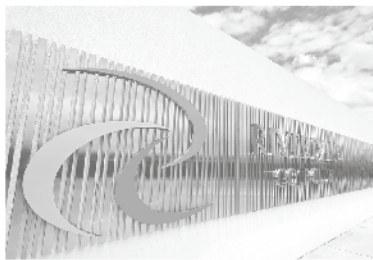
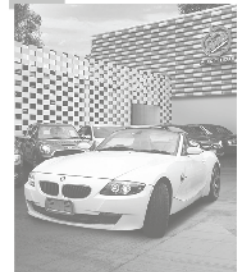


THANK YOU FOR GROWTH

MBK
GROUP



ANNUAL REPORT 2018



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The Vision:

“The country’s leading group of companies which focuses on business operations and investment with sustainable growth for generating regular returns.”

The Missions:

1

To focus on investment in potential businesses.

2

To generate returns for investors regularly.

3

To run business operations with trade partners systematically and fairly for the sake of mutual benefit.

4

To create the brand and image of the organization continuously.

5

To develop marketing continuously.

6

To make customer feel satisfied.

7

To encourage and develop the human resources in accordance with business expansion and commitment.

8

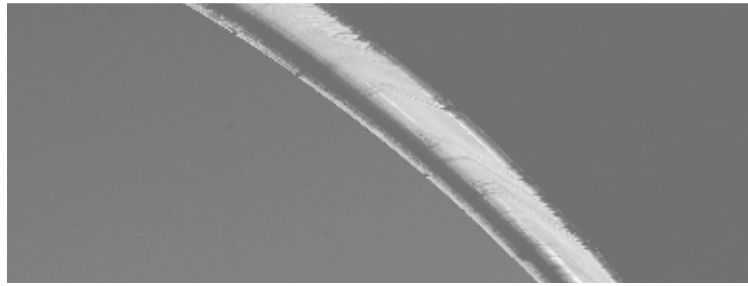
To efficiently develop the human resources management system and information technology system.

9

To develop the innovation for services.

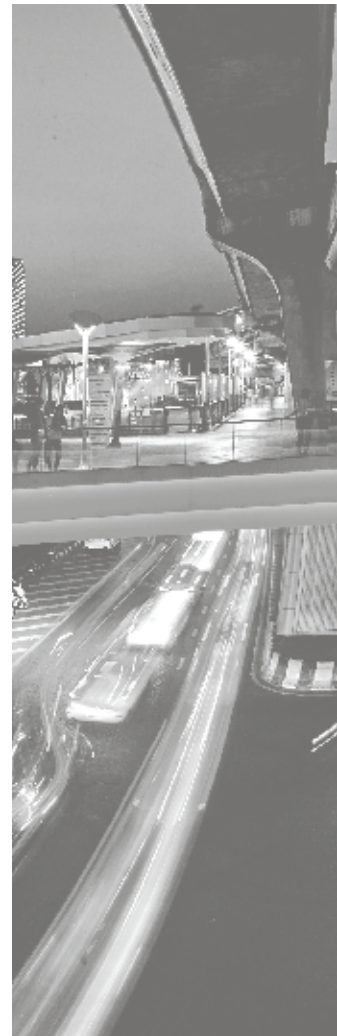
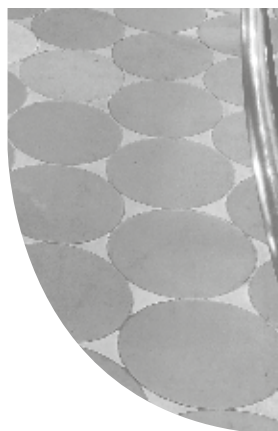
10

To have performance on a Good Corporate Governance basis.



GROWTH

WITH GOOD CORPORATE GOVERNANCE

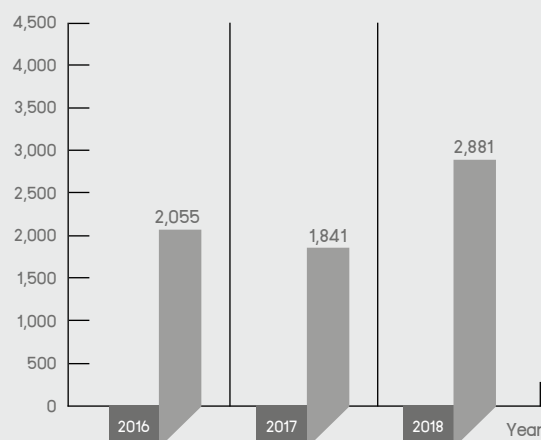




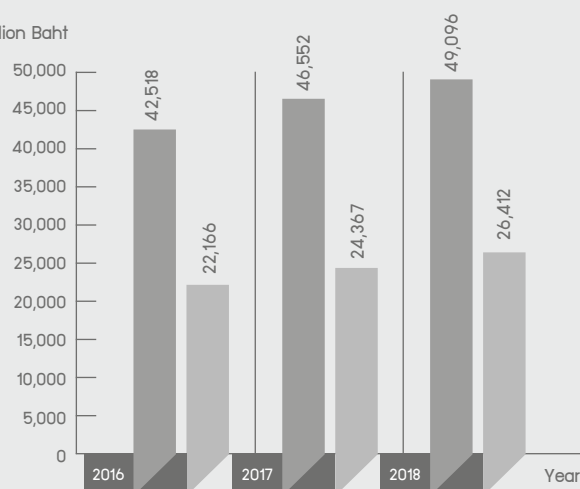
FINANCIAL HIGHLIGHTS

Net Profit

Million Baht



Million Baht



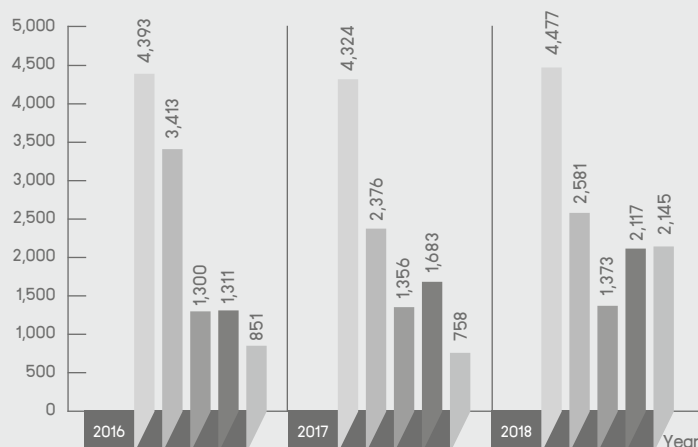
Total assets & Total liabilities

■ Total assets
■ Total liabilities

The proportion of income of the business group

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

Million Baht



FINANCIAL HIGHLIGHTS OF MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(Unit : Thousand Baht)

	12/31/2016	Percentage	12/31/2017	Percentage	12/31/2018	Percentage
Statement of financial position						
Total Assets	42,517,701	100.00	46,552,390	100.00	49,095,942	100.00
Total Liabilities	22,165,520	52.13	24,367,690	52.34	26,411,924	53.80
Total Shareholders' Equity	20,352,181	47.87	22,184,700	47.66	22,684,018	46.20

For the years ended 31 December

	2016	Percentage	2017	Percentage	2018	Percentage
Statement of comprehensive income						
Revenue from Service and Rental	4,392,845	38.99	4,324,444	41.20	4,476,855	35.27
Sales	3,412,569	30.29	2,376,266	22.64	2,580,657	20.33
Revenue from Hotel Operations	1,299,639	11.53	1,355,823	12.92	1,373,184	10.82
Revenue from Financial Business	1,310,729	11.63	1,683,046	16.03	2,116,997	16.68
Other Revenues	851,890	7.56	757,516	7.21	2,145,210	16.90
Total Revenues	11,267,672	100.00	10,497,095	100.00	12,692,903	100.00
Gross Profit	4,309,866	41.38	4,067,610	41.76	4,449,773	42.19
Net Profit attributable to equity holder of the Company	2,054,515	18.23	1,840,851	17.54	2,881,298	22.70

THE FINANCIAL RATIOS OF MBK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

For the years ended 31 December

	Unit	2016	2017	2018
Net Profit / Total Revenues	%	18.23	17.54	22.70
Return on Average Equity ^A	%	11.77	9.11	13.11
Return on Average Assets	%	4.95	4.13	6.02
Earnings Per Share ^B	THB	1.54	1.38	2.17
Dividend Per Share	THB	0.66	0.70	0.75 ^C
Book Value Per Share	THB	14.00	16.26	16.82

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

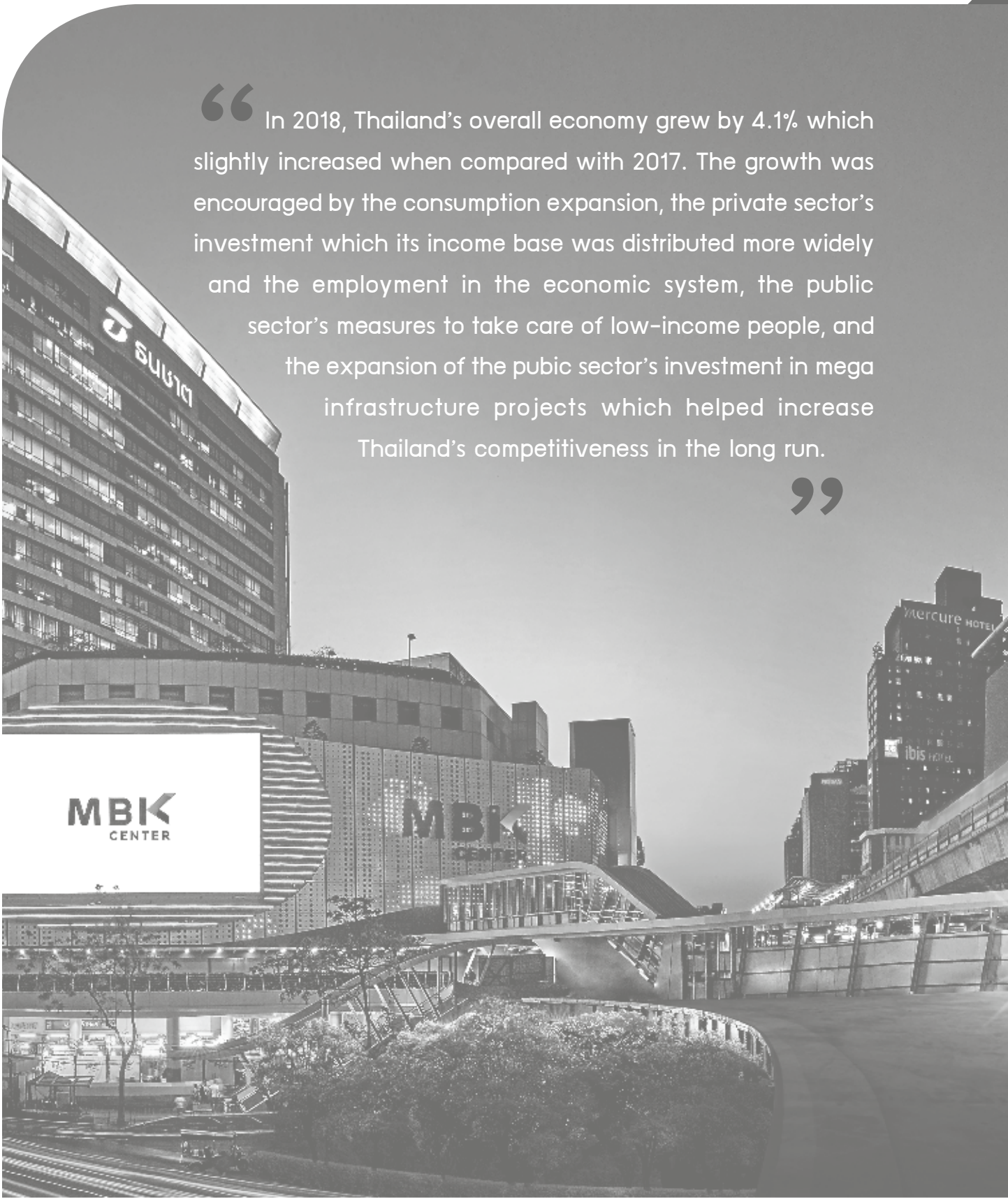
B Calculated from the number of ordinary shares which deducted by treasury stocks held by the Company and its subsidiaries.

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 2018 at the rate of Baht 0.38 per share. The total 2018 dividend will be Baht 0.75 per share, including the interim dividend for the first-half-year operations of 2018 at the rate of Baht 0.37 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 22, 2019 and the dividend will be paid on May 13, 2019. However, the entitlement to receive the dividend is uncertain because it has yet to be approved by the shareholders.

MESSAGE FROM THE BOARD OF DIRECTORS

“ In 2018, Thailand’s overall economy grew by 4.1% which slightly increased when compared with 2017. The growth was encouraged by the consumption expansion, the private sector’s investment which its income base was distributed more widely and the employment in the economic system, the public sector’s measures to take care of low-income people, and the expansion of the public sector’s investment in mega infrastructure projects which helped increase Thailand’s competitiveness in the long run.

”



MBK
CENTER

In 2018, MBK Public Company Limited (MBK) and its subsidiaries (MBK GROUP) operated its business with its corporate competency and continuous efficiency improvement. As a result, MBK GROUP has had its growth rate and has given returns to shareholders continuously. The overall picture of MBK GROUP's business operations as of 31st December 2018 was better when compared with 2017 as follows:

The operating revenue was 12,693 million, an increase of THB 2,196 million or 21%. The net profit attributable to equity holders of the Company was 2,881 million Baht, an increase of 1,040 million Baht or 56%. In 2018, The recognition gain on sales of available-for-sale investment in marketable securities which operating the hotel business, and investment in an associate which operating the hotel business, for a total was 1,163 million Baht, net of related tax impact. The financial status of MBK GROUP, as of 31st December 2018, compared with 2017, had major changes as follows: The total assets were 49,096 million Baht, an increase of 2,544 million Baht or 5%. Total liabilities were 26,412 million Baht, an increase of 2,045 million Baht or 8%. Such total liabilities comprised interest bearing liabilities 15,439 million Baht and non-interest bearing liabilities 10,973 million Baht. Total shareholder's equity was 22,684 million Baht, an increase of 499 million Baht or 2%.

In 2018, MBK GROUP had major operations as follows:

SHOPPING CENTER BUSINESS. MBK Shopping Center has had renovations and improvements continuously in order to maintain its status as the tourist destination. For the improvement of the shopping center, the rental space and the central area on the G floor, in Zone B, were renovate to open "Take-Home" stores for selling food, beverages, and products, in order to help customers make their take-away purchases more conveniently because this area is located close to the taxi pick-up and drop-off point. Additionally, the central areas of the parking spaces from the G floor to 6th floor, with the total area of approximately 15,500 square meters, were renovated in order to enhance convenience and modernity, as well as increasing full satisfaction among tenants and customers. Moreover, the MBK GROUP Application was launched in the middle of 2017 to publicize news, promotions, marketing activities, discounts, and special privileges. Currently, more than 60,000 customers use this application which helps match the different lifestyles of customers more. For the Paradise Park and the Paradise Place Building, different zones were renovated in order to possess modernity and provide more products, services, and facilities by the opening of new stores such as The Olympic Fitness Club, Discount Outlet, Government Housing Bank, Land and House Bank Public Company Limited, and health and beauty store called Matsumoto Kiyoshi.

For the Shopping Center Business of Siam Piwat Company Limited (SPW) in late 2017, the land lease contract was renewed in order to extend the contract for another 30 years. The contract will terminate in 2065. This stated land is the location of Siam Paragon Shopping Center, Siam Center, Siam Discovery, and Siam Piwat Tower. At SPW's Annual General Meeting of Shareholders in 2018, a resolution was passed to increase its capital for 3,000 million Baht. MBK then purchased more shares from the existing shareholders and newly issued shares from SPW, from previously 30.67% to currently 47.98%. On 9th November 2018, ICONSIAM shopping center was officially opened. For the ICONSIAM condominium project by the Chao Phraya River, there are Magnolias Waterfront Residence a 70-storey tower with 379 units and The Residence at Mandarin Oriental Bangkok a 52-storey tower with 146 units. The latter tower will be the first residence under the brand of "Mandarin Oriental" in Southeast Asia. Its construction will be completed in 2019.

Moreover, SPW has jointly invested with Simon Property Group, the world's leading retail property developer, to open Bangkok's first Luxury Premium Outlet on 150-rai. It is anticipated to open in the middle of 2020.

HOTEL AND TOURISM BUSINESS. The Hotel and Tourism Business is committed to develop its potential for providing services at international level and continuously improving the basic infrastructure of the Hotel and Tourism Business. Guest rooms and services were improved. Facilities were installed to enhance guests' convenience and modernity and meet the needs of guests and service users for the highest customer satisfaction such as the opening of 2 branches of the Olympic Fitness Club Paradise Park and Tinidee Hotel @Bangkok Golf Club, the expansion of the Kids Club at Dusit Thani Krabi Beach Resort Hotel in order to create more spaces for Children's activities and learning. In November 2018, the Group also opened Tinidee Hotel @Bangkok Golf Club, in Pathumthani. It is the 3.5-star hotel located in the Bangkok Golf Club adjacent to the Riverdale Golf and Country Club. The hotel is only 25 minutes away from Don Muang Airport. The hotel offers 128 guest rooms in various styles, including meeting rooms, ballrooms, restaurants, a spa, and The Olympic Fitness Club.

In May, 2018, the Hotel and Tourism Business Group sold all shares, or a 11.30% stake in Dusit Thani Public Company Limited. In July, 2018, the Group sold all shares or 29.86% of Royal Orchid (Thailand) Public Company Limited. As a result, MBK GROUP recognized earnings before tax from selling such investment in 2018 as a total of 1,440 million Baht.

With the determined commitment to develop the quality of the services, on 1st November 2018, Pathumwan Princess Hotel was awarded “Haute Grandeur Global Hotel Awards 2018”, held in Dubai. These awards are given to hotels, restaurants, and spas which receive great feedback from customers in terms of quality and excellent service.

GOLF BUSINESS. The Golf Business has provided 5 golf courses. Two golf courses are located in Phuket The Loch Palm Golf Course (LPGC) and Red Mountain Golf Course (RMGC). Both courses are recognized as famous golf courses in Thailand by both Thai and foreign golfers. LPGC received various international awards such as IGOLF CHARTER an 8 Point Commitment for Environmental and Social Responsibility and Tripadvisor Certificate of Excellence (4 Stars), while RMGC received international awards such as Asian Golf Award Monthly Best New Course in Asian, Hapa Best 5 in Asia Platinum Winner Hapa Golf Course of the Year, and Asian Golf Awards Best Course in Thailand (Top 10 List). The 3 additional golf courses located in Patumthani, are Riverdale Golf and Country Club (RDGC), Bangkok Golf Club (BKGK), and Lam Luk Ka Country Club (LLKGC). RDGC and BKGK are located within the same area, where BKGK provides both Day Golf and Night Golf services to enhance the convenience of service users in Bangkok and its vicinity. The golf courses have been regularly renovated and improved regarding fields and club houses in order to increase the service user satisfaction. The Group’s golf courses have also formed the business partnership with international leading golf courses. As a result, the Golf Business of MBK GROUP has a variety of choices and can well satisfy the customers’ needs.

REAL ESTATE BUSINESS. The Company operates real estate development for sale, property management, property consultation and appraisal, led by experienced team with expertise in the real estate business. In the 3rd quarter of 2018, the Company launched the residential project, “QUINN Sukhumvit 101”, comprised of 347 units. The project aims to balance between happiness with a simply urbanized lifestyle and the private and unique luxury amid the nature. Located adjacent to Punnawithi BTS station, it enables the ease of living an urban lifestyle that requires speed, convenience, and comfort. QUINN Sukhumvit 101 has received great feedback from our customers. In addition, the Company plans to develop detached homes and twin homes, through the launch of the residential project on Rama IX Road, with the introduction of modern and luxury homes amid the nature. The project is worth more than 600 million Baht and it is anticipated that the project will be available for sale by the 4th quarter of 2019.

The residential project in Pathumthani consisted of Park Riverdale worth more than 700 million

Baht and Riverdale Residence, worth almost 2,000 million Baht. Moreover, there is a residential project in Phuket, which the Business Group plans to develop empty land into future projects.

FOOD SOLUTION BUSINESS. The Company operates food-related business, under Patum Rice Mill and Granary Public Company Limited (PRG). In 2018, Thai rice industry was highly competitive because a supply of rice sold in the market was not aligned with demand. Therefore, PRG had to adjust its strategy on rice quality in order to suit competitive situation, by focusing on the quality development of products, control on production costs, sale, and marketing in order to match the changing of market conditions and the needs of partners and consumers. In 2018, PRG’s rice business experienced a problem of rice’s pricing in the modern trade which was the Company’s major market, as the prices of raw materials rapidly increased, resulting in a decrease in gross profits compared with 2017.

PRG also continued to support the government’s trade policy, as being one of the rice producers for Department of Foreign Trade, Ministry of Commerce delegated by Thai government to make the Government to Government rice trade agreement (G2G). The rice was then exported to different countries such as China and the Philippines. In order to respond to the new generation’s healthy trend, PRG wanted to deliver good products to consumers by expanding healthy product lines such as fragrant rice, quinoa, germinated brown rice or Nutra GABA rice, and riceberry.

Additionally, for the Restaurant Business, PRG could not increase the restaurant branches as planned, because the consumers remained careful with their spending and became more reliant on food delivery. For the Food Court Business, the Company has planned to manage a new food court in Samyan Mitrtown project, starting at the end of 2019, because consumers have various needs and prefer a street food style.

FINANCIAL BUSINESS. The Company operates to provide retail loans to buy condominium and business loans which are collateralized by the valuable real estate situated in a good location as well as the potential for commercial development, and in the market’s demand. Business loans which are collateralized by movable properties is also provided. The Financial Business is operated by MBK Guarantee Company Limited. In 2018, the loan portfolio was equal to 6,763 million Baht.

The new motorcycle leasing business provides the hire purchase of small motorcycles and big motorcycles (or Big Bikes) is operated by T Leasing Company Limited. In 2018, the hire purchase portfolio size was 6,441 million Baht, or approximately 37% growth compared with 2017. Moreover, MBK Life Assurance Public Company Limited

provides life insurance to both individuals and groups of people, offering the security for savings, life and health protection for individuals, institutions, and organizations. The result of its business operation in 2018 was satisfactory.

OTHER BUSINESSES. Apple Auto Auction (Thailand) Company Limited (AAA) is engaged in the car auction, depository service, and vehicle transportation which all employ appraisal and vehicle inspection standards from Japan.

In 2018, AAA expanded its parking spaces upcountry in order to support an increase in cars entering the auction. Today, the company has its parking spaces in 14 provinces nationwide. In 2019, the company plans to open 4 more spaces, totaling 18 provinces. Additionally, the Apple Auto Trade system was developed as the platform to buy and sell cars in order to provide the complete services, while the Apple e-Bidding system was developed as a convenient auction platform for buyers and sellers to bid for the cars and/or other products anytime, anywhere.

SUPPORTING BUSINESS. The function of this important unit is to provide consultancy and support main businesses of the MBK GROUP. Because of its employees with a diversity of expertise and experiences in the business, the Supporting Business encourages the use of technology to increase the potential and competence of businesses in the MBK GROUP, providing the following supports For the Services, this Business Unit instills service-mindedness and service standards that are aligned with customers' satisfaction. For the Processes, the Business Unit can help reduce working processes by the employment of technology and innovation, Customer Relationship Management (CRM), the MBK Application, and e-Procurement. For the Resources Sharing such as accounting, finance, human resources, procurement, and technology it can greatly enhance the competitive advantage and the utmost benefit. For the Personnel Development and Human Capital, it instills the organizational culture and develop a human resource system, gearing them towards professionalism in order to increase the organization's competitiveness sustainably. For the Brand Management, it helps build the unique identity of the MBK GROUP's brand so that the brand is sustainably strong.

GOOD CORPORATE GOVERNANCE. The Company realizes that it is an important mission to operate the business, with adherence to the principles of Good Corporate Governance, anti-corruption according to international standard, management with accountability, transparency, efficiency, and fairness to every stakeholder, in order to sustainably add value to the Company. Such success is reflected in CG score of "Excellent" (or 5 stars) the Company has received from the corporate governance

assessment of listed companies for three consecutive years since 2016. In 2018, MBK was one of 142 companies that received "Excellent" (or 5 stars) from the survey of 657 companies, pursued by the Stock Exchange of Thailand, Securities and Exchange Commission, and Thai Institute of Directors.

RESPONSIBILITY TO THE SOCIETY AND ENVIRONMENT. The Company realizes and maintains its emphasis on seriously promoting and strengthening the communities and the society, by utilizing expertise of Company in order to create value to the organization and the society in tandem through various projects and activities continuously, such as energy conservation, the promotion of resource management, waste reduction from business processes, creative waste management, and the instilment of employees' awareness and consciousness in order to share and participate in public services. These efforts aim to enhance social and environmental development, while ultimately creating sustainability in every aspect.

On behalf of the Board of Directors of the company, we would like to extend our appreciation to our shareholders, customers, alliances, partners, executives, employees and all stakeholders who have contributed their efforts and support in the business operation so that MBK GROUP has continued its success. Nevertheless, MBK GROUP will continue to operate its business according to Good Corporate Governance and manage its business to its full potential in order to achieve the organization's vision in becoming the leading business group of the country, while remaining committed to the path of sustainable growth through business operations and investment for the purpose of always creating consistent returns to our shareholders.



Mr. Banterng Tantivit
 Chairman of the Board of Directors



Mr. Suphadej Poonpipat
 Chairman of the Executive Committee



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

Mr. Suvait Theeravachirakul
Director and President



Professor Paichitr Rojanavanich
 Independent Director
 and Chairman of the Audit Committee

Mr. Kasama Punyagupta
 Independent Director and
 Member of the Audit Committee

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



Mr. Hatchapong Phokai
 Director

Mr. Atipon Tantivit
 Director

NOTE : Mr. Kasama Punyagupta was appointed into Independent Director and Member of the Audit Committee on April 30, 2018

EXECUTIVE MANAGEMENT



Mr. Suvait Theeravachirakul
President and CEO



Mr. Pongsak Sabdasen
Senior Executive Vice President,
President Office



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



Mr. Apichat Kamoltham
Senior Executive Vice President,
Legal Division



Mr. Somphol Tripopnart
 Senior Executive Vice President,
 Leasing and Tenant Relations Division
 and Acting Senior Executive Vice
 President, Marketing Division



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



Mr. Satit Saisorn
 Senior Executive Vice President,
 Operation Division



**Ms. Chaninchorn
Predeeprompan**
 Executive Vice President,
 Human Resources Division



Mr. Sakchai Suthipipat
 Executive Vice President,
 President Office

NOTE : Mr. Somphol Tripopnart was appointed into Acting Senior Executive Vice President, Marketing Division on August 10, 2018
 Ms. Chaninchorn Predeeprompan was appointed into Executive Vice President, Human Resources Division on July 1, 2018
 Mr. Sakchai Suthipipat was appointed into Executive Vice President, President Office on July 1, 2018.

MANAGEMENT

President Office as of December 31, 2018



Top row from left to right
Mr. Suvait Theeravachirakul
President and CEO

Mr. Pongsak Sabdasen
Senior Executive Vice President,
President Office

Mr. Sakchai Suthipipat
Executive Vice President,
President Office

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

Middle row from left to right
Ms. Praiyaporn Khaengraeng
Assistant Senior Executive Vice President 3,
President Office

Mr. Charoon Punyachattporn
Senior Vice President,
Project Management Department

Ms. Dararat Homrossukhon
Senior Vice President,
Compliance Department
& Company Secretary

Bottom row from left to right
Ms. Patcharee Somnanta
Vice President, Strategic & Operation
System Management Department

Ms. Jaroonrat Salee
Vice President 1, President Office

Mr. Ekasin Tortarameta
Vice President 2, President Office

NOTE : Ms. Dararat Homrossukhon was appointed into Senior Vice President, Compliance Department on June 1, 2018.
Mr. Ekasin Tortarameta was appointed into Vice President 2, President Office on February 1, 2019.

Finance & Administration Division as of December 31, 2018



Top row from left to right

Mr. Kasemsuk Chongmankhong

Senior Executive Vice President,
Finance & Administration Division

Ms. Wanpen Rungrojchanathip

Assistant Senior Executive Vice President 1,
Finance & Administration Division

Mr. Surapon Senachakr

Assistant Senior Executive Vice President 2,
Finance & Administration Division

Ms. Kanchana Panyarattanakul

Senior Vice President, Finance Department

Bottom row from left to right

Ms. Grissanee Dejworachai

Vice President, Procurement
and Administration Department

Mr. Boonlert Rakwijitsil

Vice President, Information Technology
Department

Mr. Kitja Sinrapavongsa

Vice President, Accounting & Budget
Department

MANAGEMENT

Operation Division as of December 31, 2018



Top row from left to right

Mr. Satit Saisorn

Senior Executive Vice President,
Operation Division

Mr. Satawat Laklaem

Assistant Senior Executive
Vice President, Operation Division

Bottom row from left to right

Ms.Orawan Chungprasirtsri

Vice President, Service Department

Mr. Pongwikarn Wisarutshotikul

Vice President,
Security Management Department

Mr.Prayad Boonkham

Vice President, Engineering Department

NOTE : Mr.Prayad Boonkham was appointed into Vice President, Engineering Department on July 16, 2018.

Business Development Division as of December 31, 2018



From left to right

Mr. Suvait Theeravachirakul

Acting Senior Executive Vice President, Business Development Division

Mr. Soomboon Prasobpiboon

Assistant Senior Executive Vice President, Business Development Division and Acting Vice President, Business Development Department

Mr. Pongtip Pongkham

Vice President, Business Investment Department

NOTE : Mr. Soomboon Prasobpiboon was appointed into Assistant Senior Executive Vice President, Business Development Division and Acting Vice President, Business Development Department on July 1, 2018.

Internal Audit Division as of December 31, 2018



From left to right

Ms. Yupapun Paritranun

Senior Executive Vice President Internal Audit Division

Ms. Chatchamas Luengsakshi

Senior Vice President, Internal Audit 1 Department

Ms. Chonlada Ngamnikulchalin

Senior Vice President, Internal Audit 2 Department

NOTE : Ms. Chatchamas Luengsakshi was appointed into Senior Vice President, Internal Audit 1 Department on June 1, 2018.
 Ms. Chonlada Ngamnikulchalini was appointed into Senior Vice President, Internal Audit 2 Department on June 1, 2018.

MANAGEMENT

Human Resources Division as of December 31, 2018



From left to right

Ms. Chaninchorn Predeeprompan

Executive Vice President, Human Resources Division
and Acting Vice President, Human Resources Development Department

Ms. Patcharin Pintunun

Vice President, Human Resources Management Department

Marketing Division as of December 31, 2018



From left to right

Mr. Somphol Tripopnart

Acting Senior Executive Vice President, Marketing Division

Ms. Sukunya Siden

Vice President, Marketing Department and
Acting Vice President, Digital Marketing Department

Ms. Sattakamol Worakul

Vice President, Corporate Communications Department

NOTE : Ms. Sukunya Siden was appointed into Vice President, Marketing Department and Acting Vice President, Digital Marketing Department on November 1, 2018.
Ms. Sattakamol Worakul was appointed into Vice President, Corporate Communications Department on January 21, 2019.

Leasing and Tenant Relations Division as of December 31, 2018



From left to right
Mr. Somphol Tripopnart
 Senior Executive Vice President,
 Leasing and Tenant Relations Division

Ms. Sahappak Chokwichitkul
 Senior Vice President, Leasing
 and Tenant Relations Department

Legal Division as of December 31, 2018



From left to right
Mr. Apichat Kamoltham
 Senior Executive Vice President, Legal Division

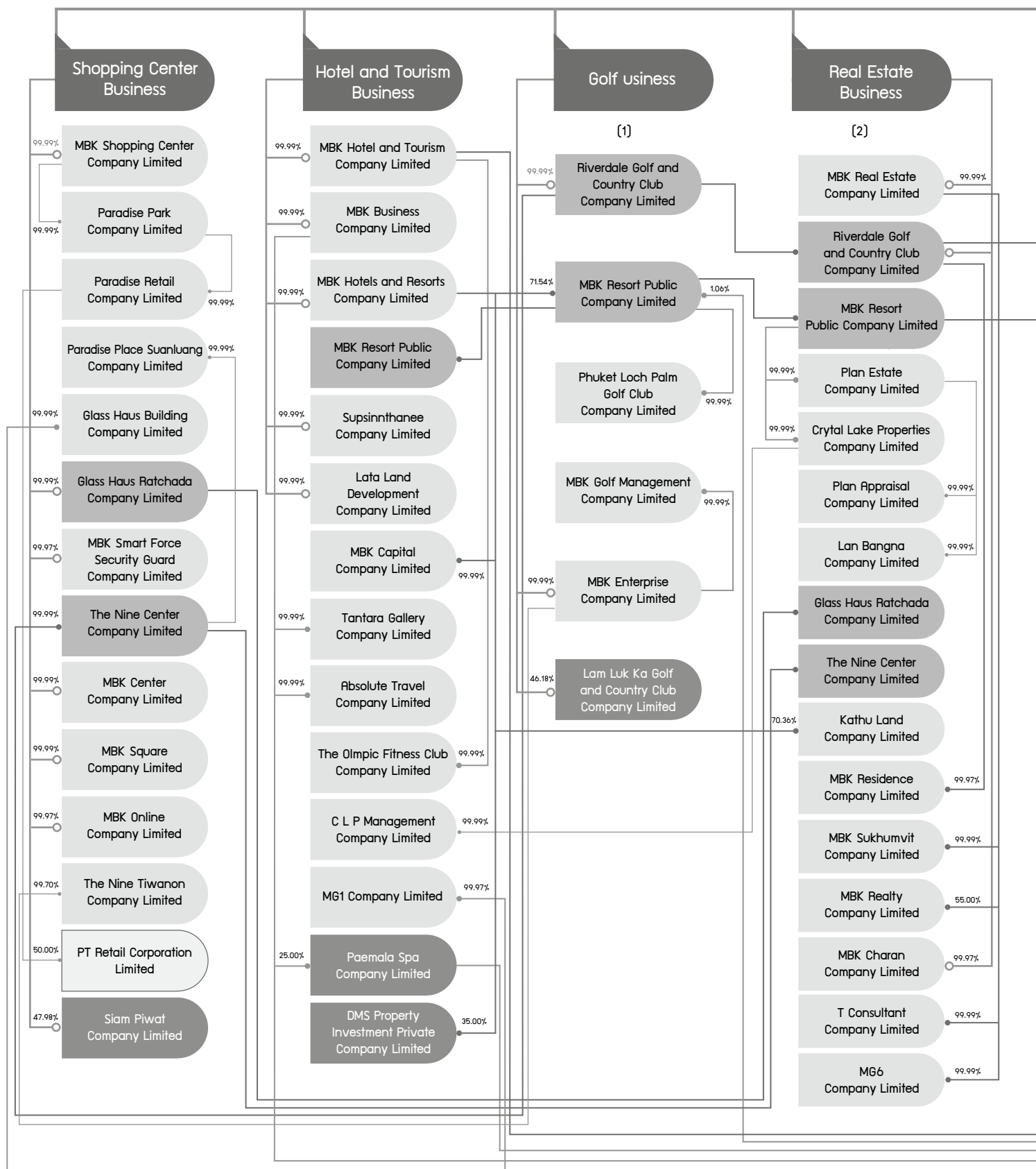
Mr. Oukrit Pitakpracha
 Vice President, Case & Juristic Person Department

Mr. Sutthilerk Bumrunghat
 Vice President, Juristic Act Department

Mr. Apichat Supadej
 Vice President, Financial Legal Services Department

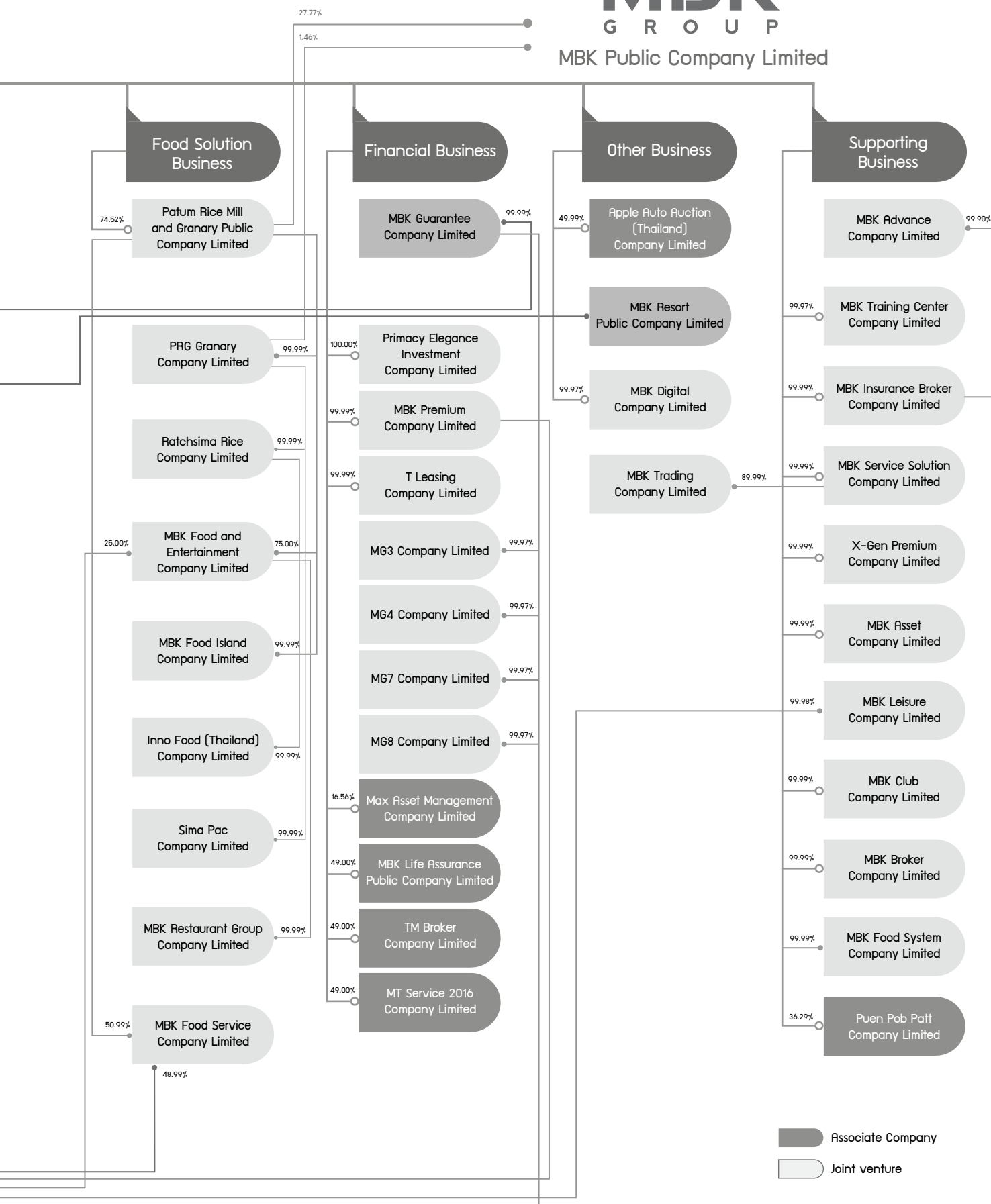
SHAREHOLDING STRUCTURE OF MBK GROUP

December 31, 2018





MBK Public Company Limited



NATURE OF BUSINESS OPERATIONS

MBK Public Company Limited (“MBK”) and MBK GROUP 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”)
- Paradise Place Suanluang Company Limited (“PDPL”)
- 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”)
- Absolute Travel Company Limited (“ALT”) etc.





3. Golf Business

operated by MBK's subsidiaries:

- MBK Resort Public Company Limited ("MBK-R")
- Riverdale Golf and Country Club Company Limited ("RDGCC")
- MBK Enterprise Company Limited ("MBK-EP") 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.



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.



7. Other Business

operated by MBK's subsidiary and associated company:

- Apple Auto Auction (Thailand) Company Limited ("AAA")
- MBK Trading Company Limited ("MBK-TD") 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")
- MBK Food Service Company Limited ("MBK-FSV") etc.



8. Supporting Business

operated by MBK's subsidiaries:

- MBK Training Center Company Limited ("MBK-TC")
- MBK Club Company Limited ("MBK-CB") etc.



MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR

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

Year 2018

- In April 2018, MBK Guarantee Company Limited – an indirect subsidiary which MBK held its shares of 99.99% – has established new companies as follows:

- MG7 Company Limited – A percentage of investment was 99.97% in order to make loans through mortgage arrangements for real estate – without accepting deposits or receiving money from people and taking advantage of them – as well as buying real estate.

- MG8 Company Limited – A percentage of investment was 99.97% in order to make loans through mortgage arrangements for real estate – without accepting deposits or receiving money from people and taking advantage of them – as well as buying real estate.

- During May and June 2018, MBK Public Company Limited subsequently acquired more shares from the existing shareholders and the capital increase shares of Siam Piwat Company Limited – which is MBK’s associated company – which in turn increased its holding from 30.67% to 47.98%.

- In May 2018, MBK Hotels and Resorts Company Limited – a direct subsidiary which MBK held its shares of 99.99% – sold all shares of Dusit Thani Public Company Limited for a total is 11.30%.

- In July 2018, the registered capital decrease and paid-up capital were registered (according to the general shareholders’ meeting 2018) by decreasing MBK’s specific shares held by MBK Advanced Company Limited for a total of 13,037,000 shares. Its par value was THB 1, totaling THB 13,037,000. Calculated as 0.763% of its registered capital of THB 1,707,960,000, it was changed to be new registered capital for a total of THB 1,694,923,000.

- In July 2018, MBK Hotels and Resorts Company Limited – a direct subsidiary which MBK held its shares of 99.99% – sold all shares of Royal Orchid Hotel (Thailand) Public Company Limited for a total is 29.86%.

- In August 2018, MBK Public Company Limited invested in buying ordinary shares of MBK Food System Company Limited from Patum Rice Mill and Granary Public Company Limited for a total of 1,090,910 shares. Its percentage of investment was 100%.

THE NATURE OF BUSINESS OPERATIONS

1. The 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-meter rental area under management of MBK Public Co., Ltd.

As of 31st December 2018

The MBK Center Building has a total area of 270,685.57 square meters with space allocation as follows:

• Shopping center	142,935.31	Square Meters
• Office Tower	23,330.07	Square Meters
• Hotel	47,096.53	Square Meters
• Parking space	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)	142,935.31	Square Meters.
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These areas consist of:

• Area rented out to shops	81,411.23 ¹	Square Meters
• Central area	61,574.08	Square Meters

1.2 Office area for rent (the MBK Tower Building)

Area from 9 th to 20 th Floors	23,330.07	Square Meters.
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These areas consist of:

• Office area for rent	15,581.36 ²	Square Meters
• Central area	7,748.71	Square Meters

2. Area not for rent includes the following:

2.1 Hotel area (Pathumwan Princess Hotel)	47,096.53	Square Meters.
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These areas consist of:

• Hotel guest rooms (29 floors)	26,127.61	Square Meters
• Central area	20,968.92	Square Meters

2.2 Parking space	57,273.66	Square Meters
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¹ The Shopping center's increased area in 2018 equals 371.24 square meters because of the area of THE FIFTH FOOD AVENUE on the 5th floor, Zones B and C on the 4th floor, and Zones B and C on the 6th floor.

² The office space for rent in the MBK Tower increased in 2018 equals 10.86 square meters because of the renovation of the rental area on the 15th floor.





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 approximately 21% 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 approximately 79% of the area rented.

The Major Changes and Developments in the Past Year

In 2018, the changes and developments were made to the spaces inside the MBK Center. The changes and improvements are as follow:

- The renovation of the rental area and the central area “Take Home” on the G floor in Zone B, with the area of approximately 660 square meters.
- The renovation of the rental area and the central area in front of the Food Court on the G floor in Zone C, with the area of approximately 160 square meters.
- The renovation of the central area in parking spaces from the G floor to the 6th floor, with the area of approximately 15,500 square meters.
- The renovation of the central area for 135 direction signs from the G floor to the 6th 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 Center 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 31st December 2018

(unit: Square Meters)

1	SF Corporate Public Company Limited	15,000.32
2	Bangkok Tokyu Department Store Company Limited	12,000.00
3	MBK Food Island Company Limited	3,087.24
4	MBK Food and Entertainment Company Limited	2,491.77
5	Central Food Retail Company Limited	1,361.00
6	Big Foodcourt Company Limited	632.13

Top 10 main tenants as of 31st December 2018

(unit: Square Meters)

7	Big Cut Company Limited	616.97
8	Siam Wellness Group Public Company Limited	615.49
9	F Farida Aree Beauty Clinic Company Limited	475.93
10	Bata Shoe of Thailand Public Company Limited	434.65

- **Retail Tenants** They are retail shops. 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 MBK Center supports various users- foreigners, Thai people, students, and working people.

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

In 2018, several entrepreneurs turned to more focus on Customer Relationship Management (CRM) along with other marketing campaigns such as discounts, the extension of 0% interest installment plan, and promotion campaigns which were considered main strategies to stimulate the purchasing power as well as the sales volume. Also, the presentation of products matching the target groups, increasing channels to have access to products and services, improving branches to be modern ones provided with complete services with a style of a lifestyle mall in order to fully satisfy consumers' needs. Moreover, several entrepreneurs utilized technology to enhance convenience and create a new channel to sell products and services. Consumer behavior changed to use smart phones and tablets in a daily life quite highly. The online marketing then played an important role in business operations in order to meet consumers' needs requiring convenience and rapidness such as buying products and services online through a smart phone, receiving discounts and special privileges through the application. Customers' information was analyzed on insight behavior in order to more satisfy their needs exactly what they needed. Then, MBK Center has launched the MBK GROUP Application since 7th July, 2017. Up to present, this application has been used by more than 66,000 customers as its customer base.





Moreover, a new “retail” form such as the Train Park flea markets and Truck Shops and Art Box markets flea markets provided with containers. These markets focused on unique products and satisfied various consumers’ lifestyles of students, teenagers, or the new generation. 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 organizes 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 shows. 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 come to have services. Also, the MBK Center is still the large and modern center of mobile phones, electronics, and cameras. In 2018, more than 13 million tourists came to have services.

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

The retail business tends to grow continuously from 2018 to 2020, which is encouraged by

- 1) Thai economy tends to grow by 4-5% per year, compared with the average growth of 2.4% between 2013 and 2016. It is expected that the private sector consumption will grow by 3-4% per year.
- 2) The grow of tourism between 2018 to 2020 is expected that a number of foreign tourists travelling in Thailand will be around 39.0 - 39.5 million tourists per year which is increased from 35.4 million tourists in 2017 and will help open up a business opportunity for the retail business, particularly tourist cities.
- 3) The public sector’s policy to stimulate the economy such as the Government Welfare Program (Phase 2) (Job creation)
- 4) Other supporting factors such as an increase of the middle class possessing high purchasing power according to their incomes, the expansion of urbanization which the United nations (UN) has assessed that the level of urbanization of Thailand will increase from 49.2% in 2017 to 51.4% in 2020.

However, the growth of the retail business may be suppressed by the slow recovery of purchasing power because unstable prices of agricultural produce and high household debts will affect incomes of middle-class and lower-class consumers which are the country's majority. Also, the competition is fiercer because of the retail business for a cluster of and a cross between products both for the same target groups and new domestic and foreign competitors who see a new opportunity for the growth of Thailand's modern trade. Particularly, striving to have a market share through e-Commerce which consists of a lot of entrepreneurs, including non-retail entrepreneurs and foreigners who have readiness for capital such as China and Singapore. Thai Retailers Association expects that within 5 years, the online sales volume will increase by 5% in proportion to the overall sales volume of the retail business, compared with the online sales volume in 2017 with less than 1%. As a result, retailers have to urgently adapt themselves from only offline sales to a combination with online sales in order to increase the competitiveness.

Investment in the retail business tends to continuously increase in both Bangkok and provinces because an extensive number of branches will make consumers have access to the products easier and more conveniently; while some entrepreneurs progress to expand their investment abroad.

The Domestic Investment: Entrepreneurs tend to expand their investment in order to open up a marketing opportunity in Bangkok and secondary cities, areas provided with investment in a transportation system, special economic zones, the Eastern Economic Corridor (EEC) zone, and areas on the borderline adjacent to neighboring countries. Many shopping centers and department stores have been scheduled to open between 2018 to 2020. Investment in small-sized shops may be sluggish because major entrepreneurs speeded up the expansion of a lot of branches in the past. However, new investment is encouraged according to the expansion of communities such as the areas along the sky train lines in Bangkok and its surrounding areas.

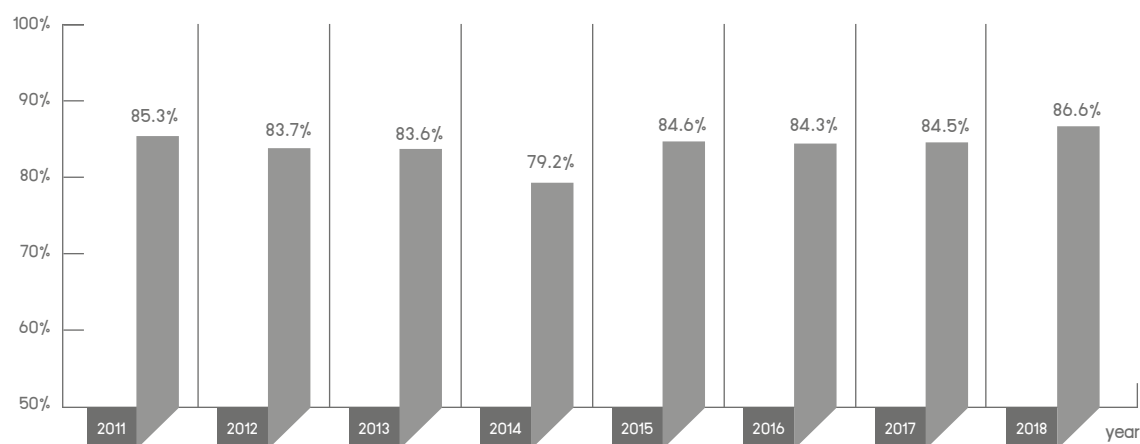
The Foreign Investment: Major entrepreneurs tend to expand their investment to ASEAN's neighboring countries which is the potential market in terms of the economy, and a number of both population and middle-class population. In 2020, it is expected that the retail value of 6 ASEAN countries will reach 1.6 trillion U.S. dollars, compared with 1 trillion U.S. dollars in 2017. In 2017, Thai potential retailers increased the expansion of their investment abroad by 25.2%, compared with 2016. The entrepreneurs who already invested in neighboring countries are **the TCC Group** focusing on the wholesale business and convenient stores the shopping mall called MM Mega Market, the convenient store called BSmart (Vietnam), and the convenient store called M-Point Mart (Laos) and having a plan to invest in the retail shops in Cambodia and Malaysia in the future; and **the Central Group** has opened Supersports, Power Buy, Big C Shopping Mall (Its name has been changed to GO instead.), Robins Department Store (Vietnam), and Central Department Store (Indonesia). Its Central I-City Project (Malaysia) was opened in 2018.

The challenges of the retail business in the next phase is the change of business forms from previously focusing on the mass market to more focusing on customization resulting in the entrepreneurs have to speed up their adaptation such as the employment of a technological system for the in-depth information analysis in order to increase the competitiveness and maintain continuous profits in the long term.

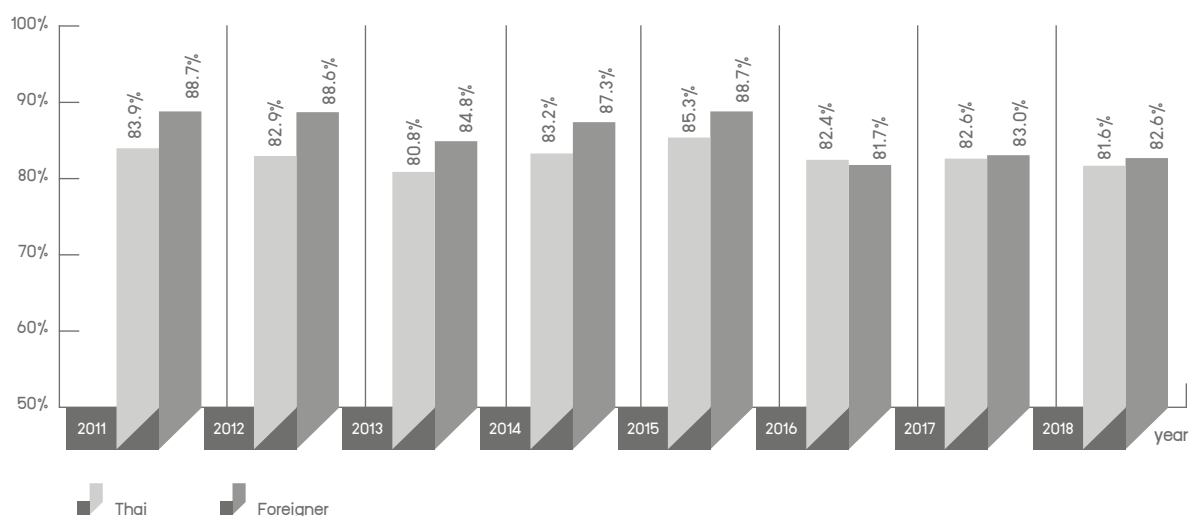
4 The Information on Customer Satisfaction

The MBK Center operates its business by emphasizing on continuous and sustainable growth as well as focusing on financial growth, along with providing satisfaction to customers the tenants as well as Thai and foreign customers. The overview of satisfaction for the year 2018 showed that the tenant satisfaction was 86.6%. Thai customer satisfaction was 81.6%, while foreign customer satisfaction was 82.6%. The overall satisfaction was higher than 80% or at “Very satisfied” because of many improvements the physical renovation and decoration which was modernized and gained more interest, as well as increasing new shops and organizing activities which met the interest of the customers.

TENANT SATISFACTION



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 2018

The environmental conflicts

- None -

The Nature of Business Operations of Other Shopping Centers

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

- 1) The Paradise Park (Original name was "Seri Center"), currently operated by Paradise Park Company Limited.
- 2) The Paradise Place Building (Original name was "HaHa Shopping Center"), currently operated by Paradise Place Suanluang Company Limited.
- 3) The Nine Center, operated by The Nine Center Company Limited.
- 4) Glas Haus Building Company Limited
- 5) Glas Haus Ratchada Company Limited

The Paradise Park and the Paradise Place Building

Products and Services

The Paradise Park and the Paradise Place Building manage a short-term and long-term rental shopping mall business which the 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.





The Paradise Park, located in the area of approximately 23 rais (37,784 square meters), consists of the commercial area (stores), restaurants, education centers, offices, cinemas, and parking spaces. All are managed by Paradise Park Company Limited.

As of 31st December 2018,

The Paradise Park, with the total area of 282,062.07 square meters, is divided into

- | | | |
|-----------------------|------------|---------------|
| • The commercial area | 89,327.37 | square meters |
| • The office area | 2,942.69 | square meters |
| • The central area | 73,845.58 | square meters |
| • The parking spaces | 115,946.43 | square meters |

The Paradise Place Building, located in the area of approximately 8 rais (12,930 square meters), consists of the commercial area (stores), restaurants, education centers, offices, and parking spaces. All are managed by Paradise Place Suanluang Company Limited.

As of 31st December 2018,

The Paradise Place Building, with the total area of 42,347.54 square meters, is divided into

- | | | |
|-----------------------|-----------|---------------|
| • The commercial area | 12,226.48 | square meters |
| • The office area | 6,941.56 | square meters |
| • The central area | 14,724.43 | square meters |
| • The parking spaces | 8,455.07 | square meters |

The Major Change and Development in the Past Year

The Paradise Park

In 2018, the Paradise Park used a budget of approximately THB 48 million for the renovation of spaces on different zones and repair equipment inside the shopping mall in order that it could have modernization as well as more products, services, and facilities as follows:

- To increase the efficiency of the air conditioning, electricity system, and sanitary system inside the shopping center.
- To open new tenants' services such as Olympic Fitness Club, Discount Outlet, Government Housing Bank, Land and Houses Bank Public Company Limited, the health and beauty store named Matsumoto Kiyoshi, and restaurants like Bai Miang and Daruma Sushi Buffet, in order to increase a wider variety of products and services for customers.
- To improve, repair, and change spare parts of elevators and escalators.

The Paradise Place Building

In 2018, the Paradise Place Building used a budget of approximately 16 million Baht for the area renovation in various zones in order to have modernization as well as more products, services, and facilities, as follows:

- To provide services of new tenants such as Paradise Food Arcade, Chill Out Market, and offices belonging to associated companies of the MBK GROUP, in order to increase a wider variety of products and services for customers and service users.
- The temporarily closed project to renovate void areas from the 2nd to the 4th floors in order to have more rental areas.

The Marketing and Competition Situation

1 The Selling and Distribution Channels of Shopping Center Business

The Paradise Park finds a category of tenants by emphasizing on selecting products and stores to match its target groups of customers through the arrangement of areas according to a category of stores— the food business, fashion, banks, educational institutions, IT and mobile phones, beauty clinics, jewelry, services, pet stores and other businesses. The Paradise Park will select stores which are leading brands, and the quality of their products and services are equal to or beyond a benchmark employed in such business.

2 The Competitive Situation of the Shopping Center Business

In 2018 there were competitions from the neighboring competitors as follows:

1. The Seacon Square - In 2018, it used a budget of approximately THB 400 million in order to emphasize its uniqueness. It also emphasized the renovation of the restaurant zone on the 4th floor under the name of Canopy, with a budget of approximately THB 250 million. The average of organized events was 30 events per year with the emphasis on creating the uniqueness as its selling point. Moreover, a budget of THB 150 million per year was used for the marketing, which increased if compared with 2017 for a budget of THB 120 million.

2. The Central Bangna Shopping Center - In 2018, it revamped its look by improving its decoration's design to more match the lifestyle of the new generation in order to be **"The most modern shopping center in the eastern Bangkok"**, together with selecting leading brand names to be opened as their first shops here. The newest premium zone including the Central Food Hall which gathers world-class food stores considered the best ones in Asia. It also gathered good quality products, a variety of premium domestic and foreign raw materials, other products, more than 600 kinds of high quality imported wine and "Food Balcony" which is the premium restaurant zone with more than 20 restaurants specially selected for the customers around Bang Na.

3. The Rod Fai Night Market - In 2018, there were more stores and more customers. It opens every Thursday, Friday, Saturday, and Sunday. Also, the Papa Market, situated between the Talad Rod Fai Market and the Paradise Place Building, caused heavy traffic at weekend on Srinakarin road from the front of the Seacon Square to the Paradise Park.

4. Mega Bangna - In 2018, the Marvel Experience Thailand was opened on the area of more than 10,000 square meters. It was considered the entertainment complex with the theme of the universe of Marvel. It was full of advanced technologies and great experience of transforming into many super heroes.

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 system, 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 Building 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 Building 3 of 1,000 cubic meters per day. In May, 2017, the water treatment system was improved for more effectiveness. Therefore, the water treatment system of Building 2 and Building 3 can handle approximately 1,200 cubic meters of wastewater 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).

- The Waste Occurring due to Waste Water Treatment

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

- 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)

- 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 two years.

- 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 one year.

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:

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

3. The Sustainable Environment Project

For the year 2018, additional projects were:

3.1 A project to improve lighting inside the shopping center by changing from compact fluorescent downlights to 2,500 LED downlights which conserved energy for approximately 25,330 units per month. In early 2019, there is a project to improve lighting by installing 290 LED lamps instead of low bay lamps in central areas of the shopping center.

3.2 A project to change one 1,000 ton-chiller which helped save more energy for approximately 35,625 units per month. It was already installed in April, 2018.

The Nine Center

Products and Services

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

- | | | |
|-----------------|--------|---------------|
| • Office spaces | 9,306 | Square Meters |
| • Retail spaces | 15,231 | Square Meters |

Major Changes and Developments in the Past Year

1. The Space development and renovation were done with the purpose of creating varieties and meeting the needs of target groups of the service users. The Nine Center provided additional stores Healthy Planet which is the store of organic products for anyone who wants to be healthy, the Wisdom Beauty & Wellness, and restaurants such as Fukumimi Yakitori, Klang Krung Boat Noodles, and Yukanna.

2. The entrance to the Nine Center, in front of Seri Market on Rama IX Road, has been opened during rush hours from 8.00 am to 20.00 pm every day for the sake of customers' convenience and traffic relief on Rama IX Road.

3. The Nine Center provided more facilities for the disabled, expecting mothers, and the elderly in order to conform to the Company's policy and satisfy the needs of customers in terms of the best services.



The Marketing and Competition Conditions

1 The Distribution and Distribution Channels of The Nine Center Business

Rental spaces within The Nine Center directly offers to sell to target a tenant group 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 - located on Sri Nakarin Road - The Sence (Town in Town), and Market Today (Krungthep Kreetha), are community malls like The Nine Center. They have 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 Towers 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 rais 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.

HomePro Rama IX, with an area of 26,000 square meters, is run by Home Products Center Public Co., Ltd. It is viewed as an indirect competitor of The Nine Center. Inside HomePro, it mainly focuses on selling household devices and lifestyle products. Also, "Bike Club"- a full service bicycle shop - as well as restaurants, coffee shops are situated inside HomePro. According to the location of HomePro, it is situated before the exit of Sri Rat Expressway, service users who take the exit from Sri Rat Expressway have to pass The Nine Center before making a U-turn to go to HomePro.

3. The Entry of New Competitors

-None-

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 100 shops from various professional business operators such as restaurants for food and beverages, coffee shops, bakeries, educational institutions, beauty salons, gyms, and financial institutions. 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 their 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 7 years of operation, The Nine Center has become better known and a number of customers increase. There is an activity area designed for organizing various marketing activities in every season. These organized marketing activities attract the media's continuous attention. Besides, The Nine Center is the only community mall on Rama 9 road that greatly answers all the needs of the local people. It has then renovated the center areas to have colorful 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 lifestyle 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 environmentally 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 the Embassies 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 Co., Ltd.

The Major Changes and Developments in the Past Year

In 2018, Glas Haus Building improved the systems in order to increase the efficiency of business development as follows:

1. To improve the electricity transformers system by relocating its electricity system underground in order to support the underground electricity system project run by Metropolitan Electricity Authority (MEA) in order to solve the problem of electricity consumption and build more confidence in electricity consumption for both tenants and the building's service users.
2. To improve the road leading to the new building's entrance in order to suit the convenience of tenants and visitors - through the cooperation with Klongtoei District office - with the aim of improving sewers on a soi (or a side street) by having the side street surface flat and asphalted on Soi Sukhumwit 25 (Dangprasert).

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 overall picture of Glas Haus Building Co., Ltd. in 2018, there was an increasing number of new competitors entering the market as well as uncertainty about renewing the land contract with the landowner. These factors did not encourage the increasing of space rentals. In 2018, Glas Haus Building Co., Ltd. planned to adjust its strategy in order to increase the competitive advantage by improving rental spaces to satisfy the needs of present tenants more for example, to modify the rental spaces ranging from 80 to 100 square meters for better suitability for renting and to make a short-term contract with tenants in order to respond to employees in the offices and meet the needs of current tenants. Currently, Glas Haus Building has 90% of rental occupancy. However, uncertainty about renewing the land contract tends to cause a decrease in the rental occupancy in the future.

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

In 2018, according to its growth strategy as planned for the future, Glas Haus Building Co., Ltd. set the competition's goal by finding potential tenants, making a short-term contract, and downsizing the spaces of its affiliated companies in order to provide rental services for both short-term and long-term minor tenants.

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 service, security service, cleaning service, electricity system maintenance service 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.

- **To reduce a waste impact** Nowadays, Glas Haus Building Co., Ltd. has sorted toxic waste out from general waste like light bulbs for the disposal of toxic waste. The District Office of Bangkok Metropolitan Administration (BMA) is hired to get rid of such toxic waste.
- **To reduce a noise impact** In order to reduce an impact of noises at work on tenants, Glas Haus Building has set a plan to repair machines on different floors every month in order to make noises affecting the working of tenants the least.
- **To reduce an air impact** Because Glas Haus Building is the cooling tower-operated building for making cool water and provide it within the building for the tenants. The building's engineers clean the air conditioning system every month and the cool water supplied to the system has to be tested in a laboratory every month. Fresh air is also ventilated inside the building in order that the tenants have fresh air. The engineers also well take care of emitting pollutions out of the building by controlling burning materials as well as waste in the areas in order not to make a direct environmental impact.
- **To reduce a wastewater impact to the environment** Glas Haus Building realizes the impact of a water treatment process from wastewater to clean water before it is shredded. Glas Haus Building resolves the water problem before shedding it through processes in order to reduce or eliminate the contaminated dirtiness in restrooms - grease, organic substances, inorganic substances, toxins, and diseases - completely or best follow standards before shredding into sewers. The building sends already treated water before releasing into the public space for checking its quality every month in order to follow the standards and also submits the report to the District Office every month.



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 meters. 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 Changes and Developments in the Past Year

In 2018, Glas Haus Ratchada Building had changes and improvements as follows:

1. To change main sewers between both buildings leading to a new wastewater pond.
2. To change the Cooling Tower-related devices in order to encourage the better quality of the cooling system.

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.

1 A waste impact

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

2 An impact on Water

Glas Haus Ratchada Building realizes the importance of the water system of the building including the system to release wastewater 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 tenants to add more water filters on every floor. As for the waste water, Glas Haus Ratchada Building has treated the wastewater before releasing it out of the building. At the same time the building will test the quality of the wastewater 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 wastewater.

3 A noise impact

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.

4 An air impact

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 laboratory 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.

5 To reduce an impact of wastewater shredded outside the building

Glas Haus Building Ratchada has realized the impact of treating wastewater to be clean water before shedding it into drains. The Building solves the problem of water released into the system by means of processes in order to reduce or eliminate contaminated dirtiness in restrooms greases, organic substances, inorganic substances, toxins, and diseases completely or best follow standards before releasing it into the drains. The Building sends already-treated water before shredding into the public space to be checked every month in order to be accordance with the standards and also submits the report to the District Office every month.



The Hotel and Tourism Business

The Hotel Business

Hotel business is managed and supervised by MBK Hotels and Tourism Company Limited (“MBK-HT”), operated by MBK Business Company Limited (“MBK-BUS”), MBK Hotel and Resorts Company Limited (“MBK-HR”), Supsinthanee Company Limited (“SSTN”), MBK Resort Public Company Limited (“MBK-R”), Lanta Land Development Company Limited (“LLD”) and Absolute Travel Company Limited (“ALT”). 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.
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.
7. Tinidee Hotel@Bangkok Golf Club, taken over by MBK-HT since November, 2016. It was closed for renovation and then officially opened on 1st November 2018.

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, including the opening of 2 more branches of the Olympic Fitness Club in 2018. Currently, there are 3 fitness clubs under the brand of the Olympic Club at Pathumwan Princess Hotel, Paradise Park, and Tinidee @ Bangkok Golf Club.





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 Changes and Development in the Past Year

The Housekeeping Department

- To increase 15 Hollywood Twin rooms in order to satisfy the needs of guests for both twin beds and king beds. Today, the Hotel has 45 guestrooms of this room type.
- To change mattresses in additional 200 rooms in order to complete the whole mattress changing in 455 guestrooms in total.
- To buy air purifiers and humidifiers in order to give a good atmosphere in both guestrooms and central areas.
- To install scent machines in the reception area in order to create an impression on guests coming to use services in the Hotel.
- To change sheer curtains in 150 guestrooms in total.

The IT Department

- To upgrade the Software Vingcard system and change from key cards with magnetic stripes to RFID key cards in order to increase the efficiency and convenience when used.
- To upgrade the Interface Vingcard and the Opera System in order to reduce time in managing a key card through the Opera system after the check-in immediately.
- To provide 1 more spot for a scan passport machine at the GRO counter in order to support the number of guests coming for the check-in at the same time.
- To provide 1 more encoder at the Front Office in order to manage a key card in advance before a guest’s check-in.
- To install a computer connected to a large LED screen at a parking space in front of the Hotel in order to display the Hotel’s information.
- To replace outdated the Windows XP Operating System with 60 office computers and 5 notebooks.

- To install the Report Down Time in the Opera System. In case that the Opera System is not usable, the Run Report will report every 4 hours in order to be able to browse all information of guests using services.

The Food and Beverage Department

t@Lobby

- To completely renovate t@Lobby - ceiling lamps, tables, chairs, and USB plugs - in order to improve the lobby's image to be more beautiful and more modern as well as increasing convenience for guests.

TERRAZZA

- To place blinds around the restaurant in order to protect it from the light/the wind, for the purpose of creating a shady and pleasant atmosphere by day and protecting the restaurant against rain when the rain falls.

Vista Bar Terrace

- To renovate rest rooms inside the new restaurant in order to have a beautiful image and follow the Hotel's standards.
- To provide more lighting at the restaurant in order to create a good atmosphere for guests who comes to have food and beverages. Having a bird's-eye view from a building's high floor, the illumination can invite the guests to feel like having beverages more.

CiTi Bistro

- To organize a variety of buffet promotions such the River Prawn Night and the Crab Night.

Studio Bar

- To provide guests with more TV channels for sports and more channels for live boardcasts

Banquet

- To change upholstery for 300 chairs in the banqueting hall.
- To increase 150 chairs for guests coming for the training.

The Engineering Department

- To change 350 safe-deposit boxes inside the guestrooms.
- To change smoke detectors and heat detectors in order to increase the detection's efficiency in case of fire so that the security department can prevent the fire in time.
- To change surveillance cameras at 20 spots in order to increase the efficiency of recording and safety of belongings of guests and employees in the Hotel.
- To place the LED sign in front of the Hotel in order to have a beautiful and modern look as well as making the Hotel to be seen more obviously.



The Recreation Department

- To renovate the whole tennis courts in order to have a modern look and increase the use's efficiency.
- To build 4 indoor badminton courts at an international standard level on the 8th floor in the Sports Zone.
- To improve the locker room for the female members, by increasing the number of lockers and decorating them more beautifully.
- To increase the number of fitness equipment such as treadmills, stationary bicycles, and elliptical cross-trainers, in order to support the guests' service use.

The Reception Department

- To install the devices for the Credit Card Swapping System in order to enhance the modernity and rapidity for providing services of check-in and check-out for guests.

The Security Department

- To buy a rescue kit called Automated External Defibrillator (AED) and employees receive training in using AED and rescue skills in order to improve the employees to be prepared for dealing with emergencies.

CSR

- The activity called "Tree for Life" with the aim of making a donation and preparing lunch for children at "Nontapum" - Home for Children with Disabilities, in Nontaburi.
- The activity called "Earth Hour" with the aim of turning off the lights in order to save energy and reduce global warming.
- To donate pineapples to "Santisuk Foundation" and participate in give out pineapples, together with Thanachart Group, in order to help pineapple growers because the price in the market plunged sharply.
- To give out vegetarian food at the Road Map Fair, the Government House.
- To give alms to monks, together with MBK GROUP, in order to make merit for His Majesty King Bhumibol Adulyadej.
- To donate stationeries to impoverished children in remote areas through Christian Broadcasting Network Siam.
- To donate stationeries to children through Santisuk Foundation.
- To open the activity called "Wishing Tree & Christmas Light Up 2018".





Marketing:

- To develop a system to control an occupancy and price rate for the utmost benefit.
- To develop the Loyalty Program named “PPB Member” in order to increase the new customer base.
- To have review of the Hotel through bloggers from different countries.
- To put in new advertisements as 360-degree pictures in order to make these pictures more interesting and more modern.
- To increase the efficiency of the employment of online media and the development of the Digital Marketing System through more social channels.
- To provide product training for the wholesale market continuously in order to be recognized as the host to welcome the domestic and foreign mass media, potential travel agencies (Fam Trips) in every market, as well as having co-promotions with the travel agents.

Awards Received in 2018

- MICE Awards 2018 by Thailand Convention and Exhibition Bureau (TCEB).
- The Haute Grandeur Hotel & Restaurant Awards 2018.
- World Luxury Hotel Awards 2018.
- Ospitalità Italiana Awards 2018 for “TERRAZZA”.

Moreover, Chef Roberto - who is the chef of the restaurant named “TERRAZZA”- received the Haute Grandeur Global Restaurant Awards 2018 for “Best Head Chef in Thailand”.

The Target Customers of Pathumwan Princess Hotel

The main customers are travelers from Australia, Singapore, Israel, China, Hong Kong and Europe such as Germany U.K. and Asian such as Malaysia.

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 Japan, 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 agencies 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, advertisements 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/ MBK GROUP.
- Direct sales to government agencies, public enterprises, embassies, and associations.

2 The Competitive Situation of Pathumwan Princess Hotel

Nowadays, the 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 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 the number of guestrooms and its Hotel's location -where can be reached by sky trains- in order to compete with small hotels and budget hotels which are all around.

According that 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. Moreover, time to make a reservation in advance is shorter when compared with previous years. It takes approximately 10-15 days before check-in. Tourists more place importance on reservation making through online travel agents because through this channel, guests can have access to the Hotel 24 hours. The Hotel also can change its price and promotions as wanted all the time.

In 2018, the Hotel still focused on both indoor and outdoor functions. For the indoor functions, the Hotel provided the Vista Bar area and the pool area on the 8th floor for weddings and functions on more special occasions. The Hotel also increased the efficiency and styles of decoration and functions in order to satisfy the guests' needs. It received good feedback because of functions with various themes and fashionable

styles. The Hotel focused on marketing continuously, introduced itself, and had product training for wholesalers in order to ensure the confidence in the products. In 2018, the tourists' occupancy rate was higher than the previous year, resulting in the Hotel's operational result in 2018 was better than 2017 for approximately 4%. However, the Hotel believes that in 2019, the occupancy rate will be better after part of guestrooms are renovated as well as raising standards of service providing, facilities, and food's quality, until these standards are equal to the international ones.

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, including 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 political uncertainties such as a schedule of the election.
- The world's overall economy which influences on tourists' change of behavior towards travelling. The tourists travel abroad less. If they travel, they spend less money, particularly, on food and beverages.
- The international terrorism and rumors about terrorism.
- The policy to cut down the prices of competitors and newly-opened hotels, resulting in fiercer competition automatically.
- 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.
- The indeterminacy of the withdrawal of U.K. from the European Union or Brexit.
- Protests and riots against the government in France.

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 on Klong Muang Beach, in Krabi Province. The Hotel has operated since 2003 and offers an accommodation for 240 guestrooms, restaurants, the fitness club, the recreation rooms, the seminar rooms, the function rooms, and the spa.

The Major Changes and Developments in the Past Year

Marketing

- To focus on publicize sales in potential markets such as European countries Germany, U.K., Poland, and Spain and Asian countries China, Korea, India, and Japan.
- To maintain the stability and needs of major markets by having promotions in order to promote sales according to tourist seasons of each market.
- To provide the product training for the wholesale market continuously in order to make Dusit Thani Krabi Beach Resort be recognized and to be a host to welcome both national and foreign press and travel agencies possessing potential in every market by having promotions with travel agencies and being able to increase the customer base of the wholesale market gradually.
- To focus on selling and expanding more markets for functions, meetings, seminars both indoor and outdoor as well as MICE and incentive groups. To plan and revise the advertising policy on seminars and weddings to be more interesting. To create a wider variety of a menu as well as new styles of meeting rooms' arrangement.
- To focus on E-Commerce marketing and 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 the Hotel's promotions which helped them easily decide to book the hotel rooms.
- Because of a decrease in the number of Chinese tourists, the Hotel adapted its marketing strategy in order to expand its new customer base continuously by making reservations through travel agencies or making reservations online. It received really good feedback if 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 which was beyond expectation.



- To participate in domestic and international sales promotion fairs organized by agencies, organizations, and institutions such as ITB, road shows in different countries, Thai Travel Fairs.
- 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 promotions with both national and international credit cards issuers.
- 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 co-promotions with wholesalers, associations, and banks.
- To have package deals with the Group’s hotels and businesses.

Engineering Works:

- To renovate and redecorate 5 guestrooms to be the Real Triple rooms by extending each guestroom’s space to its porch. As a result, 3 beds can be arranged and the landscape can be seen more from the porch.
- To decorate the interior of hotel rooms and areas around the Hotel to be beautiful, together with facilities according to the Hotel’s standards.
- To install CCTVs to cover all areas of the Hotel, improve and solve some problems so that these CCTVs could be used efficiently.
- To improve the Fitness Gym (D-Fit) for the bigger gym in order to support customers both from inside and outside the Hotel in order to expand its customer base of D-Fitness members and then they come to use other services provided by the Hotel.
- To build more lounges for customers who have early flights and night flights.
- To build new international standard-based tennis courts.
- To renovate and extend the pavement’s roof between Cocovida and Limoncello in order to provide guests with convenience during the rainy season.



- To extend areas of the Kids Club and kids' restrooms to be larger and more comfortable.
- To increase restrooms for guests relaxing on a beach in the Water Sport Zone in order to provide guests with more convenience.
- To change air conditioners in guestrooms of Building A and Building H in order to reduce maintenance costs and help save electricity bills.
- To change 1 chiller in order to increase the efficiency of cooling and help save electricity bills.
- To build concrete fences behind DFIT and the sign in front of the Hotel in order to prevent outsiders entering the Hotel.
- To change wooden bridge railings of the Hotel's pavement in order to enhance strength and beauty.

Food and Beverages:

- To provide training for kitchen and service staff so that they have knowledge about food and newly adapted menus in order to be able to explain and answer the guests' questions. This is one channel to increase sales volume.
- To open Bamboo Bar by Cocovida part of Cocovida Bar on a beach in order to support guests relaxing on the beach so that they can order beverages and food from a menu of Cocovida Bar with a shorter time of waiting and an increase of sales volume.
- To increase the breakfast service at Malati Restaurant where the sea view can be admired in order to support a large number of guests queuing for breakfast at Mangosteen's Restaurant in the morning. It receives good feedback from guests and reduces complaints about waiting for queuing for the breakfast service.
- To organize Thai boxing shows, fire shows, and Thai music performances such as Chinese dulcimers and Thai xylophones, in order to attract guests each day.

IT Works:

- To develop the Background Music system for every outlet in order to match the Dusit style.
- To add WIFI Access Points in all new outlets, including the Access Points in meeting rooms in order to support more than 300 devices used at the same time.
- To increase telephone signals in the Hotel to be the most efficient.
- To install the WIFI system in the new fitness gym called D-FIT.
- To increase Wireless Access Points (Aps) at the check-in counters in the lobby in order to increase the efficiency of the signals.

- To increase 2 channels in order to support the payroll system Alipay and WeChat.
- To increase the support for the payment system through PayPal Payment, the Opera System, and the Online Reservation of Dusit Corporation.
- To provide internet signals in the Kids Club Zone.
- To provide internet signals to cover the whole beach area in order
 - To increase satisfaction and respond to the needs of guests.
 - To promote the image of the Hotel as one of the leading hotels.
 - To provide convenience for guests so that they can share the Hotel's good atmosphere through the online media easier and faster.
 - To support the sales promotion systems such as Mobile POS.
- To increase the efficiency of the system to scan passports in order to provide convenience and rapidity of check-in and accuracy of guests' information.

Other Aspects

- The contract between the Hotel and Mandara Spa terminated in December 2017. The Hotel has managed its own spa since 1st January 2018 under the new name of "Linger Longer Spa" which is the same brand as Layana Resort and Spa. It has received satisfactory feedback.
- In 2018, DFit Fitness has provided customers who concern themselves with health in Krabi with period options monthly membership, 6-month membership, or annual membership which good feedback is welcomed. Also, the Wellness Program has provided for guests and local customers in order to accord with the trend nowadays.

Moreover, between 2015 and 2017, 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., China, and Spain.

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



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 agencies.
- To have package with the other hotels in the Group.

2 The Competitive Situation of Dusit Thani Krabi Beach Resort Hotel

Because nowadays a number of hotels and guestrooms in Krabi is highly increasing, as well as entrepreneurs who change their houses, condominiums, or apartments to be rented as hotels; the Hotel has to adapt its sales strategy by focusing on new tourist markets as well as its sales plan set for the seminar group and the group of employees or personnel who can achieve their companies' goals and in return, travelling is their incentive. The Hotel enjoys the advantages of its location the beach in front of the Hotel where can be organized for functions prepared for 250-300 guests, large-sized guestrooms and their private porches, and the improvement of standardized services and facilities in order to compete with other surrounding hotels.

After the Hotel has changed its name to be Dusit Thani Krabi Beach Resort Hotel for over 2 years, the Hotel has received good feedback. The Hotel still focuses on the marketing seriously and continuously, providing further information in order to make guests recognize the Hotel's service standards which are the same as international standards and more improved facilities such as the renovation of the extended fitness club, as well as new facilities such as badminton courts, sauna rooms, steam rooms, and various exercise machines and equipment. New tennis courts were replaced according to international standards. Significantly, lounges were built in order to support guests who have early flights and reach the Hotel before the check-in time and who have night flights after the check-out time so that they can take a rest and manage things personally before leaving. Product training has been provided for wholesalers in order to make them confident of the products. In 2018, the occupancy rate was better when compared with the previous year. Therefore, the Hotel's



operational result was 9.93% higher than 2017. However, the Hotel is confident that in 2018, its operational result will be better.

Dusit Thani Krabi Beach Resort Hotel has its long-term potential because it is recognized as one of leading hotels and well known for the quality and standards in terms of the location and services. Importantly, the size of the Hotel is large and able to accommodate big groups of guests or many groups at the same time. Moreover, Tourism Authority of Thailand (TAT) has continuously organized activities and events in order to publicize tourist attractions in Krabi such as videos made by Italian National Tourist Board, German National Tourist Board, and French Government Tourist Office. As a result, both the Hotel and tourist attractions in Krabi are more acknowledged in such markets.

In 2018, tourists' behavior towards guestroom reservation changes. Their reservation in advance is less. Last minute reservation is more. The Hotel has to adapt its strategic plan and increase a number of personnel to survey and follow this change all the time by means of the employment of the Revenue Management System and selling through the electronic media or websites.

Moreover, the Hotel still focuses on increasing revenues gained from organizing more functions by improving decoration styles and preparing the functions to meet the needs of the guests. The Hotel receives good feedback.

In 2018, 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, Switzerland, Scandinavian countries, China, and South Korea 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. As a result, in 2018, the Hotel's sales volume of guestrooms reached beyond the set budget.

Therefore, the Hotel can closely attract tourists' groups which are major markets by maintaining its satisfactory market share according to a benchmark when compared with its competitors.

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.
- The situation of climate change in Europe is better. Therefore, tourists change their travelling behavior by travelling around Europe rather than travelling to Asia.
- Overall maritime disasters result in the behavior of tourists which are reluctant to travel by the sea.
- The continuous problems of the inadequacy of a number of flights and the scheduling of flights to Krabi and are not consistent 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.
- Thailand's national airline does not support the price of air tickets like national airlines of neighboring countries such as Vietnam and Malaysia. Therefore, tourists turn to travel in these countries instead.
- The withdrawal of U.K. from the European Union or Brexit may affect the travelling abroad of tourists who do not feel confident in this situation.

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 have an effect on the guests.
4. The Hotel already completed a report of performance according to preventive measures and solutions to environmental impacts, and measures to follow-up the quality of the environment in 2018.
5. The Hotel has participated in a project called “SMOKE FREE HOTEL”, together with receiving a trophy for reaching a standard from the Green Leaf Foundation. The Hotel has still participated in the “SMOKE FREE HOTEL” project continuously.
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. The Hotel promoted schools and communities to grow organic vegetables and sell their organic produce to the Hotel in order to support and increase incomes for the communities.
7. The Hotel constructed the new retainer wall around the sea area in order to protect trees.
8. To improve all sump pump’s pits in the Hotel in order to increase the efficiency of pumping wastewater out of guestrooms and restaurants and carrying it back for the treatment.
9. To improve the pump system and clean the treatment ponds in order to increase the efficiency and the development of the quality of water, and then it is well used for watering trees.



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 guestrooms with mineral water and also includes the function rooms, the seminar rooms, the restaurant, the fitness room, the body massage room, the swimming pool and the mineral water pool.

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

The Major Changes and Development in the Past Year

Tinidee Hotel@Ranong

- To improve all thermostats in the hotel rooms so that the Air Condition temperature Control works more efficiently by taking customers’ convenience and energy saving into consideration.
- To improve the Exhaust system in bathrooms of all hotel rooms in order that a ventilation system in hotel rooms are more efficient and increases more convenience for customers.
- To improve the main distribution board in order to have the efficiency and the highest safety.
- To improve the Pool Terrace for more beautiful atmosphere which matches guests who want to have food or beverages by the swimming pool.

Marketing

- To focus on the markets of meetings and seminars by preparing the Meeting Package which has unique selling points in combination with tourism by targeting public agencies in every province, beginning with provinces in the south. A warm welcome was received because of receiving reservations from every province where the marketing team visited.
- To prepare the Package tour including a guestroom, facilities at the Hotel, and tour programs in Ranong, in cooperation with travel agencies which are the Hotel’s alliances.
- To continuously expand the sales channels through more websites of the Hotel and alliances.
- To attend the event to promote “Thailand Travel” in order to stimulate the domestic FIT market.
- To be in alliance with travel agents in order to promote and co-sell packages.
- To have more alliances in order to expand more packages.
- To increase markets in terms of guestrooms through focusing on businesses in Ranong inclusively.
- To focus on the market regarding organizing more functions.

Tinidee Inn Hotel

- To improve by painting all guestrooms inside, including stairs, in order to maintain the Hotel’s standard and to keep them look new and beautiful all the time.

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.
- Companies and stores concerning businesses in Ranong.
- Group incentives and MICE.
- Thai tourists who start to become fond of domestic travel.
- Healthy tourists
- A group of sales representatives in Ranong, Phuket and Chumporn.
- Foreign tourists who stop over here on the way to Pang-Nga, Phuket, and Krabi.
- Groups of tourists, businesspeople, and merchants from other provinces.
- A group of meetings and seminars at district and regional levels in the South.
- Tourists who dive around Myanmar's islands which are gaining high popularity.

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 departments which have potential for using the hotel for their training activities and seminars.
- 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 tourist promotion events.
- To sell through both domestic and overseas travel agencies.
- To sell through electronic media or websites by focusing on the Hotel's website.
- To offer advertisements on billboards on Petchkasem Road which is the main road to Ranong.
- To sell through alliances.



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 and safety standards. It is a big hotel in Ranong Province, which is capable of accommodating a large number of seminar participants. The business profits of the Hotel - although it is better than the previous year- are below the estimated figures because both domestic and international economic situations have not recovered. Particularly, the fishing industry has been affected by the law which is enforced to control fishing licenses, resulting in the drastic deterioration of the fishing industry. From the aforementioned causes, several entrepreneurs of fishing business have turned to run the tourist business instead, particularly hotels and accommodation, resulting in an increase in competition and market share.

Nowadays, marine tourist attractions are more widely known and then, they draw attractions of almost twice the number of investors for the hotel business and tourism. Therefore, the competitive situation is more intense. The Hotel has to improve - the Hotel itself and its facilities, services, and technologies - all the time, although Ranong is highly popular because of a trend in travelling to Myanmar sea as well as the supportive promotion provided by Tourism Authority of Thailand (TAT) for Ranong as one of must-not-miss tourist provinces.

Tinidee Inn Hotel

Because a lot of small hotels have emerged from commercial buildings and offer low prices to guests, it causes a decrease in monthly guests. However, the Hotel has been acknowledged as having standards and safety, the Tinidee Inn thus has received good feedback from guests and has had good market share. Moreover, the Hotel has merged 2 restaurants Shinju and Suki Rienthong into the same restaurant. The Hotel has One Stop Service in order to provide convenience and a variety of choices for guests, including the provision of rental spaces for travel agencies inside the Hotel. The Hotel's some guestrooms are being renovated by increasing facilities and amenities in order to support the guests who want to be long-stay guests.

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 a new popular tourist attraction.
- To discover more tourist attractions in Myanmar 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 which are gaining huge popularity.
- 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 and Air Asia offers 2 direct flights to Ranong daily.
- As being the border city that has an opportunity 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 promotion made by Tourism Authority of Thailand as one of must-not-miss tourist provinces.



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 parking spaces.
 - 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 expand its market to other provinces, particularly the whole Southern areas, by targeting the group of seminars which is the strength of Tinidee Ranong Hotel.
- To enhance the Hotel's potential to be better than the competitors. The Hotel has proceed with the improvements and developments as follows:
 - A coffee shop was renovated in order to have a clean and modern look.
 - To open Ramen Restaurant and a bubble tea shop for the first time in Ranong province.
 - To open the restaurant "Suki Rienthong" which serves the Teochew-style original recipe and the popular Japanese menu.
 - To expand 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 hotel rooms to be a health massage parlor run by expert masseuses.
 - To improve all hotel rooms in accordance with standards.

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 actions taken by Tinidee Hotel@Ranong and Tinidee Inn Hotel to reduce the environment impact as follows:

1. Wastewater
 - 1.1 To put in place a wastewater treatment pond.
 - 1.2 To check the quality of water every quarter.
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.

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 use energy saving lamps in both inside and outside the buildings.
3. To participate in “To Be Number One” by being appointed to be in the committee and co-work with the province in order to campaign against drugs and encourage people to stay away from the drugs.

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 Changes and Development in the Past Year

- To arrange a convenient corner in the Hotel's reception area in order to sell necessary items for the Hotel's guests.

Marketing

- To develop the Hotel's sales channel through its website so that guests can make direct reservations with the Hotel as well as many privileges.
- To operate the marketing continuously and offer a special hotel room rate for members of golf clubs which were the Hotel's domestic and international alliances (affiliates).
- To arrange a package for a guest room combined with a golf club for the corporate market by adjusting the promotion directions which led to a better welcome and the Hotel's participation in package selling on special occasions with both domestic and international golf clubs as well as co-campaigns with Tourism Authority of Thailand.
- To expand the customer base continuously by having promotion of the Hotel as well as giving special privileges for Thanachart and MBK Life credit card holders.
- To operate the marketing continuously and expand its customer base to the Chinese customer market. In 2018, the Hotel received satisfactory feedback because of an increasing number of Chinese tourists. The Hotel has also made marketing plans in order to maintain the Chinese customer base and increase more channels to expand the market in 2019. At the same time, the Hotel has found more additional new markets.
- To have a booth to promote tourism continuously such as the Thai Travel Fair. It received satisfactory feedback in 2018 and has made a plan to have a booth in the fair again in 2019.
- To invite both national and foreign experts on telling the experience or bloggers to write about their impressions they got from staying at the Hotel and share the beautifully scenic landscape of the golf course through websites such as palatiallife.com. In 2018, bloggers from Japan stayed at the Hotel, while in 2019, Korean bloggers intended to stay at the Hotel in order to review their experiences in February.
- To add more guestrooms in the "Loch Palm Residence" project in order to provide services for guests and golfers who prefer a guestroom with 2 bedrooms, together with a living room, a dining room and a kitchen, and a swimming pool with more privacy and more convenience in a Suite-type guestroom. A variety of the guestrooms were increased in order to meet the customers' needs and increase the Hotel's sales volume.

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 agencies and overseas tour operators in different regions of the world.
- To sell through electronic media or websites, particularly the Hotel's website as well as the social media.
- 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

The impacts on the industry's outlook and the competitive situation in the future of Tinidee Golf Resort@ Phuket Hotel as follows:

- The world's overall economy which is sluggish and the fluctuation in foreign currency exchange has caused tourists change their travel behavior. They go aboard less. Although they travel, they spend less money, particularly expenses for food and beverages.
- An inadequate number of flights and timetables for the route to Phuket as well as inappropriateness to a number of tourists. Moreover, most airlines connecting to large cities, such as Singapore and Kuala Lumpur, are all low-cost airlines which leading companies' top executives do not like because they view that these low-cost airlines are unsafe, not covered by accident insurance, and other causes of inconvenience.
- A limitation of Krabi International Airport-Tourists wait at the immigration post for a long time and this significantly reduce the tourism's potential.
- Continuous growth of budget hotels has an effect on a decreasing number of tourists staying at the Hotel because the public sector does not have a policy to control a number of newly constructed hotels.
- Reducing prices of 4-star hotels which need to attract Chinese tour groups has an impact on 3-star hotels so that these 3-star hotels have to reduce their prices.
- The dispute over the shipwreck and Thailand's whole picture of services provided for tourists cause an unstable number of tourists in Phuket, resulting in a decrease in tourists which is less than the anticipated figure.

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 impacts

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.
 - 3.3 To change long used electrical devices such as refrigerators and televisions.



3.4 To check electrical wires and devices which are expected to deteriorate because of long use and replace them with new ones for more safety.

3.5 To replace bulbs with LED bulbs at important spots as well as adjusting the turn-on and turn-off time as appropriate.

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 rais. 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 Changes and Developments in the Past Year

- In 2018, Sundowners Bar was renovated by extending the bar to be larger and more modernized. The bar was also moved to be situated in the Lounge area in order to have better area management and support the needs of crowded customers. Also, the area to view the sunset was renovated and extended in order to respond to the needs of customers inclusively.
- To renovate Linger Longer Spa completely from the entrance to the inside of massage parlors in order for its beauty and more relaxing atmosphere.
- To build the side wall and the back wall of La Maison in order to increase security and privacy for guests.
- To buy a new boat “Hobie Wave” in order to replace the old and dilapidated boat as well as buying 2 more Paddle Boards in order to increase a variety of water activities and recreations for the guests.
- In 2018, the Hotel had all 57 hotel rooms available for customers as follows:

• Garden Pavillon :	44
• Grand Garden Pavillon :	4
• Terrace Suite :	2
• Ocean Deluxe Villa :	3
• Beach Villa :	3
• La Maison :	1

- To increase the speed of the internet signals for both customers and employees more efficiently.
- To develop a just-bought 10-rai piece of land on Lanta Island in order to build a reservoir for reserving water for consumption inside the Hotel and to raise the Hotel's standard.
- To add more CCTVs in order to cover more areas inside the Resort for the sake of customers' safety.

Marketing

- The Hotel was 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 admired the beauty of the Hotel and its excellent services and quality of products provided for customers (guests) of the Hotel.
- The Hotel participated in activities in cooperation with world-class associations as follows:
 - Haute Grandeur
 - 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 offered the Package for health called "Fusion Fitness and Wellness Being Package" in order to promote the recognition of 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 could 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 for the customers.
- To sign more contracts with Asia 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.
- 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 according to maintaining the Hotel's service standards, the Hotel received many awards such as
 - 2018 TripAdvisor Travelers' Choice Award, #1 Top Hotel in Thailand
 - Haute Grandeur Global Awards 2018
 - Best Hideaway Spa, Asia
 - Best Resort Spa, Asia
 - Best Signature Spa, Treatment
 - Best Relaxation Retreat

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. The main target group includes honeymooners, retirees and adults. The Hotel does not have a policy to accept customers under 18 years old.

Minor Customers are from Australia, China and the Asian countries through online reservations and the wholesalers. They will come to stay during a low season. In 2018, the Hotel had an opportunity to welcome more Australian and Chinese tourists. This was a 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 U.K., German, Sweden, and Australia.
- 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 revenues in 2018 were higher than the revenues in 2017 but still below than the set goal. The main factors were the renovation of Sundowner Bar resulting in the European tourists' slowdown in check-in during the renovation and problems about the sluggish global economy, high currency depreciation of Euro and U.K.'s pound sterling because the European and British guests are the Hotel's main customer group, and an impact of U.K.'s withdrawal from the European Union (Brexit), and air fares to Thailand was very high if compared with travelling to Vietnam, Indonesia, Japan, or U.S. 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 Noi Island to Lanta Yai Island was built so that the transportation to Lanta Yai Island is more convenient and has a good effect on the economy and overall living of Lanta Island.

The Procurement of Products or Service

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 environmental impacts

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 and recyclable drinking water tank.
2. Waste Management
 - 2.1 There is a campaign for the office to use reused papers and have waste segregation for sale.
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 both internal and external 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 encourage the personnel to take care of the beach in front of the Hotel where is a public area and always keep it clean.
 - 4.2 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.
 - 5.2 To support the Red Cross of Lanta District.
 - 5.3 To support the construction of a police box (a checkpoint) of the Border Patrol Police of Koh Klang.
 - 5.4 To support the construction of an auditorium of Baan Klong Nil School.
 - 5.5 To support sports activities at Baan Ramard.
 - 5.6 To support holding a fair on Children's Day held by Subdistrict Administration Organization (SAO) of Sala Dan.

Tinidee Hotel @Bangkok Golf Club

Products or Services

Tinidee Hotel @ Bangkok Golf Club is a 3.5-star hotel. It has been opened since November 2018 and managed by MBK Hotel and Tourism Company Limited ("MBK-HT"). It is situated inside Bangkok Golf Club, adjacent to Riverdale Golf and Country Club, in Pathum Thani. It takes only 25 minutes from Don Muang Airport. The Hotel provides various styles of 128 guestrooms, including meeting rooms, function rooms, massage parlors, restaurants and a 5-star fitness club.

Tinidee Hotel @ Bangkok Golf Club is surrounded by its beautiful landscapes and fresh atmospheres of both golf clubs as well as the 24-hour security system. The Hotel has provided D Health Massage for the massage service, The 5-star Olympic Fitness with full exercise equipment, a saline swimming pool, dancing classes, steam sauna rooms, badminton courts, and tennis courts as well as the beverage bar named @Lobby and a variety of food at Café Nidee. The Hotel focuses on providing the services of meetings and seminars which can hold up to 500 guests, as well as indoor and outdoor functions and weddings within budget as the customers want.

The Major Changes and Developments in the Past Year

The Hotel changed the name from Bangkok Golf Club Hotel to Tinidee Hotel @ Bangkok Golf Club and had many changes as follows:

The Marketing

- To expand the customer base of the seminar and private company groups and maintain the existing customer base with the aim of making them revisit the Hotel which feedback was warmly received.
- To expand the customer base of golfers.
- To welcome Thai Federation of Provincial Tourist Association (TFOPTA) as the host of nationwide members. It was also considered the promotion of the Hotel itself.
- To participate in the Car Rally with Pathum Thani in order to publicize the Hotel so that it was acknowledged by agencies and ordinary people.
- To arrange co-packages with golf courses for the corporate market and the general customer market.
- To expand the customer base continuously through co-promotion of the Hotel and special privileges for credit card holders of Thanachart Bank and Citi Bank
- To participate in having a booth in tourism promotion fairs continuously such as Thai Taew Thai (or Thais Travel around Thailand) in order to publicize the Hotel.

The Target Customers of Tinidee Hotel @ Bangkok Golf Club

Major Customers are customers from public agencies, private companies, tour operators focusing on guests and golfers from abroad, and private companies in Pathum Thani which welcome their provincial or foreign customers.

Minor Customers are customers who want to have welcome parties, functions, small-sized and medium-sized weddings, guests who directly make self-reservation and through the websites, domestic golfers, and general tour operators whose their groups stay at the Hotel preparing for leaving for Don Muang Airport.

The Market and Competitive Situation

1 The Selling and Distribution Channels of Tinidee Hotel @Bangkok Golf Club

are specified as follows:

- To offer direct sales to public agencies and private companies.
- To offer sales through domestic and foreign golf tour operators from regions around the world.
- To offer sales through the electronic media or websites, focusing on the Hotel's website and the social media.



- To offer sales through systems of leading airlines.
- To offer sales through publications, the advertising media, and public relations.
- To offer sales in tourism promotion fairs.
- To offer sales through channels of the Hotel's network of MBK-HT.
- To offer sales through alliances by paying commission.
- To offer sales as co-packages with the golf club service and massages for health.
- To offer sales as group series to tour operators.

2 The Competitive Situation of Tinidee Hotel @ Bangkok Golf Club

Tinidee Hotel @ Bangkok Golf Club has renovated and decorated all buildings and guestrooms with a modern style and a variety of room types, together with meeting rooms, function rooms, restaurants, the fitness club, and a message parlor. As the most modern hotel in Pathum Thani, the Hotel focuses on the excellent services by setting a strategic plan as follows:

- To focus on the sales strategy to satisfy the need of customers or within their budget as they satisfy with. Packages can be adapted for the customers' greatest impressions.
- To focus on the quality and standards of services and the convenience of parking spaces.
- A variety of room types which are decorated with modernity can be chosen.
- To organize beautiful and modernized function styles, focusing on services and food with good taste.
- To provide D Health Massage as the services of the 5-star traditional massage for the 3-star pricing, focusing on the professional message under a relaxing, serene, and private atmosphere.
- To provide The Olympic Fitness Club as the largest and most complete fitness center in Pathum Thani where can support a lot of customers. Professional services for customers who come for doing exercise are provided in terms of personnel and equipment in a warm and balanced atmosphere.
- To arrange the restaurant "Café Nidee" as the modern restaurant with a golf course's relaxing atmosphere. It can support general customers or customers of visiting companies, focusing on food's taste and the quality services in order to create an impression for the customers.
- To expand the markets, penetrating the groups of seminars, tours, and golfers.



3 The Outlook and Competitive Situation in the Future of Tinidee Hotel @ Bangkok Golf Club

- Tourism Authority of Thailand (TAT) promotes tourism of communities, secondary cities such as Pathum Thani with the focus of historical tourism and health destinations. Therefore, the Hotel takes part in offer sales channels of D Health Massage and guestrooms for groups coming for seminars in Pathum Thani where several learning centers are situated in.
- A growth trend towards young golfers (academies) which pro golfers contact the Hotel in order to take young golfers coming for practice or a competition and are interested in staying at the Hotel.
- To make a plan for water tourism according to Pathum Thani's promotion campaign. It is anticipated that it will be completed in early 2019.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

- None-

2 The environmental impacts

Tinidee Hotel@Bangkok Golf Club realizes the necessity of promoting the sustainability of the environment, by developing the policy to conserve and promote the natural environment.

- To provide employees' training in energy conservation (such as turning of the lights, computers, water, air conditioners, and other electrical devices)
- To open an opportunity for guests staying at the Hotel to take part in energy conservation. They can inform their intentions of re-using bedspreads and towels by placing a sign on a bedhead or hang a sign in order to help save water, labor, and chemicals used in a cleaning process.
- The Hotel was built with the concept of a lot of open air spaces (such as the lobby and restaurants) in order to reduce the use of air conditioners and the installation of fans instead. It also helps circulate the fresh air with many green areas.
- Every guestroom is a non-smoking room.

The waste disposal

- To sort out waste properly according to types of waste such as wet rubbish, dry rubbish, hazardous waste, and recyclable waste.
- To employ the electronic communication system in order to reduce the use of paper.

The recycling

- To sort out and sell bottles, paper, and vegetable oil to suppliers who buy recyclable waste.
- To change fresh flowers less frequently as possible.
- To use recycled paper in the office.
- To buy and provide products and services which have the least impact on the environment.
- To buy local agricultural produces according to seasons in order to reduce the transported volume and its environmental impact.



- To use paper instead of foam for the decoration of venues where functions are held.
- To ask for cooperation with suppliers to use other types of containers in place of plastic bags or reuse the plastic bags and avoid foam containers.

The energy conservation

- To install a key prepared for a power cut system inside the guestroom in order to save energy in every guestroom.
- To use LED light bulbs in order to save energy inside and outside the buildings, including the control over turning on and turning off the lights automatically in accordance with scheduled time.
- To employ the air conditioning system called “Variable Refrigerant Volume” (VRV) in order to increase the efficiency of turning on and turning off air conditioners according to separated zones or areas in use.

The environmental management

- To organize activities to encourage local communities and employees to help save the environment.
- To arrange a monthly cleaning day as well as doing the cleaning in neighboring communities.
- To do the cleaning of the road in front of the Hotel every month.

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 (“RDGC”) and MBK Enterprise Company Limited (“MBK-EP”). 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 72.60%. 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 MBK Enterprise Company Limited, 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 once had been 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 2018 the golf business renewed the reciprocal agreement with leading golf courses in foreign countries. The new contracts made MBK GROUP's golf business to have business alliances with different 14 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. Pacific Links Int., U.S.A. (Hawaii)
13. Mission Hills Golf Club, China
14. Horizon Hills Golf & Country Club, China

Moreover, the Golf Business has become an alliance with Pacific Links International Group which currently has 95 golf courses - 42 courses in the United States, 5 courses in Canada, 12 courses in U.K. and the Europe continent, 1 course in China, 1 course in Japan, 4 courses in Indonesia, 1 course in Singapore, 15 courses in Australia, 3 courses in the Philippines, 1 course in South Korea, 7 courses in Vietnam, 3 courses in other countries.

From such alliances, the golf business has a connection with 242 courses in 28 countries, resulting in an increase in revenues 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 Changes and Developments in the Past Year

For the management of Bangkok Golf Club, run by MBK Enterprise Company Limited, the Day Golf and 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:

The Group of the Customers 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 the European continent, the Asian continent, and Australia. 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.mbk golf.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 foreigners who are living in Phuket and adjacent provinces and domestic tourists. Moreover, there are customers 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 from the Asian continent, particularly the Japanese 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 shared 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 the Asian continent, 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.mbkgo.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. Moreover, customers who get the Night Golf service are the ones who generate main revenues for the golf club. MBK Golf Card is issued in order to increase a number of domestic golfers.

As well, 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

The worldwide tendency for people who play golf has declined because the new generation likes to play golf less according to the era that the digital technology's role is increasingly important. However, nowadays, playing golf is encouraged as a recreational and tourist activity. Therefore, the golf business still has a good opportunity in the future.

1 The Competitive Situation of the Golf Business

• Phuket

In 2018, the overall situation of the Golf Business still slowed down like the situation in 2017 and is anticipated that the situation will be stable in 2019 because a tendency among foreign golfers began to stabilize and increase according to the global economy. Meanwhile, a number of the Chinese tourists coming to Phuket were anticipated to slightly increase. They mainly came to Phuket for marine travels. As a result, golf courses in the area still focused on the golfers in Phuket instead by using a fee reduction 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 2018, Riverdale Golf Club (RDGC) will have been opened for 8 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, together with 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.



Moreover, Bangkok Golf Course (BKGC) has been continuously improved in order to attract the existing customer groups to use the service again by improving its golf courses, its clubhouse as well as the electricity system of the Night Golf.

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, no new golf courses are constructed. Competitors turn to co-operate with the golf courses in Phuket in order to stimulate golfers to come for the service more. 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 center of Bangkok. 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. The market is highly competitive due to new golf courses, existing golf courses that are renovated, and the density of competitors in the same area. 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 the golf business operations may have an effect on the environment in the vicinity of golf course. Due to the maintenance of 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 the golf courses. According to annually checking the quality of water in ponds or sources of water inside the golf courses, it found that 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 a single home residential project that is divided into 2 types: pre-built houses and built-to-order houses.

The Major Changes and Developments in the Past Year

Due to the success of the QUINN Condo Project, the Real Estate Business has had a plan to develop a residential condominium project along the sky train line on Sukhumvit Road. The project's main target group is the middle class to the upper middle class customers. The project's total value is over 2,000 million Baht. The project was launched in the 4th quarter of 2018. Moreover, the Real Estate Business has had a residential development plan for single houses/ twin houses by launching the residential project on Rama IX Road. This project is designed for modern and luxurious houses surrounded by the nature. The project's value is over 600 million Baht and it is anticipated to open for sales within the 4th quarter of 2019.

Moreover, the Real Estate Business has a plan to develop a plot of empty land in Phuket for the development project in the future. Currently, a feasibility study and the project's type is being conducted in progress. The 2 residential projects in Pathum Thani the Park Riverdale Project with the value of 707 million Baht and the Riverdale Residence Project with the value of 1,968 million Baht could generate the Real Estate Business's recognized revenue of more than 300 million Baht in total. In the future, the Real Estate Business will have a plan of 1 additional land development project around the golf course.

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

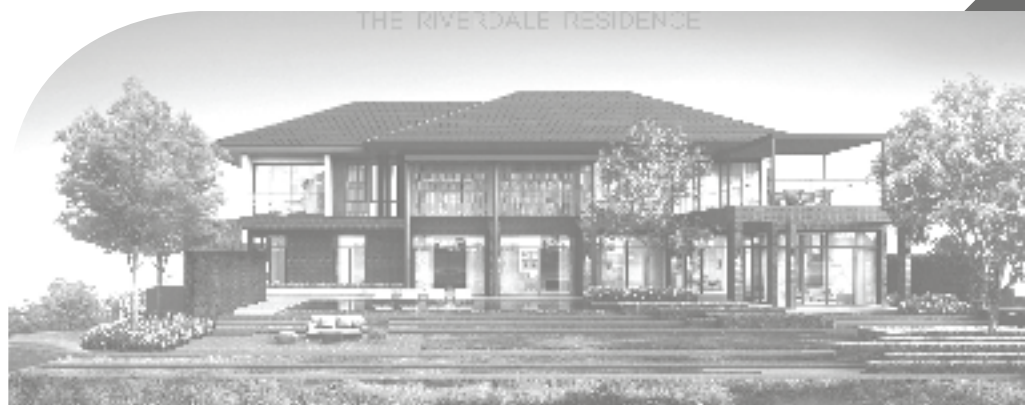
1 The selling and distribution channels of property development for sale

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. To provide advertisements, public relations activities, and sales promotion campaigns through a combination of online and offline channels in order to create and expand distribution channels and disseminate information to customers so that they recognize and have an acknowledgement of the products more.

2 The Competitive Situation of Property Development for Sale Business

The growth rate of the real estate market in 2018 was a 29% increase when compared with 2017 because big entrepreneurs expanded their investment in more real estate projects particularly, the condominium development projects. Moreover, in the real estate market, the projects began to develop to be the mixed-used projects which mean a joint venture with foreign investors in order to increase the capability to invest and expand the customer base. It was found that the number of units of the real estate projects in 2018 decreased while the price per unit increased. It reflected that the entrepreneurs in the market more focused on middle class to high class customers as well as foreign customers. For the whole picture of the value of the real estate's conveyancing in 2018 increased by 18%, compared with 2017. It was considered the high growth rate in terms of an increase in the price and the absorption rate because of better economic factors and the clarity of the transportation system. It has resulted in a good impact until in early 2019, before the commercial banks' policy to control home loans will become effective in the 2nd quarter of 2019 which may have an impact on a decrease in demand in some customer groups.



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

It is anticipated that Thailand's real estate market in 2019 tends to remain stable when compared with 2018 because of effects of risk factors such as Bank of Thailand's increase in interest rate, credit control measures which will be effective on 1st April 2019, the world's unstable economic situations as a result of trade war between U.S. and China, and China's sluggish economy. However, the supportive factor in 2019 is the country's domestic economy which is anticipated to expand by 3.5%-4.5%. It is anticipated that the real estate market in 2019 will launch less projects than the ones in 2018. The price per unit will be higher, while consumers' demand in some groups will decrease, resulting in high competition. Therefore, in 2019, MBK-RE concentrates on developing the projects of potential locations and focuses on the middle class to high class customer groups which still have purchasing power in the market. Also, MBK-RE studies and develops housing and services in order to satisfy the needs of consumers whose behavior is always changing according to social context and surroundings such as the use of technology for the housing and services, or the housing development which helps facilitate the living of the elderly in order to create various alternatives, provide convenience, and give the customers satisfaction.

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 the real estate business by giving services in management and managing the 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.



The Target Customer of the 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 the 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 the Property Management Business

PST's potential in property management 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.

For the project selling management business, PST has started this business in 2006. The business is highly competitive with many operators. However, as PST has adopted an effective strategic plan, in terms of providing knowledge and expertise for personnel regularly and changing strategies for the market situation appropriately such as the use of information technology for the operations. It is confident that the business will generate good returns for PST.

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

A second-hand real estate trend for the year 2019, shows there are opportunities and great choices because purchasers can utilize the real estate for commercial purposes or purchase for investment. It is because that it has a tendency that the real estate's new price has to rise up in accordance that the costs of land have increased.

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

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 asset appraisal business varies in the same direction of the economic situations. In 2019, banks' credit giving tends to slow down because of the policy on the increase in interest rate which will affect the growth of credit for small and medium enterprises. Particularly, it is anticipated that the home credit will affect the possibly slowed down market of the asset appraisal business in 2019. However, under industrial circumstances in 2019, PAS focuses on expanding a diversity of the customer base of the asset appraisal business for the growth in the future.

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

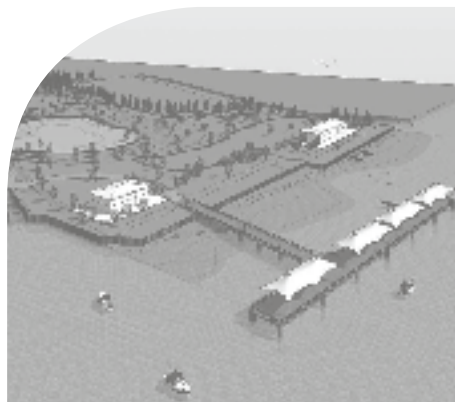
The Food Solution Business is operated by Patum Rice Mill and Granary Public Company Limited ("PRG") and its subsidiary. Their main business includes producing and selling rice and other related products both in the local and overseas markets, as well as operating the restaurant and food court business.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

Products and Services

Main Products – The Rice Business

Rice in plastic packaging, in the package size of 200 grams, 450 grams, 1 kilograms, 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 more than 10 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.
 - Brown jasmine rice 10% (organic brown jasmine rice 10%)
 - Brown jasmine rice 5% (organic brown jasmine rice 5%)
- 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. 7 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. Quinoa Fragrant Rice, consisting of quinoas, carrots, and Job's tears. The package size is 450 grams.
 5. 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.
 6. 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.
 7. 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

As of 31st December 2018, the Company and its subsidiaries have run the Group's Restaurants as follows:

Trade Name	Segment	Number of Branches
MBK Food Island	Street food-style Food Court	1
The Fifth Food Avenue	International Food Court	1
Hina Japanese Restaurant	Japanese Food, Sushi, Sashimi, and Set Menu	1
FuYuu Udon and Tempura	Udon, Tempura and Set Menu	1
Sukiyaki Number One	Teochew-style original Sukiyaki	3
MBK Food Service	To run a commissary (a central kitchen) to supply food to branches of the Group's restaurants	1

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 produces rice for health GABA rice (or germinated brown jasmine rice) under the trade name of Nutra GABA Rice. Moreover, other rice products for health are produced such as Riceberry and four-color rice.

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

SMP was approved and promoted by Board of Investment (BOI) 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 and has changed to rent out its factory’s buildings and has procured unhusked rice for the affiliated companies since 2016.

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

MBK-FE operates the International Food Court Business which is located on the 5th floor of MBK Center with the concept of “New Definition of International Food Hall the international food court in a new look which you can feel it”. This food hall consists of more than 20 restaurants as well as more than 350 dining seats.

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

MBK-FI operates the Food Court Business by having the long-term leasehold right of MBK Center’s 6th floor space given by MBK. It is designed to be a dinning place with over 1,000 seats with the concept of the capital street food of Bangkok with a variety, freshness, cleanliness, and inexpensive price. Over 50 selected food kiosks are famous and acknowledged in order to provide appropriate services to MBK Center’s customers both Thai and foreign customers.

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

MBK-RG operates the production and distribution of the suki-yaki original Teo-chew food and beverages. Suki Yaki Number One brand is re-opened which this brand has been recognized by customers for a long time, together with the original taste which is delicious and impressive immediately when customers taste the food. Nowadays, Suki Yaki Numbre One has opened its 3 branches The Nine Center on the 1st floor, Glas Haus Ratchada Building on the 2nd floor, and MBK Center on the 6th floor.

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

INF operated 2 Japanese restaurants which are Hina Japanese Restaurant producing and distributing the Japanese sushi, sashimi, set menus, and beverages as an Osaka-style full-service restaurant and FuYuu Udon and Tempura Restaurant producing and distributing the Japanese food as udon, tempura, set menus. Udon served in this restaurant is daily produced, together with original Osaka-style soup.

Currently, Hina Japanese Restaurant is on the 6th floor of the MBK Center, while FuYuu Japanese Restaurant is at the MBK Food Island, on the 6th floor of MBK Center.

MBK Food Service Company Limited (“MBK-FSV”) (PRG holds 51.00% of its paid-up capital.)

MBK-FSV is a joint venture between Patum Rice Mill and Granary Public Company Limited and MBK Hotel and Tourism Company Limited. It has operated its business since 2017, with the investment proportion as 51% to 49% respectively. It operates the commissary and distributes food products to the Restaurant Chains Business, the Hotel Business, and the Golf Business.

In 2018, MBK-FSV started building a new commissary in order to support the full scale of operations of producing finished products and semi-finished products, as well as centralizing the procurement of food’s raw materials, seasonings, utensils, and consumables, in order to support the expansion of the Food Business and functions in the MBK GROUP.

The Major Changes and Developments in the Past Year

The Rice Business

In 2018, the Rice Business was highly competitive because rice supplies in the market did not match up with demand for rice. Then, the price of some sorts of rice rose. Because of the quality of products and the adaptation of the strategy of rice’s standards in order to conform to the competition, Thailand had more potential to compete with other competitors in the world market as a result of the demand and supplies. A policy on investment in purchasing raw materials at each time was a factor to create the competitive advantage of each entrepreneur. Then, low price strategy was a main factor used in the competition. These directions made PRG have to plan its business operations carefully.

In 2018, PRG still ran its business operations continuously to support the government’s trade policy as PRG was the rice producer 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 2018, rice was exported to different countries which were China and the Philippines.



PRG's policy to be the Food Solution for today's customers focuses not only on the growth of rice business, but also a goal to increase a diversity of food products in order to harmonize with PRG's operational guidelines by emphasizing the existing efficiency of selling and marketing for the maximum benefits. PRG's operational guidelines concentrate on the brand image of quality products which are distributed under operations and trademarks of "Mah Boonkrong" and "Mah Boonkrong Plus" for both domestic and foreign markets in order to build confidence in the quality of products operated by MBK GROUP. Therefore, operational guidelines are adapted in order to match the policy's directions. The sales distribution is divided into 2 main channels domestic and foreign channels as follows:

The domestic sales has 4 separate channels.

1. Modern Trade All modern retailers such as Tesco Lotus, Macro, Big C, Tops Supermarket, Max Valu, 7-eleven, and convenience stores.
2. Traditional Trade General wholesale and retail channels consisting of wholesale shops and grocery stores across the country.
3. HORECA Direct sales channel consisting of hotels, hospitals, restaurants, factories, and food service providers.
4. Original Equipment Manufacturer (OEM) To produce products under the customers' brands for the retail business and agencies for domestic and foreign distribution.

The overseas sales has 4 sales 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, with regard to warehouse buildings and land in Pathum Thani, PRG has a land development policy to develop 77-rai in Pathum Thani to be an amphitheater, a recreation area by Chao Phraya River and a boat community place with the purpose of generating incomes. Sikhio area has been developed for agro-industrial gardens and has efficiently arranged for proper activities in order to support the sustainable growth and the value creation to the business.

The Restaurant and Food Business

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

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

THE FIFTH Food Avenue, run by MBK Food and Entertainment Co., Ltd., has operated since May 2006. Situated on the 5th floor of MBK Center, it gives 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 with a variety of food choices and convenience. 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-style service is provided here with a food avenue card provided so that customers can freely choose what to eat. THE FIFTH has a dining place with over 350 seats and its areas are divided into the Dining zone and the Open Kitchen for various international food in order to increase dining experiences.

THE FIFTH Food Avenue has architecturally renovated the food court in order to promote the modern image so that users have good experiences and more convenience when receiving services. In 2018, MBK Food and Entertainment Company Limited changed its management structure from the food court’s executive to be the food court’s area provider. However, it has still been managed under the brand of THE FIFTH Food Avenue.

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

MBK Food Island, 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 Capital Street Food of Bangkok -style food court provided with a variety of food, freshness, cleanness, and inexpensive prices. More than 50 selected shops are famous which are trendy and well recognized in order to properly satisfy the shopping center’s target groups both Thai and foreign customers.

In 2018, MBK Food Island expanded its spaces and diversity of kiosks and food by adding a space for arranging food festivals with different themes in order to rotate kiosks which are trendy and popular to serve the customers in the style of the Food Souvenir and Takeaway in order to offer new experiences to customers who used services continuously.

3. The Japanese Restaurants

The Restaurant Chain has operated since late 2016 by INNO FOOD Co., Ltd. (Thailand). It produces and distributes the Japanese-style food and beverages as a full service under the brands of “Hina Japanese Restaurant” which serves the full-service restaurant in the Japanese fusion style and “FuYuu Udon and Tempura Restaurant” which serves daily-made fresh Udon with soup as well as Donburi and set bentos from Osaka.



In 2018, PRG had significant changes as follows:

- To open FuYuu Udon and Tempura Restaurant, as a kiosk at MBK Food Island in the style of the quick service restaurant.

4. Sukiyaki Number One Restaurant

Sukiyaki Number One Restaurant, run by MBK Restaurant Group Company Limited, is operated with the concept of Teochew- the original 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- 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.

5. The Commissary

MBK Food Service Co., Ltd. is a joint venture between Patum Rice Mill and Granary Public Co., Ltd. and MBK Hotel and Tourism Co., Ltd., with the investment proportion as 51% to 49% respectively. It has started operating its business since 2017. Its registered capital is 5 million Baht in total. It is prepared for the support for finding raw materials, preparing food, and controlling the quality of food preparation to maintain the same standards in order to distribute products to branches of the Company's restaurant chain belonging to the Food Solution Business, the Hotel Business, and the Golf Business. In 2018, the Company began building a new commissary (a central kitchen) in order to have full operations for producing finished products and semi-finished products, as well as centralizing the procurement of food's raw materials, seasonings, utensils, and consumables, in order to support the business expansion of food, restaurants, and functions in MBK GROUP.

The Marketing and Competitive Situation

1 The selling and distribution channels of the Food Business

1.1 Domestic Selling : PRG distributes rice packed in bag under the trademarks "Mah boonkrong Rice" and "Mah Boonkrong Plus" in Bangkok and its surrounding areas. At approximate 70% is the distribution of rice in Bangkok and its surrounding areas, and the remaining 30% 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 for approximately 34% of the total sales volume of rice in the country which these stores mostly have a long-term trade relationship with PRG. In 2018, PRG had expansion to more areas in regions by focusing on more distribution in the north and focusing on wholesale and retail stores in the regions which are semi-local supermarkets in order to distribute PRG's packaged rice to consumers throughout all areas.

- **Modern wholesale and retail stores**, a supermarket network and co-operatives. PRG has a sales volume for approximately 25% 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 by PRG 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. Moreover, PRG increases its distribution channel in order to meet the consumers' changing lifestyles through an online channel such as distributing the products through Lazada.

- **Direct sales**, PRG has sales volume of 3% of all the rice distributed in the whole country by distributing to a network of restaurants, industrial plants, hotels, hospitals, educational institutions, and etc. In 2018, 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 2018, the export volume of rice was approximately 38% of the Company's whole sales volume of rice.

1.3 Original Equipment Manufacturer (OEM) In 2018, PRG expanded its market by being the Original Equipment Manufacturer to produce more products under the customers' brands for domestic distribution and export markets. It is operated by Ratchasima Rice Co., Ltd. with the focus of the expansion aimed to more retail business on a large scale and agencies.

2 The market condition of the Food Business

Since the beginning of 2018, the quality of Thai rice has remained famous because of adapted standards in order to conform to the competition in the world's market. Then, Thai rice has more potential for the competition. Therefore, in 2018, Thailand maintained the world's second rice exporter next to India. However, the sluggish global economy caused the decreased purchasing power of the European and American markets, while the purchasing power of the Asian market increased. This was the opportunity for Thai rice since it had a reputation in these markets. The problems about supplies and demand for jasmine rice in some periods caused the price to rise. 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 have had a long-term impact on the rice trade policy. The competition then particularly concentrates on pricing in order to encourage the sales volume of each entrepreneur.

For the domestic market, although the price of raw materials increases because of a shortage of raw materials, the price competition is then increasing. In 2018, the whole picture of the market did not have a higher growth rate due to a decreasing rate of rice consumption per person each year. Therefore, each entrepreneur has considerably tried to keep the market share by using sales promotion events as a main factor.

However, in 2019, economic, social and political factors have to be taken into consideration because these factors may have an effect on the rice trade market.

3 The competitive potential of the Food Business

From the changing society in the era of digital technology and internet, building confidence in the trademark of Mah Boonkrong in order to respond to the world's movements, the policy of PRG aims to emphasize the use of information technology to help the management system in order to raise the performance standards at every level and to add more value to the business and consumers. Sales strategies are then a combination of online and offline channels (Omni-Channel) and in-depth information used for the thorough analysis of buying behavior in order to develop new products which more satisfy the consumers' needs. They are important factors for creating the trademark to be differentiate itself from other trademarks. Also, it emphasizes consumers to be aware of the potential and image of the trademark which PRG wants to convey good things to the consumers the safety quality from the first step of the process to the end users, a diversity, convenience, performance's transparency and accountability, and sharing as happiness giving to other people.

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

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 PRG which is 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.

There is 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

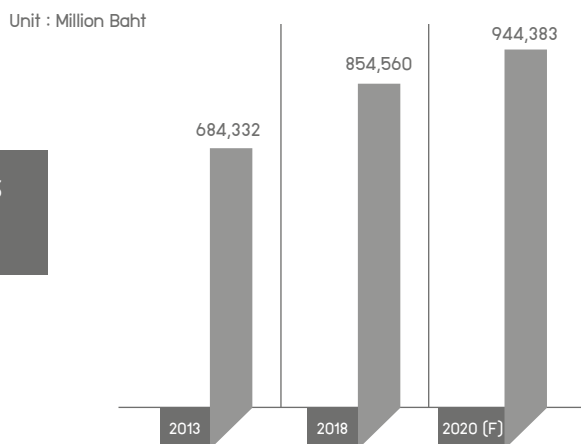
The sluggish economic situation and consumers' changing behavior have affected the market's demand and supply. In late 2018, a quantity of raw materials, particularly for jasmine rice, was less than anticipated because of drought, resulting in the price of rice particularly, jasmine rice was higher than in early 2018. It is anticipated that the competition in packaged rice in the domestic market from 2019 onwards, entrepreneurs still focus on the strategy of price competition by increasing a variety of products in order to respond to the economic situations as well as emphasize the use of communication technology for conveying the trademark to have more access to consumers.

A diversity of products, an increasing trend towards health care because of fears of today's environment, behavior of consumers who look for new features in existing products in order to accord with changing livelihood, product design which reaches the new generation, marketing and sales events which have to adapt and increase a diversity in order to match lifestyles of the consumers, approaches to reach the consumers through distribution channels to create and have access to the consumers as much as possible. These issues are opportunities and obstacles for the entrepreneurs to formulate operational strategies in order to respond to the consumer needs and create differences in products for the sake of business survival and being a leader.

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

The market value of the food service in Thailand in 2018 was 854,560 million Baht, with a growth rate at 3% compared to 2017. Its compound annual growth rate (CAGR) for 5 retroactive years was 5%. The market value of Thailand's food service is expected to grow continuously from 854,560 million Baht in 2018 to 944,000 million Baht in 2020 or CAGR is 4.0% per year.

The growth of tendency towards the food service of Thailand

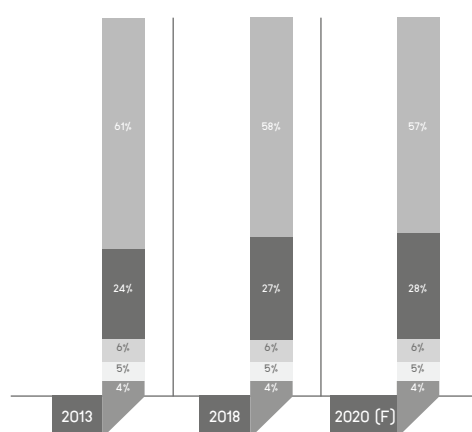
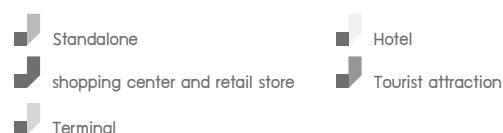


Source: Euromonitor

In 2018, more new entrepreneurs entered into the food business and new capitalist groups related to the food business and other businesses competed to have more market shares. As a result, types of food and restaurants were diverse. Meanwhile, competition in the food market was fierce. Entrepreneurs adapted their strategies such as importing new brands of restaurants, re-adapting brand image of restaurants, and organizing promotion events to stimulate the use of services. Many entrepreneurs did not succeed and went out of business. However, the market situation in the next stage is expected to further grow, particularly businesses with the concept of responding to the urban life which likes fastness, convenience, and limited time; but wants good and quality products and services for consumption. They also want the services provided to match their behavior towards spending more time on the online society. The delivery market has to be kept an eye on as an intermediary between ordering food online and delivering food and has a role in increasing the competitive advantage of restaurant chains more.

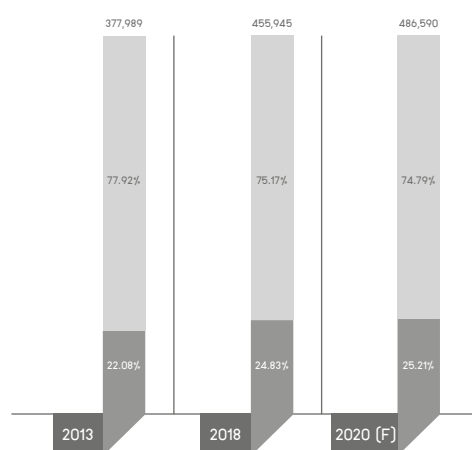
When considering the expansion of the food business through divided sales channels, it is found that most restaurants are likely to expand according to the expansion of shopping centers and retail stores. In other words, the shopping centers and community malls have strategies to allocate areas of retail stores to be interesting and able to attract target customers to use the services. The shopping centers and community malls generate more revenues from a sales volume of the food business. Meanwhile, revenues generated from a sales volume of standalone restaurants are likely to slowly grow. An overall sales volume of the sales channel through shopping centers and retail stores increases its proportion in the food business from 24% to 28% in 2012 and 2017 respectively. This mentioned proportion is expected to further remain in 2020.

The overall sales volume of the food business through divided retail areas



Source: Euromonitor

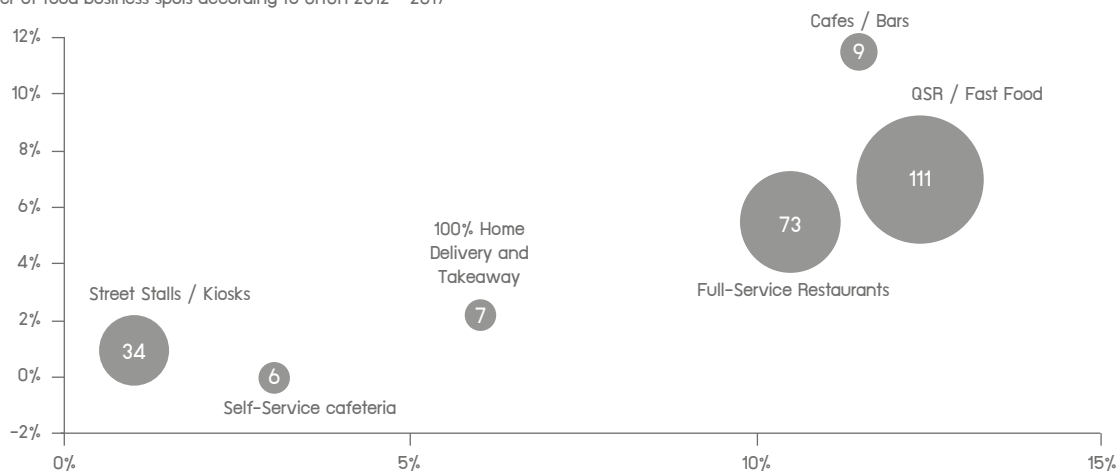
However, if market shares of the sales volume of the food business in Thailand according to types of restaurants (with or without their chains/branches) are taken into consideration, it is found that non-chain restaurants have a more proportion of business value than chain restaurants. However, this proportion has decreased from 78% in 2012 to 75% in 2017 and is expected to decrease to 74% in 2019. A main cause comes from the competitive advantage and potential to expand chains as well as the management system and capital which is an important part to run the restaurant business. Therefore, a proportion of business value of chain restaurants is expected to increase from 22% in 2009 to 26% in 2020.



Moreover, the fast food restaurants, full-service restaurants, and café-and-bar restaurants are the businesses which their sales volumes and a number of restaurants have grown the most between 2012 and 2017. The fast food restaurants, full-service restaurants, and café-and-bar restaurants had a market value in 2015, 2016 and 2017 at 111,000 million Baht, 73,000 million Baht, and 9,000 million Baht respectively. When the expansion of an average number of restaurants from 2009 to 2015 is taken into consideration, it is found that café-and-bar restaurants, fast food restaurants, and full service restaurants had the most growth rate in terms of a number of restaurants which their average growth rates for 5 retroactive years were approximately 11% per year, 6-8% per year, and 4-6% per year respectively. The growth rate of the overall sales volume between 2012 and 2017 was also high and it was approximately 10-15% per year.

The growth rate of the sales volume and the number of chain restaurant business

A number of food business spots according to CAGR 2012 - 2017



The Sales volume according to CAGR 2012 - 2017

Main supportive factors which affect the expansion and competition of Thailand's food business are consumer behavior which the consumers like to go out for meals, increased incomes of target customers, the expansion of cities and residential areas (urbanization), and the growth of a number of foreign tourists.

The Procurement of Product or Services

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

Patum Rice Mill and Granary 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 improve the quality and the packing of rice into bags with the capacity of 120,000 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 Naprungrice 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. PRG has operations according to the principles of good governance of the 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 neighbouring 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 144,000 Baht per year. While its production capacity increases by 5% and energy consumption tends to decrease continuously. As a result, the Company is then 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 Changes and Developments in the Past Year

-None-

The Customer Groups of the Financial Business

MBK's financial business focuses on catering to the needs of customers in specific markets their service are separated into 4 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 complies with the MBK Group's performance, having liquidity, being on market demand, and business loans with movable collateral such as listed securities on the Stock Exchange of Thailand (SET) which have liquidity and good value investing.

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 mainly 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”) 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 directly sales channels, 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 payments. A cash back is 3% of the initial sum insured in the policy year 1st-19th and 150% of the initial sum insured at the end of the policy year 20th. A total return is 207%.
- **MBK Smart Life 10/10:** A policy coverage of 10 years with 10-year premium payments, which can claim death benefit for 200% of the initial sum insured. A full return of the total premium at the end of the policy year 10th.
- **MBK Smart Life 10/5:** A policy coverage of 10 years with 5-year premium payments. A cash back policy for 20% of the initial sum insured in the policy year 1st-6th, 100% of the initial sum insured at end of the policy year 7th-9th, and 150% of the initial sum insured at the end of the policy year 10th, a total return is 570% cash back of the initial sum insured.
- **MBK Smart Sure 10/7:** A policy coverage of 10 years with 7-year premium payments. A cash back for 5% of the initial sum insured in year 1st-9th and 155% of the initial sum insured in year 10th, a total return is 200% of the initial sum insured.
- **MBK Life 14/7:** A policy coverage of 14 years with 7-year premium payments. A cash back for 3% of the initial sum insured at the end of the policy year 1st-5th, 4% of the initial sum insured at the end of the policy year 6th-10th, 5% of the initial sum insured in the end of the policy year 11st-13rd, and 180% of the initial sum insured at the end of the policy year 14th, a total return is 230% of the initial sum insured.





- **MBK Easy Saving 15/10:** A policy coverage of 15 years with 10-year premium payments.

- 100% life protection of the initial sum insured in year 1st and
- 165% life protection of the initial sum insured in year 2nd and
- 230% life protection of the initial sum insured in year 3rd and
- 295% life protection of the initial sum insured in year 4th and
- 360% life protection of the initial sum insured in year 5th and
- 425% life protection of the initial sum insured in year 6th and
- 490% life protection of the initial sum insured in year 7th and
- 555% life protection of the initial sum insured in year 8th and
- 620% life protection of the initial sum insured in year 9th and
- 685% life protection of the initial sum insured in year 10th-15th

The return: At the end of the policy year 1st-4th, receive 10% of the initial sum insured. At the end of the policy year 15th, receive 570% of the initial sum insured. A total return is 710% of the initial sum insured.

- **MBK Easy Return 15/10:** A policy coverage of 15 years with 10-year premium payments.

- 300% life protection of the initial sum insured in year 1st-3rd and
- 500% life protection of the initial sum insured in year 4th-6th and
- 700% life protection of the initial sum insured in year 7th-9th and
- 800% life protection of the initial sum insured in year 10th-15th

The return: At the end of the policy year 5th, receive 50% of the initial sum insured. At the end of the policy year 10th, receive 50% of the initial sum insured. At the end of the policy year 15th, receive 610% of the initial sum insured. A total return is 710% of the initial sum insured.

- **MBK Happy Pension 85/1:** (tax deductible pension insurance): A policy with 1-year premium payment with a pension return during 60-85 years of age of the assured, a total of 26 pension payments accounted for 520% of the initial sum insured.

- **Healthy Max:** A policy coverage of 5 years with 5-year premium payments. The coverage for every death case as a result of 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.

- **MBK Easy Protection Life 15/10:** A policy coverage of 15 years with 10-year premium payments. Life coverage for 300% of the initial sum insured in the policy year 1st-3rd, life coverage for 500% of the initial sum insured in the policy year 4th-6th, life coverage for 700% of the initial sum insured in the policy year 7th-9th, and life coverage for 800% of the initial sum insured in the policy year 10th-14th. At the end of the policy year 15th, a return of 730% of the initial sum insured is given. A total return of a policy is 730% of the initial sum insured.

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 payments 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 a 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 for MBK-G 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, as well as improving the fastness of credit approval in order to keep up with today’s competition.

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

The trend of motorcycle hire purchase industry is anticipated to recover in accordance with the domestic economy and the nation's sales volume of motorcycles. In 2018, the number of hire purchase was approximate 500,000 motorcycles or 30% of the volume of registered motorcycles nationwide. Calculated as approximately 1.8%, the nationwide registered motorcycles grew by 3%-5% when compare with 2017. The group with a high growth rate was the small motorcycle group, which grew more than the big bike group, when compared with 2017. Also, assembly plants of many big bike brands moved to Thailand.

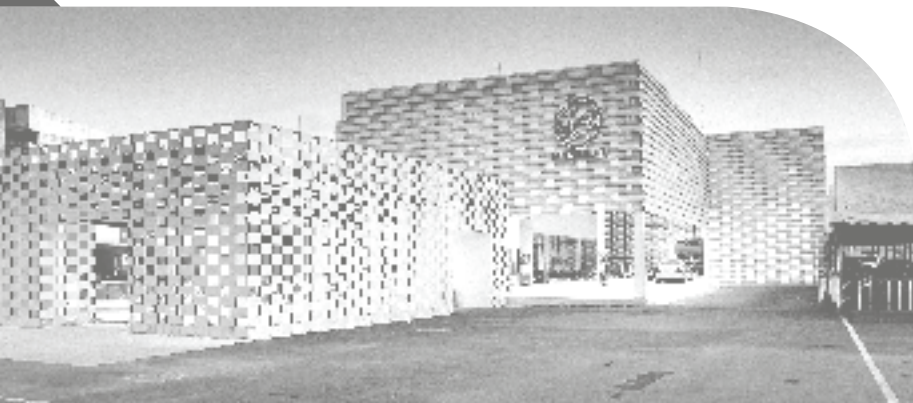
In the future, the competition in the motorcycle hire purchase business will be quite high. 7-8 major creditors have more than 80% of the market share. The creditors will compete in the fast credit approval, convenience, can provide services thoroughly, and provide the after-sale service which encourage customers' convenience and satisfaction for the sake of market share.

TLS's strength is fast loan approval and TLS aims to develop the existing online credit approval system continuously. TLS sets a goal to employ technology to support customers in other services in order to provide them with convenience and response to the various needs of today's consumers. Also, TLS has a plan to develop new credit products apart from motorcycle hire purchase in order to satisfy various needs of both existing customers and prospect customers who will receive TLS's services 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 sales channels in order to satisfy the various financial needs of customers and better protect all target customer groups. The main sales channels are through a broker called TM Broker Co. Ltd., 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 sales 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 affiliates Apple Auto Auction (Thailand) Company Limited ("AAA") which operates the business of auction, retention, and transport vehicles by employing the standards of assessment and checking the vehicle's conditions from Japan, and MBK Trading Company Limited ("MBK-TD") which imports and trades in equipment and tools.

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 2018, more than 60,000 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 most modern online auction program which can be used through computers and mobile phones with a mobile application. 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 an auction company which can provide services of selling and exchanging cars and auto spare parts as the first full-service auction company in Thailand within 2023. The goal complements the Company's strategies to develop the organization in various aspects in order to accomplish the established goal.

The business regarding importing, buying, and selling equipment and tools

It is operated by MBK Trading Company Limited (“MBK-TD”). It was officially opened in 2017. Its objectives are to import, buy, and sell equipment and tools.

Products and Services

- **Apple Auto Auction (Thailand) Company Limited (“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.
- **MBK Trading Company Limited (“MBK-TD”)** is a company to import, buy, and sell equipment and tools.

The Major Changes and Developments in the Past Year

The second-hand car and motorcycle auction business

Parking spaces were increased in provinces in order support an increasing number of cars confiscated by sellers of the Finance Group. Nowadays, the parking spaces cover 14 provinces nationwide and in 2019, there is a plan to increase more parking spaces in 4 more provinces Chiang Rai, Petchaburi, Nakhon Ratchasima, and Surin which will make AAA to have more parking spaces in 18 provinces in total.

In 2018, one more auction place in Rayong was added, while in 2019, one more auction place in Nakhon Ratchasima will be added to existing auction places.

For the technology aspect, in 2018, the Company developed these systems as follows:

1. The Apple Auto Trade System - To be a medium for buy and sell cars. It is another channel to provide complete services for both sellers and buyers.
2. The Apple e-Bidding System - To be an auction channel to provide convenience for buyers and sellers so that they can have auction for cars and/or other products anywhere and anytime.

The business of importing, buying, and selling equipment and tools

In 2018, MBK Trading Company Limited imported the exercise equipment for The Olympic Fitness Club Company Limited in order to be used for members of The Olympic Club. In 2019, it has a plan to import equipment and tools for MBK GROUP.



The Marketing and Competitive Situation

The second-hand car and motorcycle auction business

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 provide convenience and use it as a strategy to attract both sellers and buyers to use this system.

The business of importing, buying, and selling equipment and tools

Because of the business's characteristic focusing on trading within MBK GROUP, it has not compared its business operations with the competitive situation and industry for the benchmarking of its competitive advantage of importing, buying, and selling equipment and tools.

The Procurement of Products or Services

1 The nature of the procurement of products to be distributed

-None-

2 The environmental impacts

The Other Business has operations in order to reduce its environmental impacts by participating in conserving energy, promoting the resources consumption with appreciation, emphasizing energy saving, using recycled paper, and campaigning for concretely sorting out waste. Moreover, Apple Auto Auction (Thailand) Company Limited takes part in dredging canals in order to reduce a risk of flooding which can affect neighboring communities.

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.

The Major Changes and Developments 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

-ไม่มี-

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 2018, 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 Sukhumvit 101 Condo Project*	Sukhumvit Rd., Bangkok	83	604.41
2	Park Riverdale Project**	Bangkadee, Pathum Thani	13	159.21
3	The Riverdale Residence Oroject**	Bangkadee, Pathum Thani	4	187.79
Total			100	951.41

Remark: * The Project of Subsidiary (MBK Sukhumvit 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")
Paradise Place Suanluang Company Limited ("PDPL")
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")
Absolute Travel Company Limited ("ALT") etc.
3. **Golf Business**
 - operated by MBK's subsidiaries:
MBK Resort Public Company Limited ("MBK-R")
Riverdale Golf and Country Club Company Limited ("RDGCC")
MBK Enterprise Company Limited ("MBK-EP") 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")
MBK Food Service Company Limited ("MBK-FSV") 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 and associated:
MBK Trading Company Limited ("MBK-TD")
Apple Auto Auction (Thailand) Company Limited ("AAA") etc.
8. **Supporting Business**
 - operated by MBK's subsidiaries:
MBK Training Center Company Limited ("MBK-TC")
MBK Club Company Limited ("MBK-CB") 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

Product/Service	Type of business	Operated by	For the years ended					
			2016			2017		
			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 Paradise Place Suanluang Company Limited	4,392,845	38.99	4,324,444	41.20	4,476,855	35.27
	- 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 Ratchasima Rice Company Limited Sima Pac Company Limited, and Innofood (Thailand) Company Limited	3,412,569	30.29	2,376,266	22.64	2,580,657	20.33
	- Property development	MBK Resort Public Company Limited Plan Estate Company Limited Crystal Lake Properties Company Limited MBK Realty Company Limited Glas Haus Ratchada Company Limited, and Riverdale Golf and Country Club Company Limited						
	- Food center and restaurant	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 Absolute Travel Company Limited, and The Olympic Fitness Club Company Limited	1,299,639	11.53	1,355,823	12.92	1,373,184	10.82
4. Revenue from financial business	- Lending and debt guarantee business	MBK Guarantee Company Limited, and T Leasing Company Limited	1,310,729	11.63	1,683,046	16.03	2,116,997	16.68
5. Other revenues	- Motorcycle hire purchase	MBK Public Company Limited and its subsidiaries	851,890	7.56	757,516	7.21	2,145,210	16.90
	- 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			11,267,672	100.00	10,497,095	100.00	12,692,903	100.00

RISK FACTORS

1. THE RISK FACTORS OF THE SHOPPING CENTER BUSINESS

The MBK Center

- **The Risk from the Economic Situation**

In 2018, Thailand's economic situation was slightly better compared with 2017 as a result of the tourist industry expanded, particularly the growth of Asian and European tourists. In late 2018, the shipwreck in Phuket caused a decrease in tourists from China. However, positive factors from the export and tourism boosted the domestic demand of the private sector from the consumption as a result of the Government's welfare cards as well as the public sector's investment stimulation. All had a good impact on incomes and better employment, although there was a slowdown in world trade among powerful nations in economic terms.

A tendency towards Thailand's economy in 2019 is expected to expand by 3.5% – 4.5%, significantly encouraged by several factors Household spending tends to expand at good level and continuously helps the economic expansion; the private sector's better investment as a result of an increase in production capacity; the public sector's acceleration of investment according to progress in significant infrastructure projects; the tourist industry's increases in a number of tourists and income coming from tourism according to the recovery of the situation; and changes in international trends towards trade, production, and investment which will reduce an impact on the world's economic slowdown. It is also expected that the value of the export of goods will expand.

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' lifestyles and needs in order to draw more customers and stimulate more spending. The company's policy has been also actively implemented with the concept of the customer focus by listening to the customers' opinions, needs, and expectations through channels such as an after-service



survey, online media like the Website, Facebook, and Line@, the Call Center, and the Suggestion Box. Also, the external company has been outsourced in order to keep up with information from media websites and web boards such as Pantip and MThai. Therefore, customers' opinions can be followed up immediately and new forms of providing services can be creatively improved with the aim that customers are satisfied and have a long-term attachment to the MBK Shopping Center. In 2018, the Company improved and renovated service spots such as the Prayer Room for Muslims, the depository point, and the MBK Lounge as well as improving activity styles, the atmosphere, modernized decoration, and new design of rental areas in accordance with the needs of each target group of customers.

- **The Risk from Increasing Competition**

The competition of retailing nowadays has intensified as a result of the launch of a lot of new projects particularly the projects situated on the banks of Chao Phraya River resulting in a whole picture of Bangkok and its surrounding areas where retail areas increase as well as the continuous expansion of the retail business' s branches, particularly focusing on provinces and primary tourist cities 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 satisfy consumers more. New marketing strategies are utilized in order to gain direct access to consumers.

The MBK Shopping Center is still the tourist destination which attracts a lot of foreign tourists coming to use services. It attaches significance to the study on behavior and needs and the survey of satisfaction in order to compare with its competitors continuously. Information gained from the survey will be used for the design and improvement of new rental areas in order to harmonize with the needs of each target group's customers extensively both Thai and foreign customers.

Also, the marketing activities and services such as free WIFI, the genius parking spaces, the Prayer Room for Muslims, and the MBK Lounge are modified and improved. The decoration is improved in cooperation with famous artists for the work creation. The unique decoration of MBK Shopping Center as well as the improvement of the MBK Application in order to give customers privileges from shops and point collection from the purchase volume, memorable experiences, and gladness to tell other people by word of mouth.

- **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 adaptation and technological investment in many projects in order to support the era of the Digital Transformer according to the policy on Thailand 4.0 which is promoted by the government focusing on the digital era such as the Customer Database & Loyalty Program, the development of a payment procedure through the Cashless System, the development of e-Tax Invoice & e-Receipt System, and particularly the employment of the Digital Marketing as a medium of communicating information and marketing activities in order to gain access to the target groups, stimulating publicity by word of mouth via the online society, and running the 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.

In 2018, MBK Shopping Center adapted itself in order to deal with changes of technology such as adapting the image of the Digital Marketing through the social media, Facebook, and Instagram of MBK Shopping Center which kept updating information, promotions, and update events and increased more communication with niche target groups the tenant group through Line@ MBK Center Shop and the guide leaders and tour operators group through Line@ MBK Tourist which update information, promotions, and marketing events in advance would be announced. Moreover, the MBK GROUP Application was developed in order to offer information, promotions, marketing events, discounts, and privileges for customers. The application was launched on 7th July 2017. Today, there are more than 60,000 application downloaders.

The Paradise Park Shopping Center and The Paradise Place Building

- **The Risk from the Economic Situation**

Although Thailand's economic situation in 2018 was slightly better, compared with 2017, food and beverages tended to grow continuously. The Paradise Park Shopping Center and The Paradise Place Building employed strategies of advertising, public relations, new kinds of marketing events, and continuous special promotions particularly fashionable and beauty products and food which helped urge an increasing number of users and helped increase the spending.

- **The Risk from the Renovation of Some Areas**

Because the Paradise Park Shopping Center and the Paradise Place Building 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 contemporarily inconvenient to receive services in some areas.

The Nine Center

Because the location of the Nine Center was one of the potential and important areas in Bangkok, its location was in a business area and there were large communities, dormitories, condominiums and hotels. 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 passing years. 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 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 as of the end of 2018, there was

a number of approximate 90% of tenants or calculated as the rental spaces of approximate 11,335 square meters of the whole rental spaces. In order to prevent the risk of not renew a land contract with the landowner whose land contract will be terminated in August, 2020, the Glas Haus Building then renewed the only short-term rental contract with tenants. Therefore, some tenants declined to further rent the spaces, resulting in a decreased trend towards the space tenancy.

Glas Haus Ratchada Company Limited

The risk factor of space rental business of the Glas Haus Ratchada Building in 2018 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, was rented at a rate of 100%.

Because the Glas House 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's strategic plan to change shops and services in some spaces 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

For the whole picture of the situation of the Hotel and Tourism Business in 2018, it was considered the year of the fluctuation. Although a number of foreign

tourists travelling to Thailand all year long were approximately 38.15 million tourists an approximately 7.20% increase compared with 2017 Thailand is still the favorite tourist destination at world level. When looking for more details, several incidents and factors affected the business such as the shipwreck in Phuket or the announcement about the extension of the closing of PP Islands. These incidents were sensitive. The economic factors also affected the business such as trade war among economically powerful countries, the withdrawal of the United Kingdom from the European Union (Brexit), and riots in France. All were risk factors for the need to travel which we have had to keep watching closely.

Meanwhile, supply factors have caused more fierce competition. More trade partners such as On Line Travel Agent (OTA), have had a role in providing room reservation and tourist attraction services more. A number of hotels and accommodations have increased since the passing years as well as other product substitutes. For example, daily accommodations provided by an agent interacting on a platform which is gaining popularity like AirBNB as well as an increase in hostels make the competition among hotels and tourism more fiercely.

The Hotel and Tourism Business has to adapt its strategic sales plan by focusing on potential countries, increasing the efficiency of service providing, and more sales through e-Commerce in order to maintain the position at international level and keep its market share according to good criteria when compared to its competitors.

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 and the cooperation with the Tourism Authority of Thailand to attract more Thai and foreign golf players during the low season to use the golf course of the Golf Business 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 the low season to promote more use of the golf course services.

Even though the Riverdale Golf Club (RDGC) and Bangkok Golf Club (BKGC) in Pathum Thani are also affected by the rainy season, the effect is 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 as follows:

- Organization of golf competitions or tournaments for golfers during the low season.
- A special promotion for afternoon as a package, including a green fee, a caddy, and an electric golf cart for BKGC.
- Special promotions for MBK Golf Card holders.
- Golfers can book Tee-Time through the booking online, together with special price promotions.

- Add more distribution channels through more distributors.

• The Risk from Natural Disasters

In 2018, 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 which faced financial problems have begun to have a better sign and less affected the Tourism Business, including the Golf Business. The golf course in Phuket during the high season mainly entertains golfers from Europe and Australia who are businessmen with high purchasing power to travel and play golf in Thailand, both in Bangkok and Phuket. When this group has a better tendency, it then has a positive effect on the expansion of the golf business.

4. THE RISK FACTORS OF THE REAL ESTATE BUSINESS

• The Risk from the Related Law Amendments

The operations of the Real Estate Business have risks from improvement, amendments, and addition of laws and regulations related to the 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 the 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 be 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 a 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. Also, the Real Estate Business employs technology — Building Information Modeling— in order to manage and control the construction so that the project's cost management, construction costs, and construction control costs are more efficient.

Moreover, the Real Estate Business has a committee which is set up to closely follow paces of housing development and condominium markets in order to follow an economic tendency closely, consider the quality of construction materials which are used appropriately and proved their worth in order that customers feel satisfied with the products.

- **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, the Real Estate Business has measures to reduce such risks as follows;

- To use more technologies and 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.
- The 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, the 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 the Real Estate Business is assessed.
- To compile 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 Business has 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 the appropriate size of the projects in each location in phase by using information database within the organization which is continuously developed as a tool to make a decision.
- 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 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 the Real Estate Business to reach its new target groups.
- To consider in expanding investment into other potentiality areas by placing importance to the environment and the community around the developing projects 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 the 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.
- To develop the personnel to have knowledge and expertise as well as building a big database or Big Data in the organization in order to be able to create and manage strategies to match the changing market situations.

- **The Risk from the Economic Situation**

The market of the Real Estate Business in 2018 had had a continuous growth rate since in late 2017 because the economic situation was better, together with the government's investment in the infrastructure

which had an effect on the confidence of both consumers and entrepreneurs. However, in 2019, risk factors which have to be kept watching are the fluctuation of the global economy, the foreign market's decreased demand for habitations - particularly the Chinese market, the effect of increasing interest rate, and commercial banks' regulatory measures on housing loans by controlling the ratio of Loan to Value (LTV) stipulated by Bank of Thailand (BOT). All factors may make the Real Estate market in 2019 likely to be steady. Also, real estate companies have competition for sales and hurriedly convey the real estate to customers in order to release stock habitations available in the market.

However, the MBK Real Estate Company Limited focuses on developing the projects in high potential areas and using information technology to create added value to habitations or services of the projects in order to satisfy the needs of the target groups and stay competitive in the market situation in 2019. For the property management business and property appraisal and advisory service business, various target groups are more expanded so that the Company stays competitive and has a good market share continuously. According to the financial security and prudent business operations of the MBK Group, its 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**

Rice is a raw material in PRG's production. It belongs to the commodity group which its prices are changing all the time according to the market situations the economy, the politics, the environment. These factors stimulate demand and supply. In 2018, a demand for jasmine rice was higher than a supply of

jasmine rice, resulting in the higher price of raw material, compared with 2017. Therefore, Thailand's export had the fluctuation of the demand and the supply according to the competition's periods of time and the economic situations in the global market. From the whole picture of 2017, Thailand remained number two of rice exports, inferior to India. It showed the potential of Thai rice which still had a growth opportunity in the foreign market. For the domestic market, the competition was highly fierce, particularly in the modern trade. In 2017, because of the economic slowdown, it had an effect on consumers' purchasing power. Therefore, the competitive pricing strategy is more implemented this year. However, PRG has set a performance policy in order to reduce the risk of the market's fluctuation as follows:

- To store some products such as jasmine rice and white rice as a spare volume for the production with appropriate prices by checking all statistics before making decisions to buy rice.
- For products with little mobilization or having shorter shelf life than other rice types such as parboiled rice, a policy to balance an ordered volume of rice and a volume of rice for sale is used in order to reduce problems of the quality and fluctuating prices.

For raw materials for the foreign market, a policy to buy a volume of rice according to the purchasing order is used in order to reduce the risk of prices of inventory raw materials when compared with the market.

- **The Risk Arising from Price Fluctuations**

In 2018, the economic situation still slowed down, resulting in no increase in consumers' purchasing power, compared with 2017. Therefore, the market mechanism to use a price strategy was used more, compared with the previous years. In order to reduce the risk and increase the PRG's competitive potential, it stipulated its goal in order to increase the Company's at least 2 more production sources in order to reduce

the risk in terms of a shortage of products. PRG then can deliver and enhance its competitive potential by improving the potential of the production sources to be efficient and conform to PRG's standards by controlling costs. It could help set products' prices of PRG to correspondingly deal with the market situations.

PRG has set its competitive policy for the domestic market for 3 parts as follows:

- The Traditional Trade focuses on expanding a distribution channel in order to distribute more rice products under its brands. The selling prices in this channel can vary according to marketing competition and conform to the changes of raw materials' prices.
- The Modern Trade's strategies used in this channel focus on making profits and trying to maintain sales areas by means of organizing promotions continuously, managing a distribution area in each shopping center, and increasing an online channel. All are for maintain its market share as much as possible.
- The HORECA the direct sale channel mainly focuses on the fastness and convenience of customers with proper prices. Therefore, finding other food types which customers want is used as a one-stop-service strategy in order to maintain the customer base.

• The Risk Arising from Rice Export

The competition in the market was fiercer because of the fluctuation of the sluggish economy in some countries and trade war between the U.S. and China. It reduced the countries' purchasing power of rice imports. A demand for and a supply of some types of rice were inconsistent such as jasmine rice. Its price was higher, compared with 2017, because of a shrinking purchasing power. These effects caused higher competition in the market. For maintaining the sales volume of each entrepreneur, PRG has still increased

the sales volume and maintained the customer base of target groups. PRG's major customers have had continuous confidence in us. PRG's policies on reducing the risks caused by foreign trade are as follows:

- PRG agrees to make a sales contract only when there are sufficient raw materials.
- PRG stores an appropriate amount of raw materials as a minimum required by public agencies.
- Financial transactions are done through leading and trusted banks and customers' creditability is verified as well.
- In order to prevent fluctuations in Thai Baht currency, the Company has to buy a forward contract for a foreign currency exchange rate after each purchasing order is received immediately.

A policy to receive payments made by trade partners in the least risk form is the advance payment or Letter of Credit.

• The Risk in Value of Thai Baht Currency

PRG has no policy on making a profit from the currency exchange rate. Therefore, PRG prevents fluctuations in the currency exchange rate by coordinating with banks in order to manage the currency exchange rate in each case every time when a trade is made.

• The Risk from Natural Disasters

PRG has to lay a policy to take care of areas in many forms in order to deal with possible incidents and prevent discontinuity in operations such as sparing a space in a warehouse ready for dealing with floods by means of preparing palettes to elevate products higher above the ground level and checking the location and its surroundings as a period of time is scheduled in order to prepare measures in advance. These policies are laid in order to reduce the risk of the response to consumers' needs and the Company's damage.

- **The Risk of Depending on Major Customers or Distributors or a Small Number of Customers or Distributors**

In 2018, products were sold to the first 10 major customers, calculated as 32% of the total revenues. The biggest customer had a rice sales volume of not more than 8% of the total revenues which PRG considered that this biggest customers' rice sales volume was not the risk. Moreover, PRG concentrated on increasing incomes from other businesses 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 in the future.

The Food Court and Restaurant Business

- **The Risk of the Business Competition**

PRG stresses the importance to the strategy to increase the competitive advantage of the quality of products and services, advertisements, publicity, and organizing various marketing events by mainly focusing on customers' needs as well as expanding branches in potential locations and developing the personnel in order to respond to the expansion of the business and the Company.

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. For the new entrepreneurs, if PRG cannot compete with them in mentioned factors, it can possibly have a negative effect on the business and performance of the Company significantly.

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 expansion of the business and the Company.

- **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 spaces which have potential to expand PRG's branches are 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 landowners, different types of shopping centers such as Shopping Malls, Hypermarkets, Community Malls, and Mix-Used Complexes, by means of the preparation of a plan to expand branches and the internal database for rental spaces of both Bangkok and its surrounding areas as the PRG's branch expansion strategy in cooperation with its business alliances in order to reduce the risk from inability to find rental spaces 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 for a short-term contract and a long-term rental conveyance in order to manage the risk of contract making. 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.

Because of the vision of PRG's Board of Directors and the Management Team that 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 in Raw Material Costs**

The costs of food are the most important costs of running the 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 price 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 of PRG. These fluctuations in raw material costs have a negative impact on PRG's operations significantly.

In order to reduce an impact of fluctuations in 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. 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 is related to internal and external factors. The internal controllable factors are such as 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 a chain of restaurants beginning with finding the suitable locations by means of studying demographic information, consumer behavior, competitive 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 expansion/opening of a new branch ever time. 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 the 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 Collateral**

For secured loans, the Financial Business puts in place a system to assess and classify the quality of each type of collateral by considering the liquidity in locations (for the real estate), economic fluctuations which have an effect on the stock exchange (for financial assets – shares), and market demands (for motorcycles) of the collateral. The analyses will be used to consider the loan application. In real estate collateral, all assets are subject to appraisal by qualified independent appraisers while credits are appropriately granted to ensure collateral to cover the debt balance. Buildings are also insured against fire throughout the contract term, which will compensate for the possible future damage. For collateral as financial assets – shares, it has to monitor changes in the stock exchange in order to check shares' prices by specifying to increase the collateral in case of decreasing share prices in order to prevent damage possibly occur later. 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 the Hire Purchase Business. In the Hire Purchase Business, the borrowers are required to pay a fixed rate of interest and it has an effect on the insurance reserve for the Life Insurance Business.

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. For the Life Insurance Business, it states that the Investment Committee always considers to change investment strategies to be aligned with a tendency towards interest rates.

7. THE RISK FACTORS OF OTHER BUSINESS

- **The Risk from a Decreasing Number of Cars Repossessed by the Finance Business.**

For the Car Auction Business, a major car delivery group is financial institutions. AAA itself has a proportion of total cars delivered at auction as 80%. However, the strict credit loan policy during 2015 and 2018 resulted in a decreasing number of cars confiscated by the financial institutes into the market. If AAA cannot increase a number of cars from other types of sellers such as a rented car group or general cars users as well as cannot increase the proportion of cars delivered to AAA by existing sellers. However, in order to reduce such risk, the Car Auction Business then focuses on increasingly doing the marketing for end users.

8. THE RISK FACTOR OF THE 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 (or talented workforce) may be harder to retain because of the free flow of labor.

With the vision of the Board of Directors and the Management Team 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.

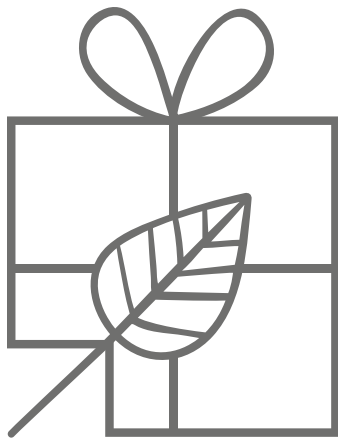
- **The Risk from the Technology and Communication**

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 control the quality, time frame and cost more efficiently.

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, the 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 Relationship Management system in order to support the Customer Database & Loyalty Program activities, for example. Moreover, the services of the Call Center & Central Concierge are being expanded to be used in the MBK GROUP's associated companies in order to satisfy the needs of the customers with the aim of reaching the same standard.

THE SUSTAINABLE DEVELOPMENT REPORT 2018



“

MBK Public Company Limited operates its business with a strong hold on the Good Corporate Governance guidelines and compliance with the law, business ethics, and corporate conducts together with pursuing good management. It is the Company's important duty to take care of and responsibility for communities, the society, surrounding environment, and involved parties. The Company realizes that promoting and supporting the strengths of the communities and society seriously will result in social and environmental development for holistic sustainability. The Company continuously organizes activities for the communities and the society by applying the company's expertise to economic value creation to the organization and society at the same time. Such action shall be held as the company's practice.

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Contribution towards Social Development for Sustainability

In 2018, MBK Public Company Limited and its subsidiaries mobilize various projects to support the society, the communities, and environment continuously, including both CSR-in-process and CSR-after-process, for the sustainable development in three aspects which the Company has always focused on and executed. They are as follows:

The Social Aspect – Throughout last year, the Company adhered to the practice of “Thai Organization with Green Heart” that promoted and supported mutual assistance and the use of beneficial knowledge to improve quality of lives of people in the community. The Company provided financial support to the government sector, organizations, and foundations, as well as providing commercial space for students and foundations to organize charitable activities and public services.

The Environmental Aspect –The Company took responsibility for the environment in all internal and external processes through supporting activities that pertained to energy conservation, resource management with value recognition, energy saving and recycling in order to reduce waste caused by the organization and the communities; running a campaign for raising the

employees’ good awareness of conservation of the environment; organizing an activity to provide knowledge to the communities, new generations, and educational institutions so that they were role models or leaders in creatively coping with environmental problems; and expanding cooperation with alliances in order to maintain a balance between business operations and being environmentally friendly.

The Economic aspect – With professionalism in diverse businesses, the Company has potentially run businesses and investment in order to generate returns sustainably. Therefore, it enables the Company to grow continuously and stably. It is also part of creating the society of happiness and sustainably strengthening Thai economy in the long run.

You can have further information about the Sustainable Development Report on the Company’s website at www.mbkgroup.co.th



TELEPHONE & FAX NUMBERS OF JURISTIC PERSONS WHICH MBK HOLDS MORE THAN 10%

AS OF DECEMBER 31, 2018

TYPE OF BUSINESS	NAME OF COMPANY	TELEPHONE NUMBER	FAX NUMBER
SHOPPING CENTER BUSINESS	1 MBK Shopping Center Company Limited	0-2853-9000	0-2853-7000
	2 Paradise Park Company Limited	0-2780-1000	0-2780-1155
	3 Paradise Retails Company Limited	0-2780-1000	0-2780-1155
	4 Paradise Place Suanluang Company Limited	0-2780-1000	0-2780-1155
	5 Glas Haus Building Company Limited	Head Office 0-2853-9000 Branch 0-2260-6117 - 9	Head Office 0-2853-7000 Branch 0-2260-6055
	6 Glas Haus Ratchada Company Limited	Head Office 0-2853-9000 Branch 02-693-9388-9	Head Office 0-2853-7000 Branch 0-2260-6099
	7 MBK Smart Force Security Guard Company Limited	0-2853-9000	0-2853-7000
	8 The Nine Center Company Limited	Head Office 0-2853-9000 Branch 0-2056-7999	Head Office 0-2853-7000 Branch 0-2056-7998
	9 MBK Center Company Limited	0-2853-9000	0-2853-7000
	10 MBK Square Company Limited	Head Office 0-2853-9000 Branch 0-2853-7070-9	Head Office 0-2853-7000 Branch 0-2620-6116
	11 MBK Online Company Limited	0-2853-9000	0-2853-7000
	12 The Nine Tiwanon Company Limited	0-2853-9000	0-2853-7000
	13 P T Retails Corporation Company Limited	0-2853-9000	0-2853-7000
	14 Siam Pivat Company Limited	0-2658-1000 - 19	0-2658-1020 - 1
HOTEL AND TOURISM BUSINESS	15 MBK Hotels and Tourism Company Limited	Head Office 0-2853-9000 Branch 0-2216-3700	Head Office 0-2853-7000 Branch 0-2611-4622
	16 MBK Business Company Limited	0-2216-3700-29	0-2216-3730
	17 Tantara Gallery Company Limited	Head Office 0-2216-3700	Head Office 0-2216-3730
	18 MBK Hotels and Resorts Company Limited	Head Office 0-2853-9000 Branch 0-7562-8000	Head Office 0-2853-7000 Branch 0-7562-8048
	19 Supsinthanee Company Limited	Head Office 0-2853-9000 Branch 0-7783-5240	Head Office 0-2853-7000 Branch 0-7783-5239
	20 Lanta Land Development Company Limited	Head Office 0-2853-9000 Branch 0-7560-7100	Head Office 0-2853-7000 Branch 0-7560-7199
	21 MBK Capital Company Limited	0-2853-9000	0-2853-7000
	22 Absolute Travel Company Limited	0-2147-5858	0-2853-7000
	23 M G 1 Company Limited	0-2853-9000	0-2853-7000
	24 The Olympic Fitness Club Company Limited	0-2216-3700 ต่อ 20805	-
	25 Paemala Spa Company Limited	0-2048-7038 Branch 0-7562-8885	- Branch 0-7562-8028
	26 C L P Management Company Limited	0-7631-1929	-
	27 DMS Property Investment Private Limited	(960) 333-0678	(960) 333-2515
GOLF BUSINESS	28 Riverdale Golf and Country Club Company Limited	Head Office 0-2853-9000 Branch 0-2501-2789	Head Office 0-2853-7000 Branch 0-2501-1833
	29 MBK Resort Public Company Limited	Head Office 0-2853-9000 Branch 0-7632-1929	Head Office 0-2853-7000 Branch 0-7632-1927-8
	30 Phuket Loch Palm Golf Club Company Limited	Head Office 0-2853-9000 Branch 0-7632-1929	Head Office 0-2853-7000 Branch 0-7632-1927 - 8
	31 MBK Enterprise Company Limited	0-2853-9000	0-2853-7000
	32 MBK Golf Management Company Limited	0-2853-9000	0-2853-7000
	33 Lam Luk Ka Golf and Country Club Company Limited	0-2995-2300-4	0-2995-2305

TYPE OF BUSINESS	NAME OF COMPANY	TELEPHONE NUMBER	FAX NUMBER
REAL ESTATE BUSINESS	34 MBK Real Estate Company Limited	Head Office 0-2853-9000 Branch 0-2022-0000	Head Office 0-2853-7000 Branch 0-2022-0002
	35 Plan Estate Company Limited	Head Office 0-2853-9000 Branch 0-2022-0008	Head Office 0-2853-7000 Branch 0-2022-0009
	36 Crystal Lake Properties Company Limited	Head Office 0-2853-9000 Branch 0-7632-1929	Head Office 0-2853-7000 Branch 0-7632-1927 - 8
	37 Plan Appraisal Company Limited	Head Office 0-2853-9000 Branch 0-2022-0005	Head Office 0-2853-7000 Branch 0-2022-0003
	38 Lan Bangna Company Limited	Head Office 0-2853-9000	Head Office 0-2853-7000
	39 Kathu Land Company Limited	0-2853-9000	0-2853-7000
	40 MBK Residence Company Limited	0-2853-9000	0-2853-7000
	41 MBK Sukhumvit Company Limited	0-2853-9000	0-2853-7000
	42 MBK Realty Company Limited	0-2853-9000	0-2853-7000
	43 MBK Charan Company Limited	0-2853-9000	0-2853-7000
	44 M G 6 Company Limited	0-2853-9000	0-2853-7000
	45 T Consultant Company Limited	0-2853-9000	0-2853-7000
FOOD SOLUTION BUSINESS	46 Patum Rice Mill and Granary Public Company Limited	0-2661-7900	0-2661-7901
	47 PRG Granary Company Limited	0-2501-2160, 0-2501-2175	0-2501-2176
	48 Ratchasrima Rice Company Limited	0-8126-53670, 0-8126-54085	-
	49 Sima Pac Company Limited	0-8126-53670, 0-8126-54085	-
	50 Innofood (Thailand) Company Limited	0-2583-9807	-
	51 MBK Food and Entertainment Company Limited	0-2853-9000	0-2853-7000
	52 MBK Food Island Company Limited	0-2853-9000	0-2853-7000
	53 MBK Restaurant Group Company Limited	0-2853-9000	0-2853-7000
	54 MBK Food Service Company Limited	0-2853-9000	0-2853-7000
FINANCIAL BUSINESS	55 MBK Guarantee Company Limited	0-2853-7878	0-2853-7879
	56 Primacy Elegance Investments Limited	Contact to office 0-2853-9000	Contact to office 0-2853-7000
	57 MBK Premium Company Limited	0-2853-9000	0-2853-7000
	58 T Leasing Company Limited	0-2832-2555	0-2832-2556
	59 M G 3 Company Limited	0-2853-9000	0-2853-7000
	60 M G 4 Company Limited	0-2853-9000	0-2853-7000
	61 M G 7 Company Limited	0-2853-9000	0-2853-7000
	62 M G 8 Company Limited	0-2853-9000	0-2853-7000
	63 Max Asset Management Company Limited	0-2217-8000 ต่อ 1021	0-2611-9494
	64 MBK Life Assurance Public Company Limited	0-2252-5070	0-2252-7155
	65 TM Broker Company Limited	0-2026-3541	0-2252-7155
	66 MT Service 2016 Company Limited	0-2252-5070	0-2252-7155
OTHER BUSINESS	67 Apple Auto Auction (Thailand) Company Limited	Head Office 0-2853-9000 Branch 0-2399-2299	Head Office 0-2853-7000 Branch 0-2399-2244
	68 MBK Trading Company Limited	0-2853-9000	0-2853-7000
SUPPORT BUSINESS	69 MBK Digital Company Limited	0-2853-9000	0-2853-7000
	70 MBK Advanced Company Limited	0-2853-9000	0-2853-7000
	71 MBK Insurance Broker Company Limited	0-2853-9000	0-2853-7000
	72 MBK Training Center Company Limited	0-2853-9000	0-2853-7000
	73 MBK Service Solution Company Limited	0-2853-9000	0-2853-7000
	74 X-GEN Premium Company Limited	0-2853-9000	0-2853-7000
	75 MBK Asset Company Limited	0-2853-9000	0-2853-7000
	76 MBK Leisure Company Limited	0-2853-9000	0-2853-7000
	77 MBK Club Company Limited	0-2853-9000	0-2853-7000
	78 MBK Broker Company Limited	0-2853-9000	0-2853-7000
	79 MBK Food System Company Limited	0-2853-9000	0-2853-7000
	80 Puen Pob Paet Company Limited	0-2853-9000	0-2853-7000

JURISTIC PERSONS WHICH COMPANY HOLDS GREATER THAN OR EQUAL TO 10%

AS OF DECEMBER 31, 2018

TYPE OF BUSINESS	NAME OF COMPANY	HEAD-QUARTERS	MAIN BUSINESS	REGISTERED CAPITAL (BAHT)	PAID-UP CAPITAL (BAHT)	DIRECT shareholding (%)	INDIRECT shareholding (%)
SHOPPING CENTER	1. MBK Shopping Center Company Limited	Bangkok	Investment	1,000,000,000	1,000,000,000	100.00	-
	2. Paradise Park Company Limited	Bangkok	Shopping center and property for lease	700,000,000	700,000,000	-	100.00 ²
	3. Paradise Retails Company Limited	Bangkok	Property for lease	5,000,000	5,000,000	-	100.00 ³
	4. Paradise Place Suanluang Company Limited (Formerly known as "Sam Delice Company Limited")	Bangkok	Shopping center and property for lease	3,300,000,000	3,300,000,000	-	99.99 ²²
	5. Glas Haus Building Company Limited	Bangkok	Property for lease	195,000,000	195,000,000	-	100.00 ⁵
	6. Glas Haus Ratchada Company Limited	Bangkok	Property for lease	1,083,500,000	1,083,500,000	100.00	-
	7. MBK Smart Force Security Guard 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	-	100.00 ⁴⁸
	9. MBK Center Company Limited	Bangkok	Car park rental	2,000,000	2,000,000	99.99	-
	10. MBK Square Company Limited	Bangkok	Property management service	100,000,000	100,000,000	100.00	-
	11. MBK Online Company Limited	Bangkok	Dormant	1,000,000	1,000,000	99.97	-
	12. The Nine Tiwanon Company Limited (Formerly known as "SCB Building Company Limited")	Bangkok	Shopping center	500,000,000	500,000,000	-	99.70 ²³
	13. PT Retail Corporation Company Limited	Bangkok	Retail business in shopping center	400,000,000	400,000,000	-	50.00 ¹⁰
	14. Siam Pivat Company Limited	Bangkok	Shopping center and property for lease	274,000,000	274,000,000	47.98	-
HOTEL AND TOURISM	15. MBK Hotels and Tourism Company Limited	Bangkok	Hotel management and travel	130,000,000	130,000,000	100.00	-
	16. MBK Business Company Limited	Bangkok	Personnel management service	570,000,000	570,000,000	100.00	-
	17. Tantara Gallery Company Limited	Bangkok	Dormant	2,500,000	2,500,000	-	99.99 ⁶
	18. MBK Hotels and Resorts Company Limited	Bangkok	Hotel	2,200,000,000	2,200,000,000	100.00	-
	19. Supsinthanee Company Limited	Bangkok	Hotel	505,325,000	505,325,000	100.00	-
	20. Lanta Land Development Company Limited	Bangkok	Hotel	340,000,000	340,000,000	100.00	-
	21. MBK Capital Company Limited	Bangkok	Land rental	5,000,000	5,000,000	-	99.99 ⁹
	22. Absolute Travel Company Limited	Bangkok	Hotel	125,000,000	125,000,000	-	99.99 ⁶
	23. M G 1 Company Limited	Bangkok	Hotel	466,000,000	466,000,000	-	100.00 ⁵
	24. The Olympic Fitness Club Company Limited (Formerly known as "M G 5 Company Limited")	Bangkok	Fitness center	1,000,000	1,000,000	-	99.97 ⁸⁵
	25. C L P Management Company Limited	Bangkok	Property management service	2,000,000	500,000	-	72.59 ¹³
	26. Paemala Spa Company Limited	Bangkok	Property for lease	5,000,000	5,000,000	-	25.00 ⁶
GOLF	27. DMS Property Investment Private Limited	Republic of Maldives	Hotel	1,157,527,525	1,157,527,525	-	35.00 ⁹
	28. Riverdale Golf and Country Club Company Limited	Bangkok	Golf course and real estate	4,000,000,000	4,000,000,000	100.00	-
	29. MBK Resort Public Company Limited	Bangkok	Golf course, hotel and real estate	200,000,000	160,000,000	-	72.60 ^{9/11}
	30. Phuket Loch Palm Golf Club Company Limited	Bangkok	Dormant	2,000,000	2,000,000	-	72.60 ¹²
	31. Nasset Property Fund1	Bangkok	Property Fund (The Fund mature and dissolution on 31 August 2015)	13,656,192	13,656,192	-	72.45 ¹²
	32. MBK Enterprise Company Limited	Bangkok	Golf course and property for lease	3,000,000,000	3,000,000,000	100.00	-
	33. MBK Golf Management Company Limited	Bangkok	Personnel management services	5,000,000	5,000,000	-	100.00 ²¹
	34. Lam Luk Ka Golf and Country Club Company Limited	Pathum Thani	Golf course	1,308,600,000	1,308,600,000	46.18	-
	35. MBK Real Estate Company Limited	Bangkok	Property management service	1,000,000,000	1,000,000,000	100.00	-
	36. Plan Estate Company Limited	Bangkok	Real estate and property management service	200,000,000	200,000,000	-	72.60 ¹²
REAL ESTATE	37. Crystal Lake Properties Company Limited	Bangkok	Real estate	8,000,000	8,000,000	-	72.60 ¹²
	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	-	100.00 ⁴⁸
	42. MBK Sukhumvit Company Limited	Bangkok	Real estate	800,000,000	800,000,000	-	100.00 ¹⁸
	43. MBK Realty Company Limited	Bangkok	Real estate	71,200,000	71,200,000	-	55.00 ¹⁸
	44. MBK Charan Company Limited	Bangkok	Real estate	550,000,000	550,000,000	100.00	-
	45. M G 6 Company Limited	Bangkok	Real estate	1,000,000	1,000,000	-	99.97 ¹⁸
	46. T Consultant Company Limited	Bangkok	Construction	5,000,000	5,000,000	-	100.00 ¹⁸

TYPE OF BUSINESS	NAME OF COMPANY	HEAD-QUARTERS	MAIN BUSINESS	REGISTERED CAPITAL (BAHT)	PAID-UP CAPITAL (BAHT)	DIRECT shareholding (%)	INDIRECT shareholding (%)
FOOD SOLUTION	47. Patum Rice Mill and Granary Public Company Limited	Pathum Thani	Processing and packaging rice	900,000,000	600,000,000	74.52	-
	48. PRG Granary Company Limited	Pathum Thani	Warehouse rental and transportation	500,000,000	500,000,000	-	74.52 ¹⁵
	49. Ratchasirima Rice Company Limited	Pathum Thani	Distribution and processing of rice and factory building rental	300,000,000	300,000,000	-	74.52 ¹⁶
	50. Sima Pac Company Limited	Pathum Thani	Factory building rental and distributor of rice	150,000,000	150,000,000	-	74.52 ¹⁶
	51. Innofood (Thailand) Company Limited	Pathum Thani	Restaurant	71,000,000	71,000,000	-	74.52 ¹⁹
	52. MBK Food and Entertainment Company Limited	Bangkok	Food center rental and service (cessation of Food center business since April 2018)	50,000,000	50,000,000	-	62.14 ^{17/15}
	53. MBK Food Island Company Limited	Bangkok	Food center	500,000,000	500,000,000	-	74.52 ¹⁵
	54. MBK Restaurant Group Company Limited	Bangkok	Restaurant	150,000,000	150,000,000	-	62.14 ¹⁵
	55. MBK Food Service Company Limited	Bangkok	Distribution center for food Solution business Central kitchen and distribution center of prepared food to restaurants of group companies	5,000,000	5,000,000	-	87.00 ^{8/15}
FINANCIAL	56. MBK Guarantee Company Limited	Bangkok	Lending	500,000,000	500,000,000	-	100.00 ⁸
	57. Primacy Elegance Investments Limited	British Virgin Island	Investment	2,218,000	110,900	100.00	-
		Contact center: Bangkok					
	58. MBK Premium Company Limited	Bangkok	Leasing and hire purchase	528,319,300	528,319,300	100.00	-
	59. T Leasing Company Limited	Bangkok	Motorcycle hire purchase	1,000,000,000	1,000,000,000	100.00	-
	60. M G 3 Company Limited	Bangkok	Held property foreclosed	1,000,000	1,000,000	-	99.97 ⁵
	61. M G 4 Company Limited	Bangkok	Held property foreclosed	1,000,000	1,000,000	-	99.97 ⁵
	62. M G 7 Company Limited	Bangkok	Dormant	1,000,000	1,000,000	-	99.97 ⁵
	63. M G 8 Company Limited	Bangkok	Dormant	1,000,000	1,000,000	-	99.97 ⁵
	64. Max Asset Management Company Limited	Bangkok	Asset management	40,000,030	40,000,030	16.56	-
	65. MBK Life Assurance Public Company Limited	Bangkok	Life Assurance	700,000,000	700,000,000	49.00	-
			Agents and consultants for non-life				
	66. TM Broker Company Limited	Bangkok	and life insurance	20,000,000	20,000,000	49.00	-
	67. MT service 2016 Company Limited	Bangkok	Back-office and business support	50,000,000	50,000,000	49.00	-
OTHERS	68. MBK Trading Company Limited	Bangkok	Inventory trading	5,000,000	5,000,000	-	90.00 ²
	70. MBK Digital Company Limited	Bangkok	Dormant	5,000,000	5,000,000	99.99	-
	69. Apple Auto Auction (Thailand) Company Limited	Bangkok	Vehicle broker	90,000,000	90,000,000	49.99	-
SUPPORTING	71. MBK Advanced Company Limited	Bangkok	Dormant	1,000,000	1,000,000	-	99.89 ¹⁷
	72. MBK Insurance Broker Company Limited	Bangkok	Dormant	2,000,000	2,000,000	99.99	-
	73. MBK Training Center Company	Bangkok	Training service to affiliates	3,000,000	3,000,000	99.99	-
	74. MBK Service Solution Company Limited	Bangkok	Dormant	150,000,000	150,000,000	100.00	-
	75. X-Gen Premium Company Limited	Bangkok	Dormant	90,000,000	90,000,000	100.00	-
	76. MBK Asset Company Limited	Bangkok	Dormant	300,000,000	300,000,000	100.00	-
	77. MBK Leisure Company Limited	Bangkok	Dormant	150,000,000	150,000,000	-	100.00 ⁸
	78. MBK Club Company Limited	Bangkok	The provision of services of CRM loyalty program	5,000,000	5,000,000	99.99	-
	89. MBK Food System Company Limited	Bangkok	Dormant	720,000,000	720,000,000	99.99	-
	80. MBK Broker Company Limited	Bangkok	Dormant	4,000,000	4,000,000	99.99	-
	81. Puen Pob Paet Company Limited	Bangkok	Dormant	1,000,000	1,000,000	36.29	-

NOTE

/1 Held by MBK Shopping Center Company Limited	/13 Held by Crystal Lake Properties Company Limited
/2 Held by MBK Service Solution Company Limited	/14 Held by Plan Estate Company Limited
/3 Held by Paradise Park Company Limited	/15 Held by Patum Rice Mill and Granary Public Company Limited
/4 Held by Riverdale Golf and Country Club Company Limited	/16 Held by PRG Granary Company Limited
/5 Held by MBK Guarantee Company Limited	/17 Held by MBK Insurance Broker Company Limited
/6 Held by MBK Business Company Limited	/18 Held by MBK Real Estate Company Limited
/7 Held by Paemala Spa Company Limited	/19 Held by Ratchasirima Rice Company Limited
/8 Held by MBK Hotels and Tourism Club Company Limited	/20 Held by MBK Food and Entertainment Company Limited
/9 Held by MBK Hotels and Resorts Company Limited	/21 Held by MBK Enterprise Company Limited
/10 Held by Paradise Retails Company Limited	/22 Held by The Nine Center Company Limited
/11 Held by MBK Premium Company Limited	/23 Held by MBK Shopping Center Company Limited
/12 Held by MBK Resort Public Company Limited	

SHAREHOLDER STRUCTURE AND MANAGEMENT

SHAREHOLDERS

1) Majority Shareholders

A name list of top 10 largest shareholders as of 20th September 2018 (according to the record date for the right to receive dividends.)

The Company's shareholders - who hold shares exceeding 0.5% of its paid-up capital - are 29 shareholders or 80.61% of its paid-up capital. The Company's shareholders - who hold shares not exceeding 0.5% of its paid-up capital but not less than 100 shares of its paid-up capital - are 3,234 shareholders or 19.40% of its paid-up capital, while shareholders who hold less than 100 shares are 343 shareholders. The Company's total shareholders are 3,646 in total. The top ten shareholders of MBK Public Company Limited are as follows:

NO.	NAME	A NUMBER OF SHARES*	%
1	Patum Rice Mill and Granary Public Company Limited	474,249,530	27.981
	PRG Granary Company Limited	25,000,000	1.475
		499,249,530	29.456
2	Thanachart Capital Public Company Limited	169,493,100	10.000
	Thanachart Securities Public Company Limited	75,603,000	4.461
	Thanachart Bank Public Company Limited	57,829,300	3.412
	Thanachart Insurance Company Limited	34,365,000	2.028
		337,290,400	19.900
3	Thai NVDR Company Limited	108,625,209	6.409
4	DBS BANK LTD	40,892,800	2.413
5	Mr. Parinya Tianvorn	38,000,000	2.242
6	NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDP AIF CLIENTS NORTRUST NOMINEES 10 PERCENT ACCOUNT	36,183,227	2.135
7	STATE STREET BANK AND TRUST COMPANY	35,735,964	2.108
8	AIA COMPANY LIMITED-EQ3-P	35,530,700	2.096
9	Bualuang Long- Term Equity Fund (B-LTF)	20,596,600	1.215
10	The Better Thailand Foundation	20,182,000	1.191
	TOTAL	1,172,286,430	69.165

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

2) A majority shareholder group who have behavior that significantly influent on the formulation of the Company's management policy or operations.

- None -

DIVIDEND PAYMENT POLICY

MBK has a dividend payment 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 payment 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

	2014	2015	2016	2017	ON A SEMI-ANNUAL BASIS ENDED ON 30 th JUNE 2018.
Dividend per share	0.60	0.63	0.66	0.70	0.37*
Earnings (loss) per share (the Consolidated financial statements)	1.19	1.36	1.54	1.38	1.17
Par value	1.00	1.00	1.00	1.00	1.00

Remark: * On 5th September 2018, the Board of Directors' meeting passed a resolution to approve an interim dividend payment on a semi-annual basis ended 30th June 2018 amounting to THB 0.37 per share and the dividend was paid on 4th October 2018.

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 on a performance basis 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 on a performance basis that is not less than 95% of the net profit after tax.
- **Ratchasima Rice Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year on a performance basis 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 on a performance basis 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 on a performance basis 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 taking suitability for performance and investment planning in the future into consideration.
- **MBK Food Island Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year by taking suitability for performance and investment planning in the future into consideration.
- **MBK Restaurant Group Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year by taking suitability for performance and investment planning in the future into consideration.
- **MBK Food Service Company Limited** has a policy offered to the general meeting of shareholders to pay dividends each year by taking suitability for performance and investment planning in the future into consideration.

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 the 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 Board).
- 1 Executive Director.

A List of the Board of Directors is as follows:

NAME		POSITION	EXPERTISE	APPOINTMENT DATE
1) Mr. Banterng	Tantivit*	Chairman	Financial Business, Golf Business, and Real Estate Business	8 th Apr. 1994
2) Mr. Suphadej	Poonpipat*	Vice Chairman	Financial Business, Hotel and Tourism Business, and Real Estate Business	8 th Apr. 1994
3) Professor Paichitr	Rojanavanich	Independent Director	Accounting and Finance	23 rd Nov. 1999
4) Mr. Pracha	Jaidee	Independent Director	Law	14 th Nov. 2007
5) Mr. Kasama	Punyagupta	Independent Director	Finance and Investment	30 th Apr. 2018
6) Ms. Panit	Pulsirivong*	Independent Director	Mass Communication, Golf Business, Hotel and Tourism Business	8 th Apr. 1994
7) Mr. Piyaphong	Artmangkorn	Director	Financial Management and Investment, Financial Business	19 th Oct. 1998
8) Mr. Suvaith	Theeravachirakul	Director and President	Management, Accounting, Finance and Investment	1 st Nov. 2000
9) Mr. Hatchapong	Phokai	Director	Management and Real Estate Business	1 st Nov. 2000
10) Mr. Atipon	Tantivit	Director	Management and Investment, Golf Business	15 th Oct. 2003

* NOTES :

1. 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) Mrs. 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.

2. The Annual General Meeting of Shareholders 2018, held on 30th April 2018, appointed Mr. Kasama Punyagupta to hold the position of an independent director and a director of the Audit Committee for replacing Mrs. Prakong Lelawongs, the director whose term of office expired and did not want to resume the position.

The Board of Directors' meeting is held once per month and for the year 2018, 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 2 million Baht 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 held 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. (Rating is BBB+ or higher.)
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 of the Board of Directors

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 in time information and in time.
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 regulate the efficiency of the communication between the Committee and Shareholders.
4. To cast the deciding vote in the case when the shareholders' meeting and the Board of Directors' meeting have the same number of votes.
5. To perform one's duties in accordance to the laws particularly specified that it is the responsibility of the chairman.
6. To regulate, follow and monitor the performance of the Committee to be efficient.
7. To regulate every Director to participate in encourage the ethical organizational culture and the Good Corporate Governance.
8. To cooperate with President and Chief Executive Office to set an agenda for the committee's meetings in order that important issues are listed on the agenda.
9. To spare enough time for the Management Team to offer the agenda and enough time for Directors to be able to discuss important issues carefully as well as encouraging Directors to circumspectly exercise their discretion to freely make suggestions.
10. To encourage the good relationship between Directors who are Executives and Directors who are non-Executives and between the Committees and the Management Team.

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 reappointment.

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 no. 3 and no. 4 above shall be in the office only for the remaining term of the directorships being replaced.

2) The Executive Committee

A List of the Company's Executive Committee and the Secretary of the Executive Committee is as follows:

NAME		POSITION
1) Mr. Suphadej	Poonpipat	Chairman of the Executive Committee
2) Mr. Piyaphong	Artmangkorn	Member of the Executive Committee
3) Mr. Suvait	Theeravachirakul	Member of the Executive Committee
3) Mr. Atipon	Tantivit	Member of the Executive Committee
5) Ms. Dararat	Homrossukhon	Secretary of the Executive Committee

NOTES :

1. Mr. Suphadej Poonpipat had appointed as Vice Chairman since 2003 and later has been appointed as Chairman of the Executive Committee for replacing Mr. Banterng Tantivit since 1st May 2018.
2. Mr. Atipon Tantivit has been appointed as Member of the Executive Committee since 1st May 2018.

The Executive Committee's meeting is held once per month and for the year 2018, 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 (Rating is BBB+ or higher.) within a limit of 200 million Baht 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 200 million Baht 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 50 million Baht 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 50 million Baht 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 20 million Baht 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 500 million Baht 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 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 4th February 1999. The Committee is comprised of 3 Independent Directors whose qualifications meet all the regulations of the Stock Exchange of Thailand. The present Audit Committee consists of:

A List of Names and Positions of the Audit Committee and the Secretary of the Audit Committee is as follows:

NAME		POSITION	NOTE
1) Professor Paichitr	Rojanavanich	Chairman of the Audit Committee	Independent director having knowledge and experience in accounting and finance
2) Mr. Pracha	Jaidee	Member of the Audit Committee	Independent director having knowledge and experience in law
3) Mr. Kasama	Punyagupta	Member of the Audit Committee	Independent director having knowledge and experience in finance and investment

NAME	POSITION	NOTE
4) Ms. Yupapun Paritranun	Secretary of the Audit Committee	Head of the Internal Audit Department

Note :

Mr. Kasama Punyagupta has been appointed as Member of the Audit Committee since 30th April 2018.

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 2018, the number of meetings held by the Audit Committee amounted to 16.

In 2018, the Audit Committee regularly reviewed the Charter of the Audit Committee in order to conform to practice guidelines of the Stock Exchange of Thailand. It was approved by the Board of Directors on 1st August 2018. The details are as follows:

Scope of Performance of the Audit Committee

1. To review that the Company has the appropriate and effective internal control system and internal audit system.
2. To consider the independence of the internal audit agency.
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.
4. To supervise that the Management Team corrects detected flaws and follow related agencies up that the correction is efficiently carried out.
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.
6. To consider and approve the appointment, transfer to another position, and discharge from the job of the head of the internal audit agency.
7. To assess the performance, and consider and approve wages, bonuses, or other remuneration for the personnel of the internal audit agency.
8. To review that Company has accurate, sufficient, and reliable financial statement reports according to certified accounting principles.
9. 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.
10. 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.
11. 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.
12. To attend the meeting with an auditor, without the presence of the Management Team, at least one time per year.
13. To recommend that an auditor review or check necessary and important transactions during the Company's account audits.

14. To check that the Company complies with the law, regulations of the Stock Exchange of Thailand, or rules and regulations of the public agencies.
15. 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.
16. To review the risk management system.
17. To cooperate with the Audit Committee of MBK Group and request that the Internal Audit Division provides summarized reports on results of auditing all businesses of MBK Group for the Audit Committee's acknowledgement.
18. To regulate and review the internal control related to the Good Corporate Governance and anti-corruption measures.
19. 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.
20. 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

A List of the Nomination and Remuneration Committee and the Secretary of the Nomination and Remuneration Committee is as follows:

NAME		POSITION	NOTE
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 2018, the number of meetings held by the Company's Nomination and Remuneration Committee amounted to 2.

Purpose

The Board of Directors of MBK Public Company Limited appoints the Nomination and Remuneration Committee in order to advise on policies, patterns, and rules of nomination and remuneration for Directors, members of sub-committees, President, Senior Executive Vice President and Executive Vice President so that they can comply with principles of Good Governance and conform to the organization's vision and missions.

Philosophy

- The nomination of Directors, members of sub-committees, President, Senior Executive Vice President, and Executive Vice President has to strictly comply with regulations stated in relevant law and regulatory

agencies, and qualifications for knowledge and abilities which are appropriate to the organization's culture, vision, missions, and value are taken into consideration.

- The compensation for Directors, members of sub-committees, President, Senior Executive Vice President, and Executive Vice President has to comply to the scope, duties, and responsibilities sufficiently enough to attract, maintain, and motivate them as well as according with the performance.
- The nomination and compensation for Directors, members of sub-committees, President, Senior Executive Vice President, and Executive Vice President have to provide clear and transparent procedures and processes, follow the principles of the corporate governance, and have accountability.

Structure

- It consists of at least 3 Directors whom are appointed by the Company's Board of Directors.
- Directors are non-executives and should be mostly Independent Directors.
- The secretary of the Board of Directors is appointed by the Nomination and Remuneration Committee.

Responsibilities

- To advise the Board of Directors on the policy on the nomination and remuneration of Directors, members on sub-committees, President, Senior Executive Vice Presidents, and Executive Vice Presidents.
- To advise the Board of Directors on forms and rules of the nomination and remuneration of Directors, members on sub-committees, President, Senior Executive Vice Presidents, and Executive Vice Presidents.
- To specify rules of the performance evaluation of President, Senior Executive Vice Presidents, and Executive Vice Presidents as a supplement to annual remuneration consideration.
- To consider the selection and screening of people who are qualified for being appointed as Directors, members of sub-committees, President, Senior Executive Vice Presidents, and Executive Vice Presidents in order to ask for approval of the Board of Directors or shareholders (as the case may be).
- To recommend the annual remuneration of Directors, members of sub-committees, President, Senior Executive Vice Presidents, and Executive Vice Presidents as forms and rules of the remuneration as specified.
- To review the policy, forms, and rules of the nomination and remuneration of Directors, members of sub-committees, President, Senior Executive Vice Presidents, and Executive Vice Presidents so that they are suitable for duties and responsibilities, and in harmony with market conditions.
- To follow up and supervise the Company so that a succession plan and continuity of appropriate management of top executives and key positions is regularly updated.
- To follow up and supervise a policy on employees' remuneration to be fair, competitive in the market, and able to maintain quality and potential employees.

Meetings

- The committee has to arrange at least 2 meetings per year.
- No less than half of the number of the committee's members has to attend each meeting. Also, Chairman has to attend each meeting. In case the Chairman cannot attend the meeting, the rest of the committee's members is allowed to propose one of Independent Directors to be appointed to chair such meeting.
- A meeting's resolution is passed by a majority of members specified by a quorum. Members and stakeholders will not attend a meeting for considering or adopting a resolution in which they are involved.
- A meeting's supporting documents have to submitted to the committee 7 days in advance.
- A draft of minutes has to submitted to the committee in order to be checked within 14 days after the meeting.

Reporting

- Results of performance according to the scope stipulated by the charter have to reported to the Board of Directors after the meeting every time as well as a summary in the annual report.

Disclosure

- The committee has to report and propose the remuneration paid each year of members to shareholders for their acknowledgement.
- To disclose duties and responsibilities of the committee.
- To disclose a number of organized meetings and a number of meetings which each member attends.
- To disclose forms or categories of the remuneration of members.

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) Mr. Pracha	Jaidee	Member of the Good Corporate Governance Committee
5) Mr. Kasama	Punyagupta	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

NOTE :

Mr. Kasama Punyagupta has been appointed as Member of the Good Corporate Governance Committee since 30th April 2018.

For the year 2018, 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 Senior 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.

In addition, in 2018, the Company's secretary had trainings regarding to duties as a Company's secretary as follows:

- Training course named "The Disclosure of Information According to New CG Code", organized by the Securities and Exchange Commission.
- Training course named "The Guidelines on Disclosure of CG Code's Information Based on the Apply or Explain Principle", organized by the Securities and Exchange Commission.
- Training course named "The Personality Improvement for Secretaries and Administrators", organized by MBK Training Center.

7) The Executive Management

NAME		POSITION
1) Mr. Suvait	Theeravachirakul	CEO and President
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 ¹	Senior Executive Vice President, Leasing and Tenant Relations Management Division Acting Senior Executive Vice President, Marketing Division
6) Mr. Apichat	Kamoltham	Senior Executive Vice President, Legal Division
7) Mr. Satit	Saisorn	Senior Executive Vice President, Operation Division
8) Ms. Chaninchorn	Predeeprompan ²	Executive Vice President, Human Resources Division
9) Mr. Sakchai	Suthipipat ³	Executive Vice President, Office of President

- NOTES:**
1. Somphol Tripopnart has held a position of Acting Senior Executive Vice President, Marketing Division, since 10th August 2018.
 2. Ms. Chaninchorn Predeeprompan has held a position of Executive Vice President, Human Resources Division, since 1st July 2018.
 3. Mr. Sakchai Suthipipat has held a position of Executive Vice President, Office of President, since 1st July 2018.

Duties and responsibility of the CEO 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 Directors has 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 Top Executives

The Nomination of Directors

In relation to selecting the candidates appointed or to be appointed as the Company's Directors, the candidates are elected by the Nomination and Remuneration 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.

The Nomination of Top Executives

The nomination of President, Senior Executive Vice Presidents, and Executive Vice Presidents has to strictly comply with regulations stated in relevant law and regulatory agencies, and qualifications for knowledge and abilities which are appropriate to the organization's culture, vision, missions, and value are taken into consideration.

The nomination of President, Senior Executive Vice Presidents, and Executive Vice Presidents has to provide clear and transparent procedures and processes, follow the principles of the corporate governance, and have accountability.

Moreover, in selecting candidates appointed or to be appointed as Executive Management, the Company stipulates rules and approaches to nomination by assigning the Nomination and Remuneration Committee— together with the CEO and the President— to review the rules and approaches to the nomination.

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

For the Syear 2018, 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
9. The Committee and the Working Group of the Project to Develop and Install the Back Office System in order to Replace AS/400
10. The Working Group of the Development of the Information System of the MBK GROUP

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 of the Knowledge Management and Organizational Culture Development for Shopping Center Business (SCB), and the Supporting Business (SB)
4. The Working Group of the Knowledge Management and Organizational Culture Development for Shopping Center Business (SCB), and the Supporting Business (SB)
5. The Committee of Service Quality Management for Shopping Center (CQMC)
6. The Working Group of Service Quality Management for MBK Shopping Center
7. Prevention against Tenants Causing Damage to the Shopping Center Committee
8. The Committee of Thailand's Private Sector Collective Action Coalition against Corruption
9. The Space Design and Corporate Image Committee
10. The Business Continuity Planning Committee
11. The Sub-Committee on Rental Spaces of the Shopping Center
12. The Sub-Committee on Reviewing the Rental of the Shopping Center
13. The ISO 9000 Quality Management System Committee
14. The Working Internal Quality Audit
15. The Thailand Quality Award Committee (TQA)
16. TQA Application Report Working Team
17. The Committee and the Working Group of Developing the System of Consolidated Financial Statement through Using Oracle Hyperion Financial Management (HFM)
18. The Strategic Planning and Balanced Score Card Management Committee of MBK Center
19. The Risk Management Committee for the MBK Shopping Center (RMC)
20. The Safety, Occupational Health, and Work Environment Committee (MBK Public Co., Ltd.)
21. The Welfare Committee (MBK Public Co., Ltd.)
22. The Committee on the NINE TIWANON Construction Project
23. The Working Group of Following Up Blueprints and Decoration of Rental Spaces of the NINE TIWANON Project
24. The Committee on the Rental Spaces Management System and Executive Reports Development Project
25. The Working Group of the Improvement of Rental Spaces Management System and Executive Reports Project
26. The Working Group of Paperless & Digital Process
27. The Working Group of Cost Effectiveness
28. The Welfare Committee (MBK Smart Force Security Guard Co., Ltd.)

29. The Safety, Occupational Health, and Work Environment Committee (MBK Smart Force Security Guard Co., Ltd.)
30. The ISO9000 Quality Management Committee (MBK Square Co., Ltd.)
31. The Committee on the Strategic Plan Management and Success Key Indicators (MBK Square Co., Ltd.)
32. The Risk Management Committee (MBK Square Co., Ltd.)
33. The ISO 9000 Quality Management Committee (The Nine Center Co., Ltd.)
34. The Strategic Planning and Balance Scorecard Management Committee (The Nine Center Co., Ltd.)
35. The Risk Management Committee (The Nine Center Co., Ltd.)
36. The Working Group of Internal Quality Audit (The Nine Center Co., Ltd.)
37. The Nine Community Relations Committee
38. The Working Group of the Community Relations of the NINE TIWANON Project
39. The Executive Committee of Paradise Park Co., Ltd.
40. The Executive Committee of Paradise Retails Co., Ltd.
41. The Executive Committee of Siam Delice Co., Ltd.
42. The Innovation Committee
43. The Innovation Working Group
44. The Working Group of Taking Care of Impacts on the Society and Communities
45. The Working Group of e-Tax Invoice & e-Receipt System Development

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

5. The Working Group of the Knowledge Management and Organizational Culture Development for the Golf Business (GB)
6. The Food Safety Management Project Committee
7. The Management Committee of MBK Resort Public Co., Ltd.
8. The ISO 9000 Quality Management System Committee (MBK Resort Public Co., Ltd.)
9. The Strategic Planning and Balance Scorecard Management Committee of (MBK Resort Public Co., Ltd.)
10. The Risk Management Committee (MBK Resort Public Co., Ltd.)
11. The Safety, Occupational Health, and Work Environment Committee (MBK Resort Public Co., Ltd.)
12. The Welfare in the Establishment Committee (MBK Resort Public Co., Ltd.)
13. The Strategic Planning and Balance Scorecard Management Committee of Riverdale Golf and Country Club Co., Ltd.
14. The Risk Management Committee (Riverdale Golf and Country Club Co., Ltd.)
15. The Welfare in the Establishment Committee (Riverdale Golf and Country Club Co., Ltd.)
16. The Working Group of the Construction and Design of Real Estate Development Projects (Riverdale Golf and Country Club Co., Ltd.)
17. The Service Development Committee (Riverdale Golf and Country Club Co., Ltd.)
18. The Committee on Standards of the Quality Management System ISO 9000 (MBK Enterprise Co., Ltd.)
19. The Risk Management Committee (MBK Enterprise 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 of The Knowledge Management and Organizational Culture Development Committee for the Real Estate Business(REB)
7. The Working Group of The Knowledge Management and Organizational Culture Development Committee for the Real Estate Business(REB)
8. The ISO 9000 Quality Management System Committee (CLP Management Co., Ltd.)
9. The Risk Management Committee (CLP Management Co., Ltd.)

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 Strategic Planning and Balance Scorecard Management Committee (Patum Rice Mill and Granary Public Co., Ltd.)
4. The Risk Management Committee (Patum Rice Mill and Granary Public Co., Ltd.)
5. The Strategic Planning and Balance Scorecard Management Committee for the Restaurant and Food Court Business
6. The Risk Management Committee for the Restaurant and Food Court Business

7. The Committee of the Knowledge Management and Organizational Culture Development for the Food Solution Business (FSB)
8. The Working Group of the Knowledge Management and Organizational Culture Development for the Food Solution Business (FSB)

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

1. The Executive Committee for the Financial Business
2. The Executive Committee (MBK Guarantee Co., Ltd.)
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 of the Knowledge Management and Organizational Culture Development for the Financial Business (FB)
6. The Working Group of the Knowledge Management and Organizational Culture Development for the Financial Business (FB)
7. The ISO 9000 Quality Management System Committee (MBK Guarantee Co., Ltd.)
8. The Strategic Planning and Balance Scorecard Management Committee (MBK Guarantee Co., Ltd.)
9. The Risk Management Committee (MBK Guarantee Co., Ltd.)
10. The Working Internal Quality Audit (MBK Guarantee Co., Ltd.)
11. The Information System Development Committee (MBK Guarantee Co., Ltd.)
12. The Working Group of the Information System Development (MBK Guarantee Co., Ltd.)
13. The Executive Committee (T-Leasing Co., Ltd.)
14. The Strategic Planning and Balance Scorecard Management Committee (T-Leasing Co., Ltd.)
15. The Risk Management Committee (T-Leasing Co., Ltd.)
16. The ISO 9000 Quality Management System Committee (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 of the Knowledge Management and Organizational Culture Development for Other Business (OB)
4. The Working Group of the Knowledge Management and Organizational Culture Development for Other Business (OB)
5. The Executive Committee (Apple Auto Auction (Thailand) Co., Ltd.)
6. The Strategic Planning and Balance Scorecard Management Committee (Apple Auto Auction (Thailand) Co., Ltd.)
7. The Risk Management Committee (Apple Auto Auction (Thailand) Co., Ltd.)
8. The Welfare Committee (Apple Auto Auction (Thailand) Co., Ltd.)
9. The Safety, Occupational Health, and Work Environment Committee, (Apple Auto Auction (Thailand) Co., Ltd.)

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 of the MBK GROUP
6. The Committee on the Provident Fund of MBK's employees (which is already registered.)
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 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 2018)

Directors' Remunerations

LIST OF NAME	DIRECTOR ALLOWANCE (BAHT)	MEETING ALLOWANCE (THB)					GRATUITY (BAHT)	TOTAL REMUNERATION (BAHT)
		BOARD OF DIRECTORS	AUDIT COMMITTEE	EXECUTIVE COMMITTEE	NOMINATION AND COMPENSATION COMMITTEE			
1. Mr. Banerng Tantivit	690,000.00	690,000.00		420,000.00			2,069,565.21	3,869,565.21
2. Mr. Suphadej Poornipat	420,000.00	420,000.00		1,072,000.00	120,000.00		1,552,173.91	3,584,173.91
3. Professor Paichitr Rojanavanich	348,000.00	348,000.00	980,000.00				1,034,782.61	2,710,782.61
4. Ms. Prakong Lelawongs	116,000.00	116,000.00	157,500.00				1,034,782.61	1,424,282.61
5. Mr. Pracha Jaidee	348,000.00	348,000.00	490,000.00		60,000.00		1,034,782.61	2,280,782.61
6. Mr. Kasama Punyagupta	232,000.00	232,000.00	332,500.00					796,500.00
7. Ms. Panit Pulsirivong	348,000.00	348,000.00			60,000.00		1,034,782.61	1,790,782.61
8. Mr. Piyaphong Artmangkorn	348,000.00	348,000.00		420,000.00			1,034,782.61	2,150,782.61
9. Mr. Suwait Theeravachirakul	348,000.00	348,000.00					1,034,782.61	1,730,782.61
10. Mr. Hatchapong Phokai	348,000.00	319,000.00					1,034,782.61	1,701,782.61
11. Mr. Atipon Tantivit	348,000.00	348,000.00		245,000.00			1,034,782.61	1,975,782.61
Total	3,894,000.00	3,865,000.00	1,960,000.00	2,157,000.00	240,000.00		11,900,000.00	24,016,000.00

The comparison of Directors' remunerations from 2014 – 2018

REMUNERATIONS	1 ST JANUARY 2014 – 31 ST DECEMBER 2014		1 ST JANUARY 2015 – 31 ST DECEMBER 2015		1 ST JANUARY 2016 – 31 ST DECEMBER 2016		1 ST JANUARY 2017 – 31 ST DECEMBER 2017		1 ST JANUARY 2018 – 31 ST DECEMBER 2018	
	NUMBER (PERSONS)	AMOUNT (BAHT)	NUMBER (PERSONS)	AMOUNT (BAHT)	NUMBER (PERSONS)	AMOUNT (BAHT)	NUMBER (PERSONS)	AMOUNT (BAHT)	NUMBER (PERSONS)	AMOUNT (BAHT)
Meeting Allowances	11	10,265,000.00	10	10,550,000.00	10	10,525,000.00	10	11,756,000.00	11	12,116,000.00
Directors' Commissions	11	9,820,169.35	11	10,247,138.77	10	10,398,591.55	10	11,200,000.00	11	11,900,000.00
Total		20,085,169.35		20,797,138.77		20,923,591.55		22,956,000.00		24,016,000.00

5.2 Other Remunerations

At an Annual General Meeting of Shareholders 2018- held on 30th April 2018- 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 The Directors' Remunerations as the Directors of the Subsidiary (MBK Resort Public Co., Ltd.)

LIST OF NAME	DIRECTOR ALLOWANCE (BAHT)	MEETING ALLOWANCE (BAHT)		GRATUITY (BAHT)	TOTAL REMUNERATION (BAHT)
		BOARD OF DIRECTORS	AUDIT COMMITTEE		
1. Mr. Banterng Tantivit	144,000.00	144,000.00		57,142.84	345,142.84
2. Mr. Suphadej Poonpipat	72,000.00	72,000.00		28,571.43	172,571.43
3. Mr. Suwait Theeravachirakul	72,000.00	72,000.00		28,571.43	172,571.43
4. Mr. Hatchapong Phokai	72,000.00	72,000.00		28,571.43	172,571.43
5. Mr. Pracha Jaidee	72,000.00	72,000.00	36,000.00	28,571.43	208,571.43
Total	432,000.00	432,000.00	36,000.00	171,428.56	1,071,428.56

5.4 Remunerations of the Executive Management (1st January – 31st December 2018)

EXECUTIVE MANAGEMENT	NUMBER (PERSONS)	AMOUNT (MILLION BAHT)
Executive Management	9	59.78

The Comparison of the Remunerations of the Executives Management from 2014 to 2018

REMUNERATIONS	1 ST JANUARY 2014 – 31 ST DECEMBER 2014		1 ST JANUARY 2015 – 31 ST DECEMBER 2015		1 ST JANUARY 2016 – 31 ST DECEMBER 2016		1 ST JANUARY 2017 – 31 ST DECEMBER 2017		1 ST JANUARY 2018 – 31 ST DECEMBER 2018	
	NUMBER (PERSONS)	AMOUNT (MILLION BAHT)	NUMBER (PERSONS)	AMOUNT (MILLION BAHT)	NUMBER (PERSONS)	AMOUNT (MILLION BAHT)	NUMBER (PERSONS)	AMOUNT (MILLION BAHT)	NUMBER (PERSONS)	AMOUNT (MILLION BAHT)
Remunerations (Salaries and Bonuses)	8	42.84	7	44.05	8	44.16	8	48.48	9	59.78

(6) Human Resources

6.1 A Number of Employees

As of 31st December 2018, MBK Public Company Limited employed a total of 563 employees, consisting of the President, Senior Executive Vice Presidents, and Executive Vice Presidents total 9 people and 554 employees. Also, it included 184 employees of MBK Smart Force Security Guard Co., Ltd. A number of employees in each department is as follows:

DIVISION	NUMBER OF EMPLOYEES (PERSON)*									
	1 ST JANUARY		1 ST JANUARY		1 ST JANUARY		1 ST JANUARY		1 ST JANUARY	
	2014-	31 ST	2015-	31 ST	2016-	31 ST	2017-	31 ST	2018-	31 ST
	DECEMBER 2014	DECEMBER 2014	DECEMBER 2015	DECEMBER 2015	DECEMBER 2016	DECEMBER 2016	DECEMBER 2017	DECEMBER 2017	DECEMBER 2018	DECEMBER 2018
1. President Office	52		55		59		55		57	
2. Legal Division	18		20		20		21		22	
3. Business Development Division	22		23		25		25		23	
4. Finance & Administration Division	128		131		107		109		110	
5. Internal Audit Division	28		30		27		25		26	
6. Marketing Division	75		83		90		83		88	
7. Operation Division	145		147		151		160		171	
8. Sales Division	29		32		31		30		36	
9. Human Resources Division	-		-		28		28		31	
10. MBK Smart Force Security Guard Co., Ltd.	195		181		172		168		184	

NOTE: A number of employees are calculated from the average of employees in each year.

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

Unit : Baht

REMUNERATIONS	1 ST JANUARY 2014 TO 31 ST DECEMBER 2014	1 ST JANUARY 2015 TO 31 ST DECEMBER 2015	1 ST JANUARY 2016 TO 31 ST DECEMBER 2016	1 ST JANUARY 2017 TO 31 ST DECEMBER 2017	1 ST JANUARY 2018 TO 31 ST DECEMBER 2018
Salary, Bonus and Provident Fund (MBK)	252,345,850.89	271,750,739.82	293,123,868.67	303,377,249.51	322,436,193.29
Salary, Bonus and Provident Fund (MBK-SF)	36,522,843.63	35,576,108.60	35,606,665.63	36,139,682.88	39,743,710.85

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

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 2018, 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, high potential 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 2018, the Human Resources Development Department reviewed career paths of each job family in order to conform to the organization's structure, the improvement and development of the functional competency. The updated career paths of each job family will be thoroughly conveyed to employees in each division and department for their acknowledgement in 2019.

6.4.2.3 The Training is one of important elements of the Company's personnel development which focuses on developing employees at every level to have standardized competency and can compete with other leading companies in the business as well as having abilities to develop the organization in order that the institution has continuous development and sustainability. The Company has set an Individual Development Plan (IDP) on a competency basis in order to develop each individual for organizing training needs and annual personnel development plan.

In 2018, the Company selected and developed both internal and external training courses, emphasizing the response to strategic objectives; and the development of core competency, managerial competency, and functional competency as it follows:

6.4.2.3.1 MBK Core Course emphasizes reinforcement of desired behavior and attitudes according to the 'MBKYES' ideology as well as promoting and supporting the Company's business ethics. The Company provides training in Good Corporate Governance which its content emphasizes a code of ethics regarding stakeholders and employees' code of conduct regarding themselves and their colleagues, their company, their customers, and the society. This training course is a compulsory course which every employee has to attend annually, including courses which lead to achieve the organization's missions and response to the organization's business plans provided for new employees and current employees to have continuous training. Moreover, the Company arranges activities to promote the 'MBKYES' ideology so that the employees can self-develop.

6.4.2.3.2 The Managerial Course

The Managerial Course is arranged to increase knowledge and managerial skills for a position as 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
- 3) People Development.

For the year 2018, the Company developed managerial courses for both internal and external executives, and also promotes top executives 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 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.

The Human Resources Development Department particularly attaches significance to the evaluation of the effectiveness and the efficiency of the learning system as well as the development of training courses which support strategic objectives and summaries of the development and learning so that they can be information prepared for the strategic planning next year.

6.4.2.3.4 Quality of Life Course is a training course provided for employees inside the organization in order to enhance the quality of life in various aspects so that they can take care of their health and financial management— courses of health care for working people, knowledge on the provident fund, knowledge on co-operatives. The contents of the training focus on that employees realize the importance of saving money, debt management, investment choices that are suitable for risks and returns, including realizing the impact on the life after retirement which they have money to use for the rest of their life.

6.4.2.3.5 The Scholarships The Company has adopted a strong will to support employees to increase their knowledge and abilities, and develop their potential, and want to study further by providing scholarships for junior high school, senior high school, bachelor's and master's degrees in order to increase opportunities for employees to self-develop to have progress and succeed in their career path.

6.4.3 The Preparedness of the Personnel

6.4.3.1 The High Potential 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 High Potential 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 evaluation is set once a year as the year-end evaluation. Moreover, the Company applies the assessment to the core competency, functional competency, and managerial competency in order to evaluate the performance so that planning the performance and employees' competency can 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 be the Committee on the Cultural Organization Development and the Working Group for encouraging employees to become awakened and be part of the activities. This encourages and supports the Company's vision and regularly organizes 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.

Seeing that the employees' conduct is completely appropriate as stated in SMOOTH© which is the organization's core value and business environment is changing, the Company then specifies the 'MBKYES' ideology in order to develop the employees to have knowledge, abilities, and conduct— all conform to occurring changes. The 'MBKYES' ideology consists of as follows:

MODERN

To have modernized thinking and actions. To have positive thinking to open up the modernization willingly. To ceaseless creativity. To understand changing technologies and human behavior. Be determined to prepare for encountering the coming future. To drive the organization into modernization and staying ahead in business. To create value for customers regularly.

BELIEF

The ability to build trust, credibility, and confidence of both internal and external customers by means of systems and the transparent culture, morality and ethics, honesty, sincerity, promise keeping, and responsibilities. All these make customers feel the Company's professionalism which can respond to customers properly and exactly as expected. The Company holds to its own conduct with honesty for itself, work, the organization, and stakeholders, as well as holding to the moral conduct and never accept all forms of corruption.

KEYS

To understand various needs of both internal and external customers, from all target groups and all situations. To be always able to present various alternatives or options as responses to customers through providing goods and services which make them become impressed and feel that we are good colleagues (for internal customers) or their business alliance (for external customers).

YOU

To have understanding and have access to both internal and external customers through attention, notice, listening to, learning about customers' behavior— even its small details—and to be open-minded to accept the customers' needs which are various and changing. To have customer-centric need management through focusing on a response to each customer with the creation of customer lifetime value as well as focusing on benefits both customers and the organization mutually gain in order to develop and drive the organization to be always number one in customers' heart.

EASY-GOING

To build a good relationship with customers and colleagues. To facilitate the customers and the colleagues to have easy access to us or conveniently contact us. To arrange the friendly environment and atmosphere. To have a good attitude and good feelings one another so that this sustainably leads to an impression and a mutual friendship.

STYLE

The ability to develop forms of working, goods, services, and personnel in the organization to be different from other competitors. This always makes customers recognize and think of our organization prior to others.

Apart from behaving themselves to set a good example which is in line with the above-mentioned the ‘MBKYES’ ideology, 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 2018, 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 Corporate Governance Code "CG Code" for listed companies 2017 by the Securities and Exchange Commission and Thai Institute of Directors. The Company's Board of Directors has then modified the policy on Good Corporate Governance according to rules of the assessment of Good Corporate Governance in order to achieve goals of the stability of business and the society as well as the creation of maximum value for shareholders so that it brings benefits for every group of stakeholders. Also, they will be guidelines for the committee, executives, and employees to follow as stated by relevant law, rules, and regulations.

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 2017, 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.

Moreover, the Board of Directors considers and reviews "Corporate Governance Code "CG Code" for listed companies 2017 by Securities and Exchange Commission. The Board reviews guidelines following CG Code and mechanism for performance and regulation. The CG Code is used and developed in order to regulate the performance, the organization's decision making and risk management in order to achieve the goal to make profits in the long term and create value to the business sustainably. This will benefit the Company, shareholders, stakeholders, and interested parties.

In 2018, the Board of Directors operated the Good Corporate Governance 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 guidelines and rules of ASEAN CG Scorecard of the CGR project by Thai Institute of Directors and align with the anti-corruption policy.

2. The Board of Directors considered and reviewed the anti-corruption policy, anti-corruption measures, and the policy on whistle blowing and complaints. These policy and measures were modified in order to conform to current situations as well as rules and regulations related to regulatory agencies.
3. To determine that any meeting of the Board of Directors which needs a meeting's resolution, not less than two-thirds of all Directors of the Board have to attend the meeting. Such resolution is passed by majority vote. One Director has one vote. If an equal number of votes occurs, Chairman of the meeting has an additional vote as a casting vote. Any Director who has a conflict of interest in any matter, he/she does not have the right to vote in such matter.
4. 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.
5. 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 of MBK GROUP.
6. To determine that all executives and employees annually take a test on rules, regulations, the policy and guidelines on anti-corruption, through the Company's intranet system in order to ensure that all executives and employees have knowledge and understanding. Also, the knowledge and understanding can be used in work performance properly. Test results are used to assess the employees' level of knowledge and understanding in order to improve the communication so that the employees have thoroughly understanding and realize their duties to encourage the good corporate governance of the organization.
7. To promote and communicate the Good Corporate Governance and anti-corruption guidelines for MBK GROUP's employees continuously.
8. To exercise public relations through e-mails and the Company's website in order to communicate with business partners, customers, and business agents in acknowledge as well as asking for cooperation to support a campaign against corruption by refraining from give presents to executives or employees, regardless of festivals or occasions.
9. To determine that anti-corruption is part of the MBKYES ideology of the organization in order that all employees in MBK Group can hold it as working practices which the essence is in BELIEF as follows:

BELIEF

The ability to build trust, reliability, and confidence of both internal and external customers through the system and transparent working culture, morality and ethics, honesty and sincerity, keeping words and having responsibilities. All make the customers realize the professionalism which respond to customers properly and exactly as they expect, by holding to principles of honesty with oneself, work, the organization, and stakeholders as well as holding to moral principles and **NO ACCEPTING ALL FORMS OF CORRUPTION**.

10. To set up the policy for MBK's subsidiaries to announce their will to participate in anti-corruption of Thai private sector. In 2018, Paradise Park Company Limited ("PDP")— which is a subsidiary of MBK— participated in the project on "Thailand's Private Sector Collective Action Coalition Against Corruption".

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 assessment of the Good Corporate Governance of Thai listed companies
From the assessment of the good corporate governance of Thai listed companies, the Company has been ranked as 'Excellent or 5 stars' for 3 consecutive years since 2016. In 2018, the Company was one of 142 companies which were assessed as 'Excellent or 5 stars' from a survey of all 657 companies which were assessed by Thai Institute of Directors Association (IOD).
- The Annual General Meeting Checklist 2018
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 7th consecutive year since 2012.
- The Outstanding Listed Company for Sustainable Business Operations (ESG100)
The Company was ranked as 1 of 100 securities possessing the outstanding Environmental, Social and Governance (ESG)-related operations for 3 consecutive years from the 683 companies nationwide in 2018, 656 companies nationwide in 2017 and 621 companies nationwide in 2016.

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 2018 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 30th March 2018 on the Company’s website 32 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 2018, the Company organized an Annual General Meeting of Shareholders on 30th April 2018 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 9 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.

Mr. Suchart Prukmahadamrong, 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 2018 took about two hours. Following the commencement of the registrations at 12.30 pm., the meeting started at 14:01 pm. and closed at 16.15 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:

The Company's Investor Relations Unit:

Contact Person :	Mr. Pongtip Pongkham Vice President, Business Investment Department
Address :	MBK Public Company Limited 8 th Floor, MBK Center Building, 444 Phayathai Road, Kwaeng Wangmai, Pathumwan, Bangkok 10330
Telephone :	0-2853-7120
Fax :	0-2853-7138
Call Center :	1285
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 determines that the Anti-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 every year.

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 and a test on Good Corporate Governance and anti-corruption through an online channel for executives and employees of the Company and its subsidiaries at all levels every year in order to acknowledge and abide by the common practices 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 Internal Audit Department 1 and the Internal Audit Department 2. 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, informants, or opponents of the corruption 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.

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 Groups. 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.

To allocate and manage the resources

The Committee realizes the necessity of using resources by emphasizing participation in and having responsibility to the environment in all processes both inside and outside the organization by supporting activities concerning energy saving, promoting the use resources usefully and efficiently. There are reviews and improvements in order to increase the efficiency of resource using of the organization continuously. Beginning with choosing a pattern to run business operations which the Board pays significance to the development and expansion of investment in order to create business opportunities of the organization by choosing business patterns which align with objectives and main goals of the organization. The Company's Business Development Division has to study and analyze data of the investment projects and calculate the cash flow in the future through financial stimulation in order to compare assumptions with external and internal information of the Group, as well as anticipating the growth rate of the economy and industry for the calculation of the cash flow received in the future ad risk assessment in each project. This will be reviewed by the committee of each project by concerning impacts and worth, compared with resources used on a basis of ethics, having responsibility, creating value to the business sustainably, and taking stakeholders into consideration.

Moreover, there are campaigns to promote the employees in the organization to have good consciousness to take part in taking care of the environment, providing knowledge for customers and the general people, including expanding cooperation with alliances in order to maintain the balance of business operations and environment friendliness.

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.

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.

Apart from the aforementioned regulations, the Company has set up policies and practices of selecting the trading partners through a systematic procedure for procurement and performance steps which conform to the quality management called 'ISO 9001:2015'.

Policies and Regulations in Selecting the Trading Partners

1. To establish the regulation in selecting and evaluating trading partners in order to run the business fairly.
2. Open bidding and select trading partners transparently, fairly and appropriately by the Company's Procurement Committee.
3. To compile appropriate contract form.
4. To provide steps of procurement and a tracking system, including internal control, to ensure that the conditions are practices accordingly and fairly.
5. To assess trading partners every year and inform them about assessment results and recommendations in order that the trading partners can improve the quality of goods and services continuously.

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.

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.

4. Information Disclosure and Transparency

The Board of Directors attaches significance to disclosure of information technology because it has an impact on decision making of investors and stakeholders by having the system to provide financial reports and disclose important information accurately, sufficiently, and according to standard rules and related guidelines by taking concerned information into consideration.

Financial information and non-financial information which the Board of Directors has a clear policy to manage the finance, sources of fund, financial risk management in order to reduce risks affecting performance and financial status of the Company. This builds the confidence for shareholders under the close monitoring of accounting and finance-based top executives by monitoring and assessing the business' financial status regularly and submitting a report to the Executive Committee every month in order to acknowledge the performance. The consideration and analysis of causes and guidelines to solve the problems are taken. If there is a sign indicating a financial liquidity problem and solvency, it will be reported to the Board of Directors in order to consider for further approval for solving the problem immediately.

For normal operations of the Management Team, back-up plans are made in case that there is probably a financial problem by taking equity for every stakeholder into consideration equally as well as managing the liquidity in order to be ready for repaying debts to creditors immediately under emergency situations in order to be able to repay the debts to creditors, even though confronting a liquidity crisis.

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 2018, the Company took care of the shareholders, investors, and security analysts as follows:

- | | |
|--|----------|
| 1. The annual general meeting of shareholders | 1 time |
| 2. The disclosure of every quarterly turnover on the Company's website | 4 times |
| 3. To provide a quarterly magazine for investors called MBK Today | 4 times |
| 4. To meet and talk with investors and security analysts | 15 times |
| 5. To answer questions sent through telephone call and email channels | |
| 6. To have the activity "The Opportunity Day" | 1 time |
- (The listed companies meet investors.)

Participated in the activity "The Opportunity Day" (The listed companies meet investors.) organized by the Stock Exchange of Thailand, the Company had an objective to inform about information on the Company's business and performance to shareholders, securities analysts, investors, and the mass media who attended the activity so that they could receive information thoroughly and equally.

The Investor Relations Unit realizes the importance of disclosure of critical information 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

Contact Person :	Mr. Pongtip Pongkham Vice President, Business Investment Department
Address :	MBK Public Company Limited 444, 8 th Floor, MBK Center Building, Phayathai Road, Wang Mai, Pathumwan, Bangkok 10330
Telephone number :	0-2853-7120
Fax number :	0-2853-7138
Call Center :	1285
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 : 1285
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 Shopping 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 136 under the subject entitled 'Management Structure'.

In 2018, 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) Mr. Pracha | Jaidee, |
| 3) Mr. Kasama | Punyagupta, |
| 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 2018, 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). Subsidiaries, affiliates and joint ventures which are needed to be monitored for the regulation are excluded.

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 2018, 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. Banternng 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. Mr. Pracha Jaidee	- Director Accreditation Program (DAP) Course - Audit Committee Program (ACP) Course
5. Mr. Kasama Punyagupta	- Directors Certification Program (DCP) 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 2018, 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. Banternng Tantivit	The Announcement of National Anti-Corruption Commission (NACC) about Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery or Other Benefits of State Officials, Foreign Public Officials, and Agents of Public International Organizations	By Executives of MBK Public Company Limited	5 th September 2018

NAME OF DIRECTORS	COURSE	INSTITUTE	DATE
2. Mr. Suphadej Poonpipat	The Announcement of National Anti-Corruption Commission (NACC) about Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery or Other Benefits of State Officials, Foreign Public Officials, and Agents of Public International Organizations	By Executives of MBK Public Company Limited	5 th September 2018
3. Professor Paichitr Rojanavanich	The Announcement of National Anti-Corruption Commission (NACC) about Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery or Other Benefits of State Officials, Foreign Public Officials, and Agents of Public International Organizations	By Executives of MBK Public Company Limited	5 th September 2018
4. Mr. Pracha Jaidee	The Announcement of National Anti-Corruption Commission (NACC) about Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery or Other Benefits of State Officials, Foreign Public Officials, and Agents of Public International Organizations	By Executives of MBK Public Company Limited	5 th September 2018
5. Mr. Kasama Punyagupta	The Announcement of National Anti-Corruption Commission (NACC) about Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery or Other Benefits of State Officials, Foreign Public Officials, and Agents of Public International Organizations	By Executives of MBK Public Company Limited	5 th September 2018

NAME OF DIRECTORS	COURSE	INSTITUTE	DATE
6. Ms. Panit Pulsirivong	The Announcement of National Anti-Corruption Commission (NACC) about Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery or Other Benefits of State Officials, Foreign Public Officials, and Agents of Public International Organizations	By Executives of MBK Public Company Limited	5 th September 2018
7. Mr. Piyaphong Artmangkorn	The Announcement of National Anti-Corruption Commission (NACC) about Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery or Other Benefits of State Officials, Foreign Public Officials, and Agents of Public International Organizations	By Executives of MBK Public Company Limited	5 th September 2018
8. Mr. Suvait Theeravachiraku	The Announcement of National Anti-Corruption Commission (NACC) about Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery or Other Benefits of State Officials, Foreign Public Officials, and Agents of Public International Organizations	By Executives of MBK Public Company Limited	5 th September 2018
	Top Executive Program in Commerce and Trade (TEPCot)	Commerce Academy University of the Thai Chamber of Commerce	17 th March 2018 – 18 th October 2018
	The Concept of CSR Toward the Sustainable Development	MBK Training Center Company Limited	22 nd June 2018
	Macro Economic Conditions	MBK Training Center Company Limited	11 st July 2018
	The Observation of a Leading Organization's Innovations	3 M Thailand Limited	14 th November 2018

NAME OF DIRECTORS	COURSE	INSTITUTE	DATE
9. Mr. Hatchapong Phokai	The Announcement of National Anti-Corruption Commission (NACC) about Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery or Other Benefits of State Officials, Foreign Public Officials, and Agents of Public International Organizations	By Executives of MBK Public Company Limited	5 th September 2018
	Behavioral Risk Scoring for Selecting and Managing Customers	MBK Training Center Company Limited	3 rd April 2018
	MD FORUM 2018	MBK Training Center Company Limited	4 th – 5 th May 2018
	The Strategies of Marketing Management of the Real Estate (TEAM Collaboration)	MBK Training Center Company Limited	4 th – 5 th May 2018
	The Concept of CSR Toward the Sustainable Development	MBK Training Center Company Limited	22 nd June 2018
	Macro Economic Conditions	MBK Training Center Company Limited	11 st July 2018
	Online Crisis and Communication Management	MBK Training Center Company Limited	14 th September 2018
10. Mr. Atipon Tantivit	The Announcement of National Anti-Corruption Commission (NACC) about Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery or Other Benefits of State Officials, Foreign Public Officials, and Agents of Public International Organizations	By Executives of MBK Public Company Limited	5 th September 2018

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 2018, the Company reviewed and specified its vision and mission as follows:

VISION : "THE COUNTRY'S LEADING GROUP OF COMPANIES WITH FOCUS ON BUSINESS OPERATIONS AND INVESTMENT FOR THE SUSTAINABLE GROWTH FOR GENERATING REGULAR RETURNS."

MISSIONS :

1. To focus on investment in potential businesses.
2. To generate returns for investors regularly.
3. To run business operations with trade partners systematically and fairly for the sake of mutual benefit.
4. To create the brand and image of the organization continuously.
5. To develop marketing continuously.
6. To make customer feel satisfied.
7. To encourage and develop the human resources in accordance with business expansion and commitment.
8. To efficiently develop the human resources management system and information technology system.
9. To develop the innovation for services.
10. To have performance on a Good Corporate Governance basis.

Policies on Reviewing the Strategies, Vision and Mission

MBK Public Co., Ltd. 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 month, operations are reviewed in order that the organization can adapt itself to situations and business environment which are changing. Such operations are considered by the Management Team and the Board of Directors. For 2019-2023 time frame, the Company's strategic purposes are specified as follows:

1. To efficiently manage the business portfolio for the highest benefits under an acceptable risk level.
2. Continuous growth income rate and net profit of more than 10% per year.
3. To be the Corporate Group with service mind for customers and efficient working procedures.
4. To build a long-term relationship with customers (Customer Relationship Management: CRM) by increasing customers' satisfaction in every channel which the customers use.
5. Be the Corporate Group which possesses strong and united organizational culture as well as building the commitment to one another of the Corporate Group's employees.
6. The Group of Companies focusing on digital and innovation.
7. To build the distinct identity of the brand of MBK GROUP to be powerful and united sustainably.

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 included information of innovation, used for the annual strategic planning in order to originate a true sustainability for the organization. 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 145 under the subject entitled "Management Structure"

5.12 The Company's Board of Directors has formulated a succession plan.

The Board of Directors make a succession plan and continuity of proper management 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. The President and CEO will report the performance according to the succession plan of top executives (the 4 first positions of executives next to the top-most position, whose position equals to each of 4th position of executive) to the Board of Directors at least once a year.

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 Annual General Meeting for the year 2018, held on 30th April 2018, approved the remuneration for Directors in the rate of 13,500,000 Baht per annum and privileges of 1,600,000 Baht per annum (To receive services from the Group's businesses, provided for Directors only. These services cannot be redeemed for cash such as the Hotel and Tourism Business and the Golf Business.), total amount of 15,100,000 Baht per annum for the Board of Directors, the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, as details as follows;

1. Remuneration for Board of Directors meeting

- Chairman	115,000	Baht/per person/per month
- Vice Chairma	70,000	Baht/per person/per month
- Director	58,000	Baht/per person/per month

2.	Remuneration for the Executive Committee		
-	Chairman	105,000	Baht/per person/per attendance
-	Vice Chairman	58,000	Baht/per person/per attendance
-	Director	35,000	Baht/per person/per attendance
3.	Remuneration for the Audit Committee		
-	Chairman	70,000	Baht/per person/per month
-	Director	35,000	Baht/per person/per month
4.	Remuneration for the Nomination and Compensation Committee		
-	Chairman	70,000	Baht/per person/per attendance
-	Director	35,000	Baht/per person/per attendance
5.	Remuneration and privilege for the Board of Directors		
-	Chairman	120,000	Baht/per person/per year
-	Vice Chairman	120,000	Baht/per person/per year
-	Director	120,000	Baht/per person/per year

To approve pension for the Board of Directors of 11,900,000 Baht and the Board of Directors will allocate the amount among its members.

The Remuneration of the Executives Management

The Board of Directors has policy and principle in consideration of top executives' remuneration in a short-term period with annual evaluation of 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 as an instrument to assess the job performer's ability in terms of behaviors specified that the executives shall perform duties to achieve the organization's objectives and goals with quality.

The remuneration in short-term period 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 in the long term period is paid in the form of provident fund which the Company adds to the one paid by employees, according to the stipulated rate, and will increase according to the year in service in the Company. The Board still monitors the President and CEO to assess top executives in order to align with assessment principles.

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 2018 is disclosed on Page 153-155 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.

For any meeting of the Board of Directors which needs a meeting's resolution, not less than two-thirds of all Directors of the Board have to attend the meeting. Such resolution is passed by majority vote. One Director has one vote. If an equal number of votes occurs, Chairman of the meeting has an additional vote as a casting vote. Any Director who has a conflict of interest in any matter, he/she does not have the right to vote in such matter.

There will be the Company's top executives who will directly declare some relevant information technology to the Board of Directors for the presentation of each agenda. 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. In addition, if the Board of Directors acquires additional information, they can contact with the Company's secretary or President and CEO. 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 2018, 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 2018 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	4/4	-	-	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. Mr. Pracha Jaidee	12/12	-	16/16	2/2	1/1
5. Mr. Kasama Punyagupta *	8/8	-	11/16		1/1
6. Ms. Panit Pulsirivong	12/12	-	-	2/2	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	11/12	-	-	-	1/1
10. Mr. Atipon Tantivit *	12/12	7/8	-	-	1/1

NOTES:

- The Board of Directors at present:
 - The Executive Committee is comprised of 4 persons. They are the name list 2, 7, 8 and 10.
 - 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.
- The Annual General Meeting 2018, held on 30th April 2018, had a resolution to appoint Mr. Kasama Punyagupta to hold the position of an Independent Director and a member of the Audit Committee in place of Mrs. Prakong Lelawongs whose term of office expired and did not want to continue the position.
- Mr. Banterng Tantivit has resigned as Chairman of the Board since 1st May 2018.
- Mr. Atipon Tantivit has been appointed as Director since 1st May 2018.

Moreover, in 2018, 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. The key issue for the consideration of Non-Executive Directors was the diversification of MBK Group's businesses. The organization had to have specialization in each business as well as short-term, middle-term, and long-term risk management which was considered important. Personnel development to conform to each business was also emphasized.

There were 2 meeting in total, held in June and December.

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 an appropriation of the Board of Directors' composition 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 2018 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	19.77
2) Roles, duties, and responsibilities of the Board of Directors	30.00	29.59
3) Meeting of the Board of Directors	15.00	14.71
4) The Board of Directors' execution of duties	15.00	14.84
5) Relationship with the Management Team	10.00	9.90
6) Self-development of the Board of Directors and development of executives	10.00	9.89
Total	100.00	98.70

- 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	29.81
3) Roles, duties, and responsibilities of the Board of Directors	40.00	39.60
Total	100.00	98.66

2) The Performance Assessment of the Committees

For the year 2018, 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. 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 2018 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	19.52	20.00	19.88
3) Roles, duties, and responsibilities of the Committee	60.00	60.00	58.59	60.00	59.40
Total	100.00	100.00	98.11	100.00	98.78

2) The Performance Assessment of President and CEO

The Board of Directors evaluate the performance of President and CEO. The Nomination and Compensation Committee is appointed by the Board of Directors to consider President and CEO's remuneration 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 for approval.

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 2018, the Company followed the principles of Good Corporate Governance but might cover criteria for the assessment of the survey of Corporate Governance Report of Thai Listed Companies and ASEAN CG Scorecard in some aspects which can be explained as follows:

- The Chairman was not an Independent Director 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.
- To specify that the Board of Directors should consist of more than 50% of independent directors. The Company sets the policy and guidelines to conflict of interest, stipulating that no directors who have conflict of interest or concerned interest attend the Board of Directors' meeting to participate in decision making issues. If any agenda related to interest conflict or concerned interest, that director has to abstain his/her opinion for such agenda.

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 30th April 2018, 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 and/or |
| 4. | Ms. Narissara | Chaisuwan | CPA Registration No. 4812 |

All 4 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 or Ms. Narissara Chaisuwan)

In the previous year, with a total amount of -0- Baht.

- An audit office where an auditor worked for (EY Office Limited), any individuals or businesses relating to an auditor and an audit office where an auditor worked for, in the previous accounting year, with a total amount of 12,004,500 Baht as follows:
 - MBK Company Limited 2,317,500 Baht
 - Subsidiaries 9,687,000 Baht

6.2 Non-Audit Fee

The Company and its subsidiaries paid other fees to an audit office where an auditor worked for (EY Office Limited), any individuals or businesses relating to an auditor and an audit office where an auditor worked for, in the previous accounting year, with a total amount of THB 650,000. Such services can be provided by an auditor under the regulations established by Federation of Accounting Professions, for the issue of ethics of the accounting professions which are specified by Federation of Accounting Professions.

THE INTERNAL CONTROL AND RISK MANAGEMENT

THE INTERNAL CONTROL

The Board of Directors and the Management Team have continuously placed importance on the internal control equipped with continuous monitoring because they realize 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 sustainable in order to gain long term returns, use resources and asset management, report financial information, have trustworthy operations, comply with the law, rules, and prevent or reduce 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 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 in order to have flexible and proper operations, and has 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.

From 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 anti-corruption measures, a policy on notification of clues or complaints, the imposition of penalties for discipline violations and serious mistakes. The Company has monitored that aforementioned policies are complied with, 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 knowledge training, reviewing and improving a manual of authority and a manual of operation systems 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, consistent with current performance, and considers changes that possibly occur in the future.

The Board of Directors allows the Audit Committee to supervise the internal control system, the risk management system, the corporate governance system, and follow the Company's policy and anti-corruption measures so that they are appropriate and efficient, including the compliance of related laws, orders and regulations, preventing conflicts of interest, related transactions to control and utilizing assets in order to prevent fraud or misconduct. The Company sets up an auditing mechanism for checks and balances by establishing the internal audit division which is independent and reports directly to the Audit Committee. It 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. The frameworks of COSO (The Committee of Sponsoring Organizations of the Treadway Commission) and Enterprise Risk Management, and monitoring regulations in compliance with the Stock Exchange of Thailand (SET), Thai Institute of Directors (IOD) are adopted to fulfill internal control, risk management, governance, and audit of policy compliance and anti-corruption measures in order to allow the Company's performances to pursue the utmost of operational performance efficiently and effectively.

Besides, the Board of Directors has followed up and assessed 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 elements and 17 principles. 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 under changing circumstances which may affect the business operations, from the organization's both internal and external factors. The Company's Risk

Management Committee (RMC) has been established in order to monitor the organization's risk management to achieve goals according to the organization's acceptable 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 different aspects of the risks - are evaluated and managed. For example, strategies, operations, finance, compliance, situations, including risks from corruption. These risks are divided into risks for MBK GROUP, business group, organization, and division levels so that risks can be managed sufficiently, appropriately, and in a timely manner. These risks are monitored and specified by the RMC by arranging a quarterly meeting, and annually reviewing risk factors which are changing externally and internally that may affect the organization. Moreover, a report is specified to be submitted to the Audit Committee and the Board of Directors every quarter in order that the risk management of the Company's operations is at acceptable level.

THE CONTROL OF ACTIVITIES

The Company has internal control measures in accordance and appropriateness with risks and business types in order to achieve the organization's goals by setting up the organization structure and clearly dividing duties and responsibilities of each position in order to work properly, flexibly, and consistently with changing business situations. Manuals of authority and manuals/processes of performance control all procedures and provide the appropriateness to the organizational structure and work performance through regularly revising them and keeping them up-to-date. 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. The Audit Committee is assigned to examine the internal control system which each position's work performance is regularly re-examined by the internal audit division in compliance with rules, regulations, and manuals of authority and work performance in order to ensure work performance with a suitable and adequate internal control system. The efficient overall work performance and the information system management used in work performance are also examined whether they are performed systematically in order to promote fast and efficient work performance.

Moreover, the Company imposes policies, rules, and regulations to have transactions with 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 INFORMATION TECHNOLOGY 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, up-to-date, and catching up with changing circumstances of business operations as well as changing consumer behavior. 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. A policy regarding the security in the information technology and the use of information is also specified in order to ensure that the Company has appropriate safety measures of information.

Various 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 performance results by comparing operational results with the Company's goals which are then submitted to the Executive Committee and the Board of Directors every month, as well as evaluating and following-up 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 can manage the changing risks in each period in time. Any matter which has an impact on the internal control will be reported to people in charge. Significant matters will be reported to top executives, the Executive Committee, the Audit Committee, and the Board of Directors within proper period. 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 which affect the internal control 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 the Internal Audit Division to perform its duties with independence, fairness, ethics, and compliance with International Standards for the Professional Practice of Internal Auditing (IIA) so that the Internal Audit Division can build assurance and give 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 Audit Committee has approved Ms.Yupapun Paritranun to take the position of Head of the Internal Audit Division because she has qualifications, knowledge, abilities, and experiences suitable for perform this duty.

The Audit Committee and the Internal Audit Division are independent. They are assigned to perform like one of channels to receive notification of clues, complaints, or other information. Their duty assures that the Company has the process of receiving notification of clues, complaints, or other information and handles them transparently and equitably according to the good governance principle.

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 and satisfaction assessment made by auditees' executives. 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.

The Corporate Group of 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 and guidelines according to the anti-corruption policy and measures. There is an integrated risk management in order to be consistent in the Quality Management System (ISO 9001: 2015) which is implemented systematically and continuously throughout the organization.

The Corporate Group of MBK Public Co., Ltd. enforced risk management in order to conform to strategies and operations by covering all levels — from MBK GROUP, Business Unit (BU), key lines, Sub Business Unit (SBU), and MBK Shopping Center – in order that the organization can achieve its objectives and goals set at each level.

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 2018, the Board of Directors revised manuals concerning business ethics and code of conduct of Directors, Executive and employees 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 and Annual Registration Statements.

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 2018, there was no event shown inappropriate behavior or practice involving a conflict of interest.

THE SUPERVISION OF USE OF INSIDER INFORMATION

The Company places strong emphasis on the supervision of use of insider 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 insider 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 insider information in trading the company shares for their own or others' benefits, and shall give insider information to other people with caution. The related details are as follows:

The Company's Trading of Securities

The Company has imposed regulations on the prohibition period of buying or selling the Company's securities by specifying the certain period that directors, executives, and agencies receiving inside information are prohibited from trading the Company's securities 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 insider 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.

In 2018, there was neither misbehavior nor misconduct regarding using the Company's insider information.

The Changes in Holding Securities

The Board of Directors, top 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 holding securities 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.

Moreover, it specifies that Directors have to report trade in shares and/or possession of assets of the Company which have changes to the meeting of the Board of Directors for acknowledgement every time.

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, 2018

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. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year	31 Dec. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year		Number of position in Company Limited (Company)	Number of position in Public Company Limited (Company)	Number of position in legal person (Unit)	
Board of Directors															
1 Mr. Banterng Tantivit Chairman	74	- 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	2	-	
2 Mr. Suphadej Poonpipat Vice Chairman and Chairman of the Compensation and Nomination Committee	68	- Master of Science, University of Wisconsin, U.S.A.	-	-	-	-	-	-	-	-	-	7	3	-	

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 - Apr. 2018 1994 - 2006 Present 2003 - Present 2002 - Present 2015 - Feb. 2017 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 208-210 - 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 May. 2018 - Present 2003 - Apr. 2018 2015 - Present 2002 - 2015 Present 2007 - Jul. 2018 2007 - Jul. 2018 2005 - Present Sep. 2012 - Present 2003 - Present 2006 - Present Sep. 2012 - Present Sep. 2012 - Dec. 2017 2011 - Sep. 2012 2007 - Present 2013- Present 2010 - Present	- Vice Chairman of the Board of Directors - Chairman of the Executive Committee - 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 - 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 - MBK - The subsidiaries and associates of MBK as shown on page 208-210 - 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 - 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				
			31 Dec. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year	31 Dec. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year		Number of position in Company Limited (Company)	Number of position in Public Company Limited (Company)	Number of position in legal person (Unit)	
3 Professor Paichitr Rojanavanich Independent Director and Chairman of the Audit Committee	90	- 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	2	-	
4 Mr. Pracha Jaidee Independent Director and Member of the Audit Committee and Member of the Compensation and Nomination Committee	63	- Master of Business Administration, Kasetsart University	-	-	-	-	-	-	-	-	-	2	1	-	
5 Mr. Kasama Punyagupta Independent Director and Member of the Audit Committee	56	- MBA major in international Business, Bridgeport University, Connecticut, U.S.A.	-	-	-	-	-	-	-	-	-	-	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	
	Present 1993 - Present 1985 - Present	- Independent Director and Chairman of the Audit Committee - Independent Director and Chairman of the Audit Committee - Chairman of the Board of Directors - Chairman of the Board of Directors	- MBK - G Steel Public Company Limited - The Far East Law Office (Thailand) Company Limited - Karn Jean Company Limited		✓ ✓ ✓	ACP DAP DCP	2006 2004 2003	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	None
	2018 - Present 2014-2017 2014-2016 2004-2014	- Chairman Strategic and Investment Committee - Advisor Strategic and Investment Committee - Director Restructuring Plan Screening Subcommittee of State Enterprise Policy Commission - Independent Director Executive Committee and Investment Committee - Director The Strategy and Reform Committee - Director and Chairman Risk Management Committee - Chief Executive Officer	- The Erawan Group Public Company Limited - The Erawan Group Public Company Limited - Vayupak Fund and Vayupak Fund1 - Thai Airways International Public Company Limited - Zen Corporation Group Company Limited - The Erawan Group Public Company Limited		✓	DCP	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				
			31 Dec. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year	31 Dec. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year		Number of position in Company Limited (Company)	Number of position in Public Company Limited (Company)	Number of position in legal person (Unit)	
6 Ms. Panit Pulsirivong Independent Director and Member of the Compensation and Nomination Committee	70	- 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	
7 Mr. Piyaphong Artmangkorn Director	61	- Master Degree, Public Administration (Taxation), University of Southern California, U.S.A.	3,000,000	0.176	3,000,000	-	-	-	-	-	-	1	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	- Independent Director and Member of the Compensation and Nomination Committee	- MBK		✓	RCC	2009	None	
Present	- Chairman of the Board of Directors and General Manager	- Naew Na Newspaper Company Limited		✓	ACP	2006		
1974 - Present	- Executive Director	- World Express Company Limited		✓	DCP	2005		
1988 - Present	- Managing Director	- Naew Na Network Company Limited		✓	DAP	2004		
1996 - Present	- Vice Chairman	- The Royal Chiangmai Golf Resort Co., Ltd.						
1997 - Present	- Vice Chairman	- Thammasat Association						
1985 - 1996	- Director	- Thammasat Association						
1993 - Present	- Director	- One Thousand Baht Fund for the Building Celebrating 60 th Anniversary Thammasat University, Thammasat University						
2015 - Present	- Chairman	- Bangkok Scholarship Foundation						
1994 - 2015	- Executive Secretary	- Bangkok Scholarship Foundation						
2000 - Present	- Chief Operating Officer and Chairperson, Public Relations Department	- The Organ Donation Centre, The Thai Red Cross Society						
2005 - Present	- Conciliator	- The Samut Prakan Provincial Court						
2008 - Present	- Honorary Advisor to the Committee	- Committee on Social Development and Children, Youth, Women, the Elderly, the Disabled and the Underprivileged Affairs of the Senate, Kingdom of Thailand						
2014 - Present	- Director	- Friends in Need (of “PA”) Volunteers Foundation Thai Red Cross						
2015 - Present	- Sub Committee	- Human rights and Education						
2015 - Present	- Honorary Advisor	- President of the National Legislative Assembly						
1997 - Present	- Vice Chairman	- Wat That Thong Foundation (Wat That Thong Kindergarten)						
2008 - 2014	- Ombudsman (Counselor)	- The Government Complex Commemorating His Majesty (Chaengwattana)						
1998 - Present	- Director	- MBK		✓	DAP	2004	None	
2006 - Present	- Member of the Executive Committee	- MBK						
2005 - 2017	- Executive Vice President	- Thanachart Bank Public Company Limited						
2016 - Present	- Director and Executive Director	- Thanachart Fund Management Company Limited						
2005 - Feb. 2009	- Chairman of the Board of Directors and Chairman of the Executive Committee	- Thanachart Securities Public Company Limited						
2001 - 2008	- Director	- Thai Royal Orchid Real Estate Company Limited						
2000 - 2008	- Director	- Royal Orchid Hotel (Thailand) Public Company Limited						
2005 - 2007	- Director and Executive Director	- Thanachart Capital Public Company Limited						

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. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year	31 Dec. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year		Number of position in Company Limited (Company)	Number of position in Public Company Limited (Company)	Number of position in legal person (Unit)	
8 Mr. Suvaith Theeravachirakul Director and CEO	59	- Master of Business Administration, Wagner College, New York, U.S.A. - Chief Executive Program Capital Market Academy (CMA) - Anti-Corruption Strategic Management course for Senior Executives Sanya Dharmaasakti Anti-Corruption Institute - Top Executive Program in Energy Literacy Thailand Energy Academy (TEA) - Top Executive Program in Commerce and Trade Commerce Academy, University of the Thai Chamber of Commerce (TEPCoT)	1,403,000	0.083	1,383,000	20,000	465,000	0.027%	315,000	150,000	-	82	4	-	
9 Mr. Hatchapong Phokai Director	57	- Master of Business Administration, Chulalongkorn University	-	-	-	-	-	-	-	-	-	11	1	-	
10 Mr. Atipon Tantivit Director	42	- Master of Business Administration (Executive) Sasin Graduate Institute of Business Administration, Chulalongkorn University	1,300,000	0.076	1,300,000	-	5,150,000	0.304%	5,150,000	-	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	
	2002 - Present 2002 - Present 2009 - Present Present 2007 - Present 2005 - Present Dec.2017 - Present 2009 - Present 2016 - Present 2007 - Jul. 2018 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 Board of Directors - Vice Chairman of the Executive Committee - Member of the Compensation and Nomination Committee - Chairman of the Executive Committee - Member of the Executive Committee	- MBK - MBK - MBK - The subsidiaries and associates of MBK as shown on page 208-210 - IFS Capital (Thailand) Public Company Limited - Thai Rung Union Car Public Company Limited - Patum Rice Mill and Granary Public Company Limited - Patum Rice Mill and Granary 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 208-210 - 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 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 position in Company Limited (Company)	Number of position in Public Company Limited (Company)	Number of position in legal person (Unit)	
			31 Dec. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year	31 Dec. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year					

Executive Management

1 Mr. Suvaït

Theeravachirakul

President and CEO

The details of Mr. Suvaït Theeravachirakul was shown on the part of the Board of Directors' background

2 Mr. Pongsak Sabdasen Senior Executive Vice President, Office Office of President	67	- 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	59	- Master of Accounting, Thammasat University	-	-	-	-	-	-	-	-	-	74	2	-	
4 Ms. Yupapun Paritranun Senior Executive Vice President, Internal Audit	54	- Master of Science, Chulalongkorn University - Certified Internal Auditor (CIA), The Institute of Internal Auditors, U.S.A.	61,000	0.004	61,000	-	-	-	-	-	-	1	1	-	
5 Mr. Somphol Tripopnart Leasing and Tenant Relations Management Division	60	- Master of Business Administration (M.B.A.) Kasetsart University									-	9	1	-	
6 Mr. Apichat Kamoltham Senior Executive Vice President, Legal Division	58	- Master of Law Ramkhamhaeng University - Barrister at Law, Thai Bar Association									-	55	1	-	
7 Mr. Satit Saisorn Senior Executive Vice President Operation	54	- Master of Business Administration (M.B.A.) Kasetsart University	240,000	0.014	10,000	230,000	-	-	-	-	-	11	1	-	
8 Mrs. Chaninchorn Predeeprompan Executive Vice President Human Resources Division	49	- Master of Science Mahidol University	35,000	0.002	-	35,000	-	-	-	-	-	1	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 208-210 - 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 208-210		✓	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 208-210 - MBK		✓	DCP	2005	None	
2013-Present Present 2008-2013 2002-2008 2006-2007	- Leasing and Tenant Relations Management Division - Director - Executive Vice President - Marketing director - Independent Director	- MBK - The subsidiaries and associates of MBK as shown on page 208-210 - Islamic Bank of Thailand - Krungthai panich insurance public company limited - Ua Withya Public Company Limited		✓	DCP	2006	None	
Present 2010 - 2016 2007 - 2010 2005 - 2007	- Senior Executive Vice President, Legal Division - Executive Vice President, Legal Division - 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 208-210 - MBK - Navaleasing Public Company Limited		✓	DCP	2011	None	
Present Present 2016 2011 - 2015	- Senior Executive Vice President Operation - Director - Executive Vice President Operation - Managing Director	- MBK - The subsidiaries and associates of MBK as shown on page 208-210 - MBK - Paradise Park Company Limited	-	✓	DCP FSD	2016 2016	None	
Jul. 2018 - Present Sep. 2018 - Present Jan. 2017 - Jun. 2018 2546 - 2559	- Executive Vice President Human Resources Division - Director - Assistant Senior Executive Vice President2, President Office, Strategic & Operation System Management - Senior Vice President Strategic & Operation System Management Department	- MBK - The subsidiaries and associates of MBK as shown on page 208-210 - MBK - MBK					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. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year	31 Dec. 2018	(%)	31 Dec. 2017	Number of Shares : Increase (decrease) during the year		Number of position in Company Limited (Company)	Number of position in Public Company Limited (Company)	Number of position in legal person (Unit)	
9 Mr. Sakchai Suthipat Executive Vice President Office of President	46	- Master of Finance, Chulalongkorn University					-	-	-	-	-	6	1	-	

Secretary of the Company

1 Miss Dararat Homrossukhon Secretary of the Company	51	- 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)	1,394,600	0.082	1,215,000	179,600	-	-	-	-	-	1	2	-	
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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		
Jul. 2018 - Present Present Oct. 2013 - Jun. 2018 Mar. 2010 - Sep. 2013	- Executive Vice President Office of President - Director - Senior Vice President Office of President - Vice President Business Investment Department	- MBK - The subsidiaries and associates of MBK as shown on page 208-210 - MBK - MBK					None	
Jun. 2018 - Present 2008 - May. 2018 2005 - Present 2013 - Present 2005 - 2009	- Secretary of the Company and Senior Vice President Compliance Department - Secretary of the Company and Vice President Compliance Department - Secretary of the Executive Committee - Secretary of the Company and Compliance Supervisor - Vice President Business Investment	- MBK - MBK - MBK - Patum Rice Mill and Granary Public Company Limited - MBK		✓ ✓ ✓	CSP EMT BRP	2009 2011 2016	None	

List of The Board of Directors and The Executive Management Entitled in MBK's subsidiaries and associates as of December 31, 2018

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT	COMPANIES	MBK Shopping Center Company Limited	Paradise Park Company Limited	Paradise Retail Company Limited	Paradise Place Suanluang Company Limited	Glas Haus Building Company Limited	Glas Haus Ratchada Company Limited	MBK Smart Force Security Guard Company Limited	The nine center Company Limited	MBK Center Company Limited	MBK Square Company Limited	PT Retail Corporation Limited	MBK Online Company Limited	The Nine Tiwanon Company Limited	Siam Pivat Company Limited	Siam Pivat Holding Company Limited	Siam Paragon Development Company Limited	Siam Paragon Retail Company Limited	Siam Pivat Simon Company Limited	The Ladkrabang Residence Company Limited	ICONSIAM Company Limited	The ICONSIAM Residences Corporation Company Limited	The ICONSIAM Superlux Residence Corporation Company Limited	The ICONSIAM Chaoaya River Holdings Company Limited	Siam River Holdings Company Limited	MBK Hotels and Tourism Company Limited	MBK Business Company Limited	MBK Hotels and Resorts Company Limited	Supsinthanae Company Limited	Lanta Land Development Company Limited	MBK Capital Company Limited	
BOARD OF DIRECTORS	Mr. Banterng Tantivit														/	/																
	Mr. Suphadej Poonpipat														/	/																
	Professor Paichitr Rojanavanich																															
	Mr. Pracha Jaidee																															
	Mr. Kasama Punyagupta																															
	Ms. Panit Pulsirivong																															
	Mr. Piyaphong Artmangkorn																															
	Mr. Suvaith Theeravachirakul	x	x	x	/	x	x	x	x	x	x	x		x	x	/	/	/	/	/	/	/	/	/	/	x	x	x	x	x	x	
	Mr. Hatchapong Phokai						/																									
	Mr. Atipon Tantivit																															
	EXECUTIVE MANAGEMENT																															
	Mr. Suvaith Theeravachirakul	x	x	x	/	x	x	x	x	x	x	x		x	x	/	/	/	/	/	/	/	/	/	/	x	x	x	x	x	x	
	Mr. Pongsak Sabdasen																															
	Mr. Kasemsuk Chongmankhong	/	/	/	/	/	/	/	/	/	/	/		/	/	/										/	/	/	/	/	/	
	Ms. Yupapun Paritranun																															
	Mr. Somphol Tripopnart	/	/	/	/	/	/	/	/	/	/	/		/	/											/	/	/	/	/	/	
	Mr. Apichat Kamoltham	/	/	/	/	/	/	/	/	/	/	/		/	/											/	/	/	/	/	/	
	Mr. Satit Saisorn	/	/	/	/	/	/	/	/	/	/	/		/	/											/	/	/	/	/	/	
	Ms. Chaninchorn Predeeeprompan																															
	Mr. Sakchai Suthipipat																															

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BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT	COMPANIES																														
		Innofood (Thailand) Company Limited	Sima Pac Company Limited	MBK Restaurant Group Limited	MBK Food Service Company Limited	MBK Guarantee Company Limited	Primacy Elegance Investments Limited	MBK Premium Company Limited	T Leasing Company Limited	M6 3 Company Limited	M6 4 Company Limited	M6 7 Company Limited	M6 8 Company Limited	Max Asset Management Company Limited	MBK Life Assurance Public Company Limited	TM Broker Company Limited	MT Service 2016 Company Limited	Apple Auto Auction (Thailand) Company Limited	MBK Digital Company Limited	MBK Trading Company Limited	MBK Advanced Company Limited	MBK Training Center Company Limited	MBK Insurance Broker Company Limited	MBK Service Solution Company Limited	X-Gen Premium Company Limited	MBK Asset Company Limited	MBK Leisure Company Limited	MBK Club Company Limited	MBK Broker Company Limited	MBK Food System Company Limited	Puen Pob Patt Company Limited
BOARD OF DIRECTORS	Mr. Banterng Tantivit																														
	Mr. Suphadej Poonpipat														X																
	Professor Paichitr Rojanavanich																														
	Mr. Pracha Jaidee																														
	Mr. Kasama Punyagupta																														
	Ms. Panit Pulsirivong																														
	Mr. Piyaphong Artmangkorn																														
	Mr. Suvait Theeravachirakul	/	X	X	X	X	/	X	X	X	X	X	X	/				X	X	X	X	X	X	X	X	X	X	X	X	X	
	Mr. Hatchapong Phokai																														
	Mr. Atipon Tantivit																														
EXECUTIVE MANAGEMENT	Mr. Suvait Theeravachirakul	/	X	X	X	X	/	X	X	X	X	X	X	/				X	X	X	X	X	X	X	X	X	X	X	X	X	
	Mr. Pongsak Sabdasen																														
	Mr. Kasamsuk Chongmankhong	/	/	/		/	/	/	/	/	/	/	/		/			/	/	/	/	/	/	/	/	/	/	/	/	/	
	Ms. Yupapun Paritranun																				/										
	Mr. Somphol Tripopnart																														
	Mr. Apichat Kamoltham			/		/	/	/	/	/	/	/	/	/					/	/	/	/	/	/	/	/	/	/	/	/	/
	Mr. Satit Saisorn																														
	Ms. Chaninchorn Predeeprompan																					/									
	Mr. Sakchai Suthipibat					/																									

Notes X = Chairman Δ = Vice Chairman of the Board of Directors / = Directors // = Chairman of the Audit Committee /// = Directors of the Audit Committee ■ = Subsidiaries ■ = Associates

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 2018, 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 2018 (No 6). However, there is additional information to be disclosed as follows:

The purchased of ordinary shares of MBK Food System Co., Ltd.

- | | |
|--|---|
| 1. Transaction Date | August 9, 2018 |
| 2. Involved Parties | |
| 2.1 Buyer | MBK Public Company Limited ("MBK") |
| 2.2 Seller | Patum Rice Mill and Granary Public Company Limited ("PRG") |
| 3. Status of parties | |
| 3.1 Buyer | |
| Status of MBK | A major shareholder of PRG holds 74.52% of its paid-up capital |
| 3.2 Seller | |
| (1) Status of MBK-FS | A direct subsidiary which the PRG holds 100.00% |
| (2) Status of PRG | - A direct subsidiary which the MBK holds 74.52% of its paid-up capital
- Shareholder of MBK holds 27.98% of its paid-up capital |
| 4. Details of purchased share | |
| 4.1 Type of share | Ordinary shares of MBK-FS |
| 4.2 Nature of Business Operation | Food Business |
| 4.3 Authorized and paid-up share capital | |
| 4.3.1 Registrar capital | 109,091,000 Baht |
| 4.3.2 Paid-up capital | 109,091,000 Baht |
| 4.3.3 Ordinary shares | 1,090,910 shares |
| 4.3.4 Par value | 100 Baht per share |

4.4 Number of purchased shares

DETAIL	SHAREHOLDING <i>BEFORE</i> THE TRANSACTION		SHAREHOLDING <i>AFTER</i> THE TRANSACTION	
	ORDINARY SHARES	PORTION OF SHARES (%)	ORDINARY SHARES	PORTION OF SHARES (%)
1. MBK	-	-	1,090,910	100.00
2. PRG	1,090,910	100.00	-	-
Total	1,090,910	100.00	1,090,910	100.00

4.5 Criteria to fix the purchased price By the Net Present Value method

5. Source of fund Working capital of the company

6. Characteristics and scope of interests of connected persons when agreeing to enter into the connected transaction

PRG is a major shareholder of MBK holds 27.98% of its paid-up capital and MBK is shareholder of PRG holds 74.52% of its paid-up capital

7. Connected transaction which calculated from the financial statement as of March 31, 2018

7.1 Selling price amount of THB 17,211,687

7.2 The connected transaction size is 0.0797% of NTA

8. The directors who have interests and did not vote in the Board of Directors' meeting no.8/18 on August 1, 2018

8.1 Mr. Suphadej Poonpipat

8.2 Mr. Suvait Theeravachirakul

9. The Board of Directors' opinions and the Audit Committee's opinions

The Board of Directors and the Audit Committee have same opinions of the purchased of ordinary shares of MBK Food System Co., Ltd. ("MBK-FS") from PRG, which is a major shareholder is a reasonable transaction. Thus, the shareholding structure within MBK GROUP has been re-structured for maximize business benefits. The share purchasing price is based on the Net Present Value method which is fair.

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, 2018 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, 2018 are reliable and in compliance with financial report standards as well as the related laws and regulations.



Mr. Banterng Tantivit
 Chairman of the Board of Directors



Mr. Suvait Theeravachirakul
 President and CEO

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, finance, law, and management as follows:

- | | | |
|----|---------------------------------|---------------------------------|
| 1. | Professor Paichitr Rojanavanich | Chairman of the Audit Committee |
| 2. | Mr. Pracha Jaidee | Member of the Audit Committee |
| 3. | Mr. Kasama Punyagupta | 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 terms of reference identified in the charter of the Audit Committee which is assigned by the Board of Directors. It also complies with good practice of the Stock Exchange of Thailand. In the accounting period of the year 2018, the Audit Committee convened a total of 16 meetings in order to consider issues. The relevant issues were discussed by the Audit Committee, with the Management Team, the Internal Audit Division, and auditors. Specific meetings with the Management Team and specific meetings with the auditors in the absence of the Management Team were also held. The report of the meeting was submitted to the Board of Directors for acknowledgement every time. The main points can be summarized as follows:

The Financial Statement Reports

The Audit Committee, together with the auditors, executives from the Finance and Administration Division, 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 by verifying the accuracy and completeness of the financial statements, key adjusting entries, forecasting in accounting, the suitability of the accounting policy, auditors' opinions on the Key Audit Matters (KAMs), auditing standard, and Thailand's financial reporting standard which was changed, information disclosure in the financial statement which was sufficient, in-time, and useful for financial statements' users. The auditors gave unqualified opinions on the Company's financial statement that was accurate and trustworthy according to the financial reporting standard.

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 and consistent with the Good Governance policy and the regulations imposed by the Stock Exchange of Thailand.

The Internal Control and Risk Management

The Audit Committee verified the adequacy of the internal control system and risk management, as well as anti-corruption measures, whistle-blowing, and complaints regarding the Company and its subsidiaries by considering performance, asset management, prevention of damage or corruption, obedience to law, rules and regulations. The Audit Committee also reviewed significant reports provided by the Internal Audit Division and the auditors, amended the Key Audit Matters according to the audit reports, and acknowledged the organization's key risk management. The Audit Committee gave opinions on the assessment of the suitability and the efficiency of the Company's internal control system and its risk management.

The Compliance with Rules and Regulations

The Audit Committee verified the Company's performance in order to ensure that it was compliant with law and stipulations imposed by the regulatory authorities, as well as acknowledged changes of rules and regulations which had an impact on the Company's business operations.

The Good Corporate Governance

The Audit Committee verified the management, compliance with the policy and anti-corruption measures taken by the Company and its subsidiaries which participated in Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

The Internal Audit

The Audit Committee reviewed the Charter of the Audit Committee and the Charter of the Internal Audit Division, considered the independence, the efficiency, and the effectiveness 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 significant issues mentioned in the audit reports, acknowledged complaints, whistleblowing, and results from investigations of such matters aforementioned, and giving advice on how to improve the audit performance to be more efficient according to international standards for internal auditing. The committee also considered the sufficiency and suitability 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.

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 the auditors' qualifications, knowledge, capabilities, experiences, and independence which were in accordance with the regulations of the Stock Exchange of Thailand or other involving 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. Therefore, the Audit Committee proposed to the Board of Directors for approval given by the Annual General Meeting of Shareholders in order to appoint EY Office Company Limited as the Company's auditor for the year 2018.

The Audit Committee carried out its duties assigned by the Board of Directors, which conformed to the Charter of the Audit Committee, by exercising knowledge, abilities and precautions, prudence, independence, giving straightforward opinions according to principles of the Good Corporate Governance. The Audit Committee deemed that during the accounting period ended on 31st December 2018, the Company provided the accurate financial statement according to the financial reporting standard and sufficient information disclosure. For the business operations, the Company had the internal control system and appropriate risk management and complied with the stipulations and related laws.



Professor Paichitr Rojanavanich

Chairman of the Audit Committee

22nd February 2019

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. Suphadej | Poonpipat | Chairman of the Executive Committee |
| 2. | Mr. Piyaphong | Artmangkorn | Director of the Executive Committee |
| 3. | Mr. Suvait | Theeravachirakul | Director of the Executive Committee |
| 4. | Mr. Atipon | Tantivit | Director of the Executive Committee |

Ms. Dararat Homrossukhon acts as the Secretary of the Executive Committee.

The Executive Committee's duties are to regulate the management of business operations of the Company and its affiliated companies so that the operations are performed in agreement with defined policies and business can be run continuously and efficiently. It is ready to further business expansion for the sustainable growth. The Executive Committee assists the Board of Directors with considering, scrutinizing, and verifying key issues prior to report submission to the Board of Directors for consideration.

In 2018, the Executive Committee had 12 meetings in total for considering, scrutinizing, and proposing guidelines on solving problems and suggestions for the Company's important issues which could be summarized as follows:

To consider policies and strategic business plans

The Executive Committee's duties were to consider and make preliminary comments about the policy on executive strategy for business operations of the Company and the affiliates and to consider the appropriateness of business plans, the annual budget. The overall operations had been followed up continuously and monthly. The Executive Committee also provided useful suggestions for managing the organization and running strategy-oriented operations in order to support the growth in the future and increase the organization's competitive advantages in the long term.

To consider and comment on the investment in projects of the Company and its affiliates.

The Executive Committee carried out its duties to consider, screen, and comment the investment in various projects of the Company and its affiliates 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 affiliates, 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 consider the Company's structure and its authority.

The Executive Committee carried out its duties to consider the Company's structure and its authority, prior to submission to the Board of Directors for consideration for further approval.

To regulate the management of the organization and sub-committees.

The Executive Committee carried out its duties to regulate the Management Team to have performance in accordance to the law's stipulations in order to prevent conflicts of interest as well as monitoring the management of sub-committees so that they could perform most efficiently and effectively.

The Executive Committee carried out its duties, assigned by the Board of Directors, by utilizing knowledge and abilities to do its duties carefully, prudently, and reasonably in order that business could be achieved according to the organization's vision, missions, goals and business strategies at full capacity and for the maximum benefit of the Company, shareholders and all stakeholders as well as building confidence in the performance and the regulation of the organization's management to be efficient and further sustainable.



Mr. Suphadej Poonpipat
 Chairman of the Executive Committee

THE 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 performs its duty as assigned by the Board of Directors to review rules and approaches to nomination and appointment of qualified candidates for the directorship of the Company, including proposing the remuneration policy and fringe benefits for the Board of Directors and committees which are proposed to the Board of Directors or the shareholders' meetings. The Nomination and Remuneration Committee also nominates and considers the remuneration and performance of Chief Executive Officer and President, Senior Executive Vice President and Executive Vice President, as well as participating in reviewing rules and approaches to nomination of top executives, with Chief Executive Officer and President.

In 2018, the Nomination and Remuneration Committee held 2 meetings in order to consider issues and report the minutes - together with opinions - to the Board of Directors. The important issues taken into consideration were as follows:

- To review and propose names of candidates who were qualified legally and in compliance with the rules and regulations related to the directorship which its office term expired by considering the nomination, selection, and proposal for persons whose qualifications, experiences, knowledge, and abilities encouraged and suited the Company's business types. The names were then proposed to the Board of Directors' meetings and the ordinary shareholders' meetings. In this case, interested directors abstained.
- To consider the remuneration of the Board of Directors and the committees by considering their duties and responsibilities, performance, the Company's financial status and the remuneration rate compared with the industry benchmark in order to be taken into consideration by the Board of Directors and the ordinary shareholders' meetings for approval.
- To encourage and support the Company to open up an opportunity for shareholders to propose an agenda for the annual meeting of shareholders 2019 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 27th September 2018 to 28th December 2018.

- To considers the remuneration of Chief Executive Officer and President, Senior Executive Vice President and Executive Vice President, by considering the appropriateness of each position's assigned duties and responsibilities, the performance of the Company in comparison with the established targets as well as the real economic conditions through comparing with remuneration earned by the same position in similar industries.
- To follow up and monitor the Company's appropriate succession plan and continuity of management for top executives and important positions in order to prepare personnel for supporting and conforming to the expansion of business.
- To follow up and monitor the policy on fairly giving compensation to employees so that it enhances the competitiveness in the market and maintains quality and potential employees.
- To organize a performance evaluation of the Nomination and Remuneration Committee 2018 and submit an evaluation report to the Board of Directors in order to improve the performance to be efficient, together with revealing the evaluation's results in the annual report.

The Nomination and Remuneration Committee mainly carries out assigned duties carefully, prudently, transparently, equitably, and straightforwardly, according to the Good Corporate Governance principles for the maximum benefit of shareholders, investors and stakeholders.



Mr. Suphadej Poonpipat
 Chairman of the Nomination
 and Remuneration Committee

THE 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.	Mr. Pracha	Jaidee	Member of the Good Corporate Governance Committee
5.	Mr. Kasama	Punyagupta	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 Senior 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 2018, 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 and review the policy and measures anti-corruption as well as the policy on whistle-blowing and complaints, by improving aforementioned policies and measures in order to conform with current situations as well as rules and regulations relating to regulatory agencies.
- To consider and improve the manual of Good Corporate Governance policy and business ethics to ensure that the manual is complete, clear, and up-to-date, and in accordance with the guidelines and principles according to standard of the ASEAN CG Scorecard under the CGR Project of the Thai Institute of Directors (IOD) and aligned with the anti-corruption policy.
- To consider results of the project evaluation of Corporate Governance 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 approval 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 oversee and follow up progress of operations, according to the Good Corporate Governance policy, and the anti-corruption policy and practices to be in accordance with the basis of Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC) which is applied for directors, executives and employees of the MBK GROUP.
- To establish the policy for every executive and employee to annually have a test for rules, regulations, policies, and guidelines anti-corruption through the Company’s intranet system in order to ensure that every executive and employee have knowledge and understanding, as well as carrying out their duties appropriately. The test’s results are assessed for their levels of knowledge and understanding in order that communication can be improved. Therefore, they thoroughly have understanding and realize their duties to promote the organization’s Good Corporate Governance.
- To establish the policy for subsidiaries of MBK to declare an intention to join Thailand’s Private Sector Collective Action Coalition Against Corruption
- To oversee and track progress of operations pertaining to the company’s sustainable development and to ensure that the operations are aligned and complied with the company’s policies. The company shall continuously promote and support the strength of community, society, and environment, by applying the company’s expertise in creating economic value for the organization together with the society. Such actions shall be held as the company’s practice.

The Good Corporate Governance Committee is determined to improve the company’s operation and ensure its strict alignment with the Good Corporate Governance policy and business ethics. This also includes emphasis on sustainable development in creating confidence among shareholders and stakeholders that contribute to corporate growth in a sustainable manner.



Mr. Banterng Tantivit
 Chairman of the Good Corporate
 Governance Committee

MANAGEMENT DISCUSSION AND ANALYSIS

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2018

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 2018 and 2017 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	2018	2017	Inc/(Dec)	
1) Operating revenue	10,548	9,740	808	8%
2) Operating profit	1,621	1,710	(89)	(5%)
3) Share of profit from investments in associates and joint venture	212	226	(14)	(6%)
4) Other income	1,933	537	1,396	260%
5) Finance costs	(300)	(275)	(25)	(9%)
6) Income tax expense	(605)	(375)	(230)	(61%)
7) Net profit	2,861	1,823	1,038	57%
8) Loss (profit) attributable to Non-controlling interest of the subsidiaries	20	18	2	11%
9) Net profit – attributable to equity holders of the Company	2,881	1,841	1,040	56%
10) Earnings per share (Baht)	2.17	1.38	0.79	57%

The overall operating results of the Group for the year ended 31 December 2018 in comparison with the same period of last year showed that the Group had a better performance. The operating revenue for the years ended 31 December 2018 and 2017 were Baht 10,548 million and Baht 9,740 million, respectively, increased by Baht 808 million or 8%. The net profit attributable to equity holders of the Company for the years ended 31 December 2018 and 2017 were Baht 2,881 million and Baht 1,841 million, respectively, increased by Baht 1,040 million or 56%. The significant changes were as follows:

- a) The significant changes in operating revenue and operating profit (loss) of the Group business segments were as shown below. 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 (loss) increase / (decrease)
Finance	454	48
Food Solution	611	22
Real-estate	(386)	(140)

- b) Other income increased sharply by Baht 1,396 million or 260% mainly due to the recognition gain on sales of available-for-sale investment in marketable securities and investment in an associate for a total of Baht 1,440 million (Baht 1,163 million, net of related tax impact) in the current year.

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*, and sale of raw water.
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 2018 when compared to the same period of 2017 were as follows:

2.1 Operating revenue – by segment

(Unit: Million Baht)

Segment	For the years ended 31 December			
	2018	2017	Increase/(Decrease)	
1) Shopping Center	3,999	3,980	19	-
2) Hotel and tourism	1,386	1,297	89	7%
3) Golf	466	457	9	2%
4) Real-estate	307	693	(386)	(56%)
5) Food Solution	2,190	1,579	611	39%
6) Finance	2,177	1,723	454	26%
7) Other	18	5	13	260%
8) Supporting	5	6	(1)	(17%)
Total	10,548	9,740	808	8%

The operating revenue of the Group for the years ended 31 December 2018 and 2017 were Baht 10,548 million and Baht 9,740 million, respectively, which increased by Baht 808 million or 8%.

The major changes in operating revenue by segment were as follows:

2.1.1) The revenue of hotel and tourism business increased by Baht 89 million or 7%. The average occupancy rate and revenue per available room (RevPar) of hotel business for 2018 were higher than last year, especially Dusit Thani Krabi Beach Resort Hotel increased its revenue by Baht 33 million.

2.1.2) The revenue of real-estate business decreased by Baht 386 million or 56% due to the significant reasons as follows:

- a) The project "Quinn Condominium" on Ratchadapisek Road, had the number of legal ownerships of 727 units from a total of 729 units were transferred and recognized revenue in 2015 – 2017. The remaining of 2 units were transferred and the project has already closed for sale in the current year. As a result, the revenue decreased by Baht 187 million.

- b) The residential project "Park Riverdale" located at Riverdale Golf Course in Pathumthani opened for sale of Phase 1 for 41 units in August 2016. The legal ownerships transferred units in 2016 were 2 units, in 2017 were 16 units, and in 2018 were 7 units. In addition, sale of housing Phase 2.1 for 17 units was launched during 2018 and 1 unit was transferred the legal ownership. The revenue in comparison with the same period of last year, declined by Baht 65 million.
- c) The Riverdale Residence project is the sale of plots of land for 10 units and residence for 14 units which located at Riverdale Golf Course in Pathumthani. This project opened for sale in May 2017. In 2017, the no. of legal ownerships transferred plots of land were 3 units amounting to Baht 75 million. There was no transferred unit in the current year. For the housing project, the sample houses are under construction and expected to be completed by the first quarter of 2018.
- d) The residential project "Baan Rom Mai" located in Chonburi and Rayong, generated revenue lower than last year by Baht 43 million.
- e) The new residential projects commenced its construction in the current year as follows:
- Quinn Sukhumvit 101 is a new condominium located on Sukhumvit 101 Road which has a total of 347 units for sales. The pre-sale was launched in October 2018. The construction work is expected to be finished and transferred ownership in October 2020.
 - The luxury residential development project "Quaritz" located on Rama IX Road. The project consists of plot of land for 8 units and residence for 6 units and the opening for sale will be in 2019. The sample houses are under construction and expected to be completed by the third quarter of 2019.
- 2.1.3) The revenue of food solution business increased by Baht 611 million or 39%, mainly due to the increase in sale of rice by Baht 650 million, as results of the higher sales volume from domestic and export markets. The sale of rice under project "G to G" (Government to Government) increased by Baht 213 million. Furthermore, the selling price of rice was increased according to the higher cost of raw materials.

2.1.4) The revenue of finance business increased by Baht 454 million or 26% mainly due to the followings reasons:

- a) The revenue of hire-purchase for motorcycle business increased by Baht 377 million. During 2017, the hire-purchase for motorcycle business has expanded its market to medium and big bike segments such as Sport Bike, Big Bike, Vespa which continuously grow in the current year.
- b) The revenue of lending business increased by Baht 77 million according to the continued growth of loans portfolios.

2.2 Operating profit (loss) – by segment

(Unit: Million Baht)

Segment	For the years ended 31 December			
	2018	2017	Increase/(Decrease)	
1) Shopping Center	937	916	21	2%
2) Hotel and tourism	92	137	(45)	(33%)
3) Golf	65	47	18	38%
4) Real-estate	(30)	110	(140)	(127%)
5) Food Solution	(54)	(76)	22	29%
6) Finance	619	571	48	8%
7) Other	(9)	5	(14)	(280%)
8) Supporting	1	-	1	100%
Total	1,621	1,710	(89)	(5%)

The operating profit of the Group for the years ended 31 December 2018 and 2017 were Baht 1,621 million and Baht 1,710 million, respectively, decreased by Baht 89 million or 5%. 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) Tinidee@Bangkok Golf Club Hotel (formerly “Bangkok Golf Spa Resort”) in Pathumtani, has been closed for major renovation since July 2017 resulted that the unused building and building improvements at net book value of Baht 34 million were written-off as expense in the current year. At present, the renovation work has been completed and the hotel rooms were continuously open for service during the year 2018.

- b) The food solution generated loss from operations mainly due to the rice market competition. The proportion of the increase in selling price of rice was lower than the increase in cost of rice resulted that the gross profit margin was lower than the same period of last year. In addition, the average margin of the rice export under G to G project is rather low.
- c) The bad debt and provision for doubtful accounts of hire-purchase for motorcycle business increased by Baht 187 million, which related to the growth of hire-purchase portfolio. In addition, the announcement of Debt Collection Act B.E.2558 which is the consumer protection law, resulted in the slowdown of the debt collection process. Meanwhile, the management has considered improving the effectiveness of credit scoring model to cover all lending areas.

Analysis of financial position

The significant movements in assets, liabilities and shareholders' equity as at 31 December 2018 when compared with the balance as at 31 December 2017 were as follows:

(Unit: Million Baht)				
	31 Dec. 2018	31 Dec. 2017	Increase/(Decrease)	
Total assets	49,096	46,552	2,544	5%
Total liabilities	26,412	24,367	2,045	8%
Total shareholders' equity	22,684	22,185	499	2%

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 2018 was Baht 8,543 million, decreased by Baht 2,044 million or 19% due to the significant movements as follows:

- a) The unrealized gain from available-for-sale marketable securities decreased by Baht 1,663 million due to the decrease in fair value of the securities on hand as at 31 December 2018 by Baht 1,078 million. In addition, the investment that was sold during the year resulted in lower unrealized gain of Baht 585 million. The realized gain on sale of investment was recognized in the statement of comprehensive income.
- b) The decrease by Baht 363 million was from sales (net of purchases) of marketable securities.

3.2 Loans to customers

Loans to customers (including current portion) balance as at 31 December 2018 was Baht 12,934 million, increased by Baht 1,621 million or 14%. The hire-purchase receivables for motorcycle portfolio increased by Baht 1,733 million due to the higher expansion of market segment to a medium and big sizes of motorcycle. However, the lending loan receivables portfolio decreased by Baht 112 million because there were 3 major loan receivables for a total of Baht 1,320 million closed their loan accounts before maturity date.

3.3 Inventories

Inventories balance as at 31 December 2018 was Baht 3,582 million, increased by Baht 694 million or 24%. The significant movements were as follows:

- a) Purchased plots of land at Ratchaphruek Road nearby Wuthakat BTS station amounting to Baht 222 million for further development of a new residential project.
- b) The property development costs increased by Baht 267 million from the progress of construction work under the residential projects of Park Riverdale and Riverdale Residence in Pathumtani, Quinn Condominium Sukhumvit 101, and Quaritz Rama IX.
- c) Stock of rice increased by Baht 302 million for sale in the next quarter.
- d) The construction costs of main road and electricity system, which are used as a common area of golf course and residential projects in Pathumtani, amounting to Baht 42 million were classified to present under property, plant and equipment as referred to No.3.6(6).
- e) The status of residential projects "The PANO" and "Baan Suan Loch Palm" in Phuket amounting to Baht 41 million were changed from "house for sale" to "rental" and presented under investment property as referred to No.3.5 (3).

3.4 Investment in associates and joint venture

Investment in associates and joint venture balance as at 31 December 2018 was Baht 5,853 million, increased sharply by Baht 1,926 million or 49%. The significant movements were as follows:

- a) During 2018, the Company invested in additional ordinary shares of Siam Piwat Company Limited, an associate that engaged in shopping center business, amounting to Baht 2,939 million which was separated into 2 items for the purposes of presentation in the financial status under assets as follows: the amount of Baht 2,375 million representing the net book value of the associate based on percentage of shareholding presented as investment in associate, and the amount of Baht 564 million representing the purchase price over the net book value of the associate presented as unallocated costs of business acquisition. The Company is in the process of evaluating the value of the associate within a period of 12 months after the purchase date to adjust the estimated fair value of the above transaction and the allocation of costs of the business acquisition. As a result, the Company's shareholding in this associate increased from 30.67% as at 31 December 2017 to 47.98% as at 31 December 2018. The purpose of this investment is to expand in shopping center business because the associate has a good potential to grow and rewards a good returns regularly.

- b) The increase of Baht 212 million was from the recognition share of profit under equity method.
- c) The decrease of Baht 444 million was from sale of investment in associate that operated a hotel business, to a major shareholder of such associate.
- d) The decrease of Baht 154 million was from the dividend income.

3.5 Investment properties

Investment properties balance as at 31 December 2018 was Baht 8,735 million, decreased by Baht 781 million or 8%. The significant movements were as follows:

Description		Million Baht
1	The costs of renovation MBK Shopping Center	50
2	The costs of renovation Paradise Park and Paradise Place (formerly "HaHa Market")	37
3	Reclassification cost of residential "The PANO" and "Baan Suan Loch Palm" in Phuket which changed status from house for sale to rental (Refer to No.3.3(e))	41
4	Reclassification of the certain costs of Paradise Place Building for the area which was used to be a new office of subsidiaries to present under property, plant and equipment (Refer to No.3.6(5))	(172)
5	Depreciation for the year	(738)
6	Others	1
Total net movements		(781)

3.6 Property, plant and equipment

Property, plant and equipment balance as at 31 December 2018 was Baht 5,213 million, increased by Baht 235 million or 5%. The significant movements were as follows:

	Description	Million Baht
1	The costs of renovation hotel room "Tinidee@Bangkok Golf Club" (formerly Bangkok Golf Spa Resort) in Pathumtani	111
2	The construction costs of new fitness centers, located at Paradise Park Shopping Center and Tinidee@Bangkok Golf Club Hotel, and purchases of exercise machine for new fitness centers and for replacement the machine which was due to change	102
3	The costs of renovation Bangkok Golf Club in Pathumtani	77
4	Purchases of other operating fixed assets	236
5	The costs of Paradise Place Building in relation to an office space from reclassification as mentioned in No. 3.5 (4)	172
6	The costs of main road and electricity system, which are used as a common area of golf course and residential projects in Pathumtani from reclassification as mentioned in No. 3.3 (d)	42
7	Sale of a subsidiary office building at Huai Khwan District due to the relocation to a new office at Paradise Place Building	(43)
8	Written-off certain costs of building and building improvements of Tinidee@Bangkok Golf Club Hotel as a results of major renovation	(34)
9	Depreciation for the year	(427)
10	Others	(1)
	Total net movements	235

4. Liabilities

4.1 Long-term debentures

Long-term debentures (including current-portion) balance as at 31 December 2018 was Baht 12,391 million, increased sharply by Baht 2,298 million or 23%. In the current year, the Company issued the long-term debentures for a total of Baht 4,000 million for the purposes of redemption of the debentures of Baht 1,700 million that were due for repayment in the same periods, and for long-term investment in an associate as mentioned in No. 3.4.

4.2 Advance rental and service deposits

Advance rental and service deposits (including current-portion) balance as at 31 December 2018 was Baht 1,176 million, decreased by Baht 427 million or 27% which mainly representing advance for rental and services of shopping center business which was realised as income in current year of Baht 464 million based on a straight-line basis over the lease periods.

4.3 Deferred tax liabilities

Deferred tax liabilities balance as at 31 December 2018 was Baht 1,309 million, decreased by Baht 318 million or 20%. The decrease of Baht 330 million was from the decrease in fair value adjustment of investments in available-for-sale marketable securities on hand as at 31 December 2018.

5. Shareholders' equity

Total shareholders' equity balance as at 31 December 2018 was Baht 22,684 million, increased by Baht 499 million or 2%. The significant movements were as follows:

- a) Retained earnings increased by Baht 1,901 million derived from the net profit for the year of Baht 2,881 million, meanwhile there was a decrease of Baht 984 million from dividend payment.
- b) The decrease of Baht 1,372 million in other components of shareholders' equity was mainly due to the decrease of Baht 1,332 million in unrealized gains on available-for-sale marketable securities, net of related deferred tax liabilities, as a result of the lower stock market price and sale of investment in marketable security during the year as mentioned in No. 3.1 - Current investments and long-term investments.

Analysis of the liquidity

6. Cash flows of the Group for the years ended 31 December 2018 and 2017 are summarised in table below.

(Unit: Million Baht)

For the years ended 31 December				
	2018	2017	Cash flows Increase/(Decrease)	
Net income from operating activities before changes in operating assets and liabilities	3,227	3,315	(88)	(3%)
Net movements in operating assets and liabilities	(2,937)	(3,703)	766	21%
Net cash flows received from (used in) operating activities	290	(388)	678	175%
Net cash flow received from (used in) investing activities	(844)	(313)	(531)	(170%)
Net cash flows received from (used in) financing activities	753	644	109	17%
Net increase (decrease) in cash and cash equivalents	199	(57)	256	449%

6.1 Cash flows from operating activities

Cash flows from operating activities increased by Baht 678 million or 175%. 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 and the significant changes as follows:

- a) Cash payments (net of cash receipts) for lending business decreased by Baht 1,409 million mainly because a major loan receivables closed their loans before maturity date.
- b) Cash payments for inventories and real-estate development costs increased by Baht 892 million.

6.2 Cash flows from investing activities

Net cash flows used in investing activities increased by Baht 531 million or 170% due to the following major reasons:-

Factors in cash increases:

- a) Cash receipts from sales of investments in available-for-sale marketable securities (net of cash payments from purchases) increased by Baht 646 million.
- b) Cash receipt from sale of investment in associate that operated hotel business of Baht 1,145 million.
- c) In July 2017, there was cash payment amounting to Baht 715 million to purchase additional investments in subsidiaries, Paradise Park Company Limited and Paradise Place Suanluang Company Limited (Formerly "Siam Delice Company Limited").

Factors in cash decreases:

- d) During 2018, there were cash payments for purchase of investment in an associate that operated shopping center business amounting to Baht 2,939 million as mentioned in No. 3.4 – Investment in associates and joint venture.

6.3 Cash flows from financing activities

Net cash flows received from financing activities increased by Baht 109 million or 17% due to the increase in cash receipts from long-term debenture (net of cash repayments) amounting to Baht 1,300 million. However, the cash payments to short-term loans from financial institutions (net of cash receipts) increased by Baht 1,022 million and interest expenses increased by Baht 180 million.

FINANCIAL STATEMENT



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 2018, 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 2018, 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 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 38% 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 2018, the Group had balances of loans to customers of Baht 13,241 million and allowance for doubtful accounts of Baht 307 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.

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



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

EY Office Limited

Bangkok: 22 February 2019

STATEMENT OF FINANCIAL POSITION

MBK Public Company Limited and its subsidiaries
As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	675,184,786	475,947,559	374,494,837	116,897,278
Current investments	6, 8	1,883,120,154	3,086,625,657	1,864,603,600	2,085,845,339
Trade and other receivables	6, 9	711,223,797	594,816,173	136,250,770	130,195,978
Short-term loans to related companies	6	142,665,837	67,344,837	11,493,361,163	10,250,025,631
Current portion of loans to customers	6, 10	4,424,277,821	3,585,600,272	-	-
Inventories	11	3,581,771,285	2,888,263,054	36,534,412	36,560,597
Other current assets	12	399,781,878	362,649,046	14,003,935	11,734,578
Total current assets		11,818,025,558	11,061,246,598	13,919,248,717	12,631,259,401
Non-current assets					
Restricted fixed deposits		4,910,276	4,857,092	-	-
Investments in associates	13	5,853,221,362	3,882,706,602	4,722,729,869	1,798,208,751
Investment in joint venture	14	-	44,554,578	-	-
Investments in subsidiaries	15	-	-	17,545,760,548	16,294,390,438
Other long-term investments	6, 16	6,660,331,032	7,500,800,093	6,476,539,310	7,305,994,214
Loans to customers - net of current portion	6, 10	8,510,213,471	7,727,654,190	-	-
Investment properties	17	8,735,230,009	9,516,456,354	4,907,130,728	5,230,150,588
Land held for development	18	519,557,303	519,557,303	-	-
Property, plant and equipment	19	5,213,223,828	4,978,392,154	804,442,056	904,779,973
Leasehold rights		214,866,541	236,290,378	-	-
Prepaid rental fee	27	-	224,251,598	-	224,251,598
Goodwill	20	71,793,178	71,793,178	-	-
Unallocated cost of business acquisition		564,404,239	-	-	-
Intangible assets	21	88,867,669	97,015,446	69,406,897	76,045,979
Deferred tax assets	38	721,643,015	606,442,023	572,823,322	489,260,218
Property foreclosed	22	113,876,485	75,275,548	-	-
Other non-current assets		5,777,826	5,097,272	74,896	74,896
Total non-current assets		37,277,916,234	35,491,143,809	35,098,907,626	32,323,156,655
Total assets		49,095,941,792	46,552,390,407	49,018,156,343	44,954,416,056

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

STATEMENT OF FINANCIAL POSITION (Continued)

MBK Public Company Limited and its subsidiaries
 As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	23	2,756,300,950	2,554,135,113	1,800,000,000	1,720,000,000
Trade and other payables	6, 24	1,243,899,357	1,090,129,925	536,637,357	482,954,053
Short-term loans from related companies	6	292,000,000	210,000,000	9,045,045,791	6,354,168,058
Current portion of long-term debentures	26	-	1,699,720,510	-	1,699,720,510
Current portion of advance rental and service deposits		512,238,583	540,633,905	461,864,993	491,145,301
Current portion of long-term lease liabilities under					
financial lease agreements	27	77,730,806	53,331,744	77,730,806	53,331,744
Corporate income tax payable		291,841,091	187,361,440	16,280,185	39,856,481
Other current liabilities	6, 25	620,504,255	640,626,825	240,648,872	269,740,499
Total current liabilities		5,794,515,042	6,975,939,462	12,178,208,004	11,110,916,646
Non-current liabilities					
Long-term debentures - net of current portion	26	12,391,072,664	8,393,827,004	12,391,072,664	8,393,827,004
Advance rental and service deposits - net					
of current portion		663,749,728	1,061,983,607	967,907,562	1,384,894,863
Long-term liabilities under financial lease					
agreements - net of current portion	27	4,868,775,602	4,946,506,408	4,868,775,602	4,946,506,408
Provision for long-term employee benefits	28	220,650,892	200,081,196	97,514,060	82,834,132
Deferred tax liabilities	38	1,308,772,031	1,626,657,724	955,690,026	1,168,550,642
Deposits		1,154,869,083	1,151,673,475	750,883,378	763,182,472
Other non-current liabilities	29	9,519,043	11,020,848	17,757,995	21,144,086
Total non-current liabilities		20,617,409,043	17,391,750,262	20,049,601,287	16,760,939,607
Total liabilities		26,411,924,085	24,367,689,724	32,227,809,291	27,871,856,253

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

STATEMENT OF FINANCIAL POSITION (Continued)

MBK Public Company Limited and its subsidiaries
As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital	30				
Registered					
1,694,923,000 ordinary shares of Baht 1 each					
(31 December 2017: 1,707,960,000 ordinary shares of Baht 1 each)		1,694,923,000	1,707,960,000	1,694,923,000	1,707,960,000
Issued and paid-up					
1,694,923,000 ordinary shares of Baht 1 each					
(31 December 2017: 1,707,960,000 ordinary shares of Baht 1 each)		1,694,923,000	1,707,960,000	1,694,923,000	1,707,960,000
Premium on ordinary shares		1,289,074,500	1,276,037,500	1,289,074,500	1,276,037,500
Difference between the lower acquisition cost of business and fair value		172,206,406	172,206,406	-	-
Surplus from the change in the ownership interests in subsidiaries		406,733,162	410,709,128	-	-
Retained earnings					
Appropriated - statutory reserve	31	200,000,000	200,000,000	200,000,000	200,000,000
Unappropriated		15,304,721,138	13,403,916,728	9,781,823,389	9,222,658,835
Other components of shareholders' equity		3,891,206,479	5,263,307,017	3,824,526,163	4,675,903,468
Equity attribute to owners of the Company before treasury stock and non-controlling interests of the subsidiaries		22,958,864,685	22,434,136,779	16,790,347,052	17,082,559,803
Less: Treasury stock	32	(711,993,784)	(711,993,784)	-	-
Equity attributable to owners of the Company	33	22,246,870,901	21,722,142,995	16,790,347,052	17,082,559,803
Non-controlling interests of subsidiaries		437,146,806	462,557,688	-	-
Total shareholders' equity		22,684,017,707	22,184,700,683	16,790,347,052	17,082,559,803
Total liabilities and shareholders' equity		49,095,941,792	46,552,390,407	49,018,156,343	44,954,416,056

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales		2,580,657,490	2,376,265,685	-	-
Service and rental income		4,476,854,972	4,324,444,048	2,835,437,730	2,798,132,130
Revenue from hotel operations		1,373,183,709	1,355,823,416	688,945,048	692,023,593
Revenue from financial business	34	2,116,996,655	1,683,045,622	5,287,815	3,778,372
Other income					
Interest income		10,471,966	9,923,865	552,665,846	444,533,901
Dividend income		381,481,976	354,180,436	1,587,542,899	1,477,955,445
Gain on sales of investments		1,481,097,638	48,302,460	39,388,924	21,033,522
Gain on sales of assets		-	-	528,615	1,559,041
Others		60,253,285	119,186,201	10,266,738	51,903,649
Total revenues		12,480,997,691	10,271,171,733	5,720,063,615	5,490,919,653
Expenses					
Cost of sales		1,950,756,633	1,682,767,310	-	-
Cost of service and rental		2,742,489,372	2,732,733,694	1,502,795,135	1,462,307,830
Direct hotel operating expenses		956,872,734	909,097,203	462,953,292	465,720,605
Selling expenses		766,250,690	666,330,022	196,582,199	188,733,892
Administrative expenses		2,042,339,809	1,676,512,759	576,977,449	541,016,274
Total expenses		8,458,709,238	7,667,440,988	2,739,308,075	2,657,778,601
Profit before share of profit from investments					
in associates and joint venture, finance costs					
and income tax expenses		4,022,288,453	2,603,730,745	2,980,755,540	2,833,141,052
Share of profit from investments in associates					
and joint venture	13.2, 14.2	211,905,400	225,922,937	-	-
Profit before finance costs and income tax expenses		4,234,193,853	2,829,653,682	2,980,755,540	2,833,141,052
Finance costs	35	(767,807,273)	(632,122,962)	(1,133,512,689)	(939,277,352)
Profit before income tax expenses		3,466,386,580	2,197,530,720	1,847,242,851	1,893,863,700
Income tax expenses	38	(605,102,916)	(375,117,734)	(22,867,379)	(54,773,336)
Profit for the year		2,861,283,664	1,822,412,986	1,824,375,472	1,839,090,364

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

STATEMENT OF COMPREHENSIVE INCOME (Continued)

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods - net of income tax:</i>	38				
Gains (losses) on changes in values of					
in available-for-sale investments		(1,332,711,443)	1,669,367,499	(851,717,284)	1,543,836,180
Unrealised gains on investments in loans		339,979	1,319,346	339,979	1,319,346
Gains (losses) on changes in values of available-for-sale					
investment of an associate		(21,937,491)	9,921,138	-	-
Unrealised losses on investments in loans of an associate		(28,925,873)	(1,355,828)	-	-
Translation adjustment of an associate		10,368,652	(32,949,507)	-	-
		<u>(1,372,866,176)</u>	<u>1,646,302,648</u>	<u>(851,377,305)</u>	<u>1,545,155,526</u>
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods - net of income tax:</i>	38				
Actuarial gains (losses)		499,388	(1,402,700)	(6,144,208)	-
Actuarial gains of an associate		2,702,683	955,742	-	-
		<u>3,202,071</u>	<u>(446,958)</u>	<u>(6,144,208)</u>	<u>-</u>
Other comprehensive income for the year		<u>(1,369,664,105)</u>	<u>1,645,855,690</u>	<u>(857,521,513)</u>	<u>1,545,155,526</u>
Total comprehensive income for the year		<u>1,491,619,559</u>	<u>3,468,268,676</u>	<u>966,853,959</u>	<u>3,384,245,890</u>
Profit attributable to:					
Equity holders of the Company		2,881,297,904	1,840,851,446	1,824,375,472	1,839,090,364
Non-controlling interests of the subsidiaries		(20,014,240)	(18,438,460)	-	-
		<u>2,861,283,664</u>	<u>1,822,412,986</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		1,512,453,655	3,486,382,242	966,853,959	3,384,245,890
Non-controlling interests of the subsidiaries		(20,834,096)	(18,113,566)	-	-
		<u>1,491,619,559</u>	<u>3,468,268,676</u>		
Earnings per share	39				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>2.17</u>	<u>1.38</u>	<u>1.07</u>	<u>1.08</u>

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements											
	Equity attributable to owners of the Company											
	Other components of shareholders' equity											
	Other comprehensive income											
	Issued and paid-up share capital	Premium on ordinary shares	Difference between the lower acquisition cost of business and fair value	Surplus (deficit) from the change in the ownership interests in subsidiaries	Retained earnings	Unrealised gains (losses) on available-for-sale investments	Unrealised gains (losses) on investments in associates	Unrealised gains (losses) on investments in associates	Unrealised gains (losses) on investments in associates	Translation adjustment of an associate	Total other components of shareholders' equity	Total shareholders' equity
Balance as at 1 January 2017	1,707,960,000	1,276,037,500	172,206,406	-	200,000,000	12,444,606,814	3,513,020,146	58,827,242	(4,531,620)	54,879,070	3,617,935,357	18,706,792,293
Profit (loss) for the year	-	-	-	-	-	1,840,851,446	-	-	-	-	-	1,840,851,446
Other comprehensive income for the year	-	-	-	-	-	159,136	1,668,436,611	(1,356,628)	9,321,138	(32,949,607)	1,645,371,692	1,822,412,966
Total comprehensive income for the year	-	-	-	-	-	1,841,010,682	1,668,436,611	(1,356,628)	9,321,138	(32,949,607)	1,645,371,692	3,466,268,276
Dividend paid	-	-	-	-	-	(881,700,668)	-	-	-	-	-	(881,700,668)
Purchase of investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Increase in share capital of subsidiaries from non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in non-controlling interests of subsidiaries from increase in proportion of shareholding	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	1,707,960,000	1,276,037,500	172,206,406	410,709,128	200,000,000	13,403,916,728	5,181,465,657	56,471,414	5,389,509	21,929,463	5,263,307,017	21,722,442,995
Balance as at 1 January 2018	1,707,960,000	1,276,037,500	172,206,406	410,709,128	200,000,000	13,403,916,728	5,181,465,657	56,471,414	5,389,509	21,929,463	5,263,307,017	21,722,442,995
Profit (loss) for the year	-	-	-	-	-	2,861,257,504	-	-	-	-	-	2,861,257,504
Other comprehensive income for the year	-	-	-	-	-	3,256,289	(1,331,845,805)	(28,525,673)	(21,537,481)	10,368,662	(1,372,100,539)	(1,368,864,105)
Total comprehensive income for the year	-	-	-	-	-	2,864,514,793	(1,331,845,805)	(28,525,673)	(21,537,481)	10,368,662	(1,372,100,539)	1,492,650,399
Decrease in share capital (Note 30)	(13,037,000)	13,037,000	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(883,749,763)	-	-	-	-	-	(883,749,763)
Increase in non-controlling interests of subsidiary from increase in proportion of shareholding	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2018	1,694,923,000	1,289,074,400	172,206,406	406,733,162	200,000,000	15,304,721,138	3,849,619,852	29,545,541	(16,567,962)	32,298,215	3,891,206,479	22,246,870,901

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements						
	Other components of shareholders' equity						
	Other comprehensive income						Total shareholders' equity
	Retained earnings		Unrealised gains (loss) 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	Appropriated	Unappropriated			
Balance as at 1 January 2017	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
Profit for the year	-	-	-	1,839,090,364	-	-	-
Other comprehensive income for the year	-	-	-	-	1,543,836,180	1,319,346	1,545,155,526
Total comprehensive income for the year	-	-	-	1,839,090,364	1,543,836,180	1,319,346	3,384,245,890
Dividend paid (Note 45)	-	-	-	(1,127,253,600)	-	-	(1,127,253,600)
Balance as at 31 December 2017	1,707,960,000	1,276,037,500	200,000,000	9,222,658,835	4,679,852,594	(3,949,126)	17,082,559,803
Balance as at 1 January 2018	1,707,960,000	1,276,037,500	200,000,000	9,222,658,835	4,679,852,594	(3,949,126)	17,082,559,803
Profit for the year	-	-	-	1,824,375,472	-	-	1,824,375,472
Other comprehensive income for the year	-	-	-	(6,144,208)	(851,717,284)	339,979	(851,377,305)
Total comprehensive income for the year	-	-	-	1,818,231,264	(851,717,284)	339,979	966,853,959
Decrease in share capital (Note 30)	(13,037,000)	13,037,000	-	-	-	-	-
Dividend paid (Note 45)	-	-	-	(1,259,066,710)	-	-	(1,259,066,710)
Balance as at 31 December 2018	1,694,923,000	1,289,074,500	200,000,000	9,781,823,389	3,828,135,310	(3,609,147)	16,790,347,052

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

STATEMENT OF CASH FLOWS

MBK Public Company Limited and its subsidiaries
 For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	3,466,386,580	2,197,530,720	1,847,242,851	1,893,863,700
Adjustments to reconcile profit before tax				
to net cash provided by (paid from) operating activities:				
Depreciation	1,150,995,649	1,146,317,758	508,584,257	486,333,855
Amortisation	23,757,884	19,877,738	17,993,054	14,128,610
Amortisation of underwriting fee	1,638,346	1,600,797	1,638,346	1,600,797
Amortisation of leasehold right and prepaid rental fee	785,267,169	784,865,179	756,914,544	756,914,544
Losses on sale and interest income on investments in loans	(13,518)	779,473	(13,518)	779,473
Gains on sales of current investments	(780,596,531)	(48,152,460)	(39,388,924)	(21,033,522)
Gain on sales of investment in associate	(700,501,107)	-	-	-
(Gains) losses on disposal of investment properties	8,753,226	12,757,901	(145,257)	(120,314)
(Gains) losses on disposal/amortisation of property, plant and equipment	42,371,194	(4,434,846)	(383,358)	(1,438,727)
Losses on disposal/amortisation of intangible assets	11,893	-	411	-
Gains on sales of property foreclosed	(7,262,511)	(4,034,324)	-	-
Gain on bargain purchase of investment in a subsidiary	-	(716,659)	-	-
Allowance for impairment of investments in subsidiaries (reversal)	-	-	(3,249,423)	(3,133,398)
Allowance for impairment of investments in other company	-	8,377,393	-	-
Allowance for impairment of investments properties	5,340,551	-	-	-
Allowance for impairment losses on property, plant and equipment	1,805,010	2,333,380	-	-
Allowance for impairment of intangible assets (reversal)	(1,180)	116,364	-	-
Allowance for impairment of property foreclosed	224,824	2,053,522	-	-
Gains on exchange	(7,971,292)	(43,634,792)	-	-
Allowance for doubtful accounts (reversal)	137,676,961	52,138,669	(185,161)	302,955
Allowance for diminution in value of inventories (reversal)	(1,515,811)	(420,953)	-	-
Income from rental deposits and revenue received in advance	(494,078,316)	(470,596,088)	(440,231,719)	(414,533,101)
Provision for long-term employee benefits	31,220,247	28,240,631	9,143,268	8,466,601
Interest income	(10,471,966)	(9,923,865)	(552,665,846)	(444,533,901)
Interest expenses	485,027,033	379,757,254	846,015,921	649,029,970
Finance costs from the agreement granting the right to utilise				
the shopping center at the Pathumwan intersection	285,911,686	288,595,324	285,911,686	288,595,324
Dividend income	(381,481,976)	(354,180,436)	(1,587,542,899)	(1,477,955,445)
Share of profit from investments in associates and joint venture	(211,905,400)	(225,922,937)	-	-
Profit from operating activities before changes in				
operating assets and liabilities	3,830,588,645	3,763,324,743	1,649,638,233	1,737,267,421
Net movements in operating assets and liabilities (Note 40)	(2,936,885,525)	(3,703,240,177)	(520,031,554)	(487,722,687)
Cash flows from operating activities	893,703,120	60,084,566	1,129,606,679	1,249,544,734
Cash paid for employee benefits	(10,039,237)	(11,185,186)	(2,143,600)	(1,303,501)
Cash paid for corporate income tax	(594,043,502)	(436,653,852)	(128,487,016)	(141,570,165)
Net cash flows from (used in) operating activities	289,620,381	(387,754,472)	998,976,063	1,106,671,068

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

STATEMENT OF CASH FLOWS (Continued)

MBK Public Company Limited and its subsidiaries
For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Cash payments for purchases of current investments	(405,951,658)	(69,202,861)	(230,221,314)	(55,213,024)
Cash receipts from sales of current investments	1,549,852,850	567,520,284	238,175,069	492,463,953
Cash payments for short-term loans to related companies	(75,844,800)	(64,447,237)	(10,982,367,538)	(4,957,355,615)
Cash receipts from short-term loans to related companies	500,000	71,904,000	9,739,032,006	2,768,497,511
Interest income	10,295,541	9,919,503	547,748,604	417,307,065
Cash receipts from investments in loans	1,631,196	3,924,697	1,631,196	3,924,697
Cash payment for increased in investments in loans	(5,215,920)	-	(5,215,920)	-
Cash receipts from share capital reduction of other companies	66,983	-	-	-
Cash payments for purchases and increase in share capital of investments in subsidiaries	-	240,097	(1,248,120,687)	(2,899,000,000)
Cash payments for purchase investment in the subsidiary from non-controlling interest of the subsidiary	-	(720,219,639)	-	-
Cash receipts from sales of investment an associate	1,144,840,304	-	-	-
Cash receipts from share capital reduction of investment an associate	17,056,790	-	17,056,790	-
Cash receipts from non-controlling interest of the subsidiaries for increase in share capital of subsidiaries	-	500,000	-	-
Cash payments for purchases of investment an associate	(2,941,577,908)	(3,407,653)	(2,941,577,908)	(3,407,653)
Dividend receipts from investments	535,964,839	471,954,967	1,587,542,899	1,477,955,445
Cash receipts from sales of property, plant and equipment and investment properties	23,806,954	12,556,673	7,464,521	2,273,376
Cash payments for purchases of property, plant and equipment and investment properties	(645,101,636)	(608,083,183)	(93,091,375)	(316,315,000)
Cash receipts from sales of intangible assets	-	3,410,003	-	-
Cash payments for purchases of intangible assets	(15,416,524)	(32,025,555)	(11,354,383)	(22,710,101)
Cash receipts from property foreclosed	31,566,815	51,051,140	-	-
Cash payments for property foreclosed	(63,166,514)	(6,594,362)	-	-
Cash payments for prepayments long-term lease	(6,928,788)	(1,928,788)	-	-
Net cash flows used in investing activities	(843,621,476)	(312,927,914)	(3,373,298,040)	(3,091,579,346)

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

STATEMENT OF CASH FLOWS (Continued)

MBK Public Company Limited and its subsidiaries
 For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from financing activities				
Increase (decrease) in bank overdrafts	165,837	(74,238)	-	-
Cash receipts from short-term loans from other company	-	662,249	-	-
Cash payments of short-term loans from other companies	-	(11,098,888)	-	(5,559,105)
Cash receipts from short-term loans from related companies	106,000,000	92,000,000	5,039,267,754	3,283,161,843
Cash payments of short-term loans from related companies	(24,000,000)	(105,000,000)	(2,348,390,021)	(1,092,838,141)
Cash receipts from short-term loans from financial institutions	15,206,000,000	8,109,000,000	12,985,000,000	6,997,000,000
Cash payments of short-term loans from financial institutions	(15,004,000,000)	(6,885,000,000)	(12,905,000,000)	(6,077,000,000)
Cash payments of liabilities under finance lease agreements	(339,243,430)	(320,040,670)	(339,243,430)	(320,040,670)
Interest payments	(499,886,992)	(320,141,240)	(836,770,565)	(622,727,660)
Dividend payments	(979,131,145)	(881,700,668)	(1,258,831,006)	(1,127,253,600)
Dividend payments to non-controlling interest of the subsidiaries	(8,552,752)	(33,612,459)	-	-
Cash receipts from long-term debentures	3,995,886,804	998,920,244	3,995,886,804	998,920,244
Repayment of long-term debentures	(1,700,000,000)	-	(1,700,000,000)	-
Net cash flows from financing activities	753,238,322	643,914,330	2,631,919,536	2,033,662,911
Net increase (decrease) in cash and cash equivalents	199,237,227	(56,768,056)	257,597,559	48,754,633
Cash and cash equivalents at beginning of year	475,947,559	532,715,615	116,897,278	68,142,645
Cash and cash equivalents at the end of year	675,184,786	475,947,559	374,494,837	116,897,278
Supplemental cash flows information:				
Operational cash flows from interest	2,116,800,115	1,674,590,184	5,287,815	3,778,372
Interest paid recorded as property development for sale	(18,864,268)	(40,576,758)	-	-
Non-cash transactions:				
Transfer from property, plant and equipment to property foreclosed	43,313,281	-	-	-
Transfer from investment properties to property, plant and equipment	167,314,616	-	3,327,673	-
Acquisition of property and equipment from subsidiary	-	441,776,024	-	-

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 2018

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 11 October 2016, 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	
			2018	2017
			%	%
Directly owned				
Glas Haus Ratchada Company Limited	Property for lease	Thailand	100.00	100.00
MBK Square Company Limited	Property management service	Thailand	100.00	100.00
MBK Smart Force Security Guard 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	100.00	100.00
MBK Business Company Limited	Personnel management service	Thailand	100.00	100.00
MBK Hotels and Tourism Company Limited	Hotel management and travel	Thailand	100.00	100.00
Riverdale Golf and Country Club Company Limited	Golf course and real estate	Thailand	100.00	100.00
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	100.00	100.00
X-Gen Premium Company Limited	Dormant	Thailand	100.00	100.00
MBK Center Company Limited	Car park rental	Thailand	99.99	99.99
MBK Asset Company Limited	Dormant	Thailand	100.00	100.00
MBK Shopping Center Company Limited	Investment	Thailand	100.00	100.00
MBK Training Center Company Limited	Training service to affiliates	Thailand	99.99	99.99
MBK Broker Company Limited	Dormant	Thailand	99.99	99.99
MBK Insurance Broker Company Limited	Dormant	Thailand	99.99	99.99
MBK Charan Company Limited	Real estate	Thailand	100.00	100.00
MBK Service Solution Company Limited	Dormant	Thailand	100.00	100.00
MBK Real Estate Company Limited	Property management service	Thailand	100.00	100.00
MBK Enterprise Company Limited	Golf course and property for lease	Thailand	100.00	100.00

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			%	%
Directly owned (continued)				
MBK Digital Company Limited	Dormant	Thailand	99.99	99.99
MBK Online Company Limited	Dormant	Thailand	99.97	99.97
MBK Club Company Limited	The provision of services of CRM loyalty program	Thailand	99.99	99.99
MBK Food System Company Limited	Dormant	Thailand	99.99	-
Indirectly owned				
The Nine Center Company Limited	Shopping center, property for lease and real estate	Thailand	100.00	100.00
Paradise Park Company Limited	Shopping center and property for lease	Thailand	100.00	100.00
Paradise Retail Company Limited	Property for lease	Thailand	100.00	100.00
Paradise Place Suanluang Company Limited (Formerly known as “Siam Delice Company Limited”)	Shopping center and property for lease	Thailand	99.99	99.99
Glas Haus Building Company Limited	Property for lease	Thailand	100.00	100.00
MBK Food and Entertainment Company Limited	Food center rental and service (cessation of Food center business since April 2018)	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	100.00	100.00
MBK Food Island Company Limited	Food center	Thailand	74.52	74.52
MBK Food System Company Limited	Dormant	Thailand	-	74.52
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 and transportation	Thailand	74.52	74.52
Ratchsima Rice Company Limited	Distribution and processing of rice and factory building rental	Thailand	74.52	74.52
Sima Pac Company Limited	Factory building rental and distributor of rice	Thailand	74.52	74.52

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			%	%
Indirectly owned (continued)				
Innofood (Thailand) Company Limited	Restaurant	Thailand	74.52	74.52
Plan Estate Company Limited	Real estate and property management service	Thailand	72.60	72.60
Crystal Lake Properties Company Limited	Real estate	Thailand	72.60	72.60
C L P Management Company Limited	Property management service	Thailand	72.59	72.59
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	100.00	100.00
Kathu Land Company Limited	Dormant	Thailand	70.36	70.36
MBK Residence Company Limited	Real estate	Thailand	100.00	100.00
MBK Advance Company Limited	Dormant	Thailand	99.89	99.89
MBK Sukhumvit Company Limited	Real estate	Thailand	100.00	100.00
M G 3 Company Limited	Held property foreclosed	Thailand	99.97	99.97
M G 4 Company Limited	Held property foreclosed	Thailand	99.97	99.97
MBK Realty Company Limited	Real estate	Thailand	55.00	55.00
MBK Restaurant Group Company Limited	Restaurant	Thailand	62.14	62.14
T Consultant Company Limited	Construction	Thailand	100.00	100.00
The Nine Tiwanon Company Limited (Formerly known as “SCB Building Company Limited”)	Shopping center	Thailand	99.70	99.70
MBK Golf Management Company Limited	Personnel management services	Thailand	100.00	100.00
The Olympic Fitness Club Company Limited (Formerly known as “M G 5 Company Limited”)	Fitness center	Thailand	99.97	99.97
M G 6 Company Limited	Real estate	Thailand	99.97	99.97
MBK Food Service Company Limited	Distribution center for food Solution business Central kitchen and distribution center of prepared food to restaurants of group companies	Thailand	87.00	87.00
MBK Trading Company Limited	Inventory trading	Thailand	90.00	90.00
M G 1 Company Limited	Hotel	Thailand	100.00	100.00
MG 7 Company Limited	Dormant	Thailand	99.97	-
MG 8 Company Limited	Dormant	Thailand	99.97	-

During the year 2018, there were the following significant changes:

On 9 January 2018, MBK Guarantee Company Limited, a subsidiary of the Group, sold all ordinary shares of M G 5 Company Limited, a subsidiary of the Group, total 10,000 shares at Baht 93.37 each, for total amounting to approximately Baht 0.93 million to MBK Hotels and Tourism 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.

On 29 January 2018, MBK Guarantee Company Limited, a subsidiary of the Group, sold all ordinary shares of M G 6 Company Limited, a subsidiary of the Group, total 10,000 shares at Baht 93.58 each, for total amounting to approximately Baht 0.94 million to MBK Real Estate 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.

On 5 February 2018, the Extraordinary General Meeting of shareholders No. 1/2018 of MBK Hotels and Tourism Company Limited, a subsidiary of the Company, passed a resolution granting approval for the subsidiary to increase its registered share capital from Baht 10 million to Baht 130 million, through the issuance of 1.2 million preference shares with a par value of Baht 100 per share, total amounting to Baht 120 million, which has been allocated to the Company. The Company paid in the called-up share subscription on 5 February 2018. The increased share capital of the subsidiary was registered with the Ministry of Commerce on 7 February 2018.

On 5 February 2018, the Extraordinary General Meeting of shareholders No. 1/2018 of M G 5 Company Limited, a subsidiary of the Group, passed a resolution granting approval for the subsidiary to increase its registered share capital from Baht 1 million to Baht 120 million, through the issuance of 1.19 million preference shares with a par value of Baht 100 per share, total amounting to Baht 119 million, and all share allocation to MBK Hotels and Tourism Company Limited, the shareholder of such company. MBK Hotels and Tourism Company Limited paid in the called-up share subscription on 5 February 2018. The increased share capital of the subsidiary was registered and change its name to "The Olympic Fitness Club Company Limited", with the Ministry of Commerce on 7 February 2018.

A subsidiary of the Group, received promotional privileges from the Board of Investment for the manufacture of plastic film publication pursuant to the promotion certificate No. 2104(2)/2549 issued on 22 November 2006 and 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 commence generating revenues. However, on 6 July 2016, a subsidiary of the Group requested to cancel these promotional privileges with the Board of Investment with the cancellation. The Board of Investment approved the cancellation by issuing a notice on 15 February 2018.

On 28 March 2018, the Extraordinary General Meeting of shareholders No. 1/2018 of Absolute Travel Company Limited, a subsidiary of the Group, passed a resolution granting approved for the subsidiary to increase its registered share capital from Baht 5 million to Baht 125 million, through the issuance of 1.2 million preference shares with a par value of Baht 100 per share, totaling Baht 120 million, with all shares to be allocated to MBK Business Company Limited, the shareholder of such company. MBK Business Company Limited paid in the called-up share subscription on 5 April 2018. The increased share capital of the subsidiary was registered with the Ministry of Commerce on 10 April 2018.

On 1 April 2018, MBK Food and Entertainment Company Limited, a subsidiary of the Group, has changed its food center business to food center rental business.

On 4 April 2018, the meeting of the Board of Directors No. 4/2018 of the Company passed a resolution granting approval to MBK Guarantee Company Limited, a subsidiary of the Group, establish 2 new subsidiary companies, named M G 7 Company Limited and M G 8 Company Limited, both with registered share capital amounting to Baht 1 million. MBK Guarantee Company Limited holds 9,997 ordinary share in each company with par value of Baht 100 per share, representing holding of 99.97%. The subsidiaries registered its corporation with the Ministry of Commerce on 11 April 2018.

On 26 April 2018, the 2018 Annual General Meeting of shareholders of T Leasing Company Limited, a subsidiary of the Company, passed a resolution granting approval for the subsidiary to increase its registered share capital from Baht 500 million to Baht 1,000 million, through the issuance of 50 million preference shares with a par value of Baht 10 per share, total amounting to Baht 500 million, which has been allocated to the Company. The Company paid in the called-up share subscription on 3 May 2018. The increased share capital of the subsidiary was registered with the Ministry of Commerce on 8 May 2018.

On 1 May 2018, Siam Delice Company Limited, a subsidiary of the Group, registered with the Ministry of Commerce for the change of its name to “Paradise Place Suanluang Company Limited”.

On 1 August 2018, MBK Enterprise Company Limited, a subsidiary of the Company, sold all ordinary shares of SCB Building Company Limited, a subsidiary of the Group, total 998 shares at Baht 100 each, for total amounting to approximately Baht 0.1 million to MBK Shopping Center Company Limited, a subsidiary of the Company, for enhancing the flexibility and business efficiency of internal management. In this regard, the Company eliminated gain on sale of investment which is relevant to such related party transaction from the consolidated financial statements.

On 3 August 2018, the meeting of the Board of Directors No. 8/2018 of Patum Rice Mill and Granary Public Company Limited, a subsidiary of the Company, passed a resolution of granting approval for restructuring shareholding in subsidiaries and selling investments in subsidiaries as follows:

- (1) MBK Food and Entertainment Company Limited, a subsidiary of the Group, sold all ordinary shares of MBK Restaurant Group Company Limited, a subsidiary of the Group, total 500,000 shares (or equivalent to 99.99% of its registered capital), for total amounting to approximately Baht 5.94 million to Patum Rice Mill and Granary Public Company Limited, for enhancing the flexibility and business efficiency of internal management. In this regard, the Group eliminated gain on sale of investment which is relevant to such related party transaction from the consolidated financial statements. The Group recorded deficit from the change in the ownership interests in subsidiary from purchase of ordinary shares amounting to Baht 4.66 million under the shareholders' equity in the consolidated statement of financial position.
- (2) Patum Rice Mill and Granary Public Company Limited, sold all ordinary shares of MBK Food System Company Limited, a subsidiary of the Group, total 1,090,910 shares (or equivalent to 99.99% of its registered capital), for total amounting to approximately Baht 17.21 million to the Company for increasing liquidity and support the expansion of core business. In this regard, the Group eliminated gain on sale of investment which is relevant to such related party transaction from the consolidated financial statements. The Group recorded surplus from the change in the ownership interests in subsidiary from purchase of ordinary shares amounting to Baht 2.70 million under the shareholders' equity in the consolidated statement of financial position.

On 31 August 2018, the Extraordinary General Meeting of shareholders No. 1/2018 of SCB Building Company Limited, a subsidiary of the Group, passed a resolution granting approval for the subsidiary to increase its registered share capital from Baht 0.1 million to Baht 500 million, through the issuance of 4.99 million preference shares with a par value of Baht 100 per share, total amounting to Baht 499.90 million, with all shares to be allocated to MBK Shopping Center Company Limited, the shareholder of such company. MBK Shopping Center Company Limited paid in the called-up share subscription on 6 September 2018. The increased share capital of the subsidiary was registered and change its name to “The Nine Tiwanon Company Limited”, with the Ministry of Commerce on 10 September 2018.

On 16 November 2018, the Extraordinary General Meeting of shareholders No. 1/2018 of MBK Food System Company Limited, a subsidiary of the Company, passed a resolution granting approval for the subsidiary to increase its registered share capital from Baht 109.01 million to Baht 720 million, through the issuance of 6.10 million preference shares with a par value of Baht 100 per share, total amounting to Baht 610 million, which has been allocated to the Company. The Company paid in the called-up share subscription on 16 November 2018. The increased share capital of the subsidiary was registered with the Ministry of Commerce on 20 November 2018.

- 2.3** The separate financial statements, which present investments in subsidiaries and associates presented under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019.

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Group initially determines that the adoption of this accounting standard to result in the following adjustments.

- Customer option to purchase additional goods - The Group has contracts with customer that grant a customer the option to acquire additional goods. The Group has determined that the option provides a material right to customer. If the delivery of such additional goods occurs at the same time of the sale of the main products, this is determined that the customer pays the entity to buy all whole goods that require the Group to recognise cost of additional goods as cost of sales. If the delivery of such additional goods occurs in the future, this is determined that the customer pays the entity in advance for that future goods that require the Group to allocate the transaction price to the addition goods and will recognise revenue in the future when goods are delivered to customer. The Group allocates revenue and cost of additional goods by considering stand-alone selling price, the discount that the customer could receive without exercising the option, the likelihood the option will be exercised and a similarity to the original goods. Currently, the Group recognises addition goods as expense.
- Consideration payable to customer - The Group makes the payment to customers which the Group has determined that the consideration payable to customer is not a payment for a distinct goods or services. The Group will account for the customer payable to customer as a reduction of the transaction price. Currently, the Group recognise paid to customer as expense.
- Commission paid to obtain a contract - The Group has determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Group immediately recorded commission as selling expenses when the transaction occurred.

3.3 Financial reporting standards related to financial instrument that will become effective for fiscal years beginning on or after 1 January 2020.

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32

Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16

Hedges of a Net Investment in a Foreign Operation

TFRIC 19

Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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 uses 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 Bearer plant and amortisation

Bearer plants are lime trees and consist of costs of trees and expenses related to lime seeding and plantation activities, and were incurred before the production period. Bearer plants are stated at cost less accumulated amortisation and allowance for diminution in value (if any).

Amortisation cost of bearer plants are systematically amortised over their useful lives of 5 years.

The amortisation is included in determining income.

No amortisation is provided on lime trees not ready for harvest.

4.11 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.

4.12 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.

4.13 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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4.14 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.

4.15 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.

4.16 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".

4.17 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.

4.18 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 recognises 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.

4.19 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.

4.20 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.

4.21 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.

4.22 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.

4.23 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.

4.24 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.

4.25 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.

4.26 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.

4.27 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.

4.28 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.

Bearer plant and amortisation

In determining amortisation of bearer plant, the management is required to make estimates of the useful lives and residual values of the bearer plant and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review bearer plant for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements in order to forecast the revenues and expenses relevant to those assets.

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	11.30% shareholding held by the Group*

* On 9 May 2018, a subsidiary of the Company sold all current investment - available-for-sale of Dusit Thani Public Company Limited to third party.

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		
	financial statements		financial statements		Transfer pricing policy
	2018	2017	2018	2017	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Rental income	-	-	54	54	Market prices
Consulting fees	-	-	4	4	The same rates as the third parties
Management fees	-	-	12	-	Contract price
Dividend income	-	-	1,108	1,053	As declared
Personnel expenses	-	-	231	233	115% of salary of hotel staff paid by a subsidiary for parent company
Hotel management fee	-	-	52	53	Contract price
Security expense	-	-	52	49	115% of the cost of security services paid by a subsidiary for parent company
Interest income	-	-	549	441	MOR rate less a fix percentage
Interest expenses	-	-	361	241	MOR rate less a fix percentage
Purchase of investment in subsidiary	-	-	17	-	Contract price
Transactions with associated companies					
Shared service income	2	2	2	2	Market prices
Management fee	7	7	7	7	Contract price
Dividend income	-	-	122	93	As declared
Project management and sales commission income	2	3	-	-	The same rates as the third parties
Interest income	7	5	6	4	MOR rate less a fix percentage
Interest expenses	4	5	4	3	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	184	205	90	113	Market prices
Dividend income	322	173	299	273	As declared
Project management and sales commission income	64	63	-	-	The same rates as the third parties
Hotel franchise fee	1	1	1	1	The same rates as the third parties
Insurance expenses	2	2	2	1	The same rates as the third parties
Purchase of investment in subsidiaries	-	716	-	-	Contract price
Sale of investment in current company	238	-	-	-	Contract price

As at 31 December 2018 and 2017, 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		2018	2017	2018	2017
Current investments - available-for-sale securities					
8					
Related companies		-	980	-	-
Trade and other receivables					
9					
Subsidiaries		-	-	61	47
Associated companies		6	6	1	2
Related companies		31	34	-	1
Total trade and other receivables		37	40	62	50
Short-term loans to related companies					
Subsidiaries		-	-	11,361	10,194
Associated companies		142	67	132	56
Total short-term loans to related companies		142	67	11,493	10,250
Loan to customer - a related company					
Related company		38	35	-	-
Long-term investments - available-for-sales securities					
16					
Related companies		6,643	7,466	6,463	7,275
Trade and other payables					
24					
Subsidiaries		-	-	76	74
Associated companies		1	1	1	1
Total trade and other payables		1	1	77	75
Short-term loans from related companies					
Subsidiaries		-	-	8,753	6,144
Associated companies		292	210	292	210
Total short-term loans from related companies		292	210	9,045	6,354
Other current liabilities - advance rental deposits and rental deposits					
25					
Related companies		50	50	26	26
Advance rental and service deposits					
Subsidiaries		-	-	322	344
Deposits					
Subsidiaries		-	-	9	13
Long-term liabilities under finance lease agreements					
Subsidiary		-	-	19	20

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 bearing interest at MOR of a local commercial bank per annum rate less a fixed percentage per annum, and fixed deposit of a local commercial bank per annum rate plus 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 5.20% - 5.68% per annum (2017: 5.25% - 6.40% per annum).

The movements on short-term loans 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
	2017	Addition	Settlement	2018
Short-term loans to related companies				
Paemala Spa Company Limited	5	-	(1)	4
Max Asset Management Company Limited	55	76	-	131
TM Broker Company Limited	2	-	-	2
DMS Property Investment Private Limited	5	-	-	5
Total	67	76	(1)	142
Loan to customer - a related company				
PT Retail Corporation Limited	35	3	-	38
Total	35	3	-	38
Short-term loans from related company				
Apple Auto Auction (Thailand) Company Limited	210	106	(24)	292
Total	210	106	(24)	292

(Unit: Million Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	31 December			31 December
	2017	Addition	Settlement	2018
Short-term loans to related companies				
Riverdale Golf and Country Club Company Limited	5,975	3,429	(3,488)	5,916
MBK Hotels and Resorts Company Limited	225	17	(242)	-
MBK Center Company Limited	-	2	(2)	-
T Leasing Company Limited	3,978	7,228	(5,931)	5,275
MBK Smart Force Security Guard Company Limited	-	1	(1)	-
MBK Training Center Company Limited	-	2	(1)	1
MBK Real Estate Company Limited	-	205	(69)	136
MBK Digital Company Limited	14	22	(5)	31
TM Broker Company Limited	2	-	-	2
Max Asset Management Company Limited	56	76	-	132
Total	10,250	10,982	(9,739)	11,493
Short-term loans from related companies				
Supsinthanee Company Limited	429	23	(16)	436
MBK Hotels and Resorts Company Limited	-	2,630	(639)	1,991
MBK Premium Company Limited	553	40	(38)	555
MBK Asset Company Limited	345	17	(18)	344
MBK Business Company Limited	552	59	(194)	417
Glas Haus Ratchada Company Limited	1,026	92	(135)	983
Primacy Elegance Investments Limited	243	17	-	260
Lanta Land Development Company Limited	61	83	(70)	74
MBK Insurance Broker Company Limited	2	-	-	2
MBK Broker Company Limited	2	-	(1)	1
MBK Smart Force Security Guard Company Limited	6	4	(6)	4
MBK Hotels and Tourism Company Limited	6	149	(96)	59
MBK Service Solution Company Limited	153	8	(8)	153
MBK Square Company Limited	66	55	(11)	110
MBK Charan Company Limited	16	1	(5)	12
X-Gen Premium Company Limited	65	3	-	68
MBK Training Center Company Limited	1	3	(4)	-
MBK Real Estate Company Limited	231	7	(238)	-
MBK Shopping Center Company Limited	768	352	(130)	990
MBK Enterprise Company Limited	1,611	156	(95)	1,672
MBK Club Company Limited	8	2	(10)	-
MBK Online Company Limited	-	1	-	1
MBK Foods System Company Limited	-	1,231	(610)	621
Apple Auto Auction (Thailand) Company Limited	210	106	(24)	292
Total	6,354	5,039	(2,348)	9,045
Long-term liabilities under finance lease agreements				
MBK Premium Company Limited	20	7	(8)	19

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Group had employee benefit expenses of its directors and management as below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	111,957,700	98,032,015	84,001,200	71,231,731
Post-employment benefits	9,673,443	5,008,028	9,143,267	4,477,852
Total	121,631,143	103,040,043	93,144,467	75,709,583

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	
	2018	2017	2018	2017
Cash on hand	10,210,958	11,824,593	1,626,946	1,563,342
Cash at banks	664,973,828	464,122,966	372,867,891	115,333,936
Cash and cash equivalents	675,184,786	475,947,559	374,494,837	116,897,278

As at 31 December 2018, bank deposits in savings accounts and fixed deposits carried interests between 0.13 to 1.30 percent per annum (2017: between 0.13 to 1.30 percent per annum).

8. Current investments

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Fixed deposits with maturity over				
3 months	1,027,054	1,449,253	-	431,289
Available-for-sale securities				
Equity securities	1,896,198,517	2,259,083,715	1,874,114,017	1,842,242,862
Add: Unrealised gains (losses) on				
changes in values of investments	(14,105,417)	825,987,225	(9,510,417)	243,171,188
Fair values	1,882,093,100	3,085,070,940	1,864,603,600	2,085,414,050
Held-to-maturity investment				
Government bonds	-	100,000	-	-
Add: Surplus on investments	-	5,464	-	-
Amortised cost	-	105,464	-	-
Current investments	<u>1,883,120,154</u>	<u>3,086,625,657</u>	<u>1,864,603,600</u>	<u>2,085,845,339</u>

The movements on current investments during the years are as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	For the years ended 31 December	For the years ended 31 December	For the years ended 31 December	For the years ended 31 December
	2018	2017	2018	2017
Book value at beginning of year	3,086,625,657	3,095,564,512	2,085,845,339	2,163,718,921
Increase in investments	405,951,658	69,202,861	230,221,314	55,213,024
Sales of investments	(1,549,852,850)	(567,520,284)	(238,175,069)	(492,463,953)
Changes in fair values of available-for-				
sale securities	(59,604,311)	489,378,568	(213,287,984)	359,377,347
Book value at the ending of year	<u>1,883,120,154</u>	<u>3,086,625,657</u>	<u>1,864,603,600</u>	<u>2,085,845,339</u>

Investment in Dusit Thani Public Company Limited

On 9 May 2018, MBK Hotels and Resorts Company Limited, a subsidiary of the Company, sold all ordinary shares of Dusit Thani Public Company Limited, a current investment, totaling 96,078,200 shares (or equivalent to 11.30% of its registered capital) at a price Baht 12 per share, or for a total of Baht 1,152.94 million to third party. The Group received a share payment on 11 May 2018 and recognised a gain on sale of investment of Baht 739.26 Million.

9. Trade and other receivables

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	32,950,590	35,269,274	11,344,677	4,052,068
Past due				
Overdue 1 - 30 days	195,374	326,465	2,898,336	2,812,991
Overdue more than 30 - 60 days	-	130,400	43,507	2,000
Overdue more than 60 - 90 days	-	-	-	-
Overdue more than 90 days	20,761	13,201	-	585,556
Total trade receivables - related parties	33,166,725	35,739,340	14,286,520	7,452,615
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	304,959,648	303,141,884	11,014,233	12,277,570
Past due				
Overdue 1 - 30 days	78,672,185	73,555,914	31,827,884	33,716,828
Overdue more than 30 - 60 days	10,663,648	11,349,528	4,408,073	3,894,151
Overdue more than 60 - 90 days	846,021	1,583,664	384,777	1,186,148
Overdue more than 90 days	39,818,823	8,335,186	148,495	2,762,801
Total	434,960,325	397,966,176	47,783,462	53,837,498
Less: Allowance for doubtful account	(6,111,322)	(5,839,684)	(549,924)	(735,085)
Total trade receivables - unrelated parties, net	428,849,003	392,126,492	47,233,538	53,102,413
Total trade receivables - net	462,015,728	427,865,832	61,520,058	60,555,028
Other receivables - related parties				
Interest receivables	1,006,858	844,220	47,257,719	42,345,174
Prepaid expenses	15,143	15,873	-	-
Other receivables	2,989,000	3,274,000	-	-
Total other receivables - related parties	4,011,001	4,134,093	47,257,719	42,345,174
Other receivables - unrelated parties				
Advances	4,199,105	5,880,652	-	-
Interest receivables	16,183,525	15,986,985	-	-
Prepaid expenses	115,522,765	43,403,349	25,516,988	19,544,053
Other receivables	109,291,673	97,545,262	1,956,005	7,751,723
Other receivables - unrelated parties	245,197,068	162,816,248	27,472,993	27,295,776
Total other receivables	249,208,069	166,950,341	74,730,712	69,640,950
Total trade and other receivables - net	711,223,797	594,816,173	136,250,770	130,195,978

10. Loans to customers

10.1 Classified by loans to customers type

	(Unit: Baht)	
	Consolidated financial statements	
	2018	2017
Loans	6,501,874,550	6,607,661,964
Installment receivables	6,066,666	6,197,800
Hire purchase receivables	8,486,962,169	6,341,429,250
Less: Deferred revenue	(1,753,222,323)	(1,472,250,105)
Total loans to customers	13,241,681,062	11,483,038,909
Less: Allowance for doubtful accounts	(307,189,770)	(169,784,447)
Total	12,934,491,292	11,313,254,462
Less: Current portion of loans to customers	(4,424,277,821)	(3,585,600,272)
Loans to customers - net of current portion	8,510,213,471	7,727,654,190

10.2 Classified by aging from the maturity date

	(Unit: Baht)	
	Consolidated financial statements	
	2018	2017
Not yet due or overdue less than 1 month	11,758,610,591	10,406,203,041
Overdue 1 - 3 months	820,369,878	710,400,451
Overdue more than 3 - 6 months	362,885,375	116,458,484
Overdue more than 6 - 12 months	120,484,933	130,939,311
Overdue more than 12 months	179,330,285	119,037,622
Total	13,241,681,062	11,483,038,909
Less: Allowance for doubtful accounts	(307,189,770)	(169,784,447)
	12,934,491,292	11,313,254,462

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	
	2018	2017
Loans	6,501,874,550	6,607,661,964
Installment receivables	6,066,666	6,197,800
Total Loans and installment receivables	6,507,941,216	6,613,859,764
Less: Allowance for doubtful accounts	(14,661,563)	(9,417,438)
Total	6,493,279,653	6,604,442,326
Less: Current portion	(1,705,558,845)	(1,512,111,115)
Net of current portion	4,787,720,808	5,092,331,211

Short-term and long-term loans to persons and companies are 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 2018, the overdue loan over 3 months amounted approximately Baht 369 million (2017: Baht 206 million), however, no allowance for doubtful account 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 1 - 5 years with interest charged at the fixed rate as specified in the contracts. The remaining hire purchase receivables were classified by due date are as follows:

	(Unit: Baht)			
	Consolidated financial statements			
	31 December 2018			
	Amounts due under the agreements			
	Less than 1 year	1 - 5 years	Non-performing loans ⁽³⁾	Total
Gross investment in the agreements	3,761,185,705	4,346,063,162	379,713,302	8,486,962,169
Unearned financial income ⁽¹⁾	(1,027,228,295)	(623,570,499)	(102,423,529)	(1,753,222,323)
Minimum payments over the hire purchase term	2,733,957,410	3,722,492,663	277,289,773	6,733,739,846
Less: Allowance for doubtful accounts ⁽²⁾				(292,528,207)
Hire purchase receivables - net				6,441,211,639
Less: Current portion of hire purchase receivables				(2,718,718,976)
Hire purchase receivables - portion due more than 1 year				3,722,492,663

(Unit: Baht)

Consolidated financial statements				
31 December 2017				
Amounts due under the agreements				
	Less than 1 year	1 - 5 years	Non-performing loans ⁽³⁾	Total
Gross investment in the agreements	2,969,454,351	3,167,360,700	204,614,199	6,341,429,250
Unearned financial income ⁽¹⁾	(886,266,973)	(532,037,720)	(53,945,412)	(1,472,250,105)
Minimum payments over the hire purchase term	2,083,187,378	2,635,322,980	150,668,787	4,869,179,145
Less: Allowance for doubtful accounts ⁽²⁾				(160,367,009)
Hire purchase receivables - net				4,708,812,136
Less: Current portion of hire purchase receivables				(2,073,489,157)
Hire purchase receivables - portion due more than 1 year				2,635,322,979

(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 accounts 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		
	2018	2017
Not yet due or overdue less than 1 month	5,876,982,227	4,299,765,105
Overdue 1 - 3 months	579,467,846	418,745,254
Overdue more than 3 - 6 months	161,673,423	101,386,749
Overdue more than 6 - 12 months	97,652,984	34,524,436
Overdue more than 12 months	17,963,366	14,757,601
Total	6,733,739,846	4,869,179,145
Less: Allowance for doubtful accounts	(292,528,207)	(160,367,009)
Hire purchase receivables - net	6,441,211,639	4,708,812,136

11. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Decrease to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Property development for sale	2,935,625,662	2,546,930,650	-	-	2,935,625,662	2,546,930,650
Finished goods	98,698,015	102,692,933	(546,275)	(497,223)	98,151,740	102,195,710
Raw materials	427,128,940	122,460,158	-	-	427,128,940	122,460,158
Supplies and equipment for operations	102,583,416	99,553,732	(492,648)	(2,057,511)	102,090,768	97,496,221
Food and beverage	18,774,175	19,180,315	-	-	18,774,175	19,180,315
Total inventories	3,582,810,208	2,890,817,788	(1,038,923)	(2,554,734)	3,581,771,285	2,888,263,054

(Unit: Baht)

	Separate financial statements					
	Cost		Decrease to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Supplies and equipment for operations	31,892,704	31,769,837	-	-	31,892,704	31,769,837
Food and beverage	4,641,708	4,790,760	-	-	4,641,708	4,790,760
Total inventories	36,534,412	36,560,597	-	-	36,534,412	36,560,597

During the current year, the Group reduced cost of inventories by Baht 1.6 million (2017: Baht 0.4 million), to reflect the net realisable value and reduced the amount of inventories recognised as expenses during the year.

During the current year, the Group capitalised borrowing costs of Baht 18.86 Million (2017: Baht 40.58 million) as a part of cost of real estate development projects for sales. The capitalisation rate is 3.99 - 4.23 percent per annum (2017: 4.23 - 4.27 percent per annum)

As at 31 December 2018, a subsidiary has pledged inventories of approximately Baht 520 million (2017: Baht 221 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	
	2018	2017	2018	2017
Deposit	8,354,613	9,474,095	3,972,583	2,581,620
Value added tax refundable	195,964,125	134,483,043	6,624,911	6,356,437
Withholding deducted at source	37,600,260	47,250,267	-	-
Others	157,862,880	171,441,641	3,406,441	2,796,521
Other current assets	399,781,878	362,649,046	14,003,935	11,734,578

13. Investments in associates

13.1 Investments in associates as at 31 December 2018 and 2017 comprise the following:

	Nature of business	Country of incorporation	Shareholding percentage both directly and indirectly owned	
			2018	2017
			%	%
Listed company				
Royal Orchid Hotel (Thailand) Public Company Limited*	Hotel	Thailand	-	29.86
Nonlisted companies				
Siam Piwat Company Limited**	Shopping center and property for lease	Thailand	47.98	30.67
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	46.18	45.83
MBK 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	49.00
TM Broker Company Limited	Agents and consultants for non-life and life insurance	Thailand	49.00	49.00

* On 2 July 2018, a subsidiary of the Company sold all ordinary shares of Royal Orchid Hotel (Thailand) Public Company Limited, an associate of the Group, to third party.

** Shareholding percentage of common stock and preferred stock.

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	
	2018	2017	2018	2017	2018	2017
Listed company						
Royal Orchid Hotel (Thailand) Public Company Limited	-	731,903,292	-	455,861,568	21,375,339	37,551,405
Nonlisted companies						
Siam Piwat Company Limited	3,886,239,957	947,012,157	4,229,755,734	1,790,549,453	127,081,519	178,395,436
Max Asset Management Company Limited	6,624,010	23,680,800	55,146,654	110,712,233	33,218,217	7,444,825
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	147,848,820	126,935,642	37,170,911	24,683,503
DMS Property Investment Private Limited	408,482,628	408,482,628	488,035,732	430,209,992	44,864,927	26,525,073
Lam Luk Ka Golf and Country Club Company Limited	308,897,066	306,546,958	331,883,112	325,804,146	11,327,501	8,880,146
MBK Life Assurance Public Company Limited	441,668,836	441,668,836	580,969,500	633,793,475	(26,359,913)	33,182,621
MT Service 2016 Company Limited	24,500,000	24,500,000	9,854,120	4,717,717	3,014,068	(10,926,704)
TM Broker Company Limited	9,800,000	9,800,000	9,729,690	4,122,376	4,767,409	(2,647,934)
Investments in associates	5,132,942,027	2,940,324,201	5,853,221,362	3,862,706,602	256,459,978	303,088,371

(Unit: Baht)

	Separate financial statement			
	Cost		Dividend received for the years ended 31 December	
	2018	2017	2018	2017
Nonlisted companies				
Siam Piwat Company Limited	3,886,239,957	947,012,157	62,698,800	60,754,700
Max Asset Management Company Limited	6,624,010	23,680,800	35,521,200	8,880,300
Puen Pob Patt Company Limited	479,530	479,530	-	-
Apple Auto Auction (Thailand) Company Limited	45,000,000	45,000,000	16,650,000	16,650,000
Lam Luk Ka Golf and Country Club Company Limited	308,897,066	306,546,958	6,715,153	6,589,985
MBK Life Assurance Public Company Limited	441,668,836	441,668,836	-	-
MT Service 2016 Company Limited	24,500,000	24,500,000	-	-
TM Broker Company Limited	9,800,000	9,800,000	-	-
Investments in associates	4,723,209,399	1,798,688,281	121,585,153	92,874,985
Less: Allowance for impairment of investments	(479,530)	(479,530)		
Investments in associates - net	4,722,729,869	1,798,208,751		

The movements on investments in associates during the years are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	Equity method		Cost method	
	2018	2017	2018	2017
Book value at beginning of year	3,882,706,602	3,723,702,909	1,798,208,751	1,794,801,098
Increase in investments in associates	2,377,173,669	3,407,653	2,941,577,908	3,407,653
Decrease in share capital of associate	(17,056,790)	-	(17,056,790)	-
Share of profit from investments in associates	256,459,978	303,088,371	-	-
Dividend received from associates	(154,482,863)	(117,774,531)	-	-
Sale of investment in associate	(444,339,197)	-	-	-
Other changes in investments in associates	(47,240,037)	(29,717,800)	-	-
Book value at the ending of year	5,853,221,362	3,882,706,602	4,722,729,869	1,798,208,751

Investment in associate - Siam Piwat Company Limited

On 7 March 2018, the meeting of the Board of Directors No.3/2018 of the Company passed a resolution to approve subscription to the newly issued ordinary shares of Siam Piwat Company Limited that were offered to the existing shareholders on a pro rata basis, and approved the expression of an intention to oversubscribe to the offering, in accordance with the criteria for the allocation of the new shares of Siam Piwat Company Limited. This would not result in the Company's voting rights reaching or exceeding 50% of the total voting rights.

On 30 March 2018, the Company acquired 186,900 ordinary shares of Siam Piwat Company Limited from third parties at a price of Baht 566 per share, or for a total of Baht 105.79 million. As a result, the Company's shareholding in this company increased from 30.67% to 31.74%.

On 27 April 2018, the 2018 Annual General Meeting of the Shareholders of Siam Piwat Company Limited passed a resolution to approve an increase its registered share capital from Baht 174 million to Baht 3,174 million, through the allocation of 10,000,000 newly issued ordinary shares to be offered to its existing shareholders on a pro rata basis (rights offering) at a price of Baht 300 per share (par value of Baht 10 per share and a premium of Baht 290 per share). The shares were offered to existing shareholders at a ratio of 1.74 existing share to 1 new share. The subscription period for shareholders to subscribe to the new issues of shares and pay for the new shares under the rights offering allocation from 25 to 29 June 2018.

On 30 May 2018, the Company acquired 1,865,700 ordinary shares of Siam Piwat Company Limited from third parties at a price of Baht 500 per share, or for a total of Baht 932.85 million. As a result, the Company's shareholding in this company increased from 31.74% to 42.47%.

On 1 June 2018, the Company acquired 868,308 ordinary shares of Siam Piwat Company Limited from third parties at a price of Baht 500 per share, or for a total of Baht 434.15 million. As a result, the Company's shareholding in this company increased from 42.47% to 47.46%.

The Company's management has estimated fair value of assets, liabilities and contingent liabilities of Siam Piwat Company Limited, as at the investment date as follows:

	(Unit: Million Baht)
	As at 31 May 2018
	Book values
Cash and cash equivalents	1,157
Current investments	2,463
Trade and other receivables	578
Short-term loans to related companies	54
Inventories	107
Other current assets	753
Investments in associates	1,121
Long-term loans to related companies	178
Property, plant and equipment - net	22,194
Intangible assets	2,964
Other non-current assets	70
Trade and other payables	(1,265)
Short-term loans from related companies	(3)
Unearned revenue	(522)
Corporate income tax payable	(55)
Other current liabilities	(47)
Long-term loans from financial institutions	(10,378)
Long-term debentures	(5,300)
Unearned deferred leasehold right	(3,186)
Deposits	(1,985)
Net asset values	8,898
Less: Non-controlling interests	(3,798)
Net asset values - attributable to owners of the Company	5,100
Shareholding percentage	17.81
Net book value	908
Cash payment for acquisition of investment	1,472
Cost of business acquisition higher than net book value	564

However, the Company is entitled to a period of 12 months from the purchase date to adjust the estimated fair value of the above transactions and the allocation of costs of the business acquisition. The Company recorded the excess of the acquisition cost of Siam Piwat Company Limited over its book value as a separate item in the consolidated statement of financial position under the caption of "Unallocated costs of business acquisition".

Subsequently, on 29 June 2018, the Company exercised its right to purchase 4,745,753 newly issued ordinary shares at a price of Baht 300 per share, or for a total of Baht 1,423.73 million, on a pro rata basis, in compliance with the criteria for the allocation of the new shares of Siam Piwat Company Limited. As a result, the Company's shareholding in this company was 47.46%

On 18 July 2018, the Company exercised its right to purchase 142,375 new ordinary shares remaining after the allocation of shares to existing shareholders, at a price of Baht 300 per share, or a total of Baht 42.71 million, in compliance with the guideline for allocation of the shares of Siam Piwat Company Limited, which is an associated company. As a result, the Company's shareholding in this company increased from 47.46% to 47.98%.

Investment in associate - Royal Orchid Hotel (Thailand) Public Company Limited

On 2 July 2018, MBK Hotels and Resorts Company Limited, a subsidiary of the Company, sold all ordinary shares of Royal Orchid Hotel (Thailand) Public Company Limited, an investment in associate, totaling 27,998,051 shares (or equivalent to 29.86% of its registered capital) at a price Baht 40.89 per share, or for a total of Baht 1,144.84 million to Grande Asset Hotels and Property Public Company Limited. The Group received a share payment on 12 July 2018 and recognised a gain on sale of investment Baht 700.50 million.

Investment in associate - Max Asset Management Company Limited

On 9 October 2018, the Extraordinary General Meeting of Shareholders No. 2/2018 of Max Asset Management Company Limited passed a resolution to approve a decrease in its registered share capital from Baht 143 million to Baht 40 million by canceling 10.3 million issued and paid up ordinary shares with a par value of Baht 10 per share, totaling Baht 103 million, and returning the capital to the shareholders. On 29 November 2018, the Company received settlement of Baht 17.06 million from the capital reduction. The return of capital had no effect on the Company's shareholding in that company.

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	
		2018	2017
Royal Orchid Hotel (Thailand) Public Company Limited		-	1,043

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	
		2018	2017	2018	2017	2018	2017	2018	2017
Current assets	-	574	5,328	4,880	178	155	9,766	10,591	
Non-current assets	-	1,156	34,987	24,013	1,618	1,702	15	19	
Current liabilities	-	(580)	(4,329)	(2,260)	(357)	(336)	(144)	(86)	
Non-current liabilities	-	(55)	(22,892)	(18,567)	(85)	(291)	(8,371)	(9,152)	
Net assets	-	1,095	13,094	8,066	1,354	1,230	1,266	1,372	
Shareholding percentage (%)	-	29.86	48.66	30.72	35.00	35.00	49.00	49.00	
Share of net assets	-	327	6,372	2,478	474	430	620	672	
Cost of business acquisition higher (lower) than net book value	-	129	(2,207)	(752)	14	-	(39)	(38)	
Goodwill	-	-	65	65	-	-	-	-	
Carrying amounts of associates based on equity method	-	456	4,230	1,791	488	430	581	634	

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December							
	Royal Orchid Hotel		Siam Piwat Company		DMS Property		MBK Life Assurance	
	(Thailand) Public		Limited and		Investment Private		Public Company	
	Company Limited and		its subsidiaries		Limited		Limited	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	-	894	7,724	6,240	829	755	1,264	1,086
Profit for the year	-	125	287	225	128	76	(63)	30
Other comprehensive income	-	-	-	-	-	-	(43)	21
Total comprehensive income	-	125	287	225	128	76	(106)	51

13.5 Aggregate amount of share of comprehensive income from other associates (excluding associates named in Note 13.4)

(Unit: Million Baht)

	For the years ended 31 December	
	2018	2017
Share of comprehensive income:		
Gain from continuing operations	90	27
Total comprehensive income	93	27

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	
			2018	2017
			%	%
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 investment 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 years ended	
	2018	2017	2018	2017	2018	2017
Indirectly owned						
PT Retail Corporation Limited	200,000,000	200,000,000	-	44,554,578	(44,554,578)	(77,165,434)
Total	200,000,000	200,000,000	-	44,554,578	(44,554,578)	(77,165,434)

On 27 September 2018, meeting of the Board of Directors No.5/2018 of PT Retail Corporation Limited approved the cessation of its retail business in shopping centers, effective from 1 February 2019. PT Retail Corporation Limited is a joint venture of Paradise Retail Company Limited, a subsidiary of the Group.

14.3 Summarised financial information about material joint venture

PT Retail Corporation Limited

Summarised financial information of joint venture

	(Unit: Million Baht)	
	2018	2017
Cash and cash equivalents	22	40
Trade and other receivables	1	6
Current assets	6	20
Non-current assets	1	144
Current liabilities	(105)	(61)
Non-current liabilities	-	(60)
Net assets	(75)	89
Shareholding percentage (%)	50.00	50.00
Share of net assets	(38)	45
Carrying amounts of joint venture based on equity method	(38)	45

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the years ended 31 December	
	2018	2017
Revenues	145	188
Cost of sales	(103)	(145)
Selling and administrative expenses	(67)	(86)
Depreciation and amortisation	(122)	(33)
Impairment loss	(17)	(78)
Loss	(164)	(154)

15. Investments in subsidiaries

15.1 Detail of investments in subsidiaries

Investments in subsidiaries as at 31 December 2018 and 2017 comprise the following:

	Paid-up capital		Shareholding percentage	
			both directly and indirectly owned	
	2018	2017	2018	2017
	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	100.00	100.00
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	100.00	100.00
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	100.00	100.00
Primacy Elegance Investments Limited	111	111	100.00	100.00
MBK Smart Force Security Guard 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	1,000,000	1,000,000	100.00	100.00
MBK Square Company Limited	100,000	100,000	100.00	100.00
MBK Hotels & Tourism Company Limited	130,000	10,000	100.00	100.00
T Leasing Company Limited	1,000,000	500,000	100.00	100.00
X-Gen Premium Company Limited	90,000	90,000	100.00	100.00
Lanta Land Development Company Limited	340,000	340,000	100.00	100.00
MBK Training Center Company Limited	3,000	3,000	99.99	99.99
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 Charan Company Limited	550,000	550,000	100.00	100.00
MBK Service Solution Company Limited	150,000	150,000	100.00	100.00
MBK Real Estate Company Limited	1,000,000	1,000,000	100.00	100.00
MBK Enterprise Company Limited	3,000,000	3,000,000	100.00	100.00
MBK Digital Company Limited	5,000	5,000	99.99	99.99
MBK Online Company Limited	1,000	1,000	99.97	99.97
MBK Club Company Limited	5,000	5,000	99.99	99.99
MBK Food System Company Limited	720,000	-	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	
	2018	2017	2018	2017
Listed company				
Patum Rice Mill and Granary Public Company Limited	422,235,195	422,235,195	268,278,600	250,393,360
Nonlisted companies				
Riverdale Golf and Country Club Company Limited	3,999,992,100	3,999,992,100	337,499,325	119,999,760
MBK Hotels and Resorts Company Limited	2,200,000,000	2,200,000,000	165,000,000	63,800,000
Glas Haus Ratchada Company Limited	1,000,015,000	1,000,015,000	104,557,750	312,589,750
MBK Business Company Limited	570,000,000	570,000,000	47,740,000	31,900,000
MBK Premium Company Limited	528,319,300	528,319,300	26,000,000	27,000,000
Supsinthanee Company Limited	500,005,325	500,005,325	5,000,000	2,500,000
MBK Asset Company Limited	300,000,000	300,000,000	14,400,000	13,800,000
Primacy Elegance Investments Limited	110,900	110,900	-	-
MBK Smart Force Security Guard Company Limited	1,344,939	1,344,939	3,880,000	3,580,000
MBK Center Company Limited	2,000,000	2,000,000	1,580,000	-
MBK Shopping Center Company Limited	1,000,000,000	1,000,000,000	101,500,000	22,200,000
MBK Square Company Limited	100,000,000	100,000,000	8,450,000	7,500,000
MBK Hotels & Tourism Company Limited	130,000,000	10,000,000	14,400,000	36,500,000
T Leasing Company Limited	1,033,000,000	533,000,000	-	140,000,000
X-Gen Premium Company Limited	90,000,000	90,000,000	-	-
Lanta Land Development Company Limited	420,101,235	420,101,235	-	-
MBK Training Center Company Limited	3,000,000	3,000,000	2,400,000	3,900,000
MBK Insurance Broker Company Limited	2,000,000	2,000,000	-	-
MBK Broker Company Limited	4,000,000	4,000,000	800,000	2,000,000
MBK Charan Company Limited	550,000,000	550,000,000	713,700	-
MBK Service Solution Company Limited	150,000,000	150,000,000	6,000,000	6,750,000
MBK Real Estate Company Limited	1,000,000,000	1,000,000,000	-	9,190,800
MBK Enterprise Company Limited	2,920,800,000	2,920,800,000	-	-
MBK Digital Company Limited	5,000,000	5,000,000	-	-
MBK Online Company Limited	1,000,000	1,000,000	-	-
MBK Club Company Limited	5,000,000	5,000,000	-	-
MBK Food System Company Limited	628,120,687	-	-	-
Investments in subsidiaries	17,566,044,681	16,317,923,994	1,108,199,375	1,053,603,670
Less: Allowance for impairment of investments	(20,284,133)	(23,533,556)		
Investments in subsidiaries, net	17,545,760,548	16,294,390,438		

The movements on investments in subsidiaries in the separate financial statements during the years are as follows:

	(Unit: Baht)	
	Separate financial statements	
	Cost method	
	2018	2017
Book value at beginning of year	16,294,390,438	13,392,257,040
Increase in investments in subsidiaries	1,248,120,687	2,899,000,000
Reversal impairment of investments	3,249,423	3,133,398
Book value at the end of year	17,545,760,548	16,294,390,438

15.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	(Unit: Million Baht)							
	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	
	2018	2017	2018	2017	2018	2017	2018	2017
	(%)	(%)						
Listed company								
Patum Rice Mill and Granary Public Company Limited and its subsidiaries	25.48	25.48	368.73	382.02	(18.92)	(16.28)	(2.41)	(1.65)
Nonlisted companies								
MBK Resort Public Company Limited and its subsidiaries	27.40	27.40	302.73	308.13	5.52	3.08	(10.96)	(10.96)
Paradise Park Company Limited and its subsidiaries	-	-	-	-	-	12.83	-	(21.00)
Paradise Place Suanluang Company Limited (Formerly knows as "Siam Delice Company Limited")	-	-	-	-	-	(14.10)	-	-
MBK Realty Company Limited	45.02	45.02	8.48	15.14	(6.56)	(3.50)	-	-

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				Paradise Place Suanluang				(Unit: Million Baht)	
	Public Company Limited and its subsidiaries				Company Limited (Formerly known as "Siam Delice Company Limited")					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Current assets	934.51	589.89	434.25	495.34	-	-	-	-	190.01	179.84
Non-current assets	10,888.61	10,309.61	947.94	926.15	-	-	-	-	72.80	73.86
Current liabilities	1,166.37	805.07	506.90	539.32	-	-	-	-	197.53	184.67
Non-current liabilities	1,870.25	1,739.10	41.23	28.53	-	-	-	-	1.14	0.64

Summarised information about comprehensive income

Company's name	Patum Rice Mill and Granary				Paradise Place Suanluang				(Unit: Million Baht)	
	Public Company Limited and its subsidiaries				Company Limited (Formerly known as "Siam Delice Company Limited")					
	2018	2017	2018	2017	2018	2017*	2018	2017*	2018	2017
Revenue	2,589.74	1,955.04	349.62	334.74	-	-	-	23.11	100.60	143.92
Profit (loss) for the year	313.62	225.47	19.60	16.48	-	-	-	(40.82)	(3.78)	2.61
Other comprehensive income	477.54	1,958.20	0.64	0.46	-	-	-	-	(0.23)	-
Total comprehensive income	791.16	2,183.67	20.24	16.94	-	-	-	(40.82)	(4.01)	2.61

* This is information before the time that a subsidiary of the Group held a 100% interest.

Summarised information about cash flow

For the years ended 31 December										(Unit: Million Baht)	
Company's name	Patum Rice Mill and Granary				Paradise Place Suanluang						
	Public Company Limited and its subsidiaries				MBK Resort Public Company Limited and its subsidiaries		Paradise Park Company Limited and its subsidiaries		Company Limited (Formerly known as "Siam Delice Company Limited")		MBK Realty Company Limited
	2018	2017	2018	2017	2018	2017*	2018	2017*			
Cash flow from operating activities	(217.27)	(186.61)	33.47	56.30	-	153.24	-	(37.37)	(8.40)	63.70	
Cash flow from investing activities	334.99	339.29	9.10	(20.52)	-	(121.10)	-	(5.76)	13.02	(0.03)	
Cash flow from financing activities	(122.77)	(141.98)	(39.51)	(30.21)	-	(42.00)	-	44.00	0.35	(66.00)	
Net increase (decrease) in cash and cash equivalents	(5.05)	10.70	3.06	5.57	-	(9.86)	-	0.87	4.97	(2.33)	

* This is information before the time that a subsidiary of the Group held a 100% interest.

16. Other long-term investments

Other long-term investments as at 31 December 2018 and 2017 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Long-term investments - related companies	6,643,441,400	7,466,456,400	6,463,241,400	7,275,206,400
Investments in loans	10,008,924	27,498,828	10,008,924	27,498,828
Investments in other companies	11,777,882	11,844,865	3,288,986	3,288,986
Held-to-maturity investment	102,826	-	-	-
Total	6,665,331,032	7,505,800,093	6,476,539,310	7,305,994,214
Less: Allowance for impairment	(5,000,000)	(5,000,000)	-	-
Other long-term investments	6,660,331,032	7,500,800,093	6,476,539,310	7,305,994,214

16.1 Long-term investments - related companies

Long-term investments - related companies as at 31 December 2018 and 2017 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Available-for-sale securities				
Equity securities	1,825,322,736	1,825,322,736	1,668,561,845	1,668,561,845
Add: Unrealised gains on changes in values of investments	4,818,118,664	5,641,133,664	4,794,679,555	5,606,644,555
Fair values	6,643,441,400	7,466,456,400	6,463,241,400	7,275,206,400
Long-term investments - related companies	6,643,441,400	7,466,456,400	6,463,241,400	7,275,206,400

The movements on long-term investments - related companies during the years are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Book value at the beginning of year	7,466,456,400	5,831,655,000	7,275,206,400	5,683,755,000
Changes in fair values of available-for-sale securities	(823,015,000)	1,634,801,400	(811,965,000)	1,591,451,400
Book value at the ending of year	6,643,441,400	7,466,456,400	6,463,241,400	7,275,206,400

16.2 Held-to-maturity investment

Held-to-maturity investment as at 31 December 2018 and 2017 comprise the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2018	2017
Held-to-maturity investment		
Government bond	100,000	-
Add: Surplus on investment	2,826	-
Amortised cost	102,826	-

17. Investment properties

The net book values of investment properties as at 31 December 2018 and 2017 are presented below.

	Consolidated financial statements					(Unit: Baht)
	Land awaiting sales	Land and land improvement for rent	Buildings for rent	Assets under financial lease	Construction in progress	Total
As at 31 December 2018						
Cost	512,228,033	970,128,509	9,762,088,605	5,606,038,602	68,408,336	16,918,892,085
Less: Accumulated depreciation	-	(24,530,228)	(6,528,972,244)	(1,595,385,168)	-	(8,148,887,640)
Less: Allowance for impairment	-	-	(34,774,436)	-	-	(34,774,436)
Net book value	512,228,033	945,598,281	3,198,341,925	4,010,653,434	68,408,336	8,735,230,009
As at 31 December 2017						
Cost	512,365,821	960,449,309	9,898,519,522	5,606,038,602	40,561,784	17,017,935,038
Less: Accumulated depreciation	-	(20,800,739)	(6,136,160,832)	(1,315,083,228)	-	(7,472,044,799)
Less: Allowance for impairment	-	-	(29,433,885)	-	-	(29,433,885)
Net book value	512,365,821	939,648,570	3,732,924,805	4,290,955,374	40,561,784	9,516,456,354

	Separate financial statements				(Unit: Baht)
	Land awaiting sales	Building for rent	Assets under financial lease	Construction in progress	Total
As at 31 December 2018					
Cost	476,000	3,612,592,094	5,606,038,602	33,564,667	9,252,671,363
Less: Accumulated depreciation	-	(2,750,155,467)	(1,595,385,168)	-	(4,345,540,635)
Net book value	476,000	862,436,627	4,010,653,434	33,564,667	4,907,130,728
As at 31 December 2017					
Cost	476,000	3,581,427,533	5,606,038,602	24,174,497	9,212,116,632
Less: Accumulated depreciation	-	(2,666,882,816)	(1,315,083,228)	-	(3,981,966,044)
Net book value	476,000	914,544,717	4,290,955,374	24,174,497	5,230,150,588

Reconciliations of net book values of investment properties for the years ended 31 December 2018 and 2017 are presented below.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	9,516,456,354	10,010,532,733	5,230,150,588	5,378,707,758
Acquisition of assets	125,527,461	267,143,714	49,885,509	217,429,236
Disposals - net book value	(10,465,456)	(15,111,715)	(8)	(24)
Reclassification	(167,314,616)	(12,466,898)	(3,327,673)	(10,116,026)
Depreciation for the year	(723,633,183)	(733,641,480)	(369,577,688)	(355,870,356)
Allowance for impairment during the year	(5,340,551)	-	-	-
Net book value at end of year	8,735,230,009	9,516,456,354	4,907,130,728	5,230,150,588

The fair values of the investment properties, including leasehold rights as at 31 December 2018 and 2017 are stated below:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Land awaiting sales	1,085,544,383	1,085,544,383	923,000	923,000
Land and land improvement for rent	1,498,178,473	1,537,199,674	-	-
Building for rent	6,940,329,240	7,331,613,643	4,152,051,954	4,167,407,978
Assets under financial lease	4,010,653,434	4,290,955,374	4,010,653,434	4,290,955,374
Total	13,534,705,530	14,245,313,074	8,163,628,388	8,459,286,352

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 and 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 2018 and 2017 comprises land of the following companies.

	(Unit: Baht)	
	Consolidated financial statements	
	2018	2017
Riverdale Golf and Country Club Company Limited	350,927,852	350,927,852
MBK Resort Public Company Limited	95,333,453	95,333,453
Plan Estate Company Limited	19,376,604	19,376,604
MBK Realty Company Limited	53,919,394	53,919,394
	519,557,303	519,557,303

19. Property, plant and equipment

	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
Cost								
1 January 2017	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
Acquisitions	1,417,001	4,798,070	-	61,412,962	72,101,963	27,622,063	165,530,216	332,882,275
Acquisition of the subsidiary	441,404,872	-	-	371,152	-	-	-	441,776,024
Disposals	-	(5,044,082)	-	(12,656,389)	(44,896,763)	(19,438,355)	(405,818)	(82,441,407)
Transfers	951,002	5,786,093	-	4,478,759	26,103,596	-	(37,319,450)	-
Reclassification	5,727,489	30,277,038	-	19,690,344	16,412,744	(872,647)	(9,964,365)	61,270,603
31 December 2017	3,466,386,722	3,267,539,958	657,691,681	1,036,458,914	1,917,386,273	151,439,339	139,121,350	10,636,024,237
Acquisitions	3,704,397	43,979,121	-	27,516,933	83,235,865	20,810,448	346,506,923	525,753,687
Disposals	(5,641,695)	(38,764,264)	-	(19,271,877)	(84,357,937)	(17,632,751)	(5,483,449)	(171,151,973)
Transfers	35,366,698	227,462,853	-	32,319,998	70,347,903	-	(365,497,452)	-
Reclassification	(11,854,262)	266,722,091	-	4,152,919	784,119	(2,080,606)	20,299,480	278,023,741
31 December 2018	3,487,961,860	3,766,939,759	657,691,681	1,081,176,887	1,987,396,223	152,536,430	134,946,852	11,268,649,692

(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	
Accumulated depreciation							
1 January 2017	585,296,526	2,213,753,478	121,398,923	632,596,215	1,539,319,035	78,321,981	5,170,686,158
Depreciation for the year	67,526,596	111,319,290	32,884,584	80,110,714	103,233,418	17,601,676	412,676,278
Depreciation - transfer to property development	-	279,257	-	102,077	-	-	381,334
Accumulated depreciation on disposals	-	(4,719,844)	-	(12,155,740)	(44,071,753)	(15,726,057)	(76,673,394)
Reclassification	(2,875,352)	15,433,931	-	28,066	(1,850,000)	(252,439)	10,484,206
31 December 2017	649,947,770	2,336,066,112	154,283,507	700,681,332	1,596,630,700	79,945,161	5,517,554,582
Depreciation for the year	68,003,890	114,278,460	32,884,584	82,325,432	109,855,875	20,014,225	427,362,466
Depreciation - transfer to property development	-	484,188	-	170,619	(309,661)	-	345,146
Accumulated depreciation on disposals	(2,320,079)	(2,085,206)	-	(13,607,421)	(75,758,300)	(12,915,049)	(106,686,055)
Reclassification	2,576,481	69,575,626	-	1,224,812	1,590,295	-	74,967,214
31 December 2018	718,208,062	2,518,319,180	187,168,091	770,794,774	1,632,008,909	87,044,337	5,913,543,353
Allowance for impairment of asset							
1 January 2017	13,090,469	104,904,247	-	19,426,355	323,050	-	137,744,121
Allowance for impairment during the year (Reversal)	-	-	-	(4,280,798)	6,261,178	-	2,333,380
31 December 2017	13,090,469	104,904,247	-	15,145,557	6,584,228	-	140,077,501
Allowance for impairment during the year	-	-	-	-	1,805,010	-	1,805,010
31 December 2018	13,090,469	104,904,247	-	15,145,557	8,389,238	-	141,882,511

	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
Net book value							
31 December 2017	2,803,348,483	826,569,599	503,408,174	320,632,025	314,171,345	71,494,178	4,978,392,154
31 December 2018	2,756,663,329	1,143,716,332	470,523,590	295,236,556	346,998,076	65,492,093	5,213,223,828
Depreciation for the year							
2017 (Baht 358 million include in costs of sales costs of service and rental, and the remaining balance included in selling and administrative expense)							412,676,278
2018 (Baht 351 million include in costs of sales costs of service and rental, and the remaining balance included in selling and administrative expense)							427,362,466

	Separate financial statements						(Unit: Baht)
	Furniture, fixture						
	Building	Assets under financial lease	Machinery and equipment	and office equipment	Motor vehicles	Construction in progress	
Cost							
1 January 2017	1,042,731,187	657,691,681	393,857,055	1,090,615,596	43,870,136	5,056,075	3,233,821,730
Acquisitions	-	-	43,742,062	37,878,609	1,156,240	22,118,327	104,895,238
Disposals	-	-	(3,281,242)	(22,479,892)	(2,796,503)	-	(28,557,637)
Transfers	-	-	-	23,435,278	-	(23,435,278)	-
Reclassification	-	-	7,771,776	2,344,250	-	-	10,116,026
31 December 2017	1,042,731,187	657,691,681	442,089,651	1,131,793,841	42,229,873	3,739,124	3,320,275,357
Acquisitions	-	-	10,038,480	14,770,366	7,323,334	10,144,697	42,276,877
Disposals	-	-	(9,013,380)	(19,028,840)	(10,139,160)	-	(38,181,380)
Transfers	-	-	-	6,585,440	-	(6,585,440)	-
Reclassification	-	-	3,104,032	1,162,301	-	-	4,266,333
31 December 2018	1,042,731,187	657,691,681	446,218,783	1,135,283,108	39,414,047	7,298,381	3,328,637,187
Accumulated depreciation							
1 January 2017	1,042,731,184	121,398,923	192,719,903	936,510,712	19,514,489	-	2,312,875,211
Depreciation for the year	-	32,884,584	45,471,028	46,407,548	5,700,339	-	130,463,499
Accumulated depreciation - disposal	-	-	(3,015,251)	(22,297,949)	(2,530,126)	-	(27,843,326)
31 December 2017	1,042,731,184	154,283,507	235,175,680	960,620,311	22,684,702	-	2,415,495,384
Depreciation for the year	-	32,884,584	48,485,707	51,761,503	5,874,775	-	139,006,569
Accumulated depreciation - disposal	-	-	(6,763,896)	(17,599,880)	(6,881,706)	-	(31,245,482)
Reclassification	-	-	999,658	(60,998)	-	-	938,660
31 December 2018	1,042,731,184	187,168,091	277,897,149	994,720,936	21,677,771	-	2,524,195,131

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 2017	3	503,408,174	206,913,971	171,173,530	19,545,171	3,739,124	904,779,973
31 December 2018	3	470,523,590	168,321,634	140,562,172	17,736,276	7,298,381	804,442,056
Depreciation for the year							
2017 (Baht 107 million included in costs of service and rental, and the remaining balance included in administrative expense)							130,463,499
2018 (Baht 111 million included in costs of service and rental, and the remaining balance included in administrative expense)							139,006,569

As at 31 December 2018 and 2017, certain plant and equipment items have been fully depreciated, but these items are still in uses, the amounts would be as follows:

Original cost before accumulated depreciation of plant and equipment	Consolidated financial statements		Separate financial statements		(Unit: Baht)
	2018	2017	2018	2017	
	4,019,435,492	3,851,067,497	2,043,582,093	2,018,030,594	

20. Goodwill

Goodwill as at 31 December 2018 and 2017 comprise goodwill on business combination in the following associates and subsidiaries:

	(Unit: Baht)	
	Consolidated financial statements	
	2018	2017
Siam Piwat Company Limited	64,579,128	64,579,128
Crystal Lake Properties Company Limited	7,214,050	7,214,050
Total	71,793,178	71,793,178

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 2018 and 2017 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost	237,268,883	223,583,625	172,079,548	160,955,802
Less: Accumulated amortisation	(148,282,811)	(126,448,596)	(102,672,651)	(84,909,823)
Less: Allowance for impairment	(118,403)	(119,583)	-	-
Net book value	88,867,669	97,015,446	69,406,897	76,045,979

Reconciliations of the net book values of intangible assets for the years ended 31 December 2018 and 2017 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	97,015,446	88,266,552	76,045,979	67,464,488
Acquisitions of computer software	15,416,524	32,025,556	11,354,383	22,710,101
Reclassification	204,296	127,444	-	-
Amortisation	(23,757,884)	(19,877,738)	(17,993,054)	(14,128,610)
Write-off - net book value	(11,893)	(3,410,004)	(411)	-
Impairment during the year (reversal)	1,180	(116,364)	-	-
Net book value at end of year	88,867,669	97,015,446	69,406,897	76,045,979

22. Property foreclosed

(Unit: Baht)

	Consolidated financial statements		
	Land	Buildings	Total
Cost			
As at 1 January 2017	28,444,891	101,202,352	129,647,243
Increases	4,496,486	2,097,877	6,594,363
Disposals	-	(47,016,817)	(47,016,817)
As at 31 December 2017	32,941,377	56,283,412	89,224,789
Increases	3,772,017	59,394,496	63,166,513
Reclassification	59,732,259	(9,159,491)	50,572,768
Disposals	(29,533,078)	(45,380,442)	(74,913,520)
As at 31 December 2018	66,912,575	61,137,975	128,050,550
Allowance for impairment			
As at 1 January 2017	5,700,000	6,195,719	11,895,719
Increases	-	2,053,522	2,053,522
As at 31 December 2017	5,700,000	8,249,241	13,949,241
Increases	-	224,824	224,824
As at 31 December 2018	5,700,000	8,474,065	14,174,065
Net book value			
As at 31 December 2017	27,241,377	48,034,171	75,275,548
As at 31 December 2018	61,212,575	52,663,910	113,876,485

23. Bank overdrafts and short-term loans from financial institutions

	Interest rate per annum	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Bank overdrafts	6.87	300,950	135,113	-	-
Short-term loans from financial institutions	1.70 - 2.30	2,756,000,000	2,554,000,000	1,800,000,000	1,720,000,000
Bank overdrafts and short-term loans from financial institutions		<u>2,756,300,950</u>	<u>2,554,135,113</u>	<u>1,800,000,000</u>	<u>1,720,000,000</u>

As at 31 December 2018, short-term loans from financial institutions of a subsidiary of Baht 956 million (2017: Baht 704 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

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade payables - related parties	500	500	-	-
Trade payables - unrelated parties	255,312,575	168,819,133	13,048,771	16,613,346
Accrued interest expenses - related parties	894,760	534,103	36,832,540	25,128,030
Accrued interest expenses - unrelated parties	137,530,761	139,388,059	136,882,603	139,341,757
Other payables - related parties	-	-	40,538,014	50,620,992
Other payables - unrelated parties	232,320,852	235,070,777	62,769,774	50,946,576
Accrued expenses	<u>617,839,909</u>	<u>546,317,353</u>	<u>246,565,655</u>	<u>200,303,352</u>
Total trade and other payables	<u>1,243,899,357</u>	<u>1,090,129,925</u>	<u>536,637,357</u>	<u>482,954,053</u>

25. Other current liabilities

Other current liabilities as at 31 December 2018 and 2017 comprise the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred income	44,151,441	41,331,148	-	-
Current portion of unearned installment income	-	26,272,135	5,979,481	5,957,460
Deposit - property development project	44,368,436	21,465,113	-	-
Deposit	73,979,264	21,217,485	-	-
Unearned property tax	145,362,166	149,226,290	85,683,380	86,164,327
Unearned output tax	23,490,319	24,604,629	5,156,579	5,146,548
Unearned interest	60,877,475	104,825,422	-	-
Accrued dividend	77,707,063	73,088,425	73,324,129	73,088,425
Others	150,568,091	178,596,178	70,505,303	99,383,739
Total other current liabilities	620,504,255	640,626,825	240,648,872	269,740,499

26. Long-term debentures

(Unit: Baht)

Type of debentures	Interest rate (per annum)	Period	Due date	Consolidated/Separate financial statements	
				2018	2017
Unsubordinated and unsecured debentures					
- 2/2011	5.00%	7 years	9 August 2018	-	300,000,000
- 3/2011	4.95%	7 years	24 August 2018	-	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
- 1/2016	3.125%	7 years and 19 days	17 March 2023	1,000,000,000	1,000,000,000
- 2/2016	3.57%	10 years	26 February 2026	1,000,000,000	1,000,000,000
- 1/2017	3.78%	10 years	20 July 2027	1,000,000,000	1,000,000,000
- 1/2018	3.50%	10 years	25 April 2028	1,000,000,000	-
- 2/2018	3.90%	15 years	25 May 2033	1,000,000,000	-
- 3/2018	2.68%	2 years and 2 days	29 December 2020	2,000,000,000	-
Total				12,400,000,000	10,100,000,000
Less: Underwriting fee on debenture issuance				(8,927,336)	(6,452,486)
				12,391,072,664	10,093,547,514
Less: Current portion				-	(1,699,720,510)
Long-term debentures - net of current portion				12,391,072,664	8,393,827,004

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	
	2018	2017
Liabilities under finance lease agreements	7,556,973,220	7,896,216,650
Less: Deferred interest expenses	(2,610,466,812)	(2,896,378,498)
Total	4,946,506,408	4,999,838,152
Less: Current portion	(77,730,806)	(53,331,744)
Liabilities under finance lease agreements - net of current portion	4,868,775,602	4,946,506,408

Future minimum lease payments required under finance lease agreements were as follows:

	(Unit: Baht)			
	As at 31 December 2018			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Future minimum lease payments	877,068,000	5,240,761,000	12,313,813,000	18,431,642,000
Less: Portion of land lease which is operating lease	(517,470,120)	(3,092,048,990)	(7,265,149,670)	(10,874,668,780)
Future minimum lease payments for finance lease	359,597,880	2,148,712,010	5,048,663,330	7,556,973,220
Less: Deferred interest expenses	(281,867,074)	(1,054,132,697)	(1,274,467,041)	(2,610,466,812)
Present value of future minimum lease payments	77,730,806	1,094,579,313	3,774,196,289	4,946,506,408
	(Unit: Baht)			
	As at 31 December 2017			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Future minimum lease payments	827,423,000	4,944,114,000	13,487,528,000	19,259,065,000
Less: Portion of land lease which is operating lease	(488,179,570)	(2,917,027,260)	(7,957,641,520)	(11,362,848,350)
Future minimum lease payments for finance lease	339,243,430	2,027,086,740	5,529,886,480	7,896,216,650
Less: Deferred interest expenses	(285,911,686)	(1,087,203,669)	(1,523,263,143)	(2,896,378,498)
Present value of future minimum lease payments	53,331,744	939,883,071	4,006,623,337	4,999,838,152

28. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees after they retire, was as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	200,081,196	181,812,669	82,834,132	75,671,032
Included in profit or loss:				
Current service cost	25,715,987	23,243,742	6,744,609	6,305,008
Interest cost	5,504,260	4,996,889	2,398,658	2,161,593
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
Demographic assumptions changes	6,130,919	203,528	563,630	-
Financial assumptions changes	(4,784,250)	275,869	(142,975)	-
Experience adjustments	(1,957,983)	733,685	7,259,606	-
Benefits paid during the year	(10,039,237)	(11,185,186)	(2,143,600)	(1,303,501)
Provision for long-term employee benefits at end of year	<u>220,650,892</u>	<u>200,081,196</u>	<u>97,514,060</u>	<u>82,834,132</u>

Long-term employee benefits expenses included in the profit or loss was as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current service cost	25,715,987	23,243,742	6,744,609	6,305,008
Interest cost	5,504,260	4,996,889	2,398,658	2,161,593
Total expense recognised in profit or loss	<u>31,220,247</u>	<u>28,240,631</u>	<u>9,143,267</u>	<u>8,466,601</u>

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Line items in profit or loss under which such expenses are included:				
Cost of sales or service	14,009,374	11,653,607	1,660,353	1,515,246
Selling expenses	2,640,201	3,703,068	788,688	692,200
Administrative expenses	14,570,672	12,883,956	6,694,226	6,259,155
	<u>31,220,247</u>	<u>28,240,631</u>	<u>9,143,267</u>	<u>8,466,601</u>

The Group expects to pay Baht 36.84 million of long-term employee benefits during the next year (the Company: Baht 26.14 million). (2017: Baht 10.27 million, the Company: Baht 2.13 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 14 years (the Company: 13 years). (2017: 12 - 13 years, the Company: 13 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.43 - 4.38	2.80	1.76 - 4.38	2.80
Future salary increase rate	5 - 6	4 - 7	6	6
Staff turnover rate	Age < 30 years: 20 - 40	Age < 30 years: 25 - 40	Age < 30 years: 25	Age < 30 years: 25
(depending on	Age 30 ≤ 40 years: 10 - 20	Age 30 ≤ 40 years: 17 - 20	Age 30 ≤ 40 years: 17	Age 30 ≤ 40 years: 17
employee's age)	Age 40 ≤ 55 years: 5 - 10	Age 40 ≤ 55 years: 8 - 10	Age 40 ≤ 55 years: 8	Age 40 ≤ 55 years: 8
	Age > 55 years: 0	Age > 55 years: 0	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 2018 and 2017 are summarised below:

	Consolidated financial statements			
	31 December 2018			
	Sensitivity analysis	Employee benefit	Sensitivity analysis	Employee benefit
	increase	increase (decrease)	decrease	increase (decrease)
	(% per annum)	(Unit: Million Baht)	(% per annum)	(Unit: Million Baht)
Discount rate	1	(14.85)	1	17.15
Salary increase rate	1	16.67	1	(14.78)
Staff turnover rate	20	(15.84)	20	19.72

	Consolidated financial statements			
	31 December 2017			
	Sensitivity analysis	Employee benefit	Sensitivity analysis	Employee benefit
	increase	increase (decrease)	decrease	increase (decrease)
	(% per annum)	(Unit: Million Baht)	(% per annum)	(Unit: Million Baht)
Discount rate	1	(14.39)	1	16.52
Salary increase rate	1	19.13	1	(16.88)
Staff turnover rate	20	(19.65)	20	25.04

Separate financial statements				
31 December 2018				
	Sensitivity analysis	Employee benefit	Sensitivity analysis	Employee benefit
	increase	increase (decrease)	decrease	increase
	(% per annum)	(Unit: Million Baht)	(% per annum)	(decrease)
				(Unit: Million Baht)
Discount rate	1	(3.93)	1	4.53
Salary increase rate	1	4.34	1	(3.85)
Staff turnover rate	20	(3.91)	20	4.85

Separate financial statements				
31 December 2017				
	Sensitivity analysis	Employee benefit	Sensitivity analysis	Employee benefit
	increase	increase (decrease)	decrease	increase
	(% per annum)	(Unit: Million Baht)	(% per annum)	(decrease)
				(Unit: Million Baht)
Discount rate	1	(4.46)	1	5.08
Salary increase rate	1	6.08	1	(5.40)
Staff turnover rate	20	(5.43)	20	6.76

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional liabilities for long-term employee benefits of Baht 54 million (the Company: Baht 27 million). The Group will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

29. Other non-current liabilities

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Refundable employee security	4,017,960	4,166,660	4,017,960	4,166,660
Deposit	1,398,343	3,414,124	1,156,482	3,414,124
Others	4,102,740	3,440,064	12,583,553	13,563,302
Other non-current liabilities	9,519,043	11,020,848	17,757,995	21,144,086

30. Share capital

On 30 April 2018, the Annual General Meeting of the Company's shareholders for the year 2018 passed a resolution to approve the decrease of the Company's registered capital and paid-up capital by cancelling the common shares held by MBK Advanced Company Limited because no shareholders listed in the former share register of had come forward to claim ownership of the shares for a long time. The Company therefore reduced its registered capital from Baht 1,707,960,000 to Baht 1,694,923,000 through the cancellation of 13,037,000 ordinary shares with a par value of Baht 1 each, amounting to Baht 13,037,000 representing 0.76% of the registered capital. The Company continues to recognise the rights of the shares held by existing shareholders, except that the Company will not pay dividends to existing shareholders for a period of more than 10 years, starting from the date that the shareholders demonstrated their entitlement. On 26 July 2018, the Company has already registered of the aforementioned change to the Department of Business Development, Ministry of Commerce.

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	
	2018	2017
Treasury stocks held by subsidiaries	711,993,784	711,993,784
	711,993,784	711,993,784

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 2018, a subsidiary has pledged and entered into a negative pledge agreement on the treasury stock of 217 Million shares with a par value of Baht 1 each (2017: 318 million shares with a par value of Baht 1 each), with book value (cost method) amounting to Baht 416 million (2017: Baht 609 Million) to secure bank overdraft and short-term loan facilities from banks, as discussed in Note 23.

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	
	2018	2017
Total shareholders' equity - as stated in statements of financial position	16,790,347,052	17,082,559,803
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>16,078,353,268</u>	<u>16,370,566,019</u>
Investments in subsidiaries - as stated in statements of financial position	17,545,760,548	16,294,390,438
Less: Treasury stock held by subsidiaries	(711,993,784)	(711,993,784)
Investments in subsidiaries	<u>16,833,766,764</u>	<u>15,582,396,654</u>

34. Revenue from financial business

Revenue from financial business for the years ended 31 December 2018 and 2017 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Loans to customers	665,194,939	607,900,762	5,287,815	3,778,372
Hire purchase and financial lease	1,451,801,716	1,075,144,860	-	-
Total revenue from financial business	<u>2,116,996,655</u>	<u>1,683,045,622</u>	<u>5,287,815</u>	<u>3,778,372</u>

(Unit: Baht)

35. Financial costs

Financial costs of the Group for the years ended 31 December 2018 and 2017 are made up as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Interest expenses	485,027,033	379,757,254	846,015,921	649,029,970
Finance costs from the agreement granting the right to utilise the shopping center at the Pathumwan intersection	285,911,686	288,595,324	285,911,686	288,595,324
Other finance costs	2,369,504	5,904,784	1,585,082	1,652,058
Unrealised gain on cross currency and interest rate swap agreements	<u>(5,500,950)</u>	<u>(42,134,400)</u>	<u>-</u>	<u>-</u>
Total financial costs	<u>767,807,273</u>	<u>632,122,962</u>	<u>1,133,512,689</u>	<u>939,277,352</u>

(Unit: Baht)

36. 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 2018, the Group contributed Baht 58 million (2017: Baht 54 million) to the fund.

37. Expenses by nature

Significant expenses by nature for the years ended 31 December 2018 and 2017 are as follows:

			(Unit: Baht)	
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost of sales of properties	132,798,256	357,183,441	-	-
Salaries and wages and other employee benefits	1,850,712,677	1,784,339,146	635,480,148	605,117,704
Depreciation	1,150,995,649	1,146,317,758	508,584,258	486,333,855
Amortisation	23,757,884	19,877,738	17,993,054	14,128,610
Allowance for impairment of investments in subsidiaries (reversal)	-	-	(3,249,423)	(3,133,398)
Allowance for impairment of property foreclosed	224,824	2,053,522	-	-
Allowance for impairment of plant and equipment	1,805,010	2,333,380	-	-
Gains on exchange	(7,971,292)	(43,634,792)	-	-
Transportation expenses	107,812,805	41,277,047	-	-
Commission and promotion expenses	230,877,621	243,465,288	62,511,772	48,087,492
Power supply expenses	380,294,159	361,589,548	72,857,366	68,608,360
Rental expenses	813,315,440	819,161,555	756,914,544	756,914,544
Repair and maintenance operating expenses	155,512,348	185,014,455	70,406,222	54,816,460
Raw materials and consumables used	1,254,488,556	792,092,925	-	-
Changes in inventories of finished goods and work in progress	4,485,455	(40,367,863)	-	-

38. Income tax expenses

Corporate income taxes of the Company and its listed subsidiary for the years ended 31 December 2018 and 2017 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 2018 and 2017 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 2018 and 2017 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge for the year	701,414,270	456,868,072	105,316,004	146,959,456
Adjustment in respect of current income tax of previous year	(2,891,117)	812,294	(405,284)	(230,103)
Deferred tax:				
Relating to origination and reversal of temporary differences	(93,420,237)	(82,562,632)	(82,043,341)	(91,956,017)
Income tax expense reported in the statement of comprehensive income	605,102,916	375,117,734	22,867,379	54,773,336

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Unrealised gains on investments in available-for-sale securities	330,415,360	406,509,334	212,929,321	385,959,045
Unrealised gains (losses) on investments in loans	(84,994)	329,837	(84,994)	329,837
Gains on change in value of available-for-sale investments of an associate	5,484,373	2,480,284	-	-
Unrealised gains (losses) on investments in loans of an associate	7,231,469	(338,956)	-	-
Translation adjustment of an associate	(2,592,163)	(8,237,376)	-	-
Actuarial gains (losses)	(111,926)	(242,618)	1,536,052	-
Actuarial gains (losses) of an associate	(675,671)	238,935	-	-
Income tax expense reported in the statement of other comprehensive income	339,666,448	400,739,440	214,380,379	386,288,882

Reconciliations between tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit before corporate income tax	3,466,386,580	2,197,530,720	1,847,242,851	1,893,863,700
Applicable tax rates	0 - 20%	0 - 20%	20%	20%
Accounting profit before income tax multiplied by tax rates	693,277,316	744,306,609	369,448,570	378,772,740
Adjustment in respect of current income tax of previous year	(2,891,117)	812,294	(405,284)	(230,103)
Effects of non-deductible expenses and income exempted from income tax	(85,283,283)	(370,001,169)	(346,175,907)	(323,769,301)
Income tax expenses reported in the statement of comprehensive income	605,102,916	375,117,734	22,867,379	54,773,336

The details of deferred tax assets and deferred tax liabilities as at 31 December 2018 and 2017 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax asset				
Allowance for impairment of assets	25,570,045	25,570,045	-	-
Provision for long-term employee benefits	31,996,199	27,860,446	10,302,754	8,902,820
Actuarial losses	11,960,689	12,072,615	9,200,059	7,664,007
Actuarial losses of associates	495,237	1,170,908	-	-
Finance lease agreement	553,320,508	472,693,391	553,320,510	472,693,391
Timing differences of accounting and taxable income recognition	98,300,337	67,074,618	-	-
	<u>721,643,015</u>	<u>606,442,023</u>	<u>572,823,323</u>	<u>489,260,218</u>
Deferred tax liabilities				
Timing differences of depreciation of buildings	15,196,335	14,423,054	-	-
Costs of business acquired - a subsidiary	84,115,062	84,115,062	-	-
Unrealised gains for investments in available-for-sale securities	956,114,828	1,286,530,188	957,033,828	1,169,963,149
Unrealised losses for investments in loan	(902,287)	(987,281)	(902,287)	(987,281)
Losses on interest income under effective interest method	(441,515)	(425,226)	(441,515)	(425,226)
Unrealised gains for investments in loans of an associate	7,386,435	14,617,904	-	-
Unrealised gains for investments in available-for-sale securities of an associate	8,074,554	5,482,391	-	-
Translation adjustment of an associate	(4,136,996)	1,347,377	-	-
Share of profit from investments in associates	243,365,615	221,554,255	-	-
	<u>1,308,772,031</u>	<u>1,626,657,724</u>	<u>955,690,026</u>	<u>1,168,550,642</u>

As at 31 December 2018, the Group has unused tax losses totaling Baht 808.43 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 2023.

39. Earnings per share

Basic earnings per share is calculated by dividing net income attribute to equity holders of the parent for the year (excluding 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 2018 and 2017 are as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Ordinary shares issued and paid-up	1,707,960,000	1,707,960,000	1,707,960,000	1,707,960,000
Less: Treasury stock held by a subsidiaries	(372,040,750)	(372,040,750)	-	-
Reduction of weighted average number of ordinary shares during the period	(5,679,132)	-	(5,679,132)	-
Weighted average number of shares held by third parties	1,330,240,118	1,335,919,250	1,702,280,868	1,707,960,000
Profit for the year (Baht)	2,881,297,904	1,840,851,446	1,824,375,472	1,839,090,364
Weighted average number of ordinary shares	1,330,240,118	1,335,919,250	1,702,280,868	1,707,960,000
Earnings per share (Baht/share)	2.17	1.38	1.07	1.08

40. Net movements in operating assets and liabilities

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
(Increase) decrease in operating assets				
Trade and other receivables	(180,845,928)	(322,725,016)	20,556,033	(3,208,555)
Loans to customers	(1,715,328,872)	(3,124,157,623)	-	573,786
Prepaid of land rental	(488,179,570)	(460,546,330)	(488,179,570)	(460,546,330)
Inventories	(752,006,045)	140,519,638	26,185	1,686,468
Other current assets	(37,132,832)	(121,720,479)	(2,269,357)	3,159,648
Restricted fixed deposits	(53,184)	956,222	-	-
Other assets	(680,554)	(251,790)	-	-
Increase (decrease) in operating liabilities				
Trade and other payables	107,097,327	12,839,287	883,561	15,046,461
Other current liabilities	(26,572,991)	(36,405,991)	(29,327,331)	(32,768,005)
Cash receipts from advance rental and services deposits	107,149,391	114,611,303	18,927,976	15,844,330
Refund of advance rental and services deposits	(51,660,855)	(36,301,424)	(24,963,866)	(17,060,597)
Deposits received	906,271,242	963,230,076	761,639,352	781,250,848
Refund of deposits received	(803,440,849)	(830,334,921)	(773,938,446)	(786,107,258)
Other liabilities	(1,501,805)	(2,953,129)	(3,386,091)	(5,593,483)
Net movements in operating assets and liabilities	(2,936,885,525)	(3,703,240,177)	(520,031,554)	(487,722,687)

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 producing and 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 motorcycle auction*, and saw water.
8. Supporting business performs as a back office functions for the Group.

* 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.

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 2018 and 2017, respectively.

For the year ended 31 December 2018										(Unit: Thousand Baht)
	Shopping center	Hotel and tourism	Golf	Real estate	Food solution	Finance	Other	Supporting	Elimination of inter-segment revenues	Total
Revenue from external customers	3,998,952	1,385,827	465,758	307,363	2,189,776	2,176,797	18,109	5,111	-	10,547,693
Inter-segment revenues	228,877	342,466	8,913	55,605	6,721	1,716	54	29,144	(673,496)	-
Total revenues	4,227,829	1,728,293	474,671	362,968	2,196,497	2,178,513	18,163	34,255	(673,496)	10,547,693
Segment operating profit (loss)	936,886	91,857	65,197	(29,634)	(54,290)	618,773	(9,317)	1,417	-	1,620,889
Share of profit (loss) from investments										
in associates and joint venture	82,527	66,240	11,328	-	-	11,626	37,171	3,013	-	211,905
Unallocated income and expenses:										
Interest income										10,472
Dividend income										381,482
Gain on sales of investments										1,481,098
Other income										60,254
Finance costs										(299,713)
Income tax expenses										(605,103)
(Gain) loss for the year for non-controlling interests of the subsidiaries										20,014
Profit attributable to equity holder of the Company										2,881,298

(Unit: Thousand Baht)

For the year ended 31 December 2017

	Shopping center	Hotel and tourism	Golf	Real estate	Food solution	Finance	Other	Supporting	Elimination of inter-segment revenues	Total
Revenue from external customers	3,979,444	1,296,454	457,453	692,964	1,579,743	1,722,642	5,108	5,771	-	9,739,579
Inter-segment revenues	193,995	339,371	6,865	60,523	6,731	2,193	-	22,689	(632,367)	-
Total revenues	4,173,439	1,635,825	464,318	753,487	1,586,474	1,724,835	5,108	28,460	(632,367)	9,739,579
Segment operating profit (loss)	916,487	137,171	46,835	109,819	(76,535)	571,074	5,056	(277)		1,709,630
Share of profit (loss) from investments in associates and joint venture	101,230	64,076	8,880	-	-	37,980	24,684	(10,927)	-	225,923
Unallocated income and expenses:										
Interest income										9,924
Dividend income										354,180
Gain on sales of investments										48,302
Other income										125,273
Finance costs										(275,701)
Income tax expenses										(375,118)
(Gain) loss for the year for non-controlling interests of the subsidiaries										18,438
Profit attributable to equity holder of the Company										1,840,851

(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 2018	8,694,670	2,279,165	4,321,893	2,639,433	1,218,682	13,098,823	-	3,105	16,840,171	49,095,942
As at 31 December 2017	9,334,778	2,151,352	4,246,909	2,238,088	1,051,150	11,487,465	-	1,176	16,041,472	46,552,390

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	2018	2017
Revenue from external customers		
Thailand	10,271,172	9,635,860
United States/Canada	50,367	7,384
Europe	80,697	33,557
Asia Pacific	145,457	62,778
Total	10,547,693	9,739,579

Major customers

For the years 2018 and 2017, 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 2018 and 2017, the Group has the capital commitments of construction for shopping center, hotel and tourism, golf, real estate, food solution and other relating to each segment as follows:

	(Unit: Million Baht)	
	2018	2017
Shopping center business	75	226
Hotel and tourism business	81	102
Golf business	50	24
Real estate business	803	156
Total	1,009	508

42.2 Operating lease commitments

As at 31 December 2018 and 2017, the Group has future minimum lease payments required under these non-cancellable operating leases contracts are as follows:

	(Unit: Million Baht)	
	2018	2017
Payable within:		
Less than 1 year	201	142
1 to 5 years	123	152
More than 5 years	383	409
Total	707	703

In addition, as at 31 December 2018 and 2017, 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)	
	2018	2017
Payable within:		
Less than 1 year	517	488
1 to 5 years	3,092	2,917
More than 5 years	7,265	7,958
Total	10,874	11,363

42.3 Guarantees

42.3.1 As at 31 December 2018, there are outstanding bank guarantees of approximately Baht 292 million (2017: Baht 291 million) issued by the banks on behalf of the Group 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 2018, a subsidiary of the Company's shareholding interest in such associate representing 35 percent of its share capital and the outstanding loan was USD 8 million or equivalent to Baht 251 million (2017: USD 14 million or equivalent to Baht 452 million).

42.3.3 On 6 September 2018, 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 442 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	265	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 2018, the subsidiaries were sued for damages of approximately Baht 19.24 million (the claimed amount) (2017: Baht 16.79 million). The case have yet to be finalised. However, a subsidiary has made partial payment of compensation to the Bank that issued a letter of guarantee on behalf of the company in the amount of Baht 8.72 million and the subsidiary has already set aside a reserve of Baht 8.77 million for the contingent loss in the financial statements. The Company's management believes that the amount of provision is adequate.

43. Fair value hierarchy

As at 31 December 2018 and 2017, 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				
31 December 2018				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale securities				
Equity securities	1,882	-	-	1,882
Other long-term investments				
Equity securities	6,643	-	7	6,650
Assets for which fair value are disclosed				
Loans to	-	143	-	143
Investment properties	-	-	13,821	13,821
Liabilities for which fair value are disclosed				
Loans from	-	3,048	-	3,048
Debentures	-	12,391	-	12,391
Forward exchange contracts	99	-	-	99
Derivatives				
Cross currency and interest rate swap agreement	1	-	-	1
Interest rate swap agreement	58	-	-	58

(Unit: Million Baht)

Consolidated Financial Statements				
31 December 2017				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale securities				
Equity securities	3,085	-	-	3,085
Other long-term investments				
Equity securities	7,466	-	7	7,473
Assets for which fair value are disclosed				
Loans to	-	67	-	67
Investment properties	-	-	14,245	14,245
Liabilities for which fair value are disclosed				
Loans from	-	2,764	-	2,764
Debentures	-	10,094	-	10,094
Forward exchange contracts	66	-	-	66
Derivatives				
Cross currency and interest rate swap agreement	33	-	-	33
Interest rate swap agreement	70	-	-	70

(Unit: Million Baht)

	Separate Financial Statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale securities				
Equity securities	1,865	-	-	1,865
Other long-term investments				
Equity securities	6,463	-	3	6,466
Assets for which fair value are disclosed				
Loans to	-	11,493	-	11,493
Investment properties	-	-	8,163	8,163
Liabilities for which fair value are disclosed				
Loans from	-	10,845	-	10,845
Debentures	-	12,391	-	12,391
Derivatives				
Interest rate swap agreement	58	-	-	58

(Unit: Million Baht)

	Separate Financial Statements			
	31 December 2017			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale securities				
Equity securities	2,085	-	-	2,085
Other long-term investments				
Equity securities	7,275	-	3	7,278
Assets for which fair value are disclosed				
Loans to	-	10,250	-	10,250
Investment properties	-	-	8,458	8,458
Liabilities for which fair value are disclosed				
Loans from	-	8,074	-	8,074
Debentures	-	10,094	-	10,094
Derivatives				
Interest rate swap agreement	70	-	-	70

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 and 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 2018 and 2017 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 2018						
	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)	-	-	-	665	-	665	0.13 - 1.30
Fixed accounts	1	-	-	-	-	1	0.90 - 1.75
Trade and other receivables	-	-	-	-	715	715	-
Hire purchase receivables	2,737	3,694	11	-	-	6,442	1.00 - 2.30
Short-term loans to related companies	-	-	-	142	-	142	4.95 - 6.65
Short-term loans	1,604	125	-	-	-	1,729	4.95 - 12.00
Long-term loans	5	-	-	4,768	-	4,773	6.00 - 12.00
	<u>4,347</u>	<u>3,819</u>	<u>11</u>	<u>5,575</u>	<u>715</u>	<u>14,467</u>	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	956	-	956	1.70 - 6.87
Trade and other payables	-	-	-	-	1,244	1,244	-
Short-term loans from related companies	-	-	-	292	-	292	1.65
Long-term debentures	-	6,895	5,496	-	-	12,391	2.47 - 5.10
	<u>-</u>	<u>6,895</u>	<u>5,496</u>	<u>1,248</u>	<u>1,244</u>	<u>14,883</u>	

(Unit: Million Baht)

	Consolidated financial statements						
	31 December 2017						
	Fixed interest rates			Floating	Non-interest		
	Within	5 - 10		interest			
	1 year	1 - 5 years	years	rate	bearing	Total	Interest rate
							(% p.a.)
Financial assets							
Cash equivalents (excluding cash)	-	-	-	464	-	464	0.13 - 1.30
Bond and fixed accounts	2	-	-	-	-	2	0.90 - 5.00
Trade and other receivables	-	-	-	-	595	595	-
Hire purchase receivables	2,085	2,622	2	-	-	4,709	1.99 - 2.30
Short-term loans to related companies	-	-	-	67	-	67	4.16 - 5.20
Short-term loans	786	-	-	1	-	787	7.00 - 13.00
Long-term loans	35	4,423	-	1,363	-	5,821	6.00 - 13.00
	2,908	7,045	2	1,895	595	12,445	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	2,554	-	2,554	1.60 - 7.12
Trade and other payables	-	-	-	-	1,090	1,090	-
Short-term loans from related companies	-	-	-	210	-	210	1.65 - 1.75
Long-term debentures	1,700	4,896	3,498	-	-	10,094	2.47 - 5.10
	1,700	4,896	3,498	2,764	1,090	13,948	

(Unit: Million Baht)

	Separate financial statements						
	31 December 2018						
	Fixed interest rates			Floating			
	Within		5 - 10	interest	Non-interest		
	1 year	1 - 5 years	years	Rate	bearing	Total	Interest rate
							(% p.a.)
Financial assets							
Cash equivalents (excluding cash)	-	-	-	373	-	373	0.13 - 1.30
Trade and other receivables	-	-	-	-	136	136	-
Short-term loans to related companies	-	-	-	11,493	-	11,493	4.95 - 6.65
	-	-	-	11,866	136	12,002	
Financial liabilities							
Bank overdrafts and short-term loans from							
financial institutions	-	-	-	1,800	-	1,800	1.65 - 1.69
Trade and other payables	-	-	-	-	537	537	-
Short-term loans from related companies	-	-	-	9,045	-	9,045	1.65 - 4.95
Long-term liabilities under financial lease							
agreements - related companies	6	13	-	-	-	19	5.20 - 5.68
Long-term debentures	-	6,895	5,496	-	-	12,391	2.47 - 5.10
	6	6,908	5,496	10,845	537	23,792	

(Unit: Million Baht)

	Separate financial statements						
	31 December 2017						
	Fixed interest rates			Floating	Non-interest bearing	Total	Interest rate (% p.a.)
	Within	5 - 10		interest			
	1 year	1 - 5 years	years	Rate			
Financial assets							
Cash equivalents (excluding cash)	-	-	-	115	-	115	0.13 - 1.30
Trade and other receivables	-	-	-	-	130	130	-
Short-term loans to related companies	-	-	-	10,250	-	10,250	5.00 - 7.40
	-	-	-	10,365	130	10,495	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	1,720	-	1,720	1.60 - 1.69
Trade and other payables	-	-	-	-	483	483	-
Short-term loans from related companies	-	-	-	6,354	-	6,354	1.70 - 5.00
Long-term liabilities under financial lease agreements - related companies	6	14	-	-	-	20	5.62 - 6.40
Long-term debentures	1,700	4,896	-	-	-	6,596	2.47 - 5.10
	1,706	4,910	-	8,074	483	15,173	

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 2018 (Unit)	Average exchange rate as at 31 December 2018 (Baht per 1 foreign currency unit)
Trade receivables	USD	450,593	32.1924
Investment in associate (foreign country)	USD	13,475,000	32.1924
	Foreign currency	Financial assets as at 31 December 2017 (Unit)	Average exchange rate as at 31 December 2017 (Baht per 1 foreign currency unit)
Trade receivables	USD	50,827	32.4342
Investment in associate (foreign country)	USD	13,475,000	32.4342

A subsidiary has sold forward exchange contracts for expose foreign exchange risk which arises from trading transactions. Outstanding balances on 31 December 2018 and 2017 are summarised below.

As at 31 December 2018			
Foreign currency	Sold amount (Unit)	Contractual exchange rate (Baht per 1 foreign currency unit)	Maturity date
USD	3,028,123	32.070 - 33.020	7 January 2019 - 17 June 2019
As at 31 December 2017			
Foreign currency	Sold amount (Unit)	Contractual exchange rate (Baht per 1 foreign currency unit)	Maturity date
USD	2,034,404	32.385 - 33.110	25 January 2018 - 3 July 2018

44.2 Derivatives

As at 31 December 2018 and 2017, 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 2019. Under the terms and conditions of the swap agreements are agreed as follows:

(1) Cross currency swap

As 31 December 2018, a subsidiary entered into cross currency swap agreement to exchange the currency between Baht and US dollar. The contractual exchange rate is Baht 32.80 to 1 US dollar (2017: Baht 34.69 to 1 US dollar). The subsidiary has commitments with the bank counterparty at the initial date and terminated date of the agreement as follows:

	31 December 2018	
	At initial date	At terminated date
The subsidiary received from / (paid to)	USD 13.475 million	(USD 13.475 million)
the bank counterparty	(Baht 442 million)	Baht 442 million

	31 December 2017	
	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

(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 442 million (2017: Baht 467 million), bearing interest at the fixed rate 1.34% per annum (2017: 0.12% 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% (2017: USD 13.475 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	
	2018	2017
Fair value of cross currency interest rate swap agreements	948	30,766

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		
	2018	2017
Fair value of interest rate swap agreements	58,470	69,631

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 2017	Annual General Meeting of the shareholders on 30 April 2018	632	0.37	15 May 2018
Interim dividends on the six-month period ended 30 June 2018	Board of Directors' Meeting on 5 September 2018	627	0.37	4 October 2018
Total		1,259		
Final dividends on the six-month period ended 31 December 2016	Annual General Meeting of the shareholders on 26 April 2017	564	0.33	12 May 2017
Interim dividends on the six-month period ended 30 June 2017	Board of Directors' Meeting on 6 September 2017	564	0.33	5 October 2017
Total		1,128		

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 2018, the Group's Debt to Equity Ratio was 1.16:1 (2017: 1.10:1) and the Company's was 1.92:1 (2017: 1.63:1).

47. Events after the reporting period

On 6 February 2019, the meeting of the Board of Directors No. 4/2018 of the Company passed a resolution granting approval for the Company to acquired 96,120 ordinary shares of MBK Realty Company Limited, representing a 14 percent of its registered capital, from the other existing shareholders at 90.16 Baht per share, total amounting to Baht 8.67 million. The Group's total proportion of shareholding in this company arose from 55.00 percent to 69.00 percent.

On 13 February 2019 MBK Hotels & Tourism Company Limited, a subsidiary of the Company, established a new company named Rehapply Plus Company Limited, in accordance with the joint venture agreement dated 28 January 2019, with a registered share capital 0.50 million shares with par value of Baht 10 per share, totaling Baht 5 million. The Group indirectly holds 50% of this company through MBK Hotels & Tourism Company Limited, which holds 0.25 million ordinary shares with a par value of Baht 10 per share. On 12 February 2019, MBK Hotels & Tourism Company Limited paid in the Baht 10 par value per share, totaling Baht 2.50 million.

48. Approval of financial statements

These financial statements were approved by the Company's Audit Committee on 22 February 2019.

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 10300	
REGISTRATION NUMBER		No. 0107537001102	
REGISTERED AND PAID-UP CAPITAL		THB 1,694,923,000	
TYPE OF SHARE		Ordinary Share	
NUMBER OF PAID-UP SHARES		1,694,923,000 Shares	
PAR VALUE		THB 1.00 Per Share	
TELEPHONE		0-2853-9000	
FAX.		0-2853-7000	
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		SETContactCenter@set.or.th	
WEBSITE		http://www.set.or.th/tsd	

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

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 Ms. Narissara Chaisuwan, C.P.A. (Thailand) No. 4812
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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