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4.13 Property foreclosed

Property foreclosed comprises the property seized from overdue loan receivables. Property foreclosed is stated at the lower of cost (fair value at transfer for loan settlement date, providing this does not exceed the legally claimable amount of debt) or net realisable value, which is determined with reference to the market price/appraisal value less estimated selling expenses.

4.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.15 Treasury stock

Treasury stock, which is the Company's ordinary shares purchased by its subsidiaries, is carried at cost and presented as a deduction item from the total shareholders' equity. Gains and losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to "Premium on treasury stock" or deducted from "Retained earnings".

4.16 Leases - where the Group is the lessee

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets and or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables while the interest element of the finance cost is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease period.

Lease of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.17 Leases - where the Group is the lessor

Lease agreement under which the Group transfers the risks and rewards of ownership to the lessee, excluding legal ownership, is deemed finance lease. The Group recognised income from financial lease by using effective interest rate method over the lease term, except that payments that have been outstanding for 6 consecutive months are recognised as income on a cash basis.

Lease of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease receipt are recognised as income in profit or loss on a straight line basis over the lease term.

4.18 Related party transactions

Related parties comprise enterprises and individuals that control or are controlled by the Group, whether directly or indirectly, or which are under common control with the Group. They also include associated companies and individuals which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors and officers with authority in the planning and direction of the Group's operations.

4.19 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employee and the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.20 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.21 Income tax

Income tax comprised current tax and deferred tax, as follows:

Current tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At the end of each reporting period, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.22 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.23 Derivatives

a) Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

b) Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expense on an accrual basis.

c) Cross currency swap agreement

Payables and receivables arising from cross currency swap agreements are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in profit or loss.

4.24 Segment reporting

Business segment provides products or services that are subject to risks and returns that are different from those of other business segments.

Segment information is presented by business segment of the Group.

4.25 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.26 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that is appropriate in the circumstance and maximises the use of relevant observable input related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

4.27 Business combinations

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of equity investments

The Group treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Investment properties

In determining depreciation of investment properties, the management is required to make estimates of the useful lives and residual values of the investment properties and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review investment property for impairment on a periodical basis and record impairment loss in the period when it is determined that its recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Property, plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment loss when it is determined that its recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Business combinations

In determining the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries on the acquisition date, the Company's management exercised a degree of judgement in establishing fair values of the identifiable assets, liabilities and contingent liabilities, using valuation techniques and models which involve certain data, assumptions and estimates based on reports from independent appraisers. However, actual results could differ from the estimates.

Litigation

The Group has contingent liabilities as a result of litigation. The Group's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

In addition to nature of relationship between the Company and related companies except its associates as stated in Note 13, joint venture as stated in Note 14 and its subsidiaries as stated in Note 15 which are summarised as follows:

Company's name	Relationship
Thanachart Capital Public Company Limited and its subsidiaries	A major group of shareholders of the Company which holds ordinary shares representing for a total of 19.90% and related by the way of common directors.
Dusit Thani Public Company Limited	11.67% shareholding held by the Group and related by the way of common directors
Siam Piwat Holding Company Limited	A subsidiary of an associate of the Company
The ICONSIAM Residences Corporation Limited	49% shareholding held by a subsidiary of an associate of the Company
The ICONSIAM Superlux Residence Corporation Limited	49% shareholding held by a subsidiary of an associate of the Company
ICONSIAM Company Limited	51% shareholding held by a subsidiary of an associate of the Company

During the years, the Company and its subsidiaries had the significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and its subsidiaries and those related parties.

Transactions with related parties

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2016	2015	2016	2015	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Rental income	-	-	42	68	Market prices
Consulting fees	-	-	2	3	The same rates as the third parties
Dividend income	-	-	1,134	576	As declared
Guarantee income	-	-	1	1	0.5% per annum of loan guarantee amounts
Personnel expenses	-	-	125	156	115% of salary of hotel staff paid by a subsidiary for parent company
Hotel management fee	-	-	34	40	Contract price
Security expense	-	-	36	50	115% of the cost of security services paid by a subsidiary for parent company
Debt guarantee fee	-	-	-	3	1% of loan drawdown amounts
Interest income	-	-	314	281	MOR rate less a fix percentage
Interest expenses	-	-	194	156	MOR rate less a fix percentage
Sale of investment in a subsidiary	-	-	402	4	Agreed between the parties
Transactions with associated companies					
Shared service income	2	2	2	2	Market prices
Management fee	7	5	5	4	Contract price
Dividend income	-	-	157	129	As declared
Project management and sales commission income	4	4	-	-	The same rates as the third parties
Interest income	6	5	4	5	MOR rate less a fix percentage
Interest expenses	2	6	-	-	MOR rate less a fix percentage and fixed deposit of a local commercial bank per annum rate plus a fixed percentage
Transactions with related companies					
Rental income	202	192	85	109	Market prices
Dividend income	265	237	247	221	As declared
Project management and sales commission income	68	99	-	-	The same rates as the third parties
Hotel franchise fee	1	1	1	1	The same rates as the third parties
Insurance expenses	3	2	1	1	The same rates as the third parties
Purchases of investment in an associate	-	23	-	23	Contract price

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related companies are as follows:

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Note		2016	2015	2016	2015
Current investments - Available-for-sales securities					
8	Related companies	893	684	-	-
Trade and other receivables					
9	Subsidiaries	-	-	26	12
	Associated companies	5	6	1	1
	Related companies	35	24	-	-
	Total trade and other receivables	40	30	27	13
Other receivables - prepaid insurance premium					
9	Related companies	-	1	-	1
Short-term loans to related companies					
	Subsidiaries	-	-	7,996	4,609
	Associated companies	75	77	65	66
	Total short-term loans to related companies	75	77	8,061	4,675
Loan to customer - a related company					
	Related company	20	-	-	-
Long-term investments - available-for-sales securities					
16	Related companies	5,832	4,866	5,684	4,742
Trade and other payables					
24	Subsidiaries	-	-	60	43
	Associated companies	1	-	-	-
	Related companies	-	1	-	-
	Total trade and other payables	1	1	60	43
Short-term loans from related companies					
	Subsidiaries	-	-	4,164	3,424
	Associated companies	223	75	-	-
	Related persons	-	-	-	-
	Total short-term loans from related companies	223	75	4,164	3,424
Current liabilities - advance rental deposits and rental deposits					
25	Related companies	54	53	31	33
Advance rental and service deposits					
	Subsidiaries	-	-	366	389
Deposits					
	Subsidiaries	-	-	14	13
Long-term liabilities under finance lease agreements					
	Subsidiaries	-	-	25	32

Short-term loans to related companies are unsecured loans that are due at call, consisting of Baht loans bearing interest at the MOR of a local commercial bank less fixed percentages per annum and a US dollar loan bearing interest at a fixed rate per annum.

Short-term loans from related companies represent short-term loans for working capital and repayable at call. The loans bear interest at MOR of a local commercial bank per annum rate less a fixed percentage.

Liabilities under finance lease agreements represent financial lease liabilities for the lease motor vehicles from a subsidiary for 72 monthly installments. Interest rates are 5.62% - 6.40% per annum (2015: 5.62% - 6.40% per annum).

The movements on short-term loans to and short-term loans from related companies are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Balance as at	During the year		Balance as at
	31 December			31 December
	2015	Addition	Settlement	2016
Short-term loans to related companies				
Paemala Spa Company Limited	5	-	-	5
Lam Luk Ka Golf and Country Club Company Limited	9	-	(9)	-
Max Asset Management Company Limited	58	7	-	65
DMS Property Investment Private Limited	5	-	-	5
Total	77	7	(9)	75
Loan to customer - a related company				
PT Retail Corporation Limited	-	20	-	20
Total	-	20	-	20
Short-term loans from related companies				
Siam Piwat Holding Company Limited	75	40	(77)	38
Apple Auto Auction (Thailand) Company Limited	-	185	-	185
Total	75	225	(77)	223

(Unit: Million Baht)

Separate financial statements

	Balance as at 31 December 2015	During the year		Balance as at 31 December 2016
		Addition	Settlement	
Short-term loans to related companies				
Riverdale Golf and Country Club Company Limited	2,449	2,507	(120)	4,836
MBK Hotels and Resorts Company Limited	575	147	(348)	374
MBK Center Company Limited	-	2	(1)	1
T Leasing Company Limited	1,440	971	(185)	2,226
MBK Smart Force Security Guard Company Limited (Formerly known as "MBK Smart Force Company Limited")	-	1	(1)	-
Siam Delice Company Limited	-	40	(40)	-
MBK Shopping Center Company Limited	23	-	(23)	-
MBK Training Center Company Limited	2	-	(2)	-
MBK Enterprise Company Limited (Formerly known as "Mah Boonkrong Sirichai Enterprise Company Limited")	119	1	(35)	85
Lam Luk ka Golf and Country Club Company Limited	9	-	(9)	-
MBK Chiangmai Company Limited	-	474	-	474
Max Asset Management Company Limited	58	7	-	65
Total	4,675	4,150	(764)	8,061
Short-term loans from related companies				
Supsinthanee Company Limited	416	7	(6)	417
MBK Premium Company Limited	545	24	(26)	543
MBK Asset Company Limited	347	7	(9)	345
MBK Business Company Limited	606	88	(81)	613
Glas Haus Ratchada Company Limited	691	911	(455)	1,147
MBK Center Company Limited	1	1	(2)	-
Primacy Elegance Investments Limited	211	15	-	226
Lanta Land Development Company Limited	60	52	(34)	78
MBK Insurance Broker Company Limited	2	-	-	2
MBK Broker Company Limited	3	1	(2)	2
MBK Smart Force Security Guard Company Limited (Formerly known as "MBK Smart Force Company Limited")	7	7	(7)	7
MBK Chiangmai Company Limited	1	-	(1)	-
MBK Hotels and Tourism Company Limited	17	13	-	30
MBK Service Solution Company Limited	163	7	(12)	158
MBK Square Company Limited	61	10	(6)	65
X-Gen Premium Company Limited	59	3	-	62
MBK Training Center Company Limited	-	3	(2)	1
MBK Real Estate Company Limited	234	38	(72)	200
MBK Shopping Center Company Limited	-	74	(2)	72
MBK Club Company Limited	-	7	-	7
MBK Digital Company Limited	-	4	-	4
Apple Auto Auction (Thailand) Company Limited	-	185	-	185
Total	3,424	1,457	(717)	4,164

	Separate financial statements			
	Balance as at			Balance as at
	31 December	During the year		31 December
	2015	Addition	Settlement	2016
Long-term liabilities under finance lease agreements				
MBK Premium Company Limited	32	-	(7)	25

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Group had employee benefit expenses of its directors and management as below.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	91,444,617	88,368,264	65,296,235	64,978,589
Post-employment benefits	6,186,155	2,815,714	5,840,624	2,388,660
Total	97,630,772	91,183,978	71,136,859	67,367,249

Guarantee obligations with related parties

The Company entered into Corporate Guarantee Agreements for loans of its associates as described in Note 42.3.2. There were no guarantee fees because the loans were guaranteed by all shareholders based upon shareholding proportion.

The Company entered into Corporate Guarantee Agreements for debt commitments according to cross currency and interest rate swap agreement of its subsidiary, as discussed in Note 42.3.3. There were no guarantee fees because the agreements were guaranteed by all shareholders.

7. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash on hand	8,828,852	19,615,106	1,573,186	6,052,733
Cash at banks	393,886,763	727,314,158	66,569,459	297,739,319
Short-term investments with maturity not over 3 months	130,000,000	-	-	-
Cash and cash equivalents	532,715,615	746,929,264	68,142,645	303,792,052

As at 31 December 2016, bank deposits in savings accounts, fixed deposits and bills of exchange carried interests between 0.13 and 1.64 percent per annum (2015: between 0.10 and 1.60 percent per annum).

8. Current investments

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Fixed deposits with maturity over				
3 months	426,421	1,953,594	426,421	420,181
Available-for-sale securities				
Equity securities	2,710,123,383	4,059,981,209	2,258,465,137	3,608,322,963
Add: Unrealised gains (losses) on				
changes in values of investments	384,911,117	(316,437,759)	(95,172,637)	(583,111,413)
Fair values	3,095,034,500	3,743,543,450	2,163,292,500	3,025,211,550
Government bonds	100,000	100,000	-	-
Add: Surplus on investments	3,591	3,591	-	-
Amortised cost	103,591	103,591	-	-
Current investments	3,095,564,512	3,745,600,635	2,163,718,921	3,025,631,731

The movements on current investments during the years are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015
Book value at beginning of year	3,745,600,635	887,248,142	3,025,631,731	310,972,400
Increase in investments	1,273,798,956	6,183,389,478	1,273,772,316	6,106,771,308
Sales of investments	(2,716,191,573)	(2,831,845,608)	(2,714,631,520)	(2,800,001,000)
Changes in fair values of available-for-sale				
securities	792,356,494	(493,191,377)	578,946,394	(592,110,977)
Book value at the ending of year	3,095,564,512	3,745,600,635	2,163,718,921	3,025,631,731

9. Trade and other receivables

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	36,328,477	26,231,644	9,236,233	8,673,071
Past due				
Overdue 1 - 30 days	9,614	86,243	1,955,461	2,304,853
Overdue more than 30 - 60 days	429,858	156,498	409,602	-
Overdue more than 60 - 90 days	20,813	-	-	-
Overdue more than 90 days	20,000	18,760	626,516	488,984
Total trade receivables - related parties	36,808,762	26,493,145	12,227,812	11,466,908
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	150,654,702	699,795,735	14,455,819	13,111,781
Past due				
Overdue 1 - 30 days	61,676,032	72,910,093	29,088,308	29,875,907
Overdue more than 30 - 60 days	7,825,692	12,095,534	2,628,921	3,871,941
Overdue more than 60 - 90 days	1,482,647	3,587,420	346,424	1,388,442
Overdue more than 90 days	21,973,735	32,233,691	1,183,073	4,208,774
Total	243,612,808	820,622,473	47,702,545	52,456,845
Less: Allowance for doubtful account	(20,024,444)	(19,132,030)	(432,130)	(563,823)
Total trade receivables - unrelated parties, net	223,588,364	801,490,443	47,270,415	51,893,022
Total trade receivables - net	260,397,126	827,983,588	59,498,227	63,359,930
Other receivables - related parties				
Interest receivables	769,829	961,301	15,118,338	2,762,722
Prepaid expenses	37,640	234,362	-	185,902
Other receivables	2,648,000	3,465,895	-	-
Total other receivables - related parties	3,455,469	4,661,558	15,118,338	2,948,624
Other receivables - unrelated parties				
Advances	2,121,686	6,053,050	-	-
Interest receivables	7,531,547	8,342,989	-	-
Prepaid expenses	41,369,016	33,161,906	18,073,299	14,922,813
Other receivables	87,200,170	73,998,557	7,373,678	3,987,425
Other receivables - unrelated parties	138,222,419	121,556,502	25,446,977	18,910,238
Total other receivables	141,677,888	126,218,060	40,565,315	21,858,862
Total trade and other receivables - net	402,075,014	954,201,648	100,063,542	85,218,792

10. Loans to customers

10.1 Classified by loans to customers type

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loans	5,359,949,281	3,330,443,576	-	-
Installment receivables	9,682,022	15,435,323	573,786	1,670,736
Hire purchase receivables	3,987,154,179	3,064,483,038	-	-
Less: Deferred revenue	(997,904,197)	(783,632,840)	-	-
Total loans to customers	8,358,881,285	5,626,729,097	573,786	1,670,736
Less: Allowance for doubtful accounts	(103,461,017)	(86,930,610)	-	-
Total	8,255,420,268	5,539,798,487	573,786	1,670,736
Less: Current portion of loans to customers	(1,807,800,573)	(1,414,888,313)	(573,786)	(1,095,093)
Loans to customers - net of current portion	6,447,619,695	4,124,910,174	-	575,643

10.2 Classified by aging from the maturity date

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Not yet due or overdue less than 1 month	7,679,569,588	4,962,387,584	573,786	1,670,736
Overdue 1 - 3 months	434,550,707	531,566,887	-	-
Overdue more than 3 - 6 months	96,136,530	71,596,069	-	-
Overdue more than 6 - 12 months	105,580,512	43,465,951	-	-
Overdue more than 12 months	43,043,948	17,712,606	-	-
Total	8,358,881,285	5,626,729,097	573,786	1,670,736
Less: Allowance for doubtful accounts	(103,461,017)	(86,930,610)	-	-
	8,255,420,268	5,539,798,487	573,786	1,670,736

10.3 Loans and installment receivables

The Group has finance business segment which operated in lending business with secured short-term and long-term loans. Details are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loans	5,359,949,281	3,330,443,576	-	-
Installment receivables	9,682,022	15,435,323	573,786	1,670,736
Total Loans and installment receivables	5,369,631,303	3,345,878,899	573,786	1,670,736
Less: Allowance for doubtful accounts	(7,640,360)	(6,066,666)	-	-
Total	5,361,990,943	3,339,812,233	573,786	1,670,736
Less: Current portion	(353,143,981)	(246,527,569)	(573,786)	(1,095,093)
Net of current portion	5,008,846,962	3,093,284,664	-	575,643

Short-term and long-term loans to persons and companies secured by the pledged/mortgaged of assets specified in the loan agreements and carried interest at rates of a commercial bank. Long-term loans are mature between 2-30 years. As at 31 December 2016, the overdue loan over 3 months amounted approximately Baht 150 million (2015: Baht 54 million), however, no allowance for doubtful debts was required because the values of collateral of these loans were higher than the outstanding balances.

10.4 Hire purchase receivables

The average contract period of hire purchase receivables are 2 - 3 years with interest charged at the fixed rate as specified in the contracts. The remaining hire purchase receivables classified by due date are as follows:

(Unit: Baht)

	Consolidated financial statements			
	31 December 2016			
	Amounts due under the agreements			
	Less than 1 year	1 - 5 years	Non-performing loans ⁽³⁾	Total
Gross investment in the agreements	2,107,341,648	1,761,577,130	118,235,401	3,987,154,179
Unearned financial income ⁽¹⁾	(646,280,095)	(322,904,658)	(28,719,444)	(997,904,197)
Minimum payments over the hire purchase term	1,461,061,553	1,438,672,472	89,515,957	2,989,249,982
Less: Allowance for doubtful debts ⁽²⁾				(95,820,657)
Hire purchase receivables - net				2,893,429,325
Less: Current portion of hire purchase receivables				(1,454,656,592)
Hire purchase receivables - portion due more than 1 year				1,438,772,733

(Unit: Baht)

Consolidated financial statements				
31 December 2015				
Amounts due under the agreements				
	Less than 1 year	1 - 5 years	Non-performing loans ⁽³⁾	Total
Gross investment in the agreements	1,687,860,584	1,276,846,812	99,775,642	3,064,483,038
Unearned financial income ⁽¹⁾	(514,400,335)	(245,221,302)	(24,011,203)	(783,632,840)
Minimum payments over the hire purchase term	1,173,460,249	1,031,625,510	75,764,439	2,280,850,198
Less: Allowance for doubtful debts ⁽²⁾				(80,863,944)
Hire purchase receivables - net				2,199,986,254
Less: Current portion of hire purchase receivables				(1,168,360,744)
Hire purchase receivables - portion due more than 1 year				1,031,625,510

(1) After deduction of commission and deferred initial direct costs of hire-purchase

(2) Because the Group is unable to separate allowance for doubtful debts into that for the current portion (due within 1 year) and that for the long-term portion, all allowance for doubtful debts is presented as a deduction against the current portion of hire purchase receivables.

(3) Non-performing loans are loans that cease revenue recognition on the accrual basis, presenting the current portion of receivables.

Hire purchase receivables were classified by aging from the maturity date as stated in the contract as follows:

(Unit: Baht)

Consolidated financial statements		
	2016	2015
Not yet due or overdue less than 1 month	2,599,520,883	1,961,302,769
Overdue 1 - 3 months	300,313,403	243,782,989
Overdue more than 3 - 6 months	79,594,673	68,076,365
Overdue more than 6 - 12 months	7,740,741	7,133,718
Overdue more than 12 months	2,080,282	554,357
Total	2,989,249,982	2,280,850,198
Less: Allowance for doubtful accounts	(95,820,657)	(80,863,944)
Hire purchase receivables - net	2,893,429,325	2,199,986,254

11. Inventories

(Unit: Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Property development for sale	2,708,894,903	2,084,737,461	-	-	2,708,894,903	2,084,737,461
Finished goods	66,704,274	77,944,576	(503,902)	(614,271)	66,200,372	77,330,305
Raw materials	173,572,335	145,394,575	-	-	173,572,335	145,394,575
Supplies and equipment for operations	105,635,846	104,781,309	(2,471,785)	(431,000)	103,164,061	104,350,309
Food and beverage	14,595,676	14,882,336	-	-	14,595,676	14,882,336
Work in process	-	1,153,266	-	-	-	1,153,266
Total inventories	<u>3,069,403,034</u>	<u>2,428,893,523</u>	<u>(2,975,687)</u>	<u>(1,045,271)</u>	<u>3,066,427,347</u>	<u>2,427,848,252</u>

(Unit: Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Supplies and equipment for operations	33,028,400	33,652,322	-	-	33,028,400	33,652,322
Food and beverage	5,218,665	5,409,845	-	-	5,218,665	5,409,845
Total inventories	<u>38,247,065</u>	<u>39,062,167</u>	<u>-</u>	<u>-</u>	<u>38,247,065</u>	<u>39,062,167</u>

During the current year, the Group reduced cost of inventories by Baht 2.0 million (2015: Baht 0.3 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 0.1 million (2015: Baht 6.5 million), and reduced the amount of inventories recognised as expenses during the year.

During the current year, the Group capitalised borrowing costs of Baht 32.6 Million (2015: Baht 38.5 million) as a part of cost of real estate development projects for sales. The capitalisation rate is 3.53 - 4.27 percent per annum (2015: 5.37 - 5.47 percent per annum)

As at 31 December 2016, a subsidiary has pledged inventories of approximately Baht 229 million (2015: Baht 215 million) to secure a loan facility from a financial institution, as discussed in Note 23.

12. Other current assets

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deposit	15,079,857	19,541,251	4,524,192	11,014,030
Loan to cooperative	292,344	1,332,709	292,344	1,332,709
Value added tax refundable	54,033,361	27,574,653	7,467,594	9,668,964
Withholding deducted at source	38,793,487	41,938,910	-	-
Others	132,670,833	174,419,851	2,610,096	2,626,405
Other current assets	240,869,882	264,807,374	14,894,226	24,642,108

13. Investments in associates

13.1 Investments in associates as at 31 December 2016 and 2015 comprise the following:

	Nature of business	Country of incorporation	Shareholding percentage both directly and indirectly owned	
			2016	2015
			%	%
Listed company				
Royal Orchid Hotel (Thailand) Public Company Limited	Hotel	Thailand	29.86	29.86
Nonlisted companies				
Siam Piwat Company Limited	Shopping center and property for lease	Thailand	30.72	30.72
Max Asset Management Company Limited	Asset management	Thailand	16.56	16.56
Paemala Spa Company Limited	Property for lease	Thailand	25.00	25.00
Puen Pob Patt Company Limited	Dormant	Thailand	36.29	36.29
Apple Auto Auction (Thailand) Company Limited	Vehicle broker	Thailand	49.99	49.99
DMS Property Investment Private Limited	Hotel	Maldives	35.00	35.00
Lam Luk Ka Golf and Country Club Company Limited	Golf course	Thailand	45.32	44.62
MBK Life Assurance Public Company Limited (Formerly known as "Siam City Life Assurance Public Company Limited")	Life insurance	Thailand	49.00	49.00
MT service 2016 Company Limited	Back-office and business support	Thailand	49.00	-
TM Broker Company Limited	Non-life and life insurance agents including that of training service	Thailand	49.00	-

On 5 July 2016, the Company established a new associated company named MT Service 2016 Limited, with registered share capital amounting to Baht 50 million. The Company holds 2,449,998 ordinary shares with par value of Baht 10 per share, representing holding of 49.00%.

On 5 August 2016, Siam City Life Assurance Public Company Limited registered with the Ministry of Commerce for the change of its name to “MBK Life Assurance Public Company Limited”.

On 8 August 2016, the Company established a new associated company named TM Broker Company Limited, with registered share capital amounting to Baht 4 million. The Company holds 195,998 ordinary shares with par value of Baht 10 per share, representing holding of 49.00%. Subsequently, on 26 August 2016, the Extraordinary General Meeting of the shareholders of the associated company, passed a resolution granting approval to increase its registered capital from Baht 4 million to Baht 20 million. The Company paid in the called-up share subscription in the same proportion to its shareholding. The associated company registered its share capital increase with the Ministry of Commerce on 30 August 2016.

13.2 Share of comprehensive income and dividend received

(Unit: Baht)

	Consolidated financial statements					
	Cost		Carrying amount based on equity method		Share of profits (losses) from investments in associates during the years	
	2016	2015	2016	2015	2016	2015
Listed company						
Royal Orchid Hotel (Thailand) Public Company Limited	731,903,292	731,903,292	443,508,409	384,825,852	58,682,557	25,812,403
Nonlisted companies						
Siam Piwat Company Limited	947,012,157	947,012,157	1,673,042,246	1,669,168,403	124,785,843	164,143,563
Max Asset Management Company Limited	23,680,800	23,680,800	113,861,252	123,971,321	10,978,104	11,136,040
Paemala Spa Company Limited	1,250,000	1,250,000	-	-	-	-
Puen Pob Patt Company Limited	479,530	479,530	-	-	-	-
Apple Auto Auction (Thailand) Company Limited	45,000,000	45,000,000	118,902,139	103,333,953	33,284,498	31,996,528
DMS Property Investment Private Limited	408,482,628	408,482,628	444,871,803	433,345,815	15,705,610	25,779,002
Lam Luk Ka Golf and Country Club Company Limited	303,139,305	298,439,094	320,106,333	314,094,438	2,187,180	11,419,449
MBK Life Assurance Public Company Limited (Formerly known as “Siam City Life Assurance Public Company Limited”)	441,668,836	441,668,836	587,512,740	472,853,175	93,266,588	(12,030,670)
MT service 2016 Company Limited	24,500,000	-	15,062,333	-	(9,242,313)	-
TM Broker Company Limited	9,800,000	-	6,835,654	-	(2,922,515)	-
Investments in associates	<u>2,936,916,548</u>	<u>2,897,916,337</u>	<u>3,723,702,909</u>	<u>3,501,592,957</u>	<u>326,725,552</u>	<u>258,256,315</u>

(Unit: Baht)

	Separate financial statement			
	Cost		Dividend received for the years ended 31 December	
	2016	2015	2016	2015
Nonlisted companies				
Siam Piwat Company Limited	947,012,157	947,012,157	120,912,000	120,912,000
Max Asset Management Company Limited	23,680,800	23,680,800	19,536,660	-
Puen Pob Patt Company Limited	479,530	479,530	-	-
Apple Auto Auction (Thailand) Company Limited	45,000,000	45,000,000	16,650,000	8,550,000
Lam Luk Ka Golf and Country Club Company Limited	303,139,305	298,439,094	-	-
MBK Life Assurance Public Company Limited (Formerly known as "Siam City Life Assurance Public Company Limited")	441,668,836	441,668,836	-	-
MT service 2016 Company Limited	24,500,000	-	-	-
TM Broker Company Limited	9,800,000	-	-	-
Investments in associates	1,795,280,628	1,756,280,417	157,098,660	129,462,000
Less: Allowance for impairment	(479,530)	(479,530)		
Investments in associates - net	1,794,801,098	1,755,800,887		

The movements on investments in associates during the years are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	Equity method		Cost method	
	2016	2015	2016	2015
Book value at beginning of year	3,501,592,957	3,305,583,575	1,755,800,887	1,730,399,451
Increase in investments in associates	39,000,211	86,216,189	39,000,211	25,401,436
Share of profit from investments in associates	326,725,552	258,256,315	-	-
Dividend received from associates	(157,098,660)	(129,462,000)	-	-
Other changes in investments in associates	13,482,849	(19,001,122)	-	-
Book value at the ending of year	<u>3,723,702,909</u>	<u>3,501,592,957</u>	<u>1,794,801,098</u>	<u>1,755,800,887</u>

13.3 Fair value of investment in listed associated company

In respect of investment in an associated company that is a listed company on the Stock Exchange of Thailand, its fair value is as follows:

(Unit: Million Baht)

	Fair value as at 31 December	
	2016	2015
	<u>784</u>	<u>868</u>
Royal Orchid Hotel (Thailand) Public Company Limited		

13.4 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	Royal Orchid Hotel (Thailand) Public Company Limited and its subsidiaries		Siam Piwat Company Limited and its subsidiaries		DMS Property Investment Private Limited		MBK Life Assurance Public Company Limited (Formerly known as "Siam City Life Assurance Public Company Limited")	
	2016	2015	2016	2015	2016	2015	2016	2015
Current assets	436	255	3,597	3,017	143	167	11,015	11,037
Non-current assets	1,236	729	18,280	14,425	1,959	2,120	20	14
Current liabilities	(540)	(170)	(1,632)	(2,096)	(316)	(451)	(108)	(187)
Non-current liabilities	(81)	(49)	(13,178)	(9,191)	(515)	(599)	(9,607)	(9,697)
Net assets	1,051	765	7,067	6,155	1,271	1,237	1,320	1,167
Shareholding percentage (%)	29.86	29.86	30.72	30.72	35.00	35.00	49.00	49.00
Share of net assets	314	228	2,171	1,891	445	433	647	571
Cost of business acquisition higher (lower) than net book value	130	157	(560)	(287)	-	-	(59)	(98)
Goodwill	-	-	65	65	-	-	-	-
Carrying amounts of associates based on equity method	444	385	1,676	1,669	445	433	588	473

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December							
	Royal Orchid Hotel (Thailand) Public Company Limited and its subsidiaries		Siam Piwat Company Limited and its subsidiaries		DMS Property Investment Private Limited		MBK Life Assurance Public Company Limited (Formerly known as "Siam City Life Assurance Public Company Limited")	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	864	852	4,844	4,411	731	729	1,059	1,186
Profit (loss) for the year	106	83	461	531	44	75	122	(123)
Other comprehensive income	-	-	-	-	-	-	30	(75)
Total comprehensive income	106	83	461	531	44	75	152	(198)

13.5 Aggregate amount of share of comprehensive income from other associates (excluding associates named in Note 13.4)

	For the years ended 31 December	
	2016	2015
Share of comprehensive income:		
Loss from continuing operations	34	55
Total comprehensive income	34	55

14. Investment in joint venture

14.1 Detail of investment in joint venture:

Investment in joint venture represents investment in entity which is jointly controlled by the subsidiary and other company. Detail of this investment is as follows:

Joint ventures	Nature of business	Country of incorporation	Shareholding percentage	
			2016	2015
			%	%
Indirectly owned				
PT Retail Corporation Limited	Retail business in shopping center	Thailand	50.00	50.00

14.2 Share of comprehensive income

During the years, the Group recognised its share of comprehensive income from investments in the joint venture in the consolidated financial statements as follows:

(Unit: Baht)

Joint ventures	Consolidated financial statements					
	Cost		Carrying amounts based on equity method		Share of losses from investment in joint venture during the year ended	
	2016	2015	2016	2015	2016	2015
Indirectly owned						
PT Retail Corporation Limited	200,000,000	200,000,000	121,720,010	166,795,634	(45,075,624)	(32,452,677)
Total	200,000,000	200,000,000	121,720,010	166,795,634	(45,075,624)	(32,452,677)

PT Retail Corporation Limited

On 21 October 2014, Paradise Retail Company Limited, a subsidiary of the Group, established of a new company, named PT Retail Corporation Limited, under the joint venture agreement, dated 16 September 2014, with registered share capital 40 million shares with par value of Baht 10 per share, total amounting to Baht 400 million. The Company has the indirect holding of 32.67% of such company through Paradise Retail Company Limited. Paradise Retail Company Limited holds 20 million ordinary shares of such company with par value of Baht 10 per share, representing a 50 percent shareholding. During the year 2014, Paradise Retail Company Limited partially paid share capitals of Baht 7.50 per share, totaling amount Baht 150 million.

On 13 February 2015, PT Retail Corporation Limited paid in the called-up share according to the investment of a subsidiary, 25 percent of the shares of the company as a resolution of the Board of Directors' meeting. Which held partially paid share capitals of 20 million ordinary shares of such company with par value of Baht 2.50 per share, totaling amount Baht 50 million.

14.3 Summarised financial information about material joint venture

PT Retail Corporation Company Limited

Summarised financial information of joint venture

	(Unit: Million Baht)	
	2016	2015
Cash and cash equivalents	18	40
Trade and other receivables	1	2
Current assets	61	61
Non-current assets	252	280
Current liabilities	(40)	(40)
Non-current liabilities	(49)	(9)
Net assets	243	334
Shareholding percentage (%)	50.00	50.00
Share of net assets	122	167
Carrying amounts of joint venture based on equity method	122	167

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the years ended 31 December	
	2016	2015
Revenue	213	107
Cost of Sales	(170)	(85)
Selling and administrative expense	(99)	(71)
Depreciation and amortisation	(33)	(17)
Interest income	-	1
Loss	(89)	(65)

15. Investments in subsidiaries

15.1 Detail of investments in subsidiaries

Investments in subsidiaries as at 31 December 2016 and 2015 comprise the following:

	Paid-up capital		Shareholding percentage both directly and indirectly owned	
	2016	2015	2016	2015
	Thousand Baht	Thousand Baht	%	%
Listed company				
Patum Rice Mill and Granary Public Company Limited	600,000	600,000	74.52	74.52
Nonlisted companies				
Riverdale Golf and Country Club Company Limited	4,000,000	4,000,000	99.99	99.99
MBK Hotels and Resorts Company Limited	2,200,000	2,200,000	100.00	100.00
Glas Haus Ratchada Company Limited	1,083,500	1,083,500	100.00	100.00
MBK Business Company Limited	570,000	570,000	99.99	99.99
MBK Premium Company Limited	528,319	528,319	100.00	100.00
Supsinthanee Company Limited	505,325	505,325	100.00	100.00
MBK Asset Company Limited	300,000	300,000	99.99	99.99
Primacy Elegance Investments Limited	111	111	100.00	100.00
MBK Smart Force Security Guard Company Limited (Formerly known as "MBK Smart Force Company Limited")	1,000	1,000	99.97	99.97
MBK Center Company Limited	2,000	2,000	99.99	99.99
MBK Shopping Center Company Limited	300,000	300,000	99.99	99.99
MBK Square Company Limited	100,000	100,000	99.99	99.99
MBK Hotels & Tourism Company Limited	10,000	5,000	99.99	99.99
T Leasing Company Limited	500,000	500,000	99.99	99.99
X-Gen Premium Company Limited	90,000	90,000	99.99	99.99
Siam Delice Company Limited	-	1,020,000	-	65.36
Lanta Land Development Company Limited	340,000	340,000	99.99	99.99
MBK Training Center Company Limited	3,000	3,000	99.97	99.97
MBK Insurance Broker Company Limited	2,000	2,000	99.99	99.99
MBK Broker Company Limited	4,000	4,000	99.99	99.99
MBK Chiangmai Company Limited	1,000	1,000	99.97	99.97
MBK Service Solution Company Limited	150,000	150,000	99.99	99.99
MBK Real Estate Company Limited	1,000,000	1,000,000	99.97	99.97
MBK Enterprise Company Limited (Formerly known as "Mah Boonkrong Sirichai Enterprise Company Limited")	1,350,000	1,350,000	99.99	99.99
MBK Digital Company Limited	5,000	1,000	99.97	99.97
MBK Online Company Limited	1,000	1,000	99.97	99.97
MBK Club Company Limited	5,000	5,000	99.99	99.99

The details of investments in subsidiaries are presented in separate financial statements, are as follows:

	(Unit: Baht)			
	Cost		Dividend received for the years ended	
	2016	2015	2016	2015
Listed company				
Patum Rice Mill and Granary Public Company Limited	422,235,195	422,235,195	250,393,360	223,565,500
Nonlisted companies				
Riverdale Golf and Country Club Company Limited	3,999,992,100	3,999,992,100	119,999,760	188,999,622
MBK Hotels and Resorts Company Limited	2,200,000,000	2,200,000,000	6,600,000	55,000,000
Glas Haus Ratchada Company Limited	1,000,015,000	1,000,015,000	365,681,250	-
MBK Business Company Limited	570,000,000	570,000,000	41,250,000	41,250,000
MBK Premium Company Limited	528,319,300	528,319,300	28,000,000	25,000,000
Supsinnthanee Company Limited	500,005,325	500,005,325	3,500,000	2,500,000
MBK Asset Company Limited	300,000,000	300,000,000	15,000,000	19,500,000
Primacy Elegance Investments Limited	110,900	110,900	-	-
MBK Smart Force Security Guard Company Limited (Formerly known as "MBK Smart Force Company Limited")	1,344,939	1,344,939	3,350,000	3,500,000
MBK Center Company Limited	2,000,000	2,000,000	-	-
MBK Shopping Center Company Limited	300,000,000	300,000,000	2,700,000	1,500,000
MBK Square Company Limited	100,000,000	100,000,000	7,000,000	5,000,000
MBK Hotels & Tourism Company Limited	10,000,000	5,000,000	-	-
T Leasing Company Limited	533,000,000	533,000,000	262,500,000	-
X-Gen Premium Company Limited	90,000,000	90,000,000	-	-
Siam Delice Company Limited	-	507,236,552	-	-
Lanta Land Development Company Limited	420,101,235	420,101,235	-	-
MBK Training Center Company Limited	3,000,000	3,000,000	1,500,000	1,000,000
MBK Insurance Broker Company Limited	2,000,000	2,000,000	-	-
MBK Broker Company Limited	4,000,000	4,000,000	2,400,000	2,400,000
MBK Chiangmai Company Limited	1,000,000	1,000,000	-	-
MBK Service Solution Company Limited	150,000,000	150,000,000	13,500,000	6,450,000
MBK Real Estate Company Limited	1,000,000,000	1,000,000,000	10,989,000	700,000
MBK Enterprise Company Limited (Formerly known as "Mah Boonkrong Sirichai Enterprise Company Limited")	1,270,800,000	1,270,800,000	-	-
MBK Digital Company Limited	5,000,000	1,000,000	-	-
MBK Online Company Limited	1,000,000	1,000,000	-	-
MBK Club Company Limited	5,000,000	5,000,000	-	-
Investments in subsidiaries	13,418,923,994	13,917,160,546	1,134,363,370	576,365,122
Less: Allowance for impairment	(26,666,954)	(29,608,963)		
Investments in subsidiaries, net	13,392,257,040	13,887,551,583		

The movements on investments in subsidiaries in the separate financial statements during the years are as follows:

(Unit: Baht)

	Separate financial statements	
	Cost method	
	2016	2015
Book value at beginning of year	13,887,551,583	13,854,093,940
Increase in investments in subsidiaries	9,000,000	35,520,000
Sales of investments in subsidiaries	(507,236,552)	(5,000,000)
Reversal impairment of investments	2,942,009	2,937,643
Book value at the end of year	13,392,257,040	13,887,551,583

MBK Enterprise Company Limited

(Formerly known as “Mah Boonkrong Sirichai Enterprise Company Limited”)

On 5 October 2009, the Company has also made an agreement to sell or to buy the shares of MBK Enterprise Company Limited, whereby the former shareholders are able to buy back the shares at the prices set in the agreement by 30 September 2014. In the later time of period, there were several further extensions to buy back periods until 29 December 2015 the former shareholders could not buy back the shares within the agreed periods. The golf course belong to the Company from 30 December 2015. The Company is able to exercise control and entitled to derive economic benefit from use of assets and received all of the ordinary shares in MBK Enterprise Company Limited, acquiring 800,000 ordinary shares at a price of Baht 1,552.85 per share, for a total of Baht 1,242.28 million representing 99.99% holding by the debt conversion as noted in the share purchase agreement. The Company is able to exercise control over the financial and operating policies of this company, therefore the Company classified such company as a subsidiary.

The Company's management completed measurement of the fair value of identifiable assets acquired and liabilities assumed at the acquisition date in the year 2015, which is within the period of one year from the acquisition date allowed by Thai Financial Reporting Standard 3 Business Combinations. During the measurement period, the Company obtained further information on the fair value of some of the assets and liabilities and has retrospectively adjusted the provisional amount recognised at the acquisition date. As a result of the adjustments, investment properties increased by approximately Baht 23.7 million, property, plant and equipment increased by approximately Baht 804.6 million.

Details of the fair and book values of identifiable assets and liabilities of MBK Enterprise Company Limited as at 29 December 2014 were as follows.

	(Unit: Thousand Baht)	
	Fair value	Book value
Assets		
Cash and cash equivalents	2,748	2,748
Other receivables	10	10
Inventories	1,430	1,430
Other current assets	17	17
Investment properties - net	229,138	205,478
Property, plant and equipment - net	1,024,926	220,368
Total assets	1,258,269	430,051
Liabilities		
Trade and other payables	(15,132)	(15,132)
Other current liabilities	(857)	(857)
Total liabilities	(15,989)	(15,989)
Net assets value	1,242,280	414,062

The results of operations of MBK Enterprise Company Limited For the year ended 31 December 2016 and 2015 were detailed below.

	(Unit: Thousand Baht)	
	2016	2015
Service income	117,133	113,312
Other income	2,817	2,913
Cost of service	(49,240)	(33,829)
Selling expenses	(2,358)	(45)
Administrative expenses	(41,382)	(51,101)
Finance costs	(5,034)	(17,155)
Profit for the year	21,936	14,095

Detail of acquisition was as follows:

	(Unit: Thousand Baht)
Debt-to-equity conversion	1,242,280
Less: Cash and cash equivalents of the subsidiary at the acquisition date	(2,748)
Net cash paid for purchase of investment in the subsidiary	1,239,532

15.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the years		Dividend paid to non-controlling interests during the years	
	2016	2015	2016	2015	2016	2015	2016	2015
	(%)	(%)						
Listed company								
Patum Rice Mill and Granary Public Company Limited and its subsidiaries	25.48	25.48	406.44	446.52	(22.67)	(5.58)	(1.65)	(0.29)
Nonlisted companies								
MBK Resort Public Company Limited and its subsidiaries	27.40	27.40	316.00	324.21	2.62	8.06	(10.96)	(11.89)
Paradise Park Company Limited and its subsidiaries	34.64	34.64	718.59	727.68	10.50	(7.57)	(21.00)	-
Siam Delice Company Limited	34.64	34.64	428.52	458.37	(29.85)	(36.20)	-	-
MBK Realty Company Limited	45.02	45.02	18.64	28.33	(9.82)	(11.70)	-	-

15.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

Company's name	Patum Rice Mill and Granary Public Company Limited and its subsidiaries				MBK Resort Public Company Limited and its subsidiaries		Paradise Park Company Limited and its subsidiaries		Siam Delice Company Limited		MBK Realty Company Limited	
	2016		2015		2016	2015	2016	2015	2016	2015	2016	2015
	(Unit: Million Baht)											
Current assets	475.25	1,037.23	538.12	673.32	207.88	168.69	69.02	95.73	240.30	289.87		
Non-current assets	1,700.70	1,772.94	907.09	953.72	984.79	1,122.77	943.91	998.03	75.22	20.69		
Current liabilities	650.41	1,244.94	543.23	695.72	122.19	294.11	173.37	164.39	249.29	233.72		
Non-current liabilities	18.32	16.75	24.81	32.07	293.40	295.80	43.86	47.24	0.46	0.65		

Summarised information about comprehensive income

For the years ended 31 December												(Unit: Million Baht)							
Company's name	Patum Rice Mill and Granary Public Company Limited and its subsidiaries				MBK Resort Public Company Limited and its subsidiaries		Paradise Park Company Limited and its subsidiaries		Siam Delice Company Limited		MBK Realty Company Limited								
	2016		2015		2016	2015	2016	2015	2016	2015	2016	2015							
Revenue	2,219.90		2,899.10		447.41		662.15		781.17		787.92		45.21		37.67		66.33		12.90
Profit (loss) for the year	319.87		313.08		17.46		60.11		114.72		67.94		(86.43)		(104.95)		(10.70)		(14.61)
Other comprehensive income	4.10		(202.29)		0.46		-		2.81		-		-		-		0.28		-
Total comprehensive income	323.97		110.79		17.92		60.11		117.53		67.94		(86.43)		(104.95)		(10.42)		(14.61)

Summarised information about cash flow

Company's name	For the years ended 31 December								(Unit: Million Baht)		
	Patum Rice Mill and Granary Public Company Limited and its subsidiaries		MBK Resort Public Company Limited and its subsidiaries		Paradise Park Company Limited and its subsidiaries		Siam Delice Company Limited			MBK Realty Company Limited	
	2016	2015	2016	2015	2016	2015	2016	2015		2016	2015
Cash flow from operating activities	564.73	(406.41)	141.51	145.48	329.69	258.14	(14.34)	(140.75)	(22.86)	(212.51)	
Cash flow from investing activities	283.34	221.97	(4.91)	(70.52)	(1.92)	(124.44)	(28.10)	60.30	(0.14)	(4.11)	
Cash flow from financing activities	(843.10)	160.46	(167.86)	(97.05)	(212.00)	(156.00)	23.00	53.00	16.00	224.00	
Net increase (decrease) in cash and cash equivalents	4.97	(23.98)	(31.26)	(22.09)	115.77	(22.30)	(19.44)	(27.45)	(7.00)	7.38	

16. Other long-term investments

Other long-term investments as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Long-term investment - related companies	5,831,655,000	4,865,975,600	5,683,755,000	4,741,875,600
Investments in loans	30,553,814	44,080,983	30,553,814	44,080,984
Investments in other companies	477,994,865	485,494,866	3,288,986	10,788,986
Total	6,340,203,679	5,395,551,449	5,717,597,800	4,796,745,570
Less: Allowance for impairment	(5,150,000)	(7,888,769)	-	(2,738,769)
Other long-term investments	6,335,053,679	5,387,662,680	5,717,597,800	4,794,006,801

16.1 Long-term investments - related companies

Long-term investments - related companies as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Available-for-sale securities				
Equity securities	1,825,322,736	1,825,322,736	1,668,561,845	1,668,561,845
Add: Unrealised gain on changes in values of investments	4,006,332,264	3,040,652,864	4,015,193,155	3,073,313,755
Fair value	5,831,655,000	4,865,975,600	5,683,755,000	4,741,875,600
Long-term investments - related companies	5,831,655,000	4,865,975,600	5,683,755,000	4,741,875,600

The movements on long-term investments - related companies during the years are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Book value at the beginning of year	4,865,975,600	4,232,732,200	4,741,875,600	4,124,782,200
Changes in fair values of available-for- sale securities	965,679,400	633,243,400	941,879,400	617,093,400
Book value at the ending of year	5,831,655,000	4,865,975,600	5,683,755,000	4,741,875,600

16.2 Investment in other company

M G 1 Company Limited

Investment in other company of Baht 466 million in the consolidated financial statements as of 30 September 2016 and 31 December 2015, is an investment in the ordinary shares (100%) of M G 1 Company Limited ("MG1") which is held by another subsidiary, MBK Guarantee Company Limited ("MBK-G"). The Company has obligations in respect of this investment under the agreement to purchase and to sell.

On 20 December 2013, MBK Guarantee Company Limited entered into an agreement to sell and to purchase shares, whereby it grants an option to purchase shares of M G 1 Company Limited to unrelated parties, for a period of 2 years from the agreement date, at the net book value of the investment plus future interest and some additional expenses. In addition, on 15 December 2015, the unrelated parties sent a letter to MBK-G requesting an extension of the agreement for a period of 1 year, and paid an extension fee of Baht 5 million. On 14 March 2016, MBK-G received an additional amount of Baht 15 million, bringing total receipts to Baht 20 million. Subsequently on 13 May 2016, MBK-G extended the agreement to 30 December 2016 and the company is currently in the process of negotiating a further extension of this period. MBK-G has certain commitments under the agreement, including an undertaking not to sell, transfer, or allow creation of lien over any assets in MG1. As a result of this, MBK-G does not have control over MG1, and therefore reclassified the investment in MG1 from "investment in subsidiary" to "investment in other company" in the consolidated financial statements.

Assets and liabilities of MG1 as at 31 December 2016 and 2015 are as follows:

	(Unit: Million Baht)	
	2016	2015
Assets		
Loans to a related company	20	23
Investment properties - net	440	441
Other assets	1	1
Total assets	461	465
Liabilities		
Other payables and other current liabilities	(1)	(1)
Total liabilities	(1)	(1)
Net assets value	460	464

17. Investment properties

The net book values of investment properties as at 31 December 2016 and 2015 are presented below.

	Consolidated financial statements					(Unit: Baht)
	Land awaiting sales	Land and land improvement for rent	Building for rent	Assets under financial lease	Construction in progress	Total
As at 31 December 2016						
Cost	513,068,517	967,855,551	9,626,620,261	5,606,038,602	115,746,572	16,829,329,503
Less: Accumulated depreciation	-	(20,312,337)	(5,734,269,220)	(1,034,781,328)	-	(6,789,362,885)
Less: Allowance for impairment	-	-	(29,433,885)	-	-	(29,433,885)
Net book value	513,068,517	947,543,214	3,862,917,156	4,571,257,274	115,746,572	10,010,532,733
As at 31 December 2015						
Cost	490,839,788	1,367,856,499	9,094,410,709	5,606,038,602	198,270,017	16,757,415,615
Less: Accumulated depreciation	-	(16,033,886)	(5,312,248,820)	(754,479,388)	-	(6,082,762,094)
Less: Allowance for impairment	-	-	(29,967,225)	-	-	(29,967,225)
Net book value	490,839,788	1,351,822,613	3,752,194,664	4,851,559,214	198,270,017	10,644,686,296

(Unit: Baht)

Separate financial statements

	Land awaiting sales	Building for rent	Assets under financial lease	Construction in progress	Total
As at 31 December 2016					
Cost	476,000	3,303,097,093	5,606,038,602	111,057,764	9,020,669,459
Less: Accumulated depreciation	-	(2,607,180,373)	(1,034,781,328)	-	(3,641,961,701)
Net book value	476,000	695,916,720	4,571,257,274	111,057,764	5,378,707,758
As at 31 December 2015					
Cost	476,000	2,816,598,760	5,606,038,602	184,822,156	8,607,935,518
Less: Accumulated depreciation	-	(2,574,247,666)	(754,479,388)	-	(3,328,727,054)
Net book value	476,000	242,351,094	4,851,559,214	184,822,156	5,279,208,464

Reconciliations of net book values of investment properties for the years ended 31 December 2016 and 2015 are presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	10,644,686,296	11,048,729,063	5,279,208,464	5,398,196,581
Acquisition of assets	564,878,429	508,041,433	489,195,204	205,100,590
Disposals - net book value	(1,691,837)	(2,832,553)	(10)	(5)
Reclassification	(487,007,171)	(207,357,119)	(69,465,310)	(14,336,571)
Depreciation charged	(710,332,984)	(701,894,528)	(320,230,590)	(309,752,131)
Net book value at end of year	<u>10,010,532,733</u>	<u>10,644,686,296</u>	<u>5,378,707,758</u>	<u>5,279,208,464</u>

The fair values of the investment properties, including leasehold rights as at 31 December 2016 and 2015 are stated below:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Land awaiting sales	927,466,188	850,125,383	544,000	544,000
Land and land improvement for rent	1,362,548,011	2,044,208,011	-	-
Building for rent	4,941,812,997	4,781,566,085	1,394,735,444	992,000,000
Assets under financial lease	4,571,257,274	4,851,559,214	4,571,257,274	4,851,559,214

The fair values of the above investment properties have been determined based on valuation performed by an independent valuer. The fair value of the land awaiting sale and land/land improvement for rent have mainly been determined based on market approach, while that of the building for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in rental rates.

18. Land held for development

Land held for development as at 31 December 2016 and 2015 comprises land of the following companies.

	(Unit: Baht)	
	Consolidated financial statements	
	2016	2015
Riverdale Golf and Country Club Company Limited	350,927,852	509,069,293
The Nine Center Company Limited	-	104,829,068
MBK Resort Public Company Limited	95,333,453	107,609,701
Plan Estate Company Limited	19,376,604	19,376,604
MBK Residence Company Limited	-	13,116,901
MBK Realty Company Limited	53,919,394	-
	<u>519,557,303</u>	<u>754,001,567</u>

Reconciliations of the net book values of land held for development for the years ended 31 December 2016 and 2015 are presented below.

	(Unit: Baht)	
	Consolidated financial statements	
	2016	2015
Net book value at beginning of year	754,001,567	646,226,866
Acquisition of assets	-	11,313,380
Reclassification	(234,444,264)	96,461,321
Net book value at end of year	<u>519,557,303</u>	<u>754,001,567</u>

During the year 2016, the Group transferred land held for development which book value is Baht 116.5 million (2015: Baht 43.3 million) to inventories, amounting to Baht 117.9 million to investment properties.

19. Property, plant and equipment

	Consolidated financial statements						(Unit: Baht)	
	Furniture, fixture and office equipment							
	Land and land improvement	Buildings and building improvements	Assets under financial lease	Machinery and equipment	Motor vehicles	Construction in progress		Total
Cost								
1 January 2015	2,858,178,994	3,106,906,326	657,691,681	875,967,864	1,706,134,163	118,114,362	60,620,129	9,383,613,519
Acquisitions	95,757,497	14,574,785	460,100	52,342,058	61,757,844	34,448,317	66,592,942	325,933,543
Disposals	(22,450)	(22,450)	(460,100)	(23,045,807)	(50,052,602)	(19,605,294)	(1,463,214)	(94,671,917)
Transfers	26,153,636	15,832,716	-	14,232,922	10,334,897	-	(66,554,171)	-
Reclassification	10,023,086	1,437,355	-	11,903,371	436,760	(320,718)	(7,352,476)	16,127,378
31 December 2015	2,990,090,763	3,138,728,732	657,691,681	931,400,408	1,728,611,062	132,636,667	51,843,210	9,631,002,523
Acquisitions	29,937,540	63,423,509	-	64,885,209	123,874,479	27,685,517	45,951,935	355,758,189
Disposals	(3,283,490)	(9,599,501)	-	(99,846,418)	(34,083,352)	(17,277,239)	-	(164,090,000)
Transfers	141,545	48,137,180	-	3,388,818	21,839,596	1,083,333	(74,590,472)	-
Reclassification	-	(8,967,081)	-	63,334,069	7,422,948	-	(1,923,906)	59,866,030
31 December 2016	3,016,886,358	3,231,722,839	657,691,681	963,162,086	1,847,664,733	144,128,278	21,280,767	9,882,536,742

	Consolidated financial statements						(Unit: Baht)	
	Land and land improvement	Buildings and building improvements	Assets under financial lease	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles		
							Construction in progress	Total
Accumulated depreciation								
1 January 2015	427,288,022	1,994,684,011	55,629,755	572,798,525	1,388,610,384	75,207,978	-	4,514,218,675
Depreciation for the year	77,620,089	117,741,179	32,950,604	79,047,671	130,154,758	13,212,777	-	450,727,078
Depreciation - transfer to property development	-	765,660	-	467,254	(4,293)	-	-	1,228,621
Accumulated depreciation on disposals	(21,796)	-	(1,462,208)	(19,398,531)	(46,772,096)	(16,033,731)	-	(83,688,362)
Reclassification	4,720	3,209,079	6,002	(1,823,974)	914,290	(278,972)	-	2,031,145
31 December 2015	504,891,035	2,116,399,929	87,124,153	631,090,945	1,472,903,043	72,108,052	-	4,884,517,157
Depreciation for the year	81,088,193	110,744,015	32,884,584	70,876,434	99,420,163	16,732,158	-	411,745,547
Depreciation - transfer to property development	-	(122,041)	-	105,810	-	-	-	(16,231)
Accumulated depreciation on disposals	(682,702)	(5,550,127)	-	(69,830,890)	(31,618,143)	(10,518,229)	-	(118,200,091)
Reclassification	-	(7,718,298)	1,390,186	353,916	(1,386,028)	-	-	(7,360,224)
31 December 2016	585,296,526	2,213,753,478	121,398,923	632,596,215	1,539,319,035	78,321,981	-	5,170,686,158
Allowance for impairment of asset								
1 January 2015	10,558,231	104,066,654	-	800,000	108,136	-	1,409,000	116,942,021
Allowance for impairment during the year (Reversal)	-	-	-	-	-	-	(1,409,000)	(1,409,000)
Reclassification	-	304,254	-	-	-	-	-	304,254
31 December 2015	10,558,231	104,370,908	-	800,000	108,136	-	-	115,837,275
Allowance for impairment during the year (Reversal)	2,532,238	(304,254)	-	18,626,355	214,914	-	-	21,069,253
Reclassification	-	837,593	-	-	-	-	-	837,593
31 December 2016	13,090,469	104,904,247	-	19,426,355	323,050	-	-	137,744,121

(Unit: Baht)

	Consolidated financial statements						Total
	Land and land improvement	Buildings and building improvements	Assets under financial lease	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	
Net book value							
31 December 2015	2,474,641,497	917,957,895	570,567,528	299,509,463	255,599,883	60,528,615	4,630,648,091
31 December 2016	2,418,499,363	913,065,114	536,292,758	311,139,516	308,022,648	65,806,297	4,574,106,463
Depreciation for the year							
2015 (Baht 377 million include in costs of sales costs of service and rental, and the remaining balance included in selling and administrative expense)							450,727,078
2016 (Baht 353 million include in costs of sales costs of service and rental, and the remaining balance included in selling and administrative expense)							411,745,547

	Separate financial statements						(Unit: Baht)
	Building	Assets under financial lease	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Construction in progress	
Cost							
1 January 2015	1,042,731,187	657,691,681	261,986,306	1,001,780,315	29,296,045	9,016,478	3,002,502,012
Acquisition	-	-	19,307,552	23,800,576	26,302,601	445,578	69,856,307
Disposal	-	-	(4,842,706)	(8,087,906)	(10,425,510)	(27,770)	(23,383,892)
Transfer	-	-	-	8,994,588	-	(8,994,588)	-
Reclassification	-	-	13,117,416	1,038,244	-	(439,698)	13,715,962
31 December 2015	1,042,731,187	657,691,681	289,568,568	1,027,525,817	45,173,136	-	3,062,690,389
Acquisition	-	-	43,376,942	63,862,727	-	9,893,699	117,133,368
Disposal	-	-	(2,422,524)	(11,490,877)	(1,303,000)	-	(15,216,401)
Transfer	-	-	-	4,837,624	-	(4,837,624)	-
Reclassification	-	-	63,334,069	5,880,305	-	-	69,214,374
31 December 2016	1,042,731,187	657,691,681	393,857,055	1,090,615,596	43,870,136	5,056,075	3,233,821,730
Accumulated depreciation							
1 January 2015	1,042,731,184	55,629,755	145,335,424	854,125,093	17,153,282	-	2,114,974,738
Depreciation for the year	-	32,884,584	24,159,611	64,454,135	4,702,141	-	126,200,471
Accumulated depreciation - disposal	-	(1,390,186)	(5,020,987)	(6,104,063)	(8,051,509)	-	(20,566,745)
Reclassification	-	-	(1,013,963)	91,354	-	-	(922,609)
31 December 2015	1,042,731,184	87,124,153	163,460,085	912,566,519	13,803,914	-	2,219,685,855
Depreciation for the year	-	32,884,584	31,259,081	36,805,039	6,666,108	-	107,614,812
Accumulated depreciation - disposal	-	-	(2,340,913)	(11,191,149)	(955,533)	-	(14,487,595)
Reclassification	-	1,390,186	341,650	(1,669,697)	-	-	62,139
31 December 2016	1,042,731,184	121,398,923	192,719,903	936,510,712	19,514,489	-	2,312,875,211

Separate financial statements							(Unit: Baht)
	Building	Assets under financial lease	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Construction in progress	Total
Net book value							
31 December 2015	3	570,567,528	126,108,483	114,959,298	31,369,222	-	843,004,534
31 December 2016	3	536,292,758	201,137,152	154,104,884	24,355,647	5,056,075	920,946,519
Depreciation for the year							
2015 (Baht 105 million include in costs of service and rental, and the remaining balance included in administrative expense)							126,200,471
2016 (Baht 88 million include in costs of service and rental, and the remaining balance included in administrative expense)							107,614,812

As at 31 December 2016 and 2015, certain plant and equipment items have been fully depreciated, but these items are still in uses, the amounts would be as follows:

Separate financial statements				(Unit: Baht)
Consolidated financial statements		Separate financial statements		
2016	2015	2016	2015	
Original cost before accumulated depreciation of plant and equipment	3,176,012,848	2,601,570,546	2,002,204,428	1,507,066,182

20. Goodwill

Goodwill as at 31 December 2016 and 2015 comprise goodwill on business combination in the following associates and subsidiaries:

(Unit: Baht)

	Consolidated financial statements	
	2016	2015
Siam Piwat Company Limited	64,579,128	64,579,128
Crystal Lake Properties Company Limited	7,214,050	7,214,050
Innofood (Thailand) Company Limited	240,097	240,097
Total	72,033,275	72,033,275

Goodwill represents the excess of the cost of investment over the fair value of assets acquired and liabilities assumed at acquisition date. The Group has tested for impairment annually when circumstances indicate that the carrying value may be impaired.

21. Intangible assets

Net book value of intangible assets which are computer software as at 31 December 2016 and 2015 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost	199,504,459	164,551,363	138,699,672	109,737,457
Less: Accumulated amortisation	(111,234,688)	(95,732,236)	(71,235,184)	(59,759,644)
Less: Allowance for impairment	(3,219)	(5,265)	-	-
Net book value	88,266,552	68,813,862	67,464,488	49,977,813

Reconciliations of the net book values of intangible assets for the years ended 31 December 2016 and 2015 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	68,813,862	61,866,937	49,977,813	43,597,971
Acquisition of computer software	36,949,249	18,951,179	28,640,887	13,789,858
Reclassification	303,739	77,378	313,076	(302,000)
Amortisation	(16,688,124)	(12,083,672)	(11,467,288)	(7,108,016)
Write-off during the year	(1,114,220)	-	-	-
Impairment during the year	2,046	2,040	-	-
Net book value at end of year	88,266,552	68,813,862	67,464,488	49,977,813

22. Property foreclosed

(Unit: Baht)

	Consolidated financial statements		
	Land	Buildings	Total
Cost			
As at 1 January 2015	240,820,950	18,015,787	258,836,737
Increase (decrease)	(220,000,000)	194,467	(219,805,533)
As at 31 December 2015	20,820,950	18,210,254	39,031,204
Increase	7,623,941	82,992,098	90,616,039
As at 31 December 2016	28,444,891	101,202,352	129,647,243
Allowance for impairment			
As at 1 January 2015	-	2,953,508	2,953,508
Increase	5,700,000	1,177,639	6,877,639
As at 31 December 2015	5,700,000	4,131,147	9,831,147
Increase	-	2,064,572	2,064,572
As at 31 December 2016	5,700,000	6,195,719	11,895,719
Net book value			
As at 31 December 2015	15,120,950	14,079,107	29,200,057
As at 31 December 2016	22,744,891	95,006,633	117,751,524

23. Bank overdrafts and short-term loans from financial institutions

		(Unit: Baht)			
	Interest rate (% p.a)	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Bank overdrafts	6.28 - 7.40	209,351	121,509	-	-
Short-term loans from financial institutions	1.60 - 2.97	1,330,000,000	1,696,000,000	800,000,000	683,000,000
Bank overdrafts and short-term loans from financial institutions		<u>1,330,209,351</u>	<u>1,696,121,509</u>	<u>800,000,000</u>	<u>683,000,000</u>

As at 31 December 2016, short-term loans from financial institutions of a subsidiary of Baht 500 million (2015: Baht 993 million) are secured by the pledge of inventories and treasury stock held by a subsidiary as described in Notes 11 and 32, respectively.

24. Trade and other payables

		(Unit: Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Trade payables - related parties		90,467	726,949	-	-
Trade payables - unrelated parties		182,303,800	314,792,309	12,055,586	-
Accrued interest expenses - related parties		208,425	-	15,956,670	-
Accrued interest expenses - unrelated parties		122,232,123	124,054,748	122,210,808	124,054,748
Other payables - related parties		184,562	510,949	44,139,697	42,527,499
Other payables - unrelated parties		253,449,260	236,753,850	44,706,977	73,011,057
Accrued expenses		<u>511,325,608</u>	<u>439,735,340</u>	<u>196,526,069</u>	<u>173,098,994</u>
Total trade and other payables		<u>1,069,794,245</u>	<u>1,116,574,145</u>	<u>435,595,807</u>	<u>412,692,298</u>

25. Other current liabilities

Other current liabilities as at 31 December 2016 and 2015 comprise the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred income	33,924,363	29,173,882	-	-
Current portion of unearned				
installment income	12,297,563	12,297,563	6,209,835	7,224,960
Deposit - property development project	7,626,695	129,373,957	-	-
Deposit	71,937,188	-	-	-
Unearned property tax	143,025,519	139,014,683	85,315,410	85,741,019
Unearned output tax	22,076,293	28,304,242	3,636,882	8,617,408
Unearned interest	103,411,696	97,661,433	-	-
Accrued dividend	107,088,922	98,716,839	107,088,922	98,716,839
Others	175,608,255	169,484,602	100,257,455	35,594,956
Total other current liabilities	676,996,494	704,027,201	302,508,504	235,895,182

26. Long-term debentures

				(Unit: Baht)	
Type of debentures	Interest rate (per annum)	Period	Due date	Consolidated/Separate financial statements	
				2016	2015
Unsubordinated and unsecured debentures					
- 1/2011	4.05%	5 years	9 March 2016	-	2,000,000,000
- 2/2011	5.00%	7 years	9 August 2018	300,000,000	300,000,000
- 3/2011	4.95%	7 years	24 August 2018	400,000,000	400,000,000
- 1/2012	4.93%	10 years	24 July 2022	500,000,000	500,000,000
- 2/2012	4.70%	10 years	7 September 2022	400,000,000	400,000,000
- 3/2012	4.72%	10 years	20 September 2022	1,000,000,000	1,000,000,000
- 4/2012	5.10%	15 years	7 November 2027	1,500,000,000	1,500,000,000
- 1/2013	4.75%	7 years	17 July 2020	1,700,000,000	1,700,000,000
- 2/2013	4.75%	7 years	25 July 2020	300,000,000	300,000,000
- 1/2015	2.47%	3 years	24 June 2018	1,000,000,000	1,000,000,000
- 1/2016	3.125%	7 years and 19 days	17 March 2023	1,000,000,000	-
- 2/2016	3.57%	10 years	26 February 2026	1,000,000,000	-
Total				9,100,000,000	9,100,000,000
Less: Underwriting fee on debenture issuance				(6,973,527)	(6,334,579)
				9,093,026,473	9,093,665,421
Less: Current portion				-	(1,999,907,021)
Long-term debentures - net of current portion				9,093,026,473	7,093,758,400

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios.

27. The agreement granting the right to utilise the shopping center at the Pathumwan intersection / Liabilities under finance lease agreements

On 21 April 1983, the Company entered into agreements with Chulalongkorn University (“the University”) to lease and develop land at the Pathumwan intersection for a period of 30 years, expiring on 21 April 2013. At the end of the agreements, the Company agreed to transfer all rights in property development constructed on the land under the lease agreements to the University.

On 16 October 2007, the Company and the University signed lease agreements granting the right to utilise the shopping center at Pathumwan intersection for a period of 20 years (from 22 April 2013 to 21 April 2033), under which the Company is required to pay annual rental as stipulated in the lease agreements. In addition, the Company paid Baht 2,519 million for the first right of refusal to enter into agreements with the University, and on 15 July 2009, the Company paid Baht 279 million for the registration of leasehold rights - land and building with the Department of Lands. These prepaid amounts of Baht 2,798 million are recorded as cost of land and building rental as at the effective date of the lease agreement.

On 22 April 2013, the effective date of the new lease agreement, the Company considered the materiality of the terms and conditions of the lease agreement, in accordance with TAS 17 - Leases, and concluded that the Company should separate the land and building elements based on the income approach and the market rental rate for the land as determined by an independent appraiser. The land rental element is classified as an operating lease, for which the rental payments are recognised as an expense on a straight-line basis over the lease period. Meanwhile, the building rental element is classified as assets under financial lease at the present value of the lease payments. It is then depreciated over the lease period. The assets under financial lease are presented in investment properties (Note 17), and property, plant and equipment (Note 19). In addition, the outstanding rental obligations, net of deferred interest expense, presented as liabilities under finance lease agreements and the deferred interest expense is amortised over the lease period.

Under the terms and conditions of the lease agreements, the Company has to comply with certain conditions and restrictions relating to matters such as renovation of the building and related infrastructure under a budget and within a timeframe set forth in the lease agreement, the arrangement of insurance coverage for the assets, the repair and maintenance of the assets in good condition, and the pledge of a bank guarantee of Baht 112 million in respect of certain performance bonds. In addition, if the total revenue of the Company every 5 years is higher than the estimated revenue as defined in the lease agreement, the Company is required to pay revenue sharing at the rate 5% of the excess estimated revenue within 90 days after the end of the accounting period of every fifth year.

(Unit: Baht)

	Consolidated/Separate financial statements	
	2016	2015
Liabilities under finance lease agreements	8,216,257,320	8,518,182,550
Less: Deferred interest expenses	(3,184,973,822)	(3,475,032,900)
Total	5,031,283,498	5,043,149,650
Less: Current portion	(31,445,346)	(11,866,152)
Liabilities under finance lease agreements - net of current portion	4,999,838,152	5,031,283,498

Future minimum lease payments required under finance lease agreements were as follows:

(Unit: Baht)

	As at 31 December 2016			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Future minimum lease payments	780,587,000	3,619,657,000	15,639,408,000	20,039,652,000
Less: Portion of land lease which is operating lease	(460,546,330)	(2,135,597,630)	(9,227,250,720)	(11,823,394,680)
Future minimum lease payments for finance lease	320,040,670	1,484,059,370	6,412,157,280	8,216,257,320
Less: Deferred interest expenses	(288,595,324)	(1,113,153,334)	(1,783,225,164)	(3,184,973,822)
Present value of future minimum lease payments	31,445,346	370,906,036	4,628,932,116	5,031,283,498

(Unit: Baht)

	As at 31 December 2015			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Future minimum lease payments	736,403,000	3,414,770,000	16,624,882,000	20,776,055,000
Less: Portion of land lease which is operating lease	(434,477,770)	(2,014,714,300)	(9,808,680,380)	(12,257,872,450)
Future minimum lease payments for finance lease	301,925,230	1,400,055,700	6,816,201,620	8,518,182,550
Less: Deferred interest expenses	(290,059,078)	(1,132,681,913)	(2,052,291,909)	(3,475,032,900)
Present value of future minimum lease payments	11,866,152	267,373,787	4,763,909,711	5,043,149,650

28. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2016 and 2015, which is compensations on employees' retirement, was as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year	157,586,208	153,898,635	58,480,154	59,069,083
Included in profit or loss:				
Current service cost	18,881,801	16,038,179	5,907,556	4,124,845
Interest cost	4,440,620	5,583,537	1,970,960	1,913,626
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(11,372,185)	(3,527,142)	(4,316,931)	-
Financial assumptions changes	13,405,736	1,311,831	5,172,844	-
Experience adjustments	2,718,994	(4,756,399)	11,460,049	-
Benefits paid during the year	(3,848,505)	(10,962,433)	(3,003,600)	(6,627,400)
Provision for long-term employee benefits at end of year	181,812,669	157,586,208	75,671,032	58,480,154

Long-term employee benefits expenses included in the profit or loss was as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current service cost	18,881,801	16,038,179	5,907,556	4,124,845
Interest cost	4,440,620	5,583,537	1,970,960	1,913,626
Total expense recognised in profit or loss	23,322,421	21,621,716	7,878,516	6,038,471

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Line items in profit or loss under which such expenses are included:				
Cost of sales or service	10,032,678	8,796,179	1,422,928	1,466,696
Selling expenses	2,735,139	1,660,657	614,946	544,637
Administrative expenses	10,554,604	11,164,880	5,840,642	4,027,138
	23,322,421	21,621,716	7,878,516	6,038,471

The Group expects to pay Baht 3.43 million of long-term employee benefits during the next year (the Company: Baht 0.48 million). (2015: Baht 4.98 million, the Company: Baht 0.87 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 14 years (the Company: 14 years). (2015: 10.94 years, the Company: 10.83 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.8%	2.8% to 4%	2.8%	4%
Future salary increase rate	4% to 7%	4% to 7%	6%	4% to 7%
Staff turnover rate	Age < 30 years: 25 % to 40%	Age < 55 years: 5 to 40%	Age < 30 years: 25 %	Age < 55 years: 6 to 20%
(depending on employee's age)	Age 30 years ≤ 40 years: 17% to 20%	Age > 55 years: 0%	Age 30 years ≤ 40 years: 17%	Age > 55 years: 0%
	Age 40 years ≤ 55 years: 8% to 10%		Age 40 years ≤ 55 years: 8%	
	Age > 55 years: 0%		Age > 55 years: 0%	

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

	Consolidated financial statements			
	Sensitivity analysis	Employee benefit	Sensitivity analysis	Employee benefit
	increase	increase (decrease)	decrease	increase
	(%)	(Unit: million Baht)	(%)	(decrease) (Unit: million Baht)
Discount rate	1	(13.58)	1	15.23
Salary increase rate	1	16.30	1	(14.67)
Staff turnover rate	20	(17.45)	20	21.20

	Separate financial statements			
	Sensitivity analysis	Employee benefit	Sensitivity analysis	Employee benefit
	increase	increase (decrease)	decrease	increase
	(%)	(Unit: million Baht)	(%)	(decrease) (Unit: million Baht)
Discount rate	1	(4.43)	1	5.06
Salary increase rate	1	5.41	1	(4.81)
Staff turnover rate	20	(4.81)	20	5.93

29. Other non-current liabilities

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Refundable employee security	4,348,600	4,227,040	4,348,600	4,227,040
Deposit	4,017,657	3,934,852	4,016,657	3,934,852
Others	5,607,720	7,619,037	18,372,312	24,970,049
Other non-current liabilities	13,973,977	15,780,929	26,737,569	33,131,941

30. Share capital

On 5 October 2016, a Board of Directors' meeting passed a resolution to approve the reduction of 178,331,000 authorised share capital, equivalent to 9.45% of the authorised share capital of the Company, by writing off treasury stocks, because the process of decreasing paid-up capital expired on 14 September 2016. The Company registered the decreased share capital with the Ministry of Commerce on 13 October 2016.

31. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

32. Treasury stock

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Treasury stocks held by the Company	-	2,805,280,611	-	2,805,280,611
Treasury stocks held by subsidiaries	711,993,784	711,993,784	-	-
	711,993,784	3,517,274,395	-	2,805,280,611

Treasury stocks held by the Company

On 28 February 2013, the Board of Directors' meeting passed a resolution to approve in principle of the Share Repurchase Project for the financial management in the amount of not exceeding Baht 2,800 million amounting up to 18.9 million shares (the changing of the par value 188.6 million shares) or 10% of total paid-up shares of the Company.

During the year 2013, the Company has total repurchased shares of 17.8 million shares (the changing of the par value 178.3 million shares), or a total of Baht 2,805 million including commission fee (total repurchased shares as 9.45% of paid-up shares capital) for the Share Repurchase Project for the financial management as mentioned above. The Company has fully set aside retained earnings to treasury stock reserve.

According to the Public Limited Companies Act (No.2) B.E. 2544, Treasury Stock Rules, any company repurchases its shares has to dispose all of the repurchased shares within a 3-year period commencing from the date of share repurchase completion. If the Company does not dispose the treasury stock within the 3-year period, the Company has to reduce its paid-up share capital to offset with the treasury stock.

The Company repurchased 178.3 million of its ordinary shares during 15 March to 14 September 2013 at the average price of Baht 15.73 per share. According to the resolution at the Company's board of director meeting in February 2013, the directors did not want to dispose such treasury stocks. The board of directors resolved to reduce its share capital to reverse the treasury stock and this resolution was confirmed by the company's board of director meeting on 5 October 2016. In order to comply with the aforementioned regulations, the Company, therefore, reversed the treasury stock by reducing its registered and issued and paid-up share capital from 1,886.3 million shares at the par value of Baht 1 per share totalling Baht 1,886.3 million to new shares of 1,708.0 million shares at the par value of Baht 10 per share totalling Baht 1,708.0 million. The Company registered the reduction in authorised and paid-up share capital with the Ministry of Commerce on 13 October 2016.

As the cost per share of such treasury stock was higher in average than the par value, the amount in excess of the par value was transferred to reduce the unappropriated retained earnings in the aggregated amount of Baht 2,626.9 million.

Treasury stocks held by subsidiaries

Treasury stocks represented the Company's shares held by subsidiaries totaling 499 million shares with a par value of Baht 1 each which have been presented in the consolidated financial statements by applying the cost method, apportioned accounting to holding of the Group.

As at 31 December 2016, a subsidiary has pledged and entered into a negative pledge agreement on the treasury stock of 318 Million shares with a par value of Baht 1 each (2015: 318 million shares with a par value of Baht 1 each), with book value (cost method) amounting to Baht 609 million (2015: Baht 609 Million) to secure bank overdraft and short-term loan facilities from banks, as discussed in Note 23.

Treasury stock reserve

The Company has treasury stocks of 178.3 million shares, which were bought during 15 March to 14 September 2013 at the total cost of Baht 178.33 million. The purpose of the purchase of treasury stocks is for financial management and the Company has policy to hold the treasury stocks over the period of 6 months but not over than 3 years. The Company made a treasury stock reserve appropriated from retained earnings equal to the purchase price of treasury stock, as required by the Act so that the holding of treasury stocks is for financial management in accordance with the section No.66/1(2) of Public Company Limited Act B.E. 2535. However, during the year 2016, as discussed above, when the Company reduced capital by writing off treasury stock, the Company reversed the treasury stock reserve by adjusting it to retained earnings.

33. Equity attributable to the Company's shareholders

According to the accounting treatment guidance for the treasury stock of the entity, the main content of presentations and the disclosures is concluded that the treasury stock is not an asset but the reduction of the obligations over the entity's assets. The entity should present the treasury stock as a deducting item from the shareholders' equity. In case a subsidiary acquires its parent company's stocks, the parent company should present such share acquisition on the same basis as if it purchases its own shares.

However, as if the above interpretation of such guidance is required for the separate financial statements, the reconciliation of shareholders' equity and the investments in subsidiaries is presented as follows:

	(Unit: Baht)	
	Separate financial statements	
	2016	2015
Total shareholders' equity - as stated in statements of financial position	14,825,567,513	12,812,506,315
Less: Treasury stock held by subsidiaries	(711,993,784)	(711,993,784)
Equity attributable to the Company's shareholders - after less treasury stock held by subsidiaries	<u>14,113,573,729</u>	<u>12,100,512,531</u>
Investments in subsidiaries - as stated in statements of financial position	13,392,257,040	13,887,551,583
Less: Treasury stock held by subsidiaries	(711,993,784)	(711,993,784)
Investments in subsidiaries	<u>12,680,263,256</u>	<u>13,175,557,799</u>

34. Revenue from financial business

Revenue from financial business for the years ended 31 December 2016 and 2015 comprise the following:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loan to customers	445,040,918	337,627,799	4,777,859	5,264,553
Hire purchase and financial lease	865,687,612	754,272,302	-	-
Total revenue from financial business	<u>1,310,728,530</u>	<u>1,091,900,101</u>	<u>4,777,859</u>	<u>5,264,553</u>

35. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contributed to the fund monthly at the rate 3 - 10% of basic salary. The fund, which is managed by Thanachart Fund Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules. During the year ended 31 December 2016, the Group contributed Baht 51 million (2015: Baht 46 million) to the fund.

36. Expenses by nature

Significant expenses by nature for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of sales of properties	803,370,217	1,380,659,811	-	-
Salaries and wages and other employee benefits	1,612,290,178	1,408,752,572	533,855,495	550,194,564
Depreciation	1,122,078,531	1,152,621,606	427,845,402	435,952,602
Amortisation	16,688,124	12,083,672	11,467,288	7,108,016
Losses on sales of investments in subsidiaries	-	-	105,477,539	565,134
Allowance for impairment of investments in subsidiaries (reversal)	-	-	(2,942,008)	(2,937,643)
Allowance for impairment of property foreclosed	-	6,877,640	-	-
Loss on exchange	431,700	35,497,200	-	-
Transportation expenses	59,201,000	161,679,571	-	-
Commission and promotion expenses	362,895,912	381,314,174	66,436,032	44,393,976
Power supply expenses	365,013,524	407,670,106	65,999,010	75,037,426
Rental expenses	794,834,525	822,394,236	756,914,544	756,914,544
Repair and maintenance operating expenses	129,258,542	132,282,665	45,699,876	44,208,502
Raw materials and consumables used	1,891,583,416	1,803,871,918	-	-
Changes in inventories of finished goods and work in progress	20,257,846	10,193,270	-	-

37. Income tax expenses

Corporate income taxes of the Company and its listed subsidiary for the years ended 31 December 2016 and 2015 have been calculated on taxable income at rates of 20% on income before income tax after adding back provisions and certain expenses which are disallowed for tax computation purposes, deducting dividends exempted from income tax and adjusting deferred tax expenses.

Corporate income taxes of its other subsidiaries for the years ended 31 December 2016 and 2015 have been calculated at the rates of 0 - 20% on income before income tax, after adding back provisions and certain expenses which are disallowed for tax computation purposes, deducting dividends exempted from income tax, and adjusting deferred tax expenses.

The income tax expenses of the Company and its subsidiaries for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge for the year	464,180,197	492,722,627	158,767,810	200,575,779
Adjustment in respect of current income tax of previous year	702,726	(1,272,412)	(2,258,189)	(1,120,661)
Deferred tax:				
Relating to origination and reversal of temporary differences	(83,178,080)	(117,234,864)	(94,915,818)	(99,463,324)
Income tax expense reported in the statement of comprehensive income	381,704,843	374,215,351	61,593,803	99,991,794

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Unrealised gains on investments in available-for-sale securities	328,645,655	24,780,404	285,963,636	4,996,484
Unrealised gains (losses) on investments in loans	(1,609,711)	38,683	(1,609,711)	38,683
Gains (losses) on change in value of available-for-sale investments of an associate	4,394,520	(9,117,532)	-	-
Unrealised losses on investments in loans of an associate	(311,294)	(928,487)	-	-
Translation adjustment of an associate	(835,925)	6,328,676	-	-
Actuarial gains (losses)	(950,509)	1,394,342	(2,463,193)	-
Actuarial loss of an associate	(550,692)	(82,881)	-	-
Income tax expense reported in the statement of other comprehensive income	328,782,044	22,413,205	281,890,732	5,035,167

Reconciliations between tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit before corporate income tax	2,386,950,514	2,136,360,606	2,074,345,675	1,461,912,646
Applicable tax rates	0 - 20%	0 - 20%	20%	20%
Accounting profit before income tax multiplied by tax rates	750,725,161	634,602,111	414,869,135	292,382,529
Adjustment in respect of current income tax of previous year	702,726	(1,272,412)	(2,258,189)	(1,120,661)
Effects of non-deductible expenses and income exempted from income tax	(369,723,044)	(259,114,348)	(351,017,143)	(191,270,074)
Income tax expenses reported in the statement of comprehensive income	381,704,843	374,215,351	61,593,803	99,991,794

The details of deferred tax assets and deferred tax liabilities as at 31 December 2016 and 2015 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax asset				
Allowance for impairment of assets	25,229,502	24,816,586	-	-
Provision for long-term employee benefits	24,478,859	21,073,819	7,470,200	6,495,217
Actuarial loss	11,829,997	10,879,488	7,664,007	5,200,814
Actuarial loss of associates	1,409,843	859,151	-	-
Timing differences of depreciation of buildings	-	5,687,625	-	5,687,625
Finance lease agreement	382,325,889	282,983,057	382,325,889	282,983,057
Timing differences of accounting and taxable income recognition	47,791,143	48,779,755	-	-
	493,065,233	395,079,481	397,460,096	300,366,713

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax liabilities				
Timing differences of depreciation of buildings	14,277,789	14,729,026	-	-
Costs of business acquired - a subsidiary	84,115,062	84,115,062	-	-
Unrealised gains for investments in				
available-for-sale securities	880,020,854	551,375,199	784,004,104	498,040,468
Unrealised gains for investments in loan	(1,317,118)	292,593	(1,317,118)	292,593
Gains on interest income under effective				
interest method	(269,331)	16,297	(269,331)	16,297
Unrealised gains for investments in loans of				
an associate	14,956,860	15,268,154	-	-
Unrealised gains (losses) for investments in				
available-for-sale securities of an associate	13,719,767	(5,527,427)	-	-
Translation adjustment of an associate	(1,132,907)	14,555,692	-	-
Share of profit from investments in associates	190,733,150	176,689,814	-	-
	<u>1,195,104,126</u>	<u>851,514,410</u>	<u>782,417,655</u>	<u>498,349,358</u>

As at 31 December 2016, the Group has unused tax losses totaling Baht 726.43 million, on which deferred tax assets have not been recognised as the Group believes that future taxable profits may not be sufficient to allow utilisation of the tax losses before expiry date. And such unused tax losses will be expired by 2021.

38. Earnings per share

Basic earnings per share is calculated by dividing net income attribute to equity holders of the parent for the year (not included other comprehensive income) by the weighted average number of ordinary shares in issue during the year as held by third parties.

The weighted average number of ordinary shares for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Shares)	
	Consolidated	Separate
	financial statements	financial statements
	2016	2015
Ordinary shares issued and paid-up	1,707,960,000	1,886,291,000
Less: Treasury stock held by the Company	-	(178,331,000)
Treasury stock held by a subsidiaries	(372,040,750)	(372,040,750)
Weighted average number of shares held by third parties	1,335,919,250	1,335,919,250
Profit for the year (Baht)	2,054,514,899	1,815,184,805
Weighted average number of ordinary shares	1,335,919,250	1,335,919,250
Earnings per share (Baht/share)	1.54	1.36

39. Net movements in operating assets and liabilities

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
	2016	2015
(Increase) decrease in operating assets		
Trade and other receivables	385,589,776	(380,881,670)
Loan to customers	(2,781,852,188)	(9,746,654)
Prepaid of land rental	(434,477,770)	(409,884,800)
Inventories	14,233,293	557,251,300
Other current assets	23,937,491	123,529,910
Restricted fixed deposits	(68,345)	(2,885,722)
Property foreclosed	(40,916,039)	235,022,691
Other assets	853,487	2,469,627
Increase (decrease) in operating liabilities		
Trade and other payables	(44,999,563)	156,061,886
Other current liabilities	(26,777,951)	176,741,556
Cash receipts from advance rental and services deposits	104,875,087	128,092,927
Refund of advance rental and services deposits	(70,884,999)	(61,069,361)
Deposits received	1,018,013,161	751,626,102
Refund of deposits received	(782,194,267)	(828,533,093)
Other liabilities	(1,806,952)	1,238,114
Net movements in operating assets and liabilities	(2,636,475,779)	439,032,813

40. Promotional privileges

Sima Pac Company Limited has received promotional privileges from the Board of Investment for the manufacturer of film plastics pursuant to the promotion certificate No. 1903 (2/2556) issued on 27 June 2013. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (21 October 2013).

The subsidiary is in terminate process of these promotional privileges with the Board of Investment since 6 July 2016.

The subsidiary's revenues for the years ended 31 December 2016 and 2015 in consolidated financial statements are divided according to promoted and non-promoted operations as below.

	(Unit: Baht)	
	Consolidated financial statements	
	2016	2015
Revenues from sales - promoted activities	1,280,751	30,641,897
Revenues from sales - non promoted activities	1,842,023,225	2,518,739,095
Total	1,843,303,976	2,549,380,992

41. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

For management purposes, the Group is organised into business units based on its products and services and have eight reportable segments as follows:

1. Shopping center business engages in the business of rental space to retail tenants in the shopping centers and the business of office space for rent.
2. Hotel and tourism business engages in providing for lodging, food and drink, and other facilities and services related for accommodation and travel.
3. Golf business engages in golf services, clubhouse and selling golf equipment.
4. Real-estate business engages in residential for sale, property management and asset appraisal.

- 
5. Food solution business engages in selling rice for both local and export markets, the food center business and restaurant.
 6. Finance business engages in providing general loan for housing and bridge loan of which the security is marketable property in good location, motorcycle hire purchase business and provision of life assurance business.
 7. Other business engages in the business of car and motorcycle auction. (The company that engages in such business is classified as an associate therefore the recognition of operating results is in the form of profit sharing.)
 8. Supporting business performs as a back office functions for the Group.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Group financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Group's operating segments for the years ended 31 December 2016 and 2015, respectively.

[illegible]

(Unit: Thousand Baht)

For the year ended 31 December 2015

	Shopping center	Hotel and tourism	Golf	Real estate	Food solution	Finance	Other	Supporting	Elimination of inter-segment revenues	Total
Revenue from external customers	4,003,822	1,188,864	465,109	2,195,357	2,554,229	1,140,622	-	2,234	-	11,550,237
Inter-segment revenues	169,695	288,132	2,114	109,607	3,408	5,342	-	45,362	(623,660)	-
Total revenues	4,173,517	1,476,996	467,223	2,304,964	2,557,637	1,145,964	-	47,596	(623,660)	11,550,237
Segment operating profit	1,004,729	59,019	25,604	524,612	1,886	381,128	-	256		1,997,234
Share of profit (loss) from investments in associates and joint venture	131,691	51,591	11,420	-	-	(895)	31,997	-	-	225,804
Unallocated income and expenses:										
Interest income										48,490
Dividend income										266,198
Gain on sale of assets										1,310
Other income										120,844
Finance costs										(523,520)
Income tax expenses										(374,215)
Loss for the year for non-controlling interests of the subsidiaries										53,040
Profit attributable to equity holder of the Company										1,815,185
									(Unit: Thousand Baht)	
	Shopping center	Hotel and tourism	Golf	Real estate	Food solution	Finance	Other	Supporting	Unallocated assets	Total
Segment assets										
As at 31 December 2016	9,998,472	1,726,943	4,252,622	2,363,369	1,071,818	8,475,477	-	3,617	14,625,383	42,517,701
As at 31 December 2015	10,428,082	1,757,399	3,297,034	3,367,965	1,713,381	5,680,517	-	2,692	14,302,312	40,549,382

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	2016	2015
Revenue from external customers		
Thailand	10,216,973	11,327,662
United States/Canada	88,166	108,851
Europe	67,566	75,587
Asia Pacific	43,076	38,137
Total	10,415,781	11,550,237

Major customers

For the years 2016 and 2015, the Group has no major customer with revenue of 10 percent or more than 10 percent of an entity's revenues.

42. Commitments and contingent liabilities

42.1 Capital commitments

As at 31 December 2016 and 2015, the Group has the capital commitments for construction, shopping center, hotel and tourism, golf, real estate, food solution and other relating to each segment as follows:

	(Unit: Million Baht)	
	2016	2015
Shopping center business	269	275
Hotel and tourism business	4	12
Golf business	24	19
Real estate business	107	166
Food solution business	-	25
Total	404	497

42.2 Operating lease commitments

As at 31 December 2016 and 2015, the Group has future minimum lease payments required under these non-cancellable operating leases contracts are as follows:

	(Unit: Million Baht)	
	2016	2015
Payable within:		
Less than 1 year	112	203
1 to 5 years	149	155
More than 5 years	434	459
Total	695	817

In addition, as at 31 December 2016 and 2015, the Company has future minimum lease payments under the agreement granting the right to utilise the shopping center at the Pathumwan intersection for the portion of land lease which is classified as operating lease (as mentioned in Note 27) as follows:

	(Unit: Million Baht)	
	2016	2015
Payable within:		
Less than 1 year	460	434
1 to 5 years	2,136	2,015
More than 5 years	9,227	9,809
Total	11,823	12,258

42.3 Guarantees

42.3.1 As at 31 December 2016, there are outstanding bank guarantees of approximately Baht 323 million (2015: Baht 329 million) issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business.

42.3.2 On 5 September 2011, the Company entered into Corporate Guarantee Agreement and Pledge of Shares Agreement with a local commercial bank to guarantee the borrowing of DMS Property Investment Private Limited, an associate, with the bank according to the portion of investment, the associate has total loan facilities amounting to USD 44 million.

As at 31 December 2016, a subsidiary of the Company's shareholding interest in such associate representing 35 percent of its share capital and the outstanding loan was USD 19 million or equivalent to Baht 656 million (31 December 2015: USD 26 million or equivalent to Baht 920 million).

42.3.3 On 8 September 2014, the Company entered into a guarantee contract with a local commercial bank, to guarantee debt commitments according to cross currency and interest rate swap agreements, of MBK Hotels and Resorts Company Limited, a subsidiary, amounting to Baht 400 million as discussed in Note 44.2.1

42.4 Commitment to provide services to golf members

A subsidiary has a commitment to provide services to golf members, which were transferred from the previous owner with the golf course at the acquisition date. The details of membership contracts are as follows:

	Number of contracts	Membership fee range (Baht per contract)
Permanent contracts	266	200,000 - 630,000

Under the terms and conditions of membership contracts, the subsidiary will not receive any additional membership fee and green fee from all transferred permanent members until the periods of such contracts have been expired. At the acquisition date, the subsidiary could not estimate the present value of all relevant costs that may occur from providing services to those permanent members. However, such costs were considered to reduce projected net cash flow in the future that reflects in the fair value at the acquisition date, and to determine the current range of rental fee of the golf course.

42.5 Litigation

As at 31 December 2016, the subsidiaries were defendant in certain lawsuits involving compensation of approximately Baht 19.94 million (2015: Baht 29.6 million). The cases were not yet finalised; nevertheless, the subsidiaries' management believe they will not suffer material losses from these suits.

43. Fair value hierarchy

As at 31 December 2016, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale securities				
Equity securities	3,095	-	-	3,095
Other long-term investments				
Equity securities	5,832	-	473	6,305
Financial liabilities measured at fair value				
Derivatives				
Cross currency and interest rate swap agreement	14	-	-	14
Interest rate swap agreement	55	-	-	55
Assets for which fair value are disclosed				
Loans to	-	75	-	75
Investment properties	-	-	10,048	10,048
Liabilities for which fair value are disclosed				
Loans from	-	249	-	249
Debentures	-	9,093	-	9,093

(Unit: Million Baht)

	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale securities				
Equity securities	2,163	-	-	2,163
Other long-term investments				
Equity securities	5,684	-	3,289	8,973
Assets for which fair value are disclosed				
Loans to	-	8,061	-	8,061
Investment properties	-	-	5,379	5,379
Liabilities for which fair value are disclosed				
Loans from	-	4,164	-	4,164
Debentures	-	9,093	-	9,093

Valuation techniques and inputs to Level 2 and 3 valuation

- a) The fair value of investments in non-marketable equity securities is determined using common valuation techniques such as the market approach, cost approach or income approach, as well as book value or adjusted book value.
- b) The fair value of investments in debt instruments has been determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- c) The fair values of investment properties have been determined based on valuation performed by an independent valuer. The fair value of the land awaiting sale and land/land improvement for rent have mainly been determined based on market approach, while that of the building for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.
- d) The fair values of floating rate or fixed rate loans to, loans from and debentures have been determined based on
 - (1) not more than 1 year from the statement of financial position date remaining to maturity are assumed to approximate their book values.
 - (2) more than 1 year from the statements of financial position date remaining to maturity are determined by discounting the expected future cash flows at the market interest rate for similar debt.

During the current year, there was no transfer within the fair value hierarchy.

44. Financial instruments

44.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans to, investments, trade and other payables, loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade receivables, loans to, other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans to, other receivables as stated in the statement of financial position.

Interest rate risk

The exposures of the Group to interest rate risk relate primarily to their deposits with financial institutions, loans to, overdrafts, debentures and loans from.

Significant financial assets and liabilities as at 31 December 2016 and 2015 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						
	31 December 2016						
	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years	5 - 10 years	interest rate	Non-interest bearing		
Financial assets							
Cash equivalents (excluding cash)	-	-	-	524	-	524	0.13 - 1.64
Trade and other receivables	-	-	-	-	402	402	-
Installment receivables	3	-	-	1	-	4	7.00 - 8.65
Hire purchase receivables	1,457	1,437	-	-	-	2,894	1.99 - 2.30
Short-term loans to related companies	-	-	-	75	-	75	4.16 - 5.20
Short-term loans	28	-	-	1	-	29	7.00 - 13.00
Long-term loans	5	3,699	-	1,627	-	5,331	0.50 - 13.00
	1,493	5,136	-	2,228	402	9,259	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	1,330	-	1,330	1.60 - 7.12
Trade and other payables	-	-	-	-	1,064	1,064	-
Short-term loans from others companies	-	-	-	21	6	27	5.00
Short-term loans from related companies	-	-	-	223	-	223	5.25
Long-term debentures	-	5,596	3,497	-	-	9,093	2.47
	-	5,596	3,497	1,574	1,070	11,737	

(Unit: Million Baht)

Consolidated financial statements

31 December 2015

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within		5 - 10	interest	Non-interest		
	1 year	1 - 5 years	years	rate	bearing		
Financial assets							
Cash equivalents (excluding cash)	-	-	-	727	-	727	0.10 - 1.60
Trade and other receivables	-	-	-	-	954	954	-
Installment receivables	2	1	-	6	-	9	7.00 - 9.13
Hire purchase receivables	1,168	1,032	-	-	-	2,200	1.99 - 2.30
Short-term loans to related companies	-	-	-	77	-	77	3.26 - 7.40
Short-term loans	12	-	-	229	-	241	0.50 - 13.00
Long-term loans	1,110	775	-	1,205	-	3,090	0.50 - 13.00
	2,292	1,808	-	2,244	954	7,298	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	1,696	-	-	-	-	1,696	1.60 - 7.40
Trade and other payables	-	-	-	-	1,117	1,117	-
Short-term loans from related companies	-	-	-	75	-	75	5.25
Long-term debentures	2,000	3,697	3,397	-	-	9,094	2.47 - 5.10
	3,696	3,697	3,397	75	1,117	11,982	

(Unit: Million Baht)

Separate financial statements

31 December 2016

	Fixed interest rates			Floating			Interest rate (% p.a.)
	Within		5 - 10	interest	Non-interest	Total	
	1 year	1 - 5 years	years	Rate	bearing		
Financial assets							
Cash equivalents (excluding cash)	-	-	-	67	-	67	0.25 - 0.63
Trade and other receivables	-	-	-	-	100	100	-
Installments receivables	-	-	-	1	-	1	8.90
Short-term loans to related companies	-	-	-	8,061	-	8,061	5.00 - 7.40
	-	-	-	8,129	100	8,229	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	800	-	800	1.60 - 1.69
Trade and other payables	-	-	-	-	436	436	-
Short-term loans from other company	-	-	-	-	6	6	-
Short-term loans from related companies	-	-	-	4,164	-	4,164	1.70 - 5.00
Long-term liabilities under financial lease agreements - related companies	6	18	-	-	-	24	5.62 - 6.40
Long-term debentures	-	5,596	3,497	-	-	9,093	2.47 - 5.10
	6	5,614	3,497	4,964	442	14,523	

(Unit: Million Baht)

Separate financial statements							
31 December 2015							
	Fixed interest rates			Floating	Non-interest	Total	Interest rate (% p.a.)
	Within 1 year	1 - 5 years	5 - 10 years	interest Rate	bearing		
Financial assets							
Cash equivalents (excluding cash)	-	-	-	298	-	298	0.10 - 1.35
Trade and other receivables	-	-	-	-	85	85	-
Installments receivables	-	-	-	2	-	2	8.90 - 9.13
Short-term loans to related companies	-	-	-	4,675	-	4,675	5.25 - 7.40
	-	-	-	4,975	85	5,060	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	683	-	-	-	-	683	1.60 - 1.83
Trade and other payables	-	-	-	-	413	413	-
Short-term loans from related companies	-	-	-	3,424	-	3,424	5.25 - 5.37
Long-term liabilities under financial lease agreements - related companies	7	25	-	-	-	32	5.62 - 6.40
Long-term debentures	2,000	3,697	3,397	-	-	9,094	2.47 - 5.10
	2,690	3,722	3,397	3,424	413	13,646	

Foreign currency risk

Two subsidiaries are exposed to foreign exchange risk which arises from trading transactions and loans denominated in foreign currencies in the consolidated financial statements are summarised below.

	Foreign currency	Financial assets as at 31 December 2016 (Unit)	Average exchange rate as at 31 December 2016 (Baht per 1 foreign currency unit)
Trade receivables	US Dollar	47,709	35.566
Investment in associate (foreign country)	US Dollar	13,475,000	35.566
	Foreign currency	Financial assets as at 31 December 2015 (Unit)	Average exchange rate as at 31 December 2015 (Baht per 1 foreign currency unit)
Trade receivables	US Dollar	488,036	35.830
Investment in associate (foreign country)	US Dollar	13,475,000	35.830

A subsidiary has sold forward exchange contracts for expose foreign exchange risk which arises from trading transactions. Outstanding balances on 31 December 2016 and 2015 are summarised below.

As at 31 December 2016			
Foreign currency	Sold amount (Unit)	Contractual exchange rate (Baht per 1 foreign currency unit)	Maturity date
US Dollar	334,732	34.666 - 35.657	10 February 2017 - 19 June 2017

As at 31 December 2015			
Foreign currency	Sold amount (Unit)	Contractual exchange rate (Baht per 1 foreign currency unit)	Maturity date
US Dollar	12,667,523	34.162 - 36.298	12 January 2016 - 15 June 2016

44.2 Derivatives

As at 31 December 2016 and 2015, the Group has the following financial derivative instruments.

44.2.1 Cross currency and interest rate swap agreements

A subsidiary entered into cross currency interest rate swap agreements with a local bank to manage the risk associated with investment in an associate under foreign currency, which the maturity date was on 9 September 2018. Under the terms and conditions of the swap agreements are agreed as follows:

(1) Cross currency swap

As 31 December 2016 and 2015, A subsidiary entered into cross currency swap agreement to exchange the currency between Baht and US dollar. The contractual exchange rate is Baht 31.95 to 1 US dollar. The subsidiary has commitments with the bank counterparty at the initial date and terminated date of the agreement as follows:

As at 31 December 2016		
	At initial date	At terminated date
The subsidiary received from / (paid to)	USD 13.475 million	(USD 13.475 million)
the bank counterparty	(Baht 467 million)	Baht 467 million

As at 31 December 2015		
	At initial date	At terminated date
The subsidiary received from / (paid to)	USD 11.520 million	(USD 11.520 million)
the bank counterparty	(Baht 368 million)	Baht 368 million

(2) Interest rate swap

A subsidiary entered into interest rate swap agreement to manage the risk associated with investment in an associated company that operates hotel business in oversea equivalent to the same amount of the currency swap as above mentioned, to be exchanged its interest rate from fixed rate to another fixed rate as the agreement. Under the agreement, the subsidiary will receive interest income from the bank counterparty that calculated the interest based on the partial of short-term loans amounting to Baht 467 million (2015: Baht 368 million), bearing interest at the fixed rate 0.12% per annum (2015: 1.25% per annum). However, the subsidiary has to pay interest expense to the bank counterparty by calculation the interest based on the principal amount of USD 13.475 million, bearing interest at a fixed rate at 0% (2015: USD 11.52 million, bearing interest at a fixed rate at 0%).

(3) The fair value of the derivative

(Unit: Thousand Baht)		
Fair value as at 31 December		
	2016	2015
Gains (losses) on cross currency interest rate swap agreements	(13,606)	(44,928)

44.2.2 Interest rate swap

The Company entered into interest rate swap agreement with local commercial bank to manage the risk associated with its interest-bearing financial liabilities. The partial amount of long-term debenture to be exchanged its interest rate from fixed rate to floating rate. Under the agreement, the Company will receive interest income from the bank counterparty that calculated the interest based on the partial of long-term debenture amounting to Baht 1,000 million, bearing interest at the fixed rate 5.10% per annum. However, the Company has to pay interest expense to the bank counterparty by calculation the interest based on interest at the MLR minus a premium.

(Unit: Thousand Baht)

	Fair value as at 31 December	
	2016	2015
Gains (losses) on interest rate swap agreements	54,906	46,502

45. Dividends

	Approved by	Total dividend (Million Baht)	Dividend (Baht per share)	Dividend payment date
Final dividends on the six-month period ended 31 December 2015	Annual General Meeting of the shareholders on 20 April 2016	564	0.33	9 May 2016
Interim dividends on the six-month period ended 30 June 2016	Board of Directors' Meeting on 5 October 2016	564	0.33	4 November 2016
Total		1,128		
Final dividends on the six-month period ended 31 December 2014	Annual General Meeting of the shareholders on 8 April 2015	512	0.30	27 April 2015
Interim dividends on the six-month period ended 30 June 2015	Board of Directors' Meeting on 7 October 2015	512	0.30	4 November 2015
Total		1,024		

46. Capital management

The primary objective of the Group's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's Debt to Equity Ratio was 1.09:1 (2015: 1.26:1) and the Company's was 1.61:1 (2015: 1.80:1).

47. Events after the reporting period

- 47.1 On 10 January 2017, Mah Boonkrong Sirichai Enterprise registered with the Ministry of Commerce for the change of its name to “MBK Enterprise Company Limited”.
- 47.2 On 16 February 2017, Patum Rice Mill and Granary Public Company Limited, a subsidiary of the Company, paid for acquire 490,910 ordinary shares of MBK Food System Company Limited, representing 45 percent of its registered capital, from the other existing shareholders at 9.17 Baht per share, or for a total of approximately Baht 4.5 million. The Group’s total indirect shareholding in this company increased from 40.99 percent to 74.51 percent.

48. Approval of financial statements

These financial statements were approved by the Company’s Audit Committee on 23 February 2017.

General Information and Reference Persons

Company Name	MBK Public Company Limited
Symbol	MBK
Core Business	Shopping Center and Real Estate
Company Location	444, 8 th Floor, MBK Center Building, Phayathai Road, Wang Mai, Pathumwan, Bangkok 10330
Registration Number	No. 0107537001102
Registered and Paid-up Capital	THB 1,707,960,000
Type of Share	Ordinary Share
Number of Paid-up Shares	1,707,960,000 Shares
Par value	THB 1.00 Per Share
Telephone	0-2620-9000
Fax.	0-2620-7000
Website	www.mbkgroup.co.th

Thailand Securities Depository Company Limited	Thailand Securities Depository Company Limited
Location	93, 14 th Floor, Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone	0-2009-9000
Fax.	0-2009-9991
E-mail	Srg_tsd@set.or.th
Website	http://www.set.or.th/tsd/th/tsd.html

Reference Persons

Debenture Registrar	Bank of Ayudhya Public Company Limited
Location	1222 Rama3 Road, Bangphongphang, Yan Nawa, Bangkok 10120
Telephone	0-2296-2000, 0-2683-1000
Fax.	0-2683-1304
Website	www.krungsri.com

Debenture Registrar (To)	CIMB Thai Bank Public Company Limited
Location	44 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	0-2638-8000, 0-2626-7000
Fax.	0-2657-3333
Website	www.cimbthai.com

Auditor	Ms. Ratana Jala, C.P.A. (Thailand) No. 3734 and/or Ms. Nonglak Pumnoi, C.P.A. (Thailand) No. 4172 and/or Ms. Rachada Yongsawadvanich, C.P.A. (Thailand) No. 4951
Location	EY Office Limited 193/136-137, 33 rd Floor, Lake Rajada Office Complex Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone	0-2264-9090
Fax.	0-2264-0789-90

Disclosure of Information in Annual Report According to Form 56-2

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Investor may additionally obtain the information of the issuing company from its annual filing (Form 56-1) showing in www.set.or.th or in the website of MBK Public Company Limited www.mbkgroup.co.th



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