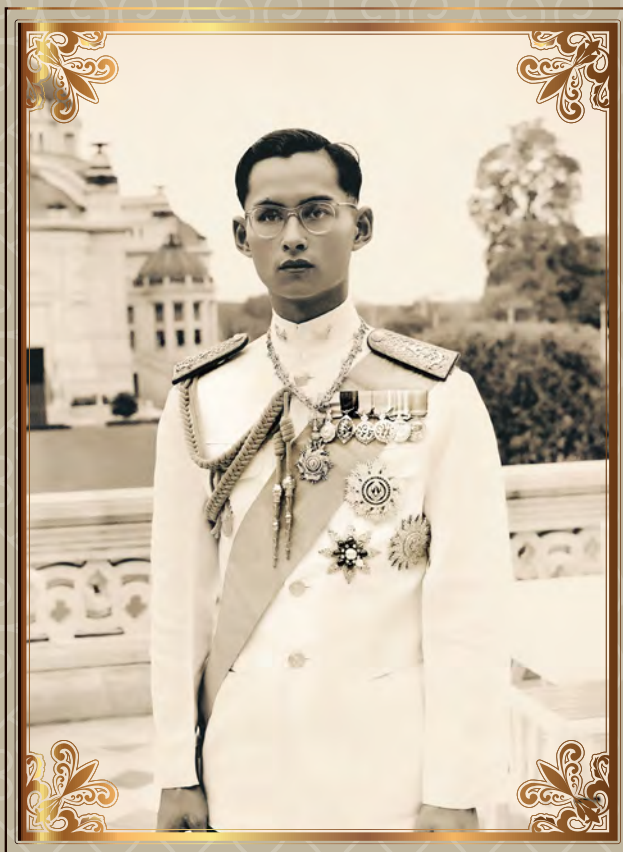


ธ สถิตในดวงใจ ไทยนิรันดร์



MK REAL ESTATE
Annual Report 2016



ธ สถิตในดวงใจไทยนิรันดร์



ปวงข้าพระพุทธเจ้า ขอน้อมเกล้าขอน้อมกระหม่อม
รำลึกในพระมหากรุณาธิคุณหาที่สุดมิได้

ด้วยเกล้าด้วยกระหม่อม ขอเดชะ

ข้าพระพุทธเจ้า คณะกรรมการ ผู้บริหาร และพนักงาน
บริษัท มั่นคงเคหะการ จำกัด (มหาชน) และบริษัทในเครือ



ทรงพระเจริญ



ด้วยเกล้าด้วยกระหม่อม
ข้าพระพุทธเจ้า คณะกรรมการ ผู้บริหาร และพนักงาน
บริษัท มั่นคงเคหะการ จำกัด (มหาชน) และบริษัทในเครือ

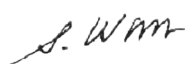


MK REAL ESTATE

Content

01 Message From the Chairman	02 Policy and Overview of Business Operation	08 Nature of business
16 Risk Factor	17 Summary of Financial Information	18 Board and Advisory
20 Board and Management History	24 General and other significant information	27 Securities and shereholders
28 Management structure	36 Corporate governance	63 CSR
67 Internal controls and risk management	71 Related Party Transactions	75 MD&A
77 Independent Auditor's Report	80 Statement of financial position	

Message from the Chairman

Mr. Suthep Wongvorazathe
Chairman / Chief Executive Office

The company's action plan has been changing its structure and the business is cumulative for more growth and to be well competitive in real estate market in all negative facing factors.

Assiduously follow the Father's Step

During the end of the year 2016, when our beloved King passed away, the undeniable deep grievance has been spreading over the country. We, on behalf of executives and employees of M.K. Real Estate Development Public Company Limited do pay our profoundly respect and royalty to the greatest King who always gives the peacefulness to all Thais and also brings about the country development in all areas for 70 years. Although your Majesty the King passed away, he will be always memorable remained in all Thai hearts. Please allow us to take one of his observation royal speeches on "an effort" to be our guideline in business operation for life:

"A right, fair and desirable effort is the effort to eliminate all deterioration and prevent it from its rebirth, one thing and is the effort to create righteousness and maintain it not to be disintegrated, another thing. These both "effort" meanings are the essential patronage for oneself behavior and working performance. If everyone in the nation has been persevere in such effort, benefits and pleasure will immediate definitely rise both to oneself and community at large. (The royal observation royal speech in The Fiftieth Anniversary (Golden Jubilee) Celebrations of His Majesty's Accession to the Throne, B.E. 2539)

In 2016, real estate business overview starts to adjust the development of housing project to focus more on consumer demand regarding for living than for investment or profit. As a result, horizontal real estate i.e., single family house, twin house and town home is gradually in progress and also because of the low risk under the current economic fluctuation. Various business entrepreneurs vigorously keep an eye on this business due to its ready for sale and transfer. In addition, governmental supportive measures specifically in transfer and mortgage fee reduction is the main factor encouraging the substantial increase of house sales figure especially housing in Bangkok metropolitan region. Other positive economic factors are also significant means to move

forward the real estate business, e.g., hi-growth of tourism industry, investment policy in country's transportation and new sky train line building.

In 2017, growth ratio of Thai economy should be closed to 2016 ratio and to forecast, it will be gradually flourished for the year 2017 - 2019 around 2.5 - 4.0% with a support from the country's expenditure recovery and the continuous progress of tourism cluster. Furthermore, governmental support on budget deficit policy of 2.6% GDP is urging the economy including pushing in infrastructure investment project to be in concrete whereas the Monetary Policy Committee (MPC) should freeze the interest policy until next year from the slow economy expanding ratio.

The company's action plan has been changing its structure and the business is cumulative for more growth and to be well competitive in real estate market in all negative facing factors. Our main product shall still be the horizontal housing, our expertise and reliability our clients rest in us for over 60 years for worthy to the desire and need to all Bangkok metropolitan area for the price of 2 - 10 million baht; single family house, twin house and town home, i.e., Chuan Chuen Town, Kaewin - Bangyai, Chuan Chuen Prime Bangkok - Pathumthani, Chuan Chuen Park On-nut - Circle. The company shall continue invest for new land for developing more new projects in the future.

In the meantime, new business plan is "real estate for rent" in order to increase income proportion and create a long term financial stability which is at Park Court, Suthumvit 77 and T77 Park.

On behalf of the Board of Directors, I would like to convey my appreciation to all the parties for your continued participation and support. We will move the Company through issues and obstacles and reach the great success in the future.

1. Policies and overview of business operations

1.1 Vision, Missions, Goals, and Business Strategies

In 2016, the Company continued to implement the strategy it had commenced in 2015, which had a principal aim of maintaining a strong foundation for business under the concept “We Build a Place of Family Togetherness.” The Company has redesigned the overall project, interior design, and landscape in order to meet the customers’ needs in the present, including redesign the Company’s logo, launched new broadcast on both online and offline medias, revised the communication strategy to access to the new generation more on social medias such as facebook, fanpage, etc.

It emphasized the development of horizontal projects for sale, under the “ChuanChuen” brand, at the price ranges in which the Company has strong expertise, namely mid- and low-price segments. The Company’s focus is on affordable residential projects, such as town houses with the starting price of two million baht and twin houses with the starting price of four million baht. These projects are located near mass transit and not far from previous projects which have already provided the Company with client bases and positive feedback. Meanwhile, the Company converted assets that were not used or engaged in the business operations into working capital, to increase its business capacity.

In addition, the Company has set a goal to increase the percentage of revenues from property development for sale and property development for rent and related services so that the revenues from both sources are more or less at the same level within the next five years. It aims to do so by increasing the percentage of projects with recurring incomes, such as golf courses and buildings for rent; by expanding the number of factory buildings and warehouses for rent; and through Park Court Grand Apartment on Sukhumvit 77, which is a premium segment project and targets foreigners or expatriates residing or working in Thailand.

Vision

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

Mission

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

1.2 Company background, and major changes in 2016

MK Real Estate Development Public Company Limited was founded in 1956 with initial registered capital of eight million baht. The Company’s business began with obtaining construction contracts to build various types of buildings, under the name “Munkongsathapat General Partnership” Significant developments in subsequent years include

- In 1961, the Company engaged in building and land-related business, in addition to obtaining construction contracts.
- In 1977, the Company commenced its first housing development, known as “ChuanChren Community” located on Phrachachuen Road. After that, its housing business gradually expanded, the brand gained increasing recognition from consumers. The Company fully engaged in the property development business in 1981.
- In 1990, the Company became the first property development company to be listed in the Stock Exchange of Thailand, and in 1993, the Company registered the change of its status to a public limited company, with registration No. 0107536001567.

- In 1994, the Company added a new business to its operations, namely property development for rent and related services, which started with the development of a golf course known as ChuanChuen Golf Club.
 - In 2005, the Company launched the development of detached houses under the ChuanChuen and Sirin House brands. These projects remain ongoing to this day.
- To date, the Company has had more than 60 projects of property development for sale, located across the Bangkok Metropolitan Region.

Major developments in past three years

2014

- In 2014, the Annual General Meeting of Shareholders No. 1/2014 passed a resolution approving dividend payment at 0.30 baht per share. However, an interim dividend had been paid at 0.10 baht per share on 12 September 2013, so the net final dividend paid was 0.20 baht per share. There were a total of 860,384,157 shares, therefore the total amount of dividend paid was 172.08 million baht. The dividend payout ratio was 60 percent of the net operating income.

At the Board of Directors' meeting No. 4/2014, held on 14 August 2014, the Board approved an interim dividend payment from the operating results of the six-month period ending on 30 June 2014, at 0.10 baht per share. There were a total of 860,384,157 shares, therefore the total amount of dividend paid was 86.04 million baht.

2015

- In 2015, the Annual General Meeting of Shareholders No. 1/2015 passed a resolution approving dividend payment at 0.35 baht per share. However, an interim dividend had been paid at 0.10 baht per share on 12 September 2014, so the net final dividend paid was 0.25 per share. There were a total of 860,384,157 shares, therefore the total amount of dividend paid was 215.10 million baht. The dividend payout ratio was 67 percent of the net operating income.
- In 2015, there were material changes in the shareholding structure. First, Suthep Wongvorazathe became a major shareholder, holding 20.64 percent of the shares. Secondly, the Company bought 100 percent of the shares in Prospect Development Company Limited ("Prospect"), which develops factory buildings and warehouses for rent, with the aims to generate long-term revenue and expand opportunities and potential for further growth of the Company. The Company made a partial payment for Prospect's shares, by issuing and offering a total of 131,626,020 ordinary shares, at par value of one baht per share, to raise capital for this purpose (The Company subsequently the registered capital increase on 27 October 2015).

Moreover, the Company altered its corporate image, building on its focus on maintaining a strong foundation for business under the concept "We Build a Place of Family Togetherness." To this end, the Company adjusted designs of its projects, including interior design and project landscapes, so that they would meet current customer expectations more accurately. It also designed new logos and changed its advertising strategies.



New Company Logo



Logo for new project



New CRM icons

- In June 2015, the Company established a subsidiary, Buntadthong Pattana Company Limited (“BTT”), to engage in the development and investment in property. The subsidiary had registered capital of one million baht, which consisted of 10,000 ordinary shares at par value of 100 baht per share. BTT is a wholly owned subsidiary of the Company.
- In October 2015, the Company sold all ordinary shares it had held in Haadyai Nakarin Co., Ltd. (“Haadyai Nakarin”), which accounted for 6.03 percent of paid-up capital of Haadyai Nakarin.
- In October 2015, the Company established a subsidiary, MK 71 Company Limited (“MK 71”), to engage in the development and investment in property. The subsidiary had registered capital of one million baht, which consisted of 10,000 ordinary shares at par value of 100 baht per share. MK 71 is a wholly owned subsidiary of the Company.
- In October 2015, the Company invested in S 71 Holding Company Limited (“S 71”), which invests in property development companies - apartments for rent on Sukhumvit 71 Road. The Company acquired 5,390,000 shares, at par value of 100 baht per share, accounting for 49 percent of S71’s paid-up capital. Subsequently, in November 2015, the Company acquired an additional 4,010,000 shares in S71, which accounted for 36.45 percent of its paid-up capital, totaling 401 million baht. These shares were bought from Assets Spring Capital Limited, which is not a related party. Therefore, the Company’s interest in S 71 increased from 49 percent to 85.45 percent of S71’s paid-up capital.

M.K. Real Estate Development Plc. would like to announce that it had registered an increase in paid-up capital from 860,384,157 baht to 992,010,177 baht with the Department of Business Development, Ministry of Commerce, on 27 October 2015. This was because the Company had issued an additional 131,626,020 shares, at par value of one baht per share, to raise capital to pay for the ordinary shares it had acquired from Prospect Development Company Limited

2016

- In January 2016, the Company acquired an additional 4.55 percent of S71 Holding Company Limited (“S 71”)’s paid-up capital, totaling 50 million baht. Therefore, the Company’s interest in S71 increased from 85.45 to 90 percent.
- At the Board of Directors’ meeting No. 2/2016, held on 25 February 2016, the Board approved the appointment of Mr.Vorasit Pokachaiyapat as Chief Executive Officer & Managing Director
- At the Annual General Meeting of Shareholders No. 1/2016, the shareholder passed a resolution approving a dividend payment (from retained earnings) at the rate of 0.25 baht per share, due to be paid on 25 May 2016. There were a total of 992,010,177 shares, therefore the amount of dividend paid was 248.00 million baht. The

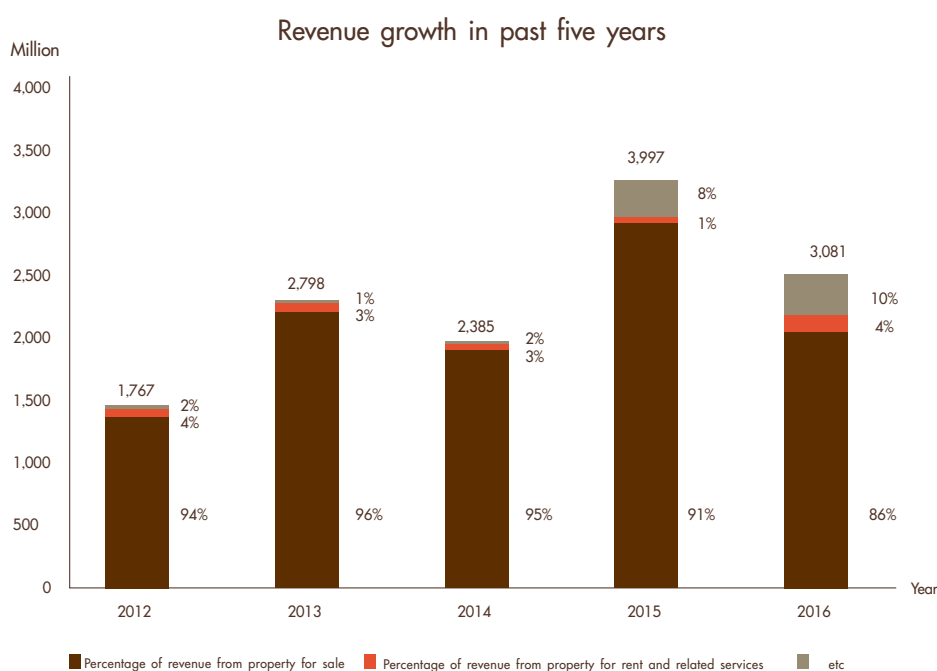
dividend payout ratio was 39.57 percent of retained earnings.

- At the Board of Directors' meeting No. 3/2016, held on 18 March 2016, the Board approved the establishment of a subsidiary, Yours Property Management Company Limited ("Yours"), to provide building management services. The subsidiary had registered capital of five million baht, Yours's paid-up capital, totaling 2 million baht.. It is wholly owned by the Company, and was registered as a company on 29 March 2016.
- On 9 August 2016, Park Court Development Co.,Ltd. (Formerly named Onnut Development Co.,Ltd.), which is an indirect subsidiary of the Company, increased its registered capital from 2.00 million baht to 1,000.00 million baht. The increase in registered capital was because the company had issued an additional 9.98 million ordinary shares at par value of 100 baht per share, which were distributed to the existing shareholders based on the shareholding structure, at the par value. The shares were fully paid, amounting to 998 million baht. This did not cause any change to the Company's interest in the indirect subsidiary.
- At the Board of Directors' meeting No. 7/2016, held on 15 August 2016
 - The Board passed a resolution allowing Prospect to establish a joint stock company with TICON Logistics Park Company Limited (which is a subsidiary of TICON Industrial Connection Public Company Limited, to develop property to construct warehouses or factory buildings for rent, or transfer of leasehold, or sale in parts of the Bangkok Free Trade Zone. The company had registered capital of one million baht, 40 percent of which was held by Prospect. The joint venture company was registered under the name TPARK BFTZ Company Limited on 20 October 2016, with paid-up capital accounting for 100 percent of registered and paid-up capital
 - The Board approved an acquisition of all of the 10,000 ordinary shares and 50 preference shares of T77 Park Company Limited(Formerly named Phra Kanong Land Company Limited) ("T77"), at par value of 100 baht per share, totalling 1,005,000 baht, including the acquisition of the right of claim on loans to T77 amounting to 1,004.62 million baht. The objective was to obtain land for use in project development of T77, which was unmortgaged/without any encumbrance. The total amount of investment was 1,005.63 million baht.

As at 31 December 2016, the Company had registered and paid up capital of 992.10 million baht, consisting of 992,010,177 ordinary shares, at par value of one baht per share. The Company is engaged in the property development business, which consists of

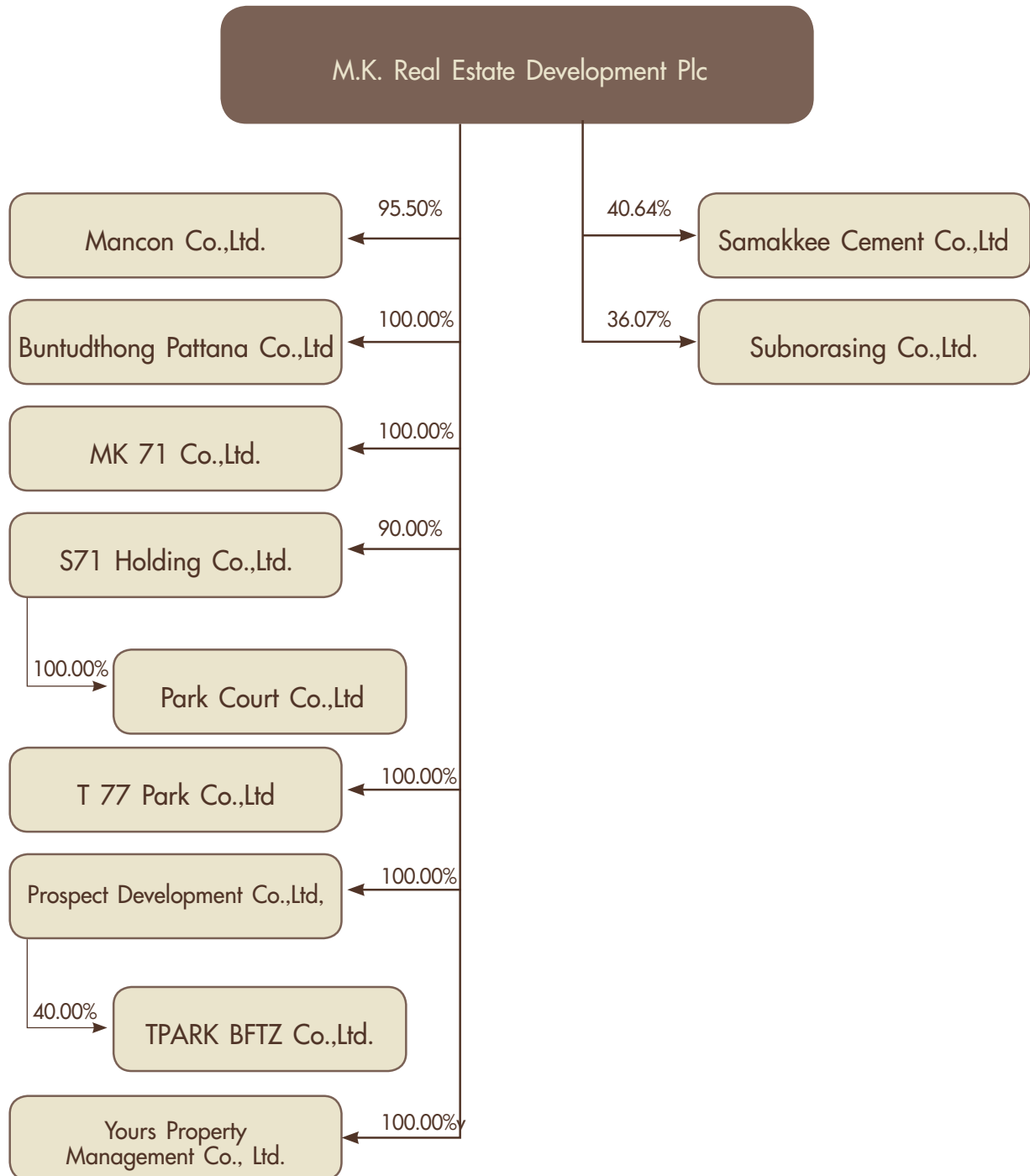
- (1) property development for sale, which is the Company's main business, with a focus on residential property, and
- (2) property development for rent and related services.

Below is the summary of the operating results in 2016 (by the Company, using existing model)



1.3 Group companies shareholding structure

The Company is engaged in the development of residential property for sale, focusing on horizontal projects, and the development of property for rent and related services. The Company’s shareholdings in other companies, as at 31 December 2016, are as follows:



The Company's subsidiaries consist of:

1. Mancon Co.,Ltd., engaged in construction contracts and property development for small projects
2. Buntudthong Pattana Co.,Ltd, engaged in property development and investment
3. MK 71 Co.,Ltd. , engaged in property development and investment
4. S71 Holding Co.,Ltd., engaged in investment in property development companies and apartments for rent
5. Park Court Co.,Ltd. (formerly named Onnut Development Co.,Ltd.), engaged in property development (a subsidiary of S 71)
6. T77 Park Co.,Ltd (formerly named Phra Kanong Land Co.,Ltd.), engaged in property development
7. Prospect Development Co.,Ltd., engaged in development of factory buildings and warehouses and storage for rent
8. Yours Property Management Co., Ltd., engaged in building and property management

The Company's associate companies consist of

1. Samakkee Cement Co.,Ltd, engaged in manufacture of cement and ready mixed concrete
2. Subnorasing Co.,Ltd, engaged in manufacture of industrial sand

The Company's joint ventures consist of

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

1.4 Relations with major shareholders

In carrying out its business operations in 2016, the Company had significant relations of a competitive nature with the companies whose shares were held by its major shareholders.

2. Nature of business

MK Real Estate Development Public Company Limited had registered and paid-up capital of 992.10 million baht as at 31 December 2016. The Company is engaged in property development, which consists of (1) property development for sale, which is the Company's main business (the principal source of income from this business is sale of residential property), and (2) property development for rent and related services.

Income Structure

unit : Million Baht	2014		2015		2016	
Revenue from sale of real estate	2,268.80	95.13%	3,649.51	91.32%	2,647.55	85.92%
Revenue from rental and rendering of services	15.91	0.67%	34.19	0.86%	129.85	4.21%
Revenue from golf services	62.18	2.61%	62.34	1.56%	71.74	2.33%
Revenue from management of real estate	-	0.00%	3.84	0.10%	21.72	0.71%
Other revenues	38.01	1.59%	246.64	6.17%	210.42	6.83%
Total income	2,384.90	100.00%	3,996.52	100.00%	3,081.29	100.00%

Note ^{1/} Other Revenues is consisted of interest income, profit from sale of investment, revenue from investment, gain on bargain purchased, etc.
^{2/} the Company acquired the Prospect Development Co.,Ltd. In October 2015 which is operated for warehouse and storage for rent by acquiring the 100% of Prospect's ordinary shares

The Company's associate companies

(unit : baht)	portion (%)	2014	2015	2016
Subnorasing Co.,Ltd.	36.07	0.02	(2.81)	(0.00)
Samakkee Cement Co.,Ltd.*	40.64	(15.76)	(12.37)	(12.88)

Note * in 2015, Samakkee Cement Co.,Ltd. has increased the registered capital from 216.85 mb to be 235 mb, and the Company did not invested in its portion, therefore the portion of the Company had diluted from 44.04 percent to be 40.64 percent



2.1 Property Development for Sale






Since 1977, the company has developed over 60 residential property projects for sale in Bangkok and the vicinity under the current “ChuanChuen” and “Serene House” brands.

2.1.1 Product characteristics

The company’s main product form is pre-built houses for sale in response of clients’ needs of ready-to-move in. In 2016, the company developed construction format by introducing prefab house innovation to be used jointly with the traditional construction. This helps drastically reduce construction time, reduce labor problems, and save construction costs, resulting in better competitiveness. The company adheres to a policy of “Value for Money,” setting an average price range between 2.0-5.0 million baht.

Current projects for sale

In 2016, 11 residential property projects were launched. They comprised detached house, attached house, and townhouse projects under the “ChuanChuen” and “Serene House” brands. Two new brands, namely ChuanChuen Town  and ChuanChuen Park,  were also launched in the last quarter of 2016 at a price range between 2-4 million baht, so as to cover products at every price range and to comprehensively respond to the needs of diverse client groups.

Project name	Project location	Project area	Number of units/ Utility space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2016)
Detached house					
ChuanChuen Greenbound 	Bangkok-Pathum Thani Road, Tambon Bang Kuwat, Amphoe Muang, Pathumthani (Near Chuan Chuen Golf Club)	44-0-59.7 rai (sale started in 2015)	216 units Usable space: 140-169 sq.m./unit	800.00	88%
ChuanChuen City Prime Watcharapol 	Tharaeng, Bang Khen, Bangkok	30-0-46.7 rai (sale started in 2015)	141 units Usable space: 163-170 sq.m./unit	771.00	76%
ChuanChuen Bangna 	Soi Kiatpipat Thani, Bangna-Trat Km. 29.5 Road, Amphoe Bang Bo, Samut Prakarn	180 rai (sale started in 1996)	606 units Usable space: 114-169 sq.m./unit	1,600.00	88%
ChuanChuen Ekachai, Bangbon 	On Bangbon 4 Road, Bangkok	41-0-64.2 rai (sale started in 2015)	93 units Usable space: 190-260 sq.m./unit	758.00	22%
ChuanChuen Grand Ratchapruek Rama 5 	Nakhon-In Road, Amphoe Muang, Nonthaburi	25-2-79.2 rai (sale started in 2016)	108 units Usable space: 155-208 sq.m./unit	930.00	19%

Project name	Project location	Project area	Number of units/ Utility space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2016)
Detached house and Duplex house					
Serene House Bangna (Phase 2)	Soi Kiatpipat Thani, Bangna-Trat Km. 29.5 Road, Amphoe Bang Bo, Samut Prakarn	31-2-70 rai (sale started in 2006)	239 units Usable space: 106-143 sq.m./unit	670.00	69%
					
Detached house and Townhome					
ChuanChuen Charan 3	Charansanitwong Road, Soi 3, Bangkok Yai, Bangkok	25-3-16.8 rai (sale started in 2011)	219 units Usable space: 170-180 sq.m./unit, detached house 346 sq.m./unit	1,270.00	96%
					
Duplex house and Townhome					
ChuanChuen Modus Vibhavadi (Phase 2)	On Vibhavadi-Rangsit Road, Don Muang, Bangkok	22-3-89.7rai (sale started in 2014)	180 units Usable space: 170-248 sq.m./unit	1,170.00	47%
					
Attached house					
ChuanChuen Park Kanchana-Bang Yai	Bang Yai-Bang Kulat Road (Soi Kantana), Tambon Bang Mae-nang, Amphoe Bang Yai Nonthaburi	21-0-88.8 rai (sale started in 2016)	124 units Usable space: 130-140 sq.m./unit	422.00	4%
					
Townhome					
Leon Sukhumvit 62 (New phase near Club House)	On Sukhumvit 62 Road, Phra Khanong, Bangkok	6-1-2.7 rai (sale started in 2015)	56 units Usable space: 201-218 sq.m./unit	460.00	64%
					
Chuan Chuen Town Kanchana-Bang Yai	Pracha U-thit Road, Tambon Bang Maenang, Amphoe Bang Yai, Nonthaburi	19-0-35.6 rai (sale started in 2016)	174 units Usable space: 140sq.m./unit	426.00	6%
					

The above table shows projects launched in 2016 on 3 locations close to the company's existing client base as follows:

1. Chuan Chuen Grand Ratchapruek-Rama 5

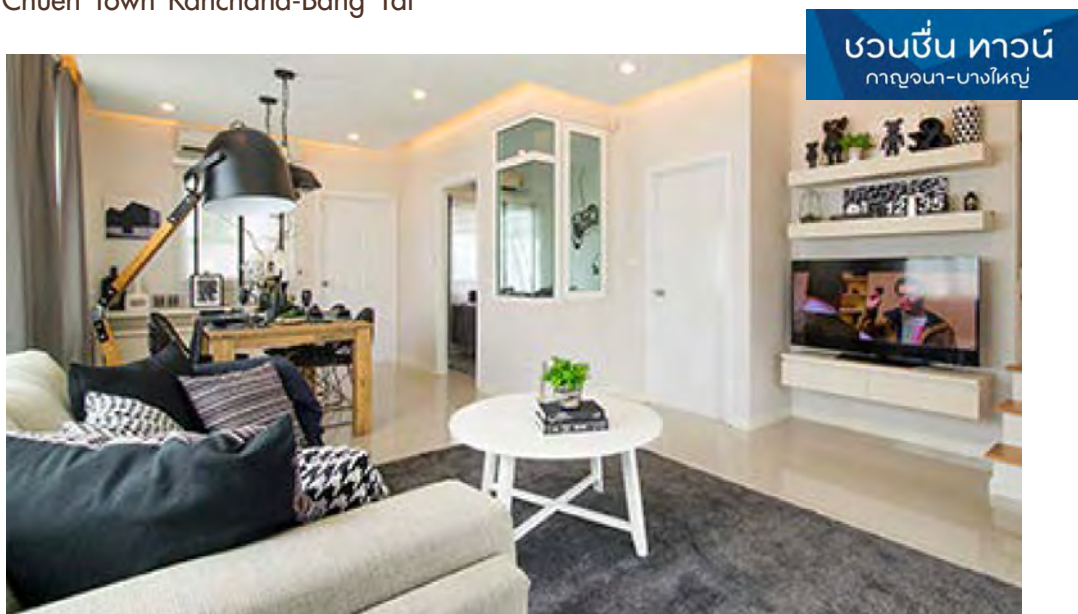


Location: Nakhon-Inn Road, Amphoe Muang, Nonthaburi

Chuan Chuen Grand Ratchapruek-Rama 5 is a project featuring 108 units of modern luxury detached house on a plot of land of 25-2-79.2 rai. The project value is 930 million baht. It is located on Nakhon-In Road, just 700 meters away from the exit of Rama 5 Bridge, close to communities and Sirat Expressway but serenity and privacy still remain.

The project's public facilities include club house, swimming pool, and gym. A Motion & Magnetic Sensor security system is also equipped in every unit.

2. Chuan Chuen Town Kanchana-Bang Yai



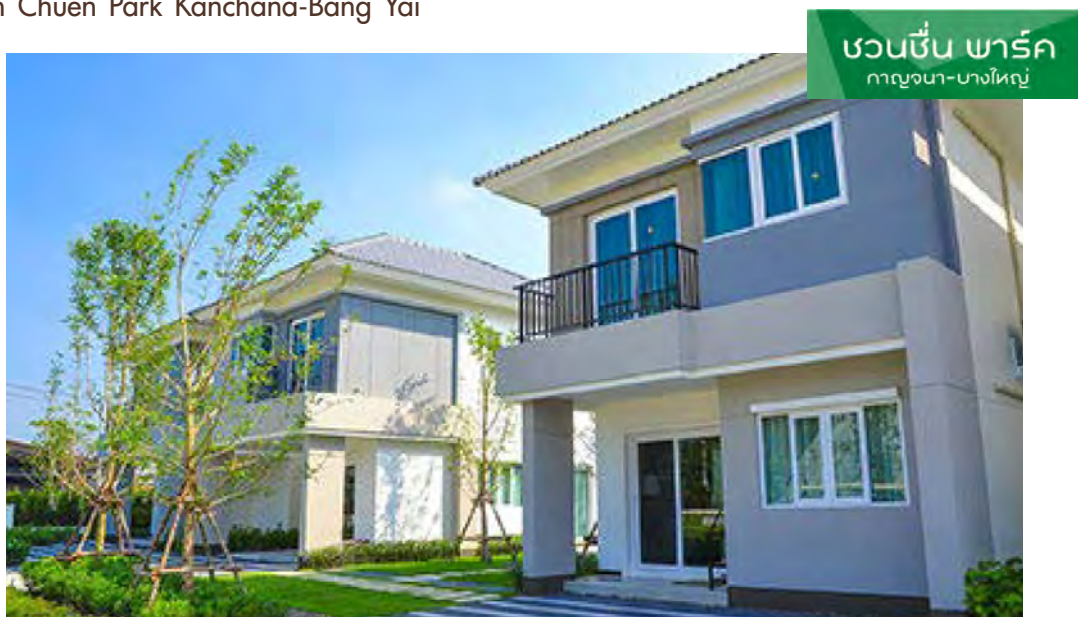
Location: Pracha U-thit Road, Tambon Bang Mae-nang, Amphoe Bang Yai , Nonthaburi

Chuan Chuen Town Kanchana-Bang Yai is a 2-story townhome project under the company's new brand. The project features 174 units on a plot of land of 19-0-35.6 rai. The project value is 426 million baht. It is located in Bang Yai neighborhood, another potential location with convenient access to downtown Bangkok by Sirat Expressway

and the MRT Purple Line. It is also close to Central Plaza WestGate, among many shopping and lifestyle malls on Kanchanaphisek Road.

The project's highlight is that it offers usable space equivalent to detached house: 4 bedrooms, 3 bathrooms, and 2-car parking space. Fiber optic Internet and a Motion & Magnetic Sensor security system are also equipped in every unit. It also features a luxurious project entrance arch.

3. Chuan Chuen Park Kanchana-Bang Yai



Location: Bang Yai-Bang Kulat Road (Soi Kantana), Tambon Bang Mae-nang, Amphoe Bang Yai , Nonthaburi

Chuan Chuen Park Kanchana-Bang Yai is an attached house project in a detached house style under the company's new brand. The project is outstanding in terms of location potential, a perfectly blend between modern and unique designs. The project features 124 units ranging from a plot of land between 35-40 square wah on a total plot of land of 21-0-88.8 rai. The project value is 422 million baht.

The project is ideal for modern families looking for living standards with proper sections. Fiber optic Internet and a Motion & Magnetic Sensor security system are also equipped in every unit. It also features a luxurious project entrance arch. The project is on a potential location with convenient access to downtown Bangkok by Sirat Expressway and the MRT Purple Line. It is also surrounded by many shopping and lifestyle malls on Kanchanaphisek Road.

2.1.2 Marketing and competition

(1) Marketing

a) Client profile and target client group

The company's main client profile is a group of buyers with a residential purpose. Therefore, there is no risk of dependency on any particular client. A target client group is mostly those with middle income and above, aged between 30-50 years old, working as employees in private companies or owning personal businesses.

b) Marketing strategy

The company's sale channel is direct sale to clients, with a sale office at each project and the head office. It also strengthens the existing brands and goes with new marketing approach through online communication for better reach to new groups of clients.

A strategy of customer relationship management (CRM) activities is also emphasized, focusing on engaging community members in after-sale activities under a concept of "M.K. Family" to build a bond of living together as families in an impressive community, which will help strengthen the company's client base in the future.

(2) Industry and competition conditions

In 2016, Thailand's economy saw a growth at the same rate as a forecast. Overall, it was mainly from a continuous support from the government investment, particularly the infrastructure investment plan worth around 30 billion baht approved in late 2015. Construction would start in the last quarter of 2016. This was expected to push the private investment growth along. In addition, private investment expedition measures, including SME financial support measures and investment expedition measures in special economic zones offering more investment privileges, would help improve overall investment sentiments.

Apart from the drive by the government policy, tourism trends continued to shine bright with a number of tourists exceeding 30 million. Overall consumption tended to grow further even at a rate lower than usual. Likewise, exports were expected to rebound to a positive growth by 2.0%, in line with a slow economic recovery of major trade partners. However, there were risk factors from China's economic slowdown. The 2016 GDP was expected to grow further at 3.5%, accelerating from 2015. (Source: SME Thailand Club)

As for the property market conditions, in 2016 new projects were launched by 2.4% more than in 2015. The number of projects launched in 2016 was 459 units, increasing from 431 units in 2015. The number of sold units rose from 107,990 units in 2015 to 110,557 units in 2016. However, when development value was considered, it dropped sharply by 12.2%, from 435.056 billion baht in 2015 to merely 382.110 billion baht. An average price of housing units newly launched in 2016 was 3.456 million baht/unit.

Among the 110,577 newly launched units were 58,350 condominium units or 53%, followed by 29,932 townhouse units or 27%, and 12,146 detached house units or 11%. One might say that products priced at no more than 2 million baht accounted for 36% of all the products launched. And when medium-priced products (priced at no more than 3 million baht/unit) were included, the number would be as high as 61% of all the products launched. Luxury products, with prices starting from 10 million baht, were only 3,295 units or 3% of the market, but their total value was as high as 18% of the market. (Source: Agency for Real Estate Affairs)

In response to the 2016 property market conditions, the company adjusted the reservation process for houses in a price range between 2-4 million baht to pre-approval procedure. That is, clients are recommended to prepare documents for loan applications for banks' consideration of loan approval before their reservation is entered to the reservation system. This was an important step to help improve the quality of inventory management of houses ready for sale and project backlog forecast. It helped the company clearly assess market demands, while reducing business operation risk at the same time.

In 2016, the company sold and transferred 396 units of 14 existing projects, in a total value of 2,043.74 million baht. And also launched three new projects on locations nearby some existing projects, namely, Chuan Chuen Grand Ratchapruek-Rama 5, Chuan Chuen Town Kanchana-Bang Yai, and Chuan Chuen Park Kanchana-Bang Yai, as mentioned above.

2.2 Property development for rent and related services

The Company is engaged in property development for rent and related services, in order to generate rent and service fees as recurring income. At present, this income comes from a number of sources, such as warehouses and factory buildings for rent, office space for rent, golf course, and apartments for rent, which are currently under development.

2.2.1 Warehouses and factory buildings for rent

Prospect Development Co.,Ltd. provides warehouses and factory buildings for rent, under the project known as "Bangkok Free Trade Zone," located on Mueang Mai Bang Phli Road, Bang Sao Thong District, Samut Prakan Province. The project is 359.44 rais in size, which is divided into (1) public utility area within the project, which is approximately 18.5 rais in size, and (2) area for the development of property for commercial purposes, i.e. factory buildings and warehouses for sale, which is approximately 340.94 rais in size. The latter area is also divided in two following categories:

- General Zone, approximately 126.32 square meters in size
- Free Zone, 233.12 square meters in size

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

Operated:	Prospect Development Co.,Ltd., established in 2005. The Company began its investment in this company in October 2015.
Nature of business:	Provision of warehouses and factory buildings for rent
Area of operations:	<p>Located in Bangkok Free Trade Zone, Mueang Mai Bang Phli Road, Bang Sao Thong District, Samut Prakan Province. Prospect has the right of the novation of lease for the area of on a total plot of land of 359 rai, 1 ngan, 75.56 square wah (143,775.56 square wah) under 3 title deeds: Title deed numbers 4494, 4495, and 4496. The project is divided into 3 land sub-lease agreements and 5 land and premises (warehouses) sub-lease agreements, totaling 8 agreements. The sub-lease periods will be due by the agreement as follows:</p> <ol style="list-style-type: none"> 1. The periods of the 3 land sub-lease agreements will be due on August 31, 2038, December 25, 2039, and January 8, 2040, respectively. 2. The periods of the land and premises (warehouses) sub-lease agreements will be due on December 24, 2038 for one agreement, December 31, 2038 for 3 agreements, and September 30, 2041 for one agreement, totaling 5 agreements. <p>Prospect received the land sub-lease entitlement in such land for rent from Chainant-Bangphli. The land ownership is held by the Priest Hospital Foundation, Wat Paknam, and Wat Mongkhonimit.</p>
Details of areas for rent	<ol style="list-style-type: none"> 1. Prefabricated factories and warehouses for rent in the Free zone 2. Prefabricated factories and warehouses for rent in the General zone 3. Area where containers are placed 4. Land for long-term rent 5. Built for suit warehouses and factory buildings
Project details	<p>The project consists of warehouses together with office space and factory buildings equipped with public utilities. The area for rent where construction has completed is 114,849 square meters in size, with details as follows:</p> <ol style="list-style-type: none"> 1. Free Trade Zone <ul style="list-style-type: none"> • Warehouse buildings 51,058 square meters • Factory buildings 37,852 square meters 2. Areas for rent <ul style="list-style-type: none"> • Warehouse buildings 5,695 square meters • Factory buildings 20,244 square meters <p>Total 114,849 square meters</p>
Average rental rate	73 % of project construction or 87% of completed construction

Prominent characteristics of the Bangkok Free Trade Zone

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

In addition, in 2016 Prospect sold leasehold rights on land of 85 rai to TPARK BFTZ Co.,Ltd, a joint venture in which Prospect holds 40 percent of the shares, to develop real estate for warehouse and factory for rent, or sale of lease, sub-lease in some area of Bangkok Free Trade Zone. The project is to be carried out with investment of approximately 1,472 million baht, including investment of 590 million baht from Prospect. Subsequently, TPARK BFTZ Co.,Ltd entered into a lease agreement for a period of 10 years with SCANIA and DKSH to rent factory area of 55,000 square meters.

The Company's Joint Venture

unit : million baht	portion (%)	2016
TPARK BFTZ Co.,Ltd	40	(0.18)

2.2.2 Office space for rent

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

2.2.3 Golf course

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

2.2.4 Property management

The Company commenced to undertake this business in 1998, and in March 2016, the Company established Yours Property Management Co.,Ltd. to provide property management services. The first property managed by this company was August Condominium in end of 2016

2.2.5 Apartments for rent

The Company is currently developing an apartment for rent, called Park Court.Grand Apartment Sukhumvit 77 Located on Sukhumvit 77 (Soi Onnut), Park Court is set to become the Company's first apartment. The residence will consist of approximately 70 units: each has three bedrooms and three bathrooms and is 260 square meters in size. Parking space for 170 cars per building will be provided.

The Company has seen the potential for a demand for apartments for rent, because Bangkok Prep, an international school, has planned to relocate to the area opposite Park Court. Therefore, the apartment can accommodate families of foreigners whose children are students at this school. Another target group is expatriates working in the Sukhumvit area, as the apartment offers a number of convenient travel options to residents due to its location close to the elevated train (Onnut station), the Chalongrat Expressway (Sukhumvit 50), and Sukhumvit 71 and 77. Travel to and from Suvarnabhumi Airport is also easy from the apartment. All Park Court units offer three bedrooms and three bathrooms. In addition to its location and many travel options, Park Court provides residents with a large garden area complete with facilities for everyone in a family, such as swimming pool, gym, and area for social functions, so families can spend quality time together.

3. Risk Factor

3.1 Business Risk

During the first half of 2016, real estate business continued to be benefited by the Government stimulus measures by providing financial support to housing loan, reducing transfer fee and mortgage fee which was ended on 30 April 2016. However, the competition was very intense due to a high level of housing stocks in the market as well as the strict loan approval process for retail buyers. The company managed business risk by revising its strategies. The company re-imaged both organization and housing projects to meet customer demands. The company was focused on low-rise housing units which was one of the company's competitive advantage. Together, the company planned to manage housing inventory (Pre-built house) to the level that match with sale units by considering sale from each housing project. In addition, the company gave its priority to the modern information technology and use it to help setting up a more up-to-date database for booking, sale and transfer figures. This assisted management to make decision on construction planning more efficient and control inventory at the appropriate level.

In order to diversify the company's business risk, the company invested in the recurring income business which would contribute a stable income in the long-term. The company set its strategy to grow both real estate for sale and real estate for lease which also included service income. The company set target for both businesses to contribute profit at the same proportion within 5 years. In 2016, the company started to realize rent and service income from one of the subsidiary that provided warehouse/ factory for rent and property management. In addition, the company still had under-construction projects from other subsidiaries. In order to increase the revenue proportion from rent and service, the company was required to record both costs and expenses since the initial phase. As soon as the construction was completed, the company would start to realize rent and service income more regularly in the long term.

3.2 Production Risk

In order to increase its construction capacities to achieve the planned growth, the company considered construction risk that might incur and prepared to increase its capacities as well as sale volume as follows:

- 1 For contractors, the company changed the contractors from individuals to juristic entities. This would help to reduce illegal labor and increase construction standard.
- 2 For increase in capacities, the company adopted the precast construction method, in addition to the conventional construction method. The precast method help to reduce construction time and control construction more efficiency and at the same format.
- 3 By categorizing construction materials, this would help to reduce varieties of construction materials. The materials would be sourced and grouped for quality and standard to match with each customer's group. This would help the purchasing department to purchase material more efficiency such as sanitary ware and switch & plug etc.
- 4 For procurement of construction materials, the company would seek new suppliers to add on the vendor lists. In the meantime, the company tried to procure construction materials in a larger volume, adopt bidding process to avoid lack of materials and price risk.

3.3 Financial Risk

In a sluggish economy, the strength of financial status and cashflow management were crucial factors for real estate business which required a lot of working capital. The company's D/E ratio stood at 1.04x at the the end of year 2016; while Interest bearing debt was 0.93x at the same period. The company had high liquidity. Therefore, the strength of financial status which the company had would help to company to fight with the economic slowdown as well as to be ready for developing new projects as soon as the economic turnaround.

For capital management, the company would leverage both short term and long term loan. Short term loan mostly were low-cost funds which normally for short-term for its operations. In addition, the company would reserve credit line to support if short-term funding was not renewed. The company would arrange long-term loan to support both project for sale and recurring income projects. In addition, the company was focused on its assets management, this was done by turning the low-income generating assets into cash. This cash would be used to fund business which generated a more stable income in the longer time.

4. Summary of Financial Information

Financial Information & Ratios

Unit : Thousand Bath

DESCRIPTION	2014	2015	2016	% Change 2015 → 2016
OPERATION RESULTS				
Sales Revenue	2,346,885	3,749,882	2,870,863	(0.23)
Total Revenues	2,384,897	3,996,519	3,081,285	(0.23)
Total Costs and Expenses	1,920,755	3,352,966	2,721,688	(0.19)
Gross Profit (Loss)	955,269	1,192,474	1,006,730	(0.16)
Profit - Owners of the Company	447,332	626,715	350,794	(0.44)
FINANCIAL POSITION				
Total Assets	7,361,252	11,674,364	13,507,817	0.16
Total Liabilities	1,891,387	5,036,634	6,814,399	0.35
Shareholders' Equity	5,469,865	6,637,730	6,693,418	0.01
Equity attributable of the Company	5,464,144	6,470,730	6,580,905	0.02
Inventories	6,356,831	3,863,869	6,901,553	0.79
PER SHARE (Baht)				
Net Profit (Loss) Per Share	0.52	0.71	0.35	-
Dividend Per Share	0.30	0.25	0.25	0.00
BookValue Per Share	6.36	7.32	6.63	(0.09)
FINANCIAL RATIO (%)				Difference
Gross Profit Margin	40.70	31.80	35.07	3.27
Net Profit Margin	18.76	15.68	11.38	(4.30)
Return on Equity	8.32	10.50	5.38	(5.13)
Return on Asset	6.33	8.22	4.83	(3.39)
Debt to Equity Ratio (times)	0.35	0.78	1.04	0.26

* Note : Calculating by the weighted average of the shares

5. Board and Advisory

M.K. Real Estate Development Plc.

1. Mr. Suthep Wongvorazathe
Chairman
2. Mr. Vorasit Pokachaiyapaf
Director
3. Mr. Philipvira Bunnag
Director
4. Mrs. Sutida Suriyodorn
Director
5. Ms. Rachanee Mahatdetkul
Director
6. Mr. Saksri Phurthamkul
Director





7. **Mr. Nuttplus throne Nonthachit**
Director

8. **Mr. At Asavanund**
Independent Director
Chairman of Audit Committee
Chairman of Remuneration
Committee
Chairman of Nomination Committee



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

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



11. **Mr. Somchai Kuvijitsuwan**
Advisory to the Board of Director

Board and Management History

Mr. Suthep Wongvorazathe

Chairman / Chief Executive Officer 68 Years

Appointed as Director: June 15th, 2015

No. of Shares : 177,550,000 Shares (17.90%)

Education

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

Director Certification Program : DAP 48/2005

Experience 5 Years : Year/Position

2015-Present Chairman, M.K. Real Estate Development Plc.

2014-Present Executive Chairman, KT Zmico Securities Company Ltd.

2013-Present Chairman, Seamico Securities Plc

2012-Present Director, Bangchak Petroleum Public Company Limited

2011-Present Chairman, Khonburi Sugar Company Limited

2011-present Director, New Corp Company Limited

2009-Present Director, Asia Kangnam Company Limited

2011-2016 Director and Chairman of Audit Committee, Chumporn Palm Oil Industry Plc.

Mr. Vorasit Pokachaiyapat

Director / Executive Director /
Chief Executive Officer / Chairman of Risk Management
Committee 53 Years

Appointed as Director : October 26th, 2015

No. of Shares : - Shares

Education

Bachelor Degree / B.S. Industrial Management Carnegie-Mellon University, USA

Director Certification Program : DCP 2002 (IOD)

Experience 5 Years : Year/Position

Present Chief Executive Officer, MK Real Estate Development Plc.
Managing Director, Finansa Plc.
Director, NEO Corporate Co., Ltd.
Director, Finansa Capital Limited
Director, Finansa Fund Management Ltd.
Director, Prospect Development Co., Ltd.
Independent Director, SE-Education Plc.

2011-2015 Director, Chaiyanan Service Group Co., Ltd.

Mrs. Sutida Suriyodorn

Director / Executive Director / Risk Management
Committee Member / Senior Executive Vice President-
Operations Management , Accounting and Finance 54 Years

Appointed as Director : June 15th, 2015

No. of Shares : - Shares

Education

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

Director Certification Program : DAP 127/2016

Experience 5 Years : Year/Position

Present Director, M.K. Real Estate Development Plc.

2011-2015 Deputy of Managing Director - Chief Operating Officer Finansa Asset Management Ltd.

Mr. Philipvira Bunnag

Director / Executive Director 53 Years

Appointed as Director : June 15th, 2015
No. of Shares : 37,452,400 Shares (3.78%)

Education

Bachelor Degree / International University, UK

Director Certification Program : -

Experience 5 Years : Year/Position

Present Director, M.K. Real Estate Development Plc.
 Director, Prospect Development Co., Ltd.
2011-2012 Director of Advertising and Promotion -
 Thai Airways International Plc.

Miss Rachanee Mahatdetkul

Director / Executive Director /
 Risk Management Committee Member 50 Years

Appointed as Director : October 26th, 2015
No. of Shares : - Shares

Education

MBA, Santa Clara University, U.S.A

Director Certification Program : DAP 2005

Experience 5 Years : Year/Position

Present M.K. Real Estate Development Plc.
 Senior Vice President of Direct Investment,
 Finansa Plc.
 Director, Finansa Capital Limited
 Director, Prospect Development Co., Ltd.
2016-Persent Director, TPARK BFTZ Company Limited.
2011-2015 Director, Chaiyanan Service Group Co., Ltd.
2011-2015 Director, PRO-M Co., Ltd.

Mr. Att Asavanund

Independent Director / Chairman of Audit Committee /
 Chairman of Remuneration Committee /
 Chairman of Nomination Committee 43 Years

Appointed as Director : June 15th, 2015
No. of Shares : - Shares

Education

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

Director Certification Program :
 DAP 59/2006 , ACP 34/2011

Experience 5 Years : Year/Position

Present M.K. Real Estate Development Plc.
2015-Present Deputy Chief Executive Officer, Donaco
 Entertainment and Marketing (Thailand)
 Company Limited
2013-Present Director, Infinite Capital Company Limited
2014-2015 Director, Attilan Group Limited
2014-2015 Director, Mazda Chonburi Company Limited
2013-2014 Chief Financial Office, Beyond Green
 Company Limited

Mr. Chaiyapont Timsootheepant

Independent Director / Audit Committee Member
 / Remuneration Committee Member / Nomination
 Committee Member 62 Years

Appointed as Director : June 15th, 2015
No. of Shares : - Shares

Education

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

Director Certification Program : -

Experience 5 Years : Year/Position

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

Mrs. Malai Rachataswan

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

61 Years

Appointed as Director : April 28th, 2015

No. of Shares : - Shares

Education

Bachelor's Degree / Science, Mahidol University

Director Certification Program : DAP 127/2016

Experience 5 Years : Year/Position

Present M.K. Real Estate Development Plc.

2011-Present Directors, TTT Holding Company Limited

2011-Present Executive Directors and Managing Director,
The Peace Canning (1958) Company Limited

2011-Present Executive Directors and Managing Director,
FB Food Service Company Limited

Mr. Saksri Phurthamkul

Director

78 Years

Appointed as Director : in 1999

No. of Shares : - Shares

Education

Bachelor's Degree / Economics, Thammasat University

Director Certification Program : DAP 68/2008 (IOD)

Experience 5 Years : Year/Position

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

Mr. Nuttpluthrone Nonthachit

Director

60 Years

Appointed as Director : in 1993

No. of Shares : 864 shares (0.0001%)

Education

Bachelor's Degree / Accountatey, Ramkhamhaeng University

Mini MBA, Thammasat University

Director Certification Program :

DAP 5/2003 , DCP 42/2004 (IOD)

Experience 5 Years : Year/Position

Present Director, Prospect Development Co., Ltd.

2011-2015 Director, M.K. Real Estate Development Plc.

Ms. Dusadee Tancharoen

Managing Director / Risk Management Committee
Member / Acting Senior Executive Vice President –
Project Management

45 Years

Appointed as Director : -

No. of Shares : - Shares

Education

Bachelor's Degree / Arts, Chulalongkorn University

Director Certification Program : DAP 127/2016

Experience 5 Years : Year/Position

Present M.K. Real Estate Development Plc.

2011-2015 Senior Vice President, Sansiri Public Co.,
Ltd.

Remark : The Board of Director meeting 1/2017 was resolved to
appoint a Managing Director Effective since 1 MARCH 2017

Mr. Sakdina Manlerd

Risk Management Committee Member / Executive Vice
President – Project Development Division 48 Years

Appointed as Director :-

No. of Shares :- Shares

Education

Bachelor's Degree Engineering Kasetsart University

Director Certification Program :-

Experience 5 Years : Year/Position

Present M.K. Real Estate Development Plc.

2011-2015 Senior Vice President, Sansiri Public Co., Ltd.

Ms. Napaporn Kamolsakdavikul

Executive Vice President – Legal
and Project Transferring Support Division 57 Year

Appointed as Director :-

No. of Shares :- Shares

Education

Bachelor's Degree /Laws, Thammasat University

Director Certification Program : DAP 20/2004 (IOD)

Experience 5 Years : Year/Position

Present Director, Prospect Development Co., Ltd.

2011-2015 Director, M.K. Real Estate Development Plc.

Mr. Suthep Kittiwatcharapong

Executive Vice President –
Project Procurement Division 55 Years

Appointed as Director :-

No. of Shares : 103,376 Shares (0.01%)

Education

Bachelor's Degree Laws, Thammasat University

Director Certification Program : DAP 120/2015 (IOD)

Experience 5 Years : Year/Position

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

Ms. Pornphan Yantossilp

Executive Vice President – Business Development and
Director Office /Company Secretary 46 Years

Appointed as Director :-

No. of Shares :- Shares

Education

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

Director Certification Program :

DAP 129/2016, CSP 74/2016

Experience 5 Years : Year/Position

Present M.K. Real Estate Development Plc.

2011-Present Director / Kongpoon Asset Co.,Ltd.

6. General and other significant information

6.1 General information about the Company

Company name	:	M.K. Real Estate Development Public Company Limited
Symbol	:	MK
Company registration number	:	0107536001567
Type of business	:	Develop property for sale and rent, and provide related services
Headquarters		
Location	:	719 MK.Building, Buntadthong Road, Wang Mai, Pathumwan District, Bangkok 10330
Tel	:	0-2216-6600-18
Fax	:	0-2216-6619
Website	:	www.mk.co.th
Number of shares issued	:	992,010,177 ordinary shares, at par value of one baht per share

Auditors of 2016 financial statements

Auditors	:	1. Miss Vipavan Pattavanvivek CPA No.4795 and/or 2. Mr. Sukit Vongthavaravat CPA No.7816 and/or 3. Miss Marisa Tharathornbunphakul CPA No.5752 and/or 4. Miss Pattamawan Wattanakul CPA No.9832
Audit company	:	KPMG Phoomchai Audit Company Limited
Location	:	1 Empire Tower, Fl 50-51, South Sathorn Road, Yan Nawa, Sathorn District, Bangkok 10120
Tel	:	0-2677-2000
Fax	:	0-2677-2222

General information of companies in which the Company held more than 10 percent of total shares, as at 31 December 2016

No.	Company name	Office location	Percent of shares held by the Company	Paid-up share capital	Registered capital	Number of shares issued	Par value
Property development and related businesses							
1	Mancon Company Limited Engaged in construction contracts and property development for Small projects	719 M.K.Building, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	95.50%	20,000,000	20,000,000	2,000,000	10
2	Bantudthong Pattana Company Limited Engaged in property development and investment	719 M.K.Building, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	1,000,000	1,000,000	10,000	100
3	MK 71 Company Limited Engaged in property development and investment	719 M.K.Building, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	1,000,000	1,000,000	10,000	100
4	Park Court Company Limited (formerly named Onnut Development Co.,Ltd.) Engaged in investment in property development companies	719 M.K.Building, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	1,000,000,000	1,000,000,000	10,000,000	100
5	T77 Park Co.,Ltd (formerly named Phra Kanong Land Co.,Ltd.), Engaged in property development	719 M.K.Building, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	1,005,000	1,005,000	10,050	100
6	Samakkee Cement Company Limited Engaged in manufacture of cement and ready mixed concrete	719 M.K.Building, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6646 Fax 0-2216-6822	40.64%	1,005,000	1,005,000	10,050	100

No.	Company name	Office location	Percent of shares held by the Company	Paid-up share capital	Registered capital	Number of shares issued	Par value
7	Subnorasing Company Limited Engaged in industrial sand production	719 M.K.Building, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel.0-2216-6600-18 Fax 0-2216-6619	36.07%	18,000,000	18,000,000	180,000	100
	Property for rent and related services						
8	Prospect Development Company Limited Engaged in development of factory buildings and warehouses for rent	48/29 TISCO Tower, Fl.16, North Sathorn Road, Silom, Bangrak, Bangkok Tel 0-2697-3860 Fax 0-2697-3869	100%	1,200,000,000	1,200,000,000	120,000,000	10
9	S71 Holding company Limited Engaged in investment in property development companies and apartments for rent	719 M.K.Building, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel.0-2216-6600-18 Fax 0-2216-6619	100%	1,200,000,000	1,200,000,000	120,000,000	10
10	Yours Property Management Co., Ltd Engaged in building and property management	719 M.K.Building, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel.0-2216-6600-18 Fax0-2216-6619	100%	5,000,000	2,000,000	50,000	100
11	TPARK BFTZ Co.,Ltd. Engaged in provision of warehouses for rent	175 Sathorn City Tower 13/1 th Floor Room 1308 South Sathorn Road, Tungmahamek, Sathorn, Bangkok Tel 02-679-6565 Fax02-287-3153	40%	1,000,000	1,000,000	100,000	10

6.2 Other significant information

-None-

7. Securities and shareholders

7.1 Securities

a) Common stock

As of 31 December 2016, the Company had registered capital of 992,010,177.00 baht, paid-up capital of 992,010,177.00 baht, consisting of 992,010,177 shares of common stock at par value of one baht.

b) The Company does not have other types of stock with rights or conditions different from those of common stock.

c) There are no agreements among the major shareholders on matters that affect the issuing or offering of the Company's securities or management

7.2 Shareholders

The list of top 10 shareholders as at 13 May 2016, which was the most recent book closing date, is as follows.

	Shareholders	Number of shares held	Percent of paid-up capital
1.	USB AG SINGAPORE BRANCH	119,150,000	12.01
2.	Finansa Public Company Limited	70,975,608	7.15
3.	CPD Holdings Co., Ltd.	60,000,000	6.05
4.	Thai NDVR Company Limited	55,120,392	5.56
5.	Mr.Vichien Jiraganont	39,267,600	3.96
6.	Mr. Philipvira Bunnag	37,452,400	3.78
7.	Mr. Hendrik Robertus Castendijk	30,000,000	3.02
8.	Dr.Urchart Karnchanapitak	25,917,400	2.61
9.	Mr.Kampol Virathepsuporn	25,000,000	2.52
10.	Mr.Sirath Thamrongratana	24,746,000	2.49
	Total of shares held by top 10 shareholders	487,629,400	49.15
	Shares held by remaining shareholders	<u>504,380,777</u>	<u>50.85</u>
	Total	<u>992,010,177</u>	<u>100.00</u>

7.3 Dividend policy

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

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

Dividend details	2013	2014	2015
1. Parent company's profit (baht)	428,561,464	447,331,656	626,714,925
2. Number of shares	860,384,157	860,384,157	992,010,177
3. Dividend per share (baht: share)	0.30	0.35	0.25
	0.10	0.20	0.10
		0.10	0.25
4. Total dividend paid (baht)	258,115,247.10	301,134,454.95	248,002,544.25
5. Percentage of dividend payment (percent)	60.23	67.32	39.57

8. Management structure

8.1 Board of Directors

As at 31 December 2016, the Board of Directors consists of 10 following members.

- 1) Mr. Suthep Wongvorazathe Chairman
- 2) Mr. Vorasit Pokachaiyapat Chief Executive Officer
- 3) Mr. Philipvira Bunnag Director and Executive Director
- 4) Mrs. Sutida Suriyodorn Director and Executive Director
- 5) Miss Rachanee Mahatdetkul Director and Executive Director
- 6) Mr. Att Asavanund Independent Director and Chairman of Audit Committee
- 7) Mr. Chaiyapont Timsootheepant Independent Director and Audit Committee
- 8) Mrs. Malai Rachataswan Independent Director and Audit Committee
- 9) Mr. Saksri Phurthamkul Director
- 10) Miss Nuttplusthrone Nonthachit Director

with Ms. Pornphan Yantossilp as a Company's secretary

Remark : 1) At a Board of Directors' meeting 1/2017 held on 28 February 2017, the Board of Directors passed a resolution authorizing the organization chart revision by separated the position of Chief Executive Officer & Managing Director to be 1) Chief Executive Offer and 2) Managing Director, and promoted an Senior Vice President to be a Managing Director (who might be or might not be a director).

Executives of the Company are Chief Executive Officer and executives who are four ranking from Chief Executive Officer, and every executive in the fourth ranking, including one highest level of Accounting and Finance Divisions according to the Capital Market Supervisory Board's Notification.

2) The Board of Directors No.2/2017 hold on 17 March 2017 has resolved to appoint Mr. Theraphan Jittalarn as a director and an independent director of the Company in replacement of Mrs. Anchan Tangmatitham who resigned from office.

Directors authorized to sign documents on behalf of the Company

As at 31 December 2016, the directors authorized to sign documents that will be binding on the Company consist of Mr. Suthep Wongvorazathe Mr. Philipvira Bunnag Mrs. Sutida Suriyodorn Mr. Vorasit Pokachaiyapat and Miss Rachanee Mahatdetkul. Any two of these five directors can co-sign and affix the Company's seal on behalf of the Company. However, Mr. Saksri Phurthamkul has the sole authority to sign and affix the Company's seal to grant permission for the installation of water and electricity meters and telephone systems; the transfer and receipt of rights to use electricity, water, and telephone; the transfer and receipt of deposit for electricity, water, and telephone usage; the construction of buildings or facilities; the request of landline numbers and local area network; and the setting up of the water draining system.

Audit Committee

Consists of three independent directors

- | | | |
|-------------------|----------------|-----------------------------|
| 1) Mr. Att | Asavanund | Chairman of Audit Committee |
| 2) Mr. Chaiyapont | Timsootheepant | Audit Committee Member |
| 3) Mrs. Malai | Rachataswan | Audit Committee Member |

with Mr.Buncha Tungpratyawut as an Audit Committee's secretary

Nomination Committee

Consists of three independent directors

- | | | |
|-------------------|----------------|----------------------------------|
| 1) Mr. Att | Asavanund | Chairman of Nomination Committee |
| 2) Mr. Chaiyapont | Timsootheepant | Nomination Committee Member |
| 3) Mrs. Malai | Rachataswan | Normination Committee Member |

with Mrs.Sutida Suriyodorn as a Nomination Committee's secretary

Remuneration Committee

Consists of three independent directors

- | | | |
|-------------------|----------------|------------------------------------|
| 1) Mr. Att | Asavanund | Chairman of Remuneration Committee |
| 2) Mr. Chaiyapont | Timsootheepant | Remuneration Committee Member |
| 3) Mrs. Malai | Rachataswan | Remuneration Committee Member |

with Mrs.Sutida Suriyodorn as a Remuneration Committee's secretary

The Risk Management Committee

Consists of five directors and executive officers

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

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

The Executive Committee

Consists of five directors

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

with Ms. Pornphan Yantossilp as an Executive Committee's secretary

Management Committee

Consists of five directors and executives

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

with Ms. Pornphan Yantossilp as a Management Committee's secretary

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

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

Remark : The Board of Directors No.2/2017 hold on 17 March 2017 has resolved to appoint Mr.Theraphan Jittalam as a director and an independent director of the Company in replacement of Mrs.Anchan Tangmatitham who resigned from office.

Attendance of Directors and Executives in Board of Directors' meetings

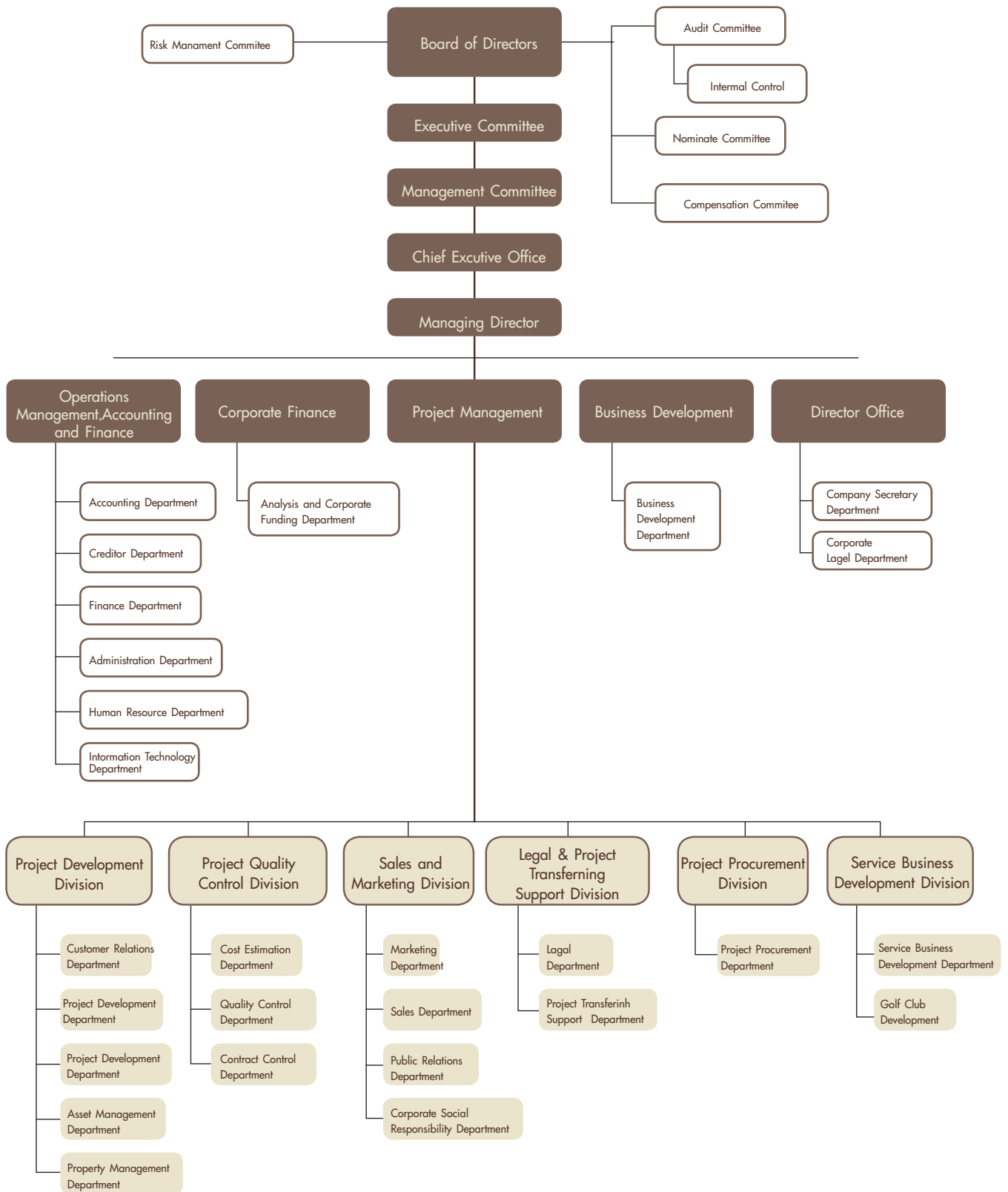
In 2016, the Board of Directors and sub-committees held the following meetings.

Name	Position	Board of Directors	Number of meetings held					
			Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	Executive Committee	Management committee
1. Mr. Suthep Wongvorazathe	Chairman	11/11					7/8	
2. Mr. Vorasit Pokachaiyapat	Chief Executive Officer	11/11			2/2		8/8	12/12
3. Mr. Philipvira Bunnag	Director and Executive Director	9/11					7/8	
4. Mrs. Sutida Suriyodom	Director and Executive Director	11/11			2/2		8/8	12/12
5. Miss Rachanee Mahatdetkul	Director and Executive Director	11/11			2/2		8/8	12/12
6. Mr. Att Asavanund	Independent Director and Chairman of Audit Committee	9/11	4/4	2/2		1/1		
7. Mr. Chaiyapont Timsootheepant	Independent Director and Audit Committee Member	10/11	4/4	2/2		1/1		
8. Mrs. Malai Rachataswan	Independent Director and Audit Committee Member	9/11	4/4	2/2		1/1		
9. Mr. Saksri Phurthamkul	Director	11/11						
10. Mr. Nuttplus throne Nonthachit	Director	11/11						
11. Miss Dusadee Tanchaeroen	Managing Director				2/2			12/12
12. Mr. Sakdina Manlerd	Executive Vice President				2/2			12/12

Remark :1) Executives of the Company are Chief Executive Officer and executives who are four ranking from Chief Executive Officer, and every executive in the fourth ranking, including one highest level of Accounting and Finance Divisions according to the Capital Market Supervisory Board's Notification.

2) The Board of Directors No.2/2017 hold on 17 March 2017 has resolved to appoint Mr. Theraphan Jittitiam as a director and an independent director of the Company in replacement of Mrs. Anchan Tangmatthiam who resigned from office.

8.2 Management



*Note: At a Board of Directors' meeting 1/2017 held on 28 February 2017 approved this new organization chart.

List of Executives

As at 31 December 2016, Executives consists of

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

8.3 Company's Secretary

The Company's secretary is Miss Pornphan Yantossilp. She assumed the position on 1 June 2016, replacing Mr. Nuttplus throne Nonthachit, who resigned from the position on 31 May 2016.

8.4 Directors and Executives' remuneration

8.4.1 Monetary remuneration

- a) Board of Directors' remuneration

In 2016, the Company paid remuneration to all the directors amounting to 2,689,000 baht. Details are as follows:

			Meeting allowance for Board of Directors in year 2016 (baht)				Retirement payment for directors in 2015 (baht)	Total
			Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee		
1.	Mr. Suthep Wongvorazathe	Chairman, Chairman of Executive Director	165,000				129,000	294,000
2.	Mr. Vorasit Pokachaiyapat	Chief Executive Office, Executive Director, Chairman of Risk Management Committee, Chairman of Management Committee	110,000				43,000	153,000
3)	Mr. Philipvira Bunnag	Director, Executive Director	90,000				129,000	219,000
4)	Mrs. Sutida Suriyodorn	Director, Executive Director, Risk Management Committee, Management Committee	110,000				129,000	239,000
5)	Miss Rachanee Mahatdetkul	Director, Executive Director Risk Management Committee, Management Committee	110,000				43,000	153,000
6)	Mr. Att Asavanund	Director, Independent Director, Chairman of Audit Committee, Chairman of Normination Committee, Chairman of Remuneration Comittee	90,000	60,000	30,000	15,000	129,000	324,000
7)	Mr.Chaiyapont Timsootheepant	Director, Independent Director, Audit Committee, Normination Committee, Remuneration Comittee	100,000	40,000	20,000	10,000	129,000	299,000

			Meeting allowance for Board of Directors				Retirement payment for directors in 2015 (baht)	Total
			Board of Directors	Audit Committee	Normination Committee	Remuneration Committee		
8)	Mrs.Malai Rachataswan	Director, Independent Director, Audit Committee, Normination Committee, Remuneration Committee	90,000	40,000	20,000	10,000	158,000	318,000
9)	Mr. Saksri Phurthamkul	Director	110,000				235,000	345,000
10)	Mr.Nuttplusthrone Nonthachit	Director	110,000				235,000	345,000
	Total		1,085,000	140,000	70,000	35,000	1,359,000	2,689,000

Remark : (1) Directors' remuneration consists of meeting allowance and directors' annual payment, which have been approved in the 2016 Annual General Meeting of Shareholders, held on 28 April 2016. Details of the remuneration are as follows:

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

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

2) Directors' annual payment in 2015: In the 2016 Annual General Meeting of Shareholders, shareholders approved directors' annual payment totaling 2,432,000 baht to be paid to the 20 people who served as the director position in 2015, which can be broken down as follows: (1) amounting to 1,073,000 baht for 10 directors who resigned along year 2015 and (2) amounting to 1,359,000 baht. for the other 10 directors who were appointed along year 2015, (2) The Board of Directors No.2/2017 hold on 17 March 2017 has resolved to appoint Mr.Theraphan Jittalam as a director and an independent director of the Company in replacement of Mrs.Anchan Tangmatittham who resigned from office.

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

b) Board of Director and Executives's remuneration in 2016

Board of Director and Executives's remuneration consists of salary and bonus In 2016 of Chief Executive Officer and executives who are four ranking from Chief Executive Officer, amounting to 35,706,108.00 baht

8.4.2 Other remuneration (if any)

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

*Note: Executives of the Company are Chief Executive Officer and executives who are four ranking from Chief Executive Officer, and every executive in the fourth ranking, including one highest level of Accounting and Finance Divisions according to the Capital Market Supervisory Board's Notification.

9. Corporate governance

9.1 Corporate governance policy

The Board of Directors of M.K. Real Estate Development Public Company Limited has recognized the importance of good corporate governance, viewing it as crucial to the efficient conduct of business, the continuous and steady growth of the Company, and the maintenance of its competitiveness, all of which create confidence among shareholders, investors, and other relevant parties, and maximum benefits for the Company in the long run. The Company has therefore implemented a policy enabling it to conduct business efficiently and with good corporate governance and good management, by emphasizing on the maximization of benefits for shareholders and stakeholders, committing itself to moral principles and code of conduct, and disclosing accurate and complete information in transparent and accountable manners. The company has formulated a good corporate governance policy, in compliance with corporate governance principles for listed companies set by the Stock Exchange of Thailand, to make sure the Company has good corporate governance and serve as a guideline for the Board of Directors, executives, and employees. The Board of Directors has made the policy known to Directors, Executive and employees of all levels and make sure they comply with it, with details as follows:

- All shareholders and stakeholders will be treated equally and fairly.
- The Board of Directors are committed to increasing the value of the Company in the long term, managing the Company with caution and vigilance, carrying out their duties and responsibilities with sufficient competency and efficiency with the aim of creating maximum benefits for shareholders, ensuring that no conflict of interest arises, and taking responsibility for their decisions and actions.
- The Company shall conduct business with transparency, fairness, and accountability. The company shall disclose sufficient and credible information, financial and otherwise, in a timely manner, in order that the Company's shareholders and stakeholders have equal access to significant information. The company also has a department responsible for providing information to investors and the general public.
- The Company shall conduct business with caution, especially in regards to risk management. It shall conduct risk assessments, prepare strategies for remedial action, and follow up on risk management appropriately and on a regular basis.
- The Board of Directors has laid out principles regarding the duties and responsibilities and code of conduct for management and employees. All directors, executive officers, and employees must strictly adhere to these principles. In particular, they must take customers' needs into consideration, deliver quality products and pleasant after-sales service, and treat customers with honesty and fairness. In addition, in compliance with the Stock Exchange of Thailand's guidance, the Company has put in place a good corporate governance policy that emphasizes internal control and audit, to ensure that management carries out company policies with efficiency, in order to ensure long-term benefits for shareholders in accordance with legal requirements and code of conduct.
- The Company encourages all directors and members of management to undertake relevant trainings at the Thai Institute of Directors Association (IOD) and other institutes, in order to increase knowledge in various areas relating to the duties and responsibilities of directors and management.

The Company's good corporate governance policy, in compliance with the guidance set by the Stock Exchange of Thailand, is divided into five following sections:

Section 1 Shareholders' rights

Section 2 Equal treatment of shareholders

Section 3 Taking the role of stakeholders into consideration

Section 4 Disclosure and transparency

Section 5 Board of Directors' responsibilities

Section 1 Shareholders' rights

The Board of Directors has put in place a good corporate governance policy that encompasses the following principles:

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

The Company recognizes the importance of, and will protect shareholders' rights, which consist of the following:

1. Voting right

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

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

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

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

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

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

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

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

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

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

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

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

7. Right to appoint auditor and approve audit fee

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

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

8. Right to review and approve related party transactions

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

In 2016, the Company did not make any related party transactions. However, there were transactions made between the Company and its subsidiary.

9. Other fundamental rights of the shareholders, per relevant rules, regulations, and laws

The Company will prepare all the necessary details regarding capital increase for shareholders' consideration, such as the objectives and necessity of the capital increase, methods and conditions in the capital increase, effects of the capital increase on the Company and shareholders, etc. The capital increase will have been carefully reviewed and approved by the Board of Directors, before being presented in a shareholders' meeting for final approval.

An Annual General Meeting of Shareholders is held once a year, no later than four months from the end of the accounting year. In case where urgent matters arise, such as matters that may affect shareholders' interest, those that relate to conditions or relevant regulations or laws that require shareholders' approval, the Company may call an extraordinary general meeting. The directors will ensure that shareholders' meetings are held in compliance with company regulations, relevant laws, Stock Exchange of Thailand's Board of Governors' policy governing the conduct of shareholders' meetings of listed companies, and the Securities and Exchange Commission handbook on shareholders' meetings, to ensure that all shareholders are treated equally.

In 2016, the Company urged shareholders to exercise their right by raising issues that may be relevant to the Company, to include in the agenda for the 2016 Annual General Meeting of Shareholders, and by nominating persons to be appointed as directors, per regulations and methods set by the Company and published on its Website from 23 November-30 December 2015. However, none of the shareholders submitted any topics to be included in the meeting agenda or nominated persons to be appointed as directors.

In 2016, one shareholders' meeting, i.e. the 2016 Annual General Meeting of Shareholders, was held on 28 April 2016. In the meeting, shareholders considered and voted in various matters per relevant laws. The Company sent out invitation letters, authorization letters, and documents related to the meeting no less than seven days, and in some cases up to 14 days, prior to the meeting, which gave shareholders ample time to read all the necessary information before attending the meeting. Each topic of discussion in the meeting agenda was accompanied by the opinions of the Board of Director, and the meeting agenda was sent to all the shareholders, whose names were compiled in a list per Article 225 of the Securities and Exchange Act B.E. 2535 (1992), using the methods of closure of registrar book and closure of registrar book for suspension of the transfer of debentures (as the case may be). In addition, the Company published information related to the meeting on the Company's Website, www.mk.co.th, prior to the meeting, to allow shareholders to study it before the meeting. In addition, the Company allows shareholders to submit questions related to the meeting agenda before the meeting takes place, to ensure maximization of their benefits from the meeting and protect their interest.

At the 2016 Annual General Meeting of Shareholders held on 28 April 2016, all 10 members of the Board of Directors were in attendance. The shareholders, in the 2016 annual meeting, approved the payment of directors' annual pay for 2015 and remuneration for members of the Board of Directors for 2016, as follows:

1. The shareholders, in the 2016 annual meeting, approved directors' annual pay for the year 2015 totalling 2,432,000 baht, which was paid to 20 people who held director positions in 2015. The pay was calculated based on the duration of their tenure.
2. The shareholders also approved remuneration for the Board of Directors for the year 2016. This consisted of meeting allowance for members of the Board of Directors and of at least three sub-committees, namely Audit Committee Nominating Committee and Remuneration Committee. Only persons who attended meetings received this allowance. The rate of meeting allowance is as follows:
 - Chairman of Committee 15,000 baht per meeting
 - Director of Committee 10,000 baht per person per meeting

In addition, the shareholders passed a resolution appointing KPMG PHOOMCHAI AUDIT LIMITED as the auditor for 2016. The list of auditors is as follows: 1. Miss Vipavan Pattavanvivek CPA No.4795 and/or 2. Mr. Sukit Vongthavaravat CPA No.7816 and/or 3. Miss Marisa Tharathornbunpakul CPA No.5752 and/or 4. Miss Patamavan Vadhanakul CPA No.9832. The shareholders also approved an audit fee of 1,440,000 baht.

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

Section 2 Equal treatment of shareholders

1. Shareholders Meeting

1. The Board of Directors recognizes the rights of shareholders and the importance of treating all shareholders – regardless of whether they are members of management, and including foreign shareholders, and minority shareholders – fairly and equally. It also respects and upholds shareholders' fundamental rights. Therefore, all shareholders have an equal right in the sale, purchase and transfer of shares, have an equal share in the Company's profits, have sufficient access to the Company's information and data, can attend meetings to exercise their voting right on matters such as the appointment or removal of directors, the appointment of an auditor, and other matters that may affect the Company such as dividend payment (if any), issuance or modification of regulations or memorandum of associations, capital increase or decrease, and approval of special transactions, etc.
2. All shareholders have an equal right to express their opinions, per company regulations. Each shareholder has one vote per share.
3. The Company distributes its information and data to shareholders on a regular basis, through channels such as the Stock Exchange of Thailand and the Company's Website
4. The Company allows shareholders to submit topics for discussion to be included in a meeting agenda and nominate persons to be considered for appointment as directors. The topic submission and personnel nomination can be done no less than one month before the Annual General Meeting of Shareholders is held, per company regulations.
5. The Company allows shareholders to submit questions related to the meeting agenda before the meeting takes place, per company regulations, to ensure maximization of shareholders' benefits and protect their interest.
6. The Company sends out invitation letters, along with meeting-related documents which include topics for discussion that are accompanied by directors' opinions, to shareholders no less than seven days before a meeting is held, unless required otherwise by regulations, notices, or directives issued by the Stock Exchange of Thailand or the Securities and Exchange Commission. It also publishes invitation letters and meeting-related documents, containing the same information and data as that in posted documents, on the Company's Website before a meeting is held. The purpose of doing so is to allow shareholders ample time to study all the necessary information ahead of the meeting, so they can make informed decisions.
7. The Company informs shareholders of how to attend a meeting and any rules and regulations governing the conduct of meetings in the invitation letters. It also informs shareholders of the voting procedures in the meeting. In a shareholders' meeting, all the procedures are clearly laid out, namely presenting topics, raising questions, casting votes, and adopting a resolution. The Company assists all shareholders equally by allowing shareholders to register for the meeting from at least one hour before the meeting takes place, until the meeting is over.

At the 2016 Annual General Meeting of Shareholders, the Company invited legal advisors from a legal office to take part in the meeting, to act as a neutral party and count the votes cast.

8. The Company does not deprive the right of shareholders to study the information and data that it is required to disclose per various regulations, or the right of shareholders to attend meetings. For example, the Company does not suddenly distribute additional documents with significant information during a shareholders' meeting, does not add topics for discussion into the meeting agenda or change significant information without first notifying shareholders, or does not prohibit shareholders arriving late from attending the meeting.
9. The Company provides opportunities for, and encourages shareholders to exercise their voting right in a shareholders' meeting. For example, it ensures that the meeting proceeds in the order that has been outlined in the invitation letter. Moreover, for the appointment of directors, shareholders can cast their vote to select directors individually. Shareholders are also allowed ample time to ask questions and express their opinions related to the topic under discussion.
10. In case where a shareholder cannot attend a meeting, the Company will send out an authorization letter (Form Khor), which allows the shareholder to express their opinions regarding the matters for which the votes are needed. The shareholder can download Form Kor and Form Khor of the authorization letter from the Company's Website, and nominate at least one independent director of the Company as an authorized person to attend the meeting on their behalf.

This measure will allow shareholders who cannot attend a meeting to exercise their voting right by assigning another person or authorizing an independent director (the Company will propose at least one independent director to shareholders for this purpose) to do so on their behalf, therefore giving shareholders options to select an authorized person to act on their behalf.

2. Conflict of interest

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

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

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

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

The Company or its subsidiary may have transactions with a director, executive officer, or other related person. However, the transactions must have terms and conditions normally expected of transactions made between ordinary

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

The Company recognizes the importance of entering into related party transactions. All related party transactions must be conducted with the Company's and its shareholders' maximum interest taken into consideration, and in line with general pricing and trade competition conditions. The price and other selling conditions of related party transactions are similar to those of arms-length transactions. All related party transactions must be reviewed by Audit Committee, which consists wholly of independent directors. Audit Committee have presented related party transactions and transactions that present cases of conflict of interest to the Board of Directors for their careful consideration, strictly adhered to the rules set by the Stock Exchange of Thailand in its report, and disclosed all this information on a quarterly basis. They have also disclosed all the significant information in the Annual Report and Annual Information Form (Form 56-1).

3. Control of the use of inside information

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

1. Directors, executive officers, and employees must keep all company data, including sensitive information, strictly confidential. They will not disclose such information to gain personal benefits or for the benefits of other parties, whether directly or indirectly, and regardless of whether they have received something in return from so doing, unless such information is made publicly available.
2. Directors, executive officers, and employees that have become aware of the Company's financial data and/or other significant inside information that has an effect on securities value, should refrain from trading company securities before the financial statements or such inside information is made publicly available and from disclosing such information to other persons. The same applies to spouses and children who have not attained the legal age of directors, executive officers, and employees as well. In case where a director, executive officer or employee violates or fails to comply with the Company's policy regarding the use of inside information in securities trading, that director, executive officer or employee will face disciplinary action that includes a verbal warning, a written warning, suspension from work, and removal from position or dismissal without paying legally required compensation, depending on the severity of the offence committed.

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

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

3. Directors and executive officers will prepare and submit a report regarding securities being held by themselves, their spouses or de facto spouses and their children who have not attained the legal age, to the Securities and Exchange Commission, pursuant to Article 59 of the Securities and Exchange Act B.E. 2535 (1992) (fifth amendments), using the form specified in the regulations governing disclosure of report on securities holding, within the following timeframe:
 - 3.1 Report on securities holding for the first time (Form 59-1): within 30 days after the securities are offered to the public, or the date they were appointed as executive officers
 - 3.2 Report on changes in securities holding (Form 59-2): Every time securities are traded or their ownership is transferred, within three days after the trade or transfer took place

In case where a director or executive officer reports a change in securities holding (Form 59-2) to the Securities and Exchange Commission per 3.2, the director or executive officer must submit a copy of the report to the Company, on the same date the original report was sent to the Securities and Exchange Commission and the Stock Exchange of Thailand. Company's Secretary will prepare a summary of changes in security holding of that director or executive officer, and present it to a Board of Directors' meeting on a quarterly basis.

The below table shows the securities held by directors and executive officers as at 31 December 2016:

Name	Position	Number of securities held (shares)	
		Common stock (shares)	Percent of common stock held (%)
1.Mr. Suthep Wongvorazathe *	Chairman and Chairman of Executive Director	177,550,000	17.90
2.Mr. Att Asavanund	Independent Director and Chairman of Audit Committee	-	-
3.Mr. Chaipayont Timsootheepant	Independent Director and Audit Committee	-	-
4.Mrs. Malai Rachataswan	Independent Director and Audit Committee	-	-
5.Mr. Vorasit Pokachaiyapat	Chief Executive Officer	-	-
6.Mr. Philipvira Bunnag	Director and Executive Director	37,452,400	3.78
7.Mrs. Sutida Suriyodorn	Director and Executive Director	-	-
8.Ms. Rachanee Mahatdetkul	Director and Executive Director	-	-
9.Mr. Saksri Phurthamkul	Director	-	-
10.Mr. Nuttplusthrone Nonthachit	Director	864	0.00
11.Ms. Dusadee Tancharoen	Managing Director and act for Senior Executive Vice President of Project Management	-	-
12.Ms. Pomphan Yantossilp	Executive Vice President of Business Development and the Company Secretary	-	-
13.Ms. Napaporn Kamonsakdavikul	Executive Vice President of Legal and Project Transferring Support Division	-	-
14.Mr. Sakdina Manlerd	Executive Vice President of Project Development Division	-	-
15.Mr. Suthep Kittiwacharapong	Executive Vice President of Project Procurement Division	103,376	0.01
16.Mrs. Niramom Atsawakunkamnurd	Vice President of Accounting Division	-	-
17.Ms. Busara Rogesotom	Vice President of Finance Division	285,000	0.03

Notes: Details of the 177,550,000 shares held by Mr. Suthep Wongvorazathe are as follows:

1) A total of 117,550,000 shares are listed under UBS AG, with Castle Peak Developments Limited having Mr. Suthep Wongvorazathe holding 100 percent of the shares (UBS AG being the custodian).

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

On 2 March 2017, Mr. Suthep Wongvorazathe having 139,542,883 shares because of Castle Peak Developments Limited sold of 38,007,117 shares,

Section 3 Taking the role of stakeholders into consideration

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

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

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

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

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

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

In 2016, the number of accidents occurring at the workplace was 0. There were also no serious workplace injuries or fatalities.

4. The Company has put in place a policy and guiding principles regarding training and development to increase employees' skills and competencies. It also discloses the average number of hours employees take part in trainings per year, with details as follows:

Employee level	Hours of training received		Amount of Trainee		Training goals
	Average per person	Management	Operational staff		
Executive	6 hours/ person	111	0		Gaining Knowledge about management and control Risk Management
Executive officers	6 hours/ person	32	55		The development of Real Estate management system (RMS) usage
Operation Offices	6 hours/ person	14	3		Gaining Knowledge about accounting

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

- Executive officers:** The Company recognizes the importance of executive officers, as they play a leading role in formulating strategies and work plans, and overseeing the Company's operations to ensure it is in line with the direction and business goals set by the Board of Directors. Therefore, the Company pays appropriate and fair remuneration to executive officers, as incentive for the, to manage the Company with determination and dedication, which will allow the Company to achieve its business goals.
- Business partners:** The Company recognizes the importance of business partners, for their role in supporting and driving the Company's operations, allowing the Company to grow and achieve its business goals. Therefore, the Company respects its business partners and treats them with fairness, taking into consideration the interest of both parties when conducting business and strictly complying with trading conditions to which both parties have agreed.
- Customers:** The Company resolves to provide services as agreed with customers, and always put customers first. It will foster good and stable relationships with customers. The Company has put in place a policy and guiding principles regarding the treatment of customers under the topic of "Code of conduct – towards customers."
- Trading partners:** The Company recognizes the importance of trading partners for their role in supporting and driving the Company's operations, and enabling a smooth conduct of business. The Company therefore treats trading partners with fairness and in compliance with the trading conditions to which both parties have agreed. The Company has also put in place a policy and guiding principles regarding the treatment of trading partners and creditors under the topic of "Code of conduct – towards trading partners and creditors."
- Competitors:** The Company aims to conduct business by adhering to fair trade practices. It focuses on increasing its competitiveness by increasing potential and service quality. It does not wish to damage competitors' reputation by means of libel or other dishonest means. The Company has also put in place a policy and guiding principles regarding the treatment of trading partners and creditors under the topic of "Code of conduct – towards competitors."
- Environment:** The Company cares about the environment. Some of the initiatives undertaken by the Company include the implementation of energy- and water-saving strategies, and a campaign encouraging people to refraining from smoking at the workplace, etc.
- Community /society:** The Company supports social projects and activities that aim to increase the quality of life for people in the community. It also promotes and instills a sense of responsibility towards society among employees of all levels.
- Public agencies and other supervisory organizations:** The Company recognizes the importance of public agencies and other supervisory organizations for their roles, duties, and responsibilities in overseeing the Company's operations. The Company is committed to cooperating with these agencies and complying with relevant laws, rules, and regulations, to facilitate the work of such agencies. It has also assigned the secretary to review compliance with relevant laws, rules, and regulations, and the internal auditor to review compliance with operating manuals and relevant standards, and report the review results to Audit Committee on an annual basis.

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

In case where a stakeholder has a complaint, a recommendation, or any concern regarding the violation of laws or ethics, inaccurate financial reporting, or deficiencies in internal control, they can inform or raise a question directly to Audit Committee of Company, by contacting their secretary. The Company will investigate the matter in compliance with the procedures for taking in a complaint, treat it with strict confidentiality, and report the findings to the Board of Directors.

In 2016, the Company regularly disclosed sufficient and credible information in a timely manner to ensure that all stakeholders were informed of any significant information equally. The Company also treated all stakeholders fairly, without taking advantage of or discriminating against any of them. It also formulated fair and straightforward regulations. Moreover, the Company has always supported activities for society, the community and the environment.

Section4 Disclosure and transparency

1. Disclosure

The Company realizes that it is important to accurately and completely disclose significant information, both financial and non-financial, that may affect stakeholders and investors' decision, in manners that are credible, timely, transparent, and in compliance with the Stock Exchange of Thailand and Securities and Exchange Commission regulations. The disclosure of information can be done through various channels, such as the Stock Exchange of Thailand, various print media, Annual Information Report (Form56-1), Annual Report, and the Company's Website.

The Board of Directors is responsible for the preparation of financial reports and financial data, which are prepared in accordance with generally accepted accounting principles in Thailand and reviewed by an independent auditor. The Board of Directors must choose appropriate accounting policies and adopt them consistently, and exercise caution in preparing the reports. It must ensure that sufficient significant information is disclosed in notes to financial statements. In this regard, the Board of Directors has appointed the Board of Audit Committee to oversee the quality of financial reports and the internal control system, who will express their opinions on such matters in the Audit Committee report which is included in the Annual Report. In addition, the auditor's report in the Annual Report must be accompanied by a report on the responsibility of the Board of Directors towards the financial reports.

2. Investor relations

The Board of Directors recognizes the importance of accurately and completely disclosing information that may affect investors' decision and stakeholders, which includes financial data and other information such as shareholding structure, risk factors, related party transactions, in manners that are credible, comprehensive, timely, and in compliance with the Stock Exchange of Thailand regulations. A division responsible for investor relations will act as coordinator, providing company information and distributing it to investors, analysts, and the general public through various channels such as the Stock Exchange of Thailand, print media, and the Company's Website, www.mk.co.th

In 2016, the Board of Directors disclosed significant information, including financial reports and other non-financial information, correctly and completely pursuant to regulations by the Securities and Exchange Commission and the Stock Exchange of Thailand. It disclosed such information through channels such as the Securities and Exchange Commission and the Stock Exchange of Thailand. Those wishing to obtain such information can download it their Websites: www.sec.or.th and www.set.or.th. In addition, the Company also publishes information regularly on its Website, www.mk.co.th, including its Annual Reports which contains information such as good corporate governance policy, report on the responsibilities of the director towards financial reports, auditor's report, and financial statements which were prepared in accordance with generally accepted accounting principles and reviewed by a certified auditor, and directors' remuneration as approved in a shareholders' meeting. The Company also set up an investors relation division, in charge of disclosing information relating to the Company's operations for those interested in obtaining this information and investors.

Section5 Board of Directors' responsibilities

1. Leadership and vision

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

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

The Board of Directors plays a role in setting company vision, mission, strategies, goals, and budget, and oversees operations to ensure efficient operations, in line with business plans. It also expresses independent opinions on various matters, as well as following up on management performance on a quarterly basis.

2. Code of conduct

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

- 2.1 Rule of law
- 2.2 Transparency
- 2.3 Fairness and justice
- 2.4 Focus on customers
- 2.5 Responsibility towards society
- 2.6 Non-involvement in politics

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

Towards the Company

- Management is responsible for the declaration of code of conduct and must ensure that all employees are informed of and understand the code of conduct.
- Management is responsible for compliance with the Company's code of conduct
- Management pays attention to the necessary procedures for employees' compliance with the code of conduct.
- Management, including the Board of Directors and directors that are not members of the Board of Directors, conducts the Company's business.

Towards owners or shareholders

- Management has an obligation towards owners or shareholders, as they do not own the Company
- Management must act or make any decision with honesty and fairness to all shareholders, including minority shareholders, for the Company's benefits, as follows:
 - Operate under the scope of authority and for the Company's benefits
 - Carry out their duties to the best of their ability and with caution, as expected of persons of their calibers
 - Ensure that no company assets sustain damage or become unusable
 - Regularly report operating results that are complete and accurate. Report both positive and negative aspects of the Company, in reasonable and credible manners, and backed up with sufficient facts.
 - Do not disclose confidential information to other parties without appropriate authorization, especially to competitors
 - Compile and explain any necessary data and information to the auditor to facilitate their work

Towards customers

- Management must
 - Disclose information on products to customers completely, accurately, and honestly
 - Sell products at the agreed price, or at the fair price in case where there are no prior agreements
 - Not cause unrealistic expectations or misunderstanding in the products in terms of quality, price, quantity, or conditions

- Management has a responsibility for customers in terms of product quality: by setting and maintaining product standard
 - Set minimum standard that can be accepted for products and ensure that it is met.
 - Make it known that a higher standard that commonly achieved, leads to higher remuneration
 - Procure channels to receive complaints from customers in regards to product quality, and respond to customer needs promptly
 - Ensure that all products are made in accordance to company standard
- Management manages the Company with the objectives of decreasing costs and protecting the interest of customers as much as possible, especially by:
 - Being committed to increasing the Company's efficiency
 - Making sure that employees constantly realize that company resources are limited and use them efficiently
 - Decreasing company costs, insofar as that does not negatively affect operations or product standards
- Management must ensure to protect customers' information and treat it with strict confidentiality, and will not use such information for their own benefits or those of others.

Towards trading partners and creditors

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

Towards competitors

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

Towards employees

- Management must
 - Pay appropriate compensation to employees, based on their individual levels of skills, competencies, responsibilities, and performance
 - Emphasize training and development for all employees, so that they can obtain career advancement and job security
 - Outline measures to ensure safety for employees and their belongings, and ensure that there are adequate tools and equipment and that they are properly maintained
 - Promote employees' participation in setting the Company's direction and finding solutions to problems faced by the Company
 - Appoint, transfer, promote, reward or punish employees with honesty
 - Strictly comply with labor laws and other relevant regulations
 - Publish the code to conduct and distribute to all employees, and make sure they understand practices and roles expected of them
 - Not act in manners that jeopardize job security of employees without reason
 - Treat employees with respect for human dignity and rights

Towards society

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

Employees' responsibility towards the Company

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

3. Regarding Board of Directors

- 1) Nominating Committee will look for persons with appropriate skills, experience, expertise, and qualifications in various areas deemed crucial for the Company's conduct of business, and present them in a Board of Directors' meeting for appointment, before presenting them in a shareholders' meeting for approval.
- 2) The number of directors in the Board is as determined in a shareholders' meeting, but will not be fewer than five people per company regulations. Of these, one in three, and no fewer than three, must be independent directors. Each director must possess appropriate seniority, qualifications, competency, experience, and expertise, and are qualified under Article 69 of the Public Limited Companies Act, B.E. 2535 (1992), and other relevant laws.
- 3) The Company defines "independent directors" in line with the regulations announced by Capital Market Supervisory Board . Independent directors must have the following qualifications:
 - (1) Hold no more than one percent of the total voting shares of the Company, its parent company, subsidiary, associated companies, major shareholders, any person having controlling power over the Company. The number of shares held by any related person of such an independent director must also be counted.
 - (2) Not be and had not been a director participating in management role of the Company, or an employee or an officer of the Company, or an advisor of the Company which receives regular salary from the Company, and not be and have not been a person having controlling power over the Company, subsidiary or associated company, unless such an independent director had not be a person referred to above for at least two years before being appointed as independent director. Such restriction or prohibition shall not apply to an independent director who has been a governmental officer or an advisor of a government authority, which is the major shareholder of the Company or the person having controlling power over the Company.
 - (3) Not be a person having relationship either through blood or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any management person, major shareholder, or any person having power to control the Company or the Company's subsidiary, or of the person being nominated to be a management person of or a person having power to control the Company or the Company's subsidiary.
 - (4) Not have and had not have any business relationship with the Company, subsidiary, associated company,

or major shareholder, or with the person having power to control the Company that may have conflict of interest, in the manner in which their independent discretion might be affected, and not be and have not been a substantial shareholder of or a person having power to control the person that has business relationship with the Company, subsidiary, associated company major shareholder or the person having power to control the Company unless such an independent director had not been a person referred to above for no fewer than two years prior to being appointed as independent director. Business relationships referred to in the first paragraph above shall include any ordinary course of business or trade for business engagement purpose, any lease taking or lease out of any property, any transaction relating to asset or service, any financial support or acceptance of financial support by way of either borrowing, lending, guaranteeing or collateral providing or any other manner similar thereto that could result to an obligation required to be performed by the applicant or the party thereto in an amount of less percent or more of the net tangible asset value of the applicant, or twenty million baht or more, whichever is lesser. In light of this, the method for calculating the value of related party transactions pursuant to the Capital Market Supervisory Board's Notification, Re: Regulations in respect of an Entering into a Connected Transaction shall be applied mutatis mutandis for the purpose of calculation of such amount of debt of the applicant, provided that the amount of the debt incurred during the past one year prior to the date on which such a business relationship with such a business relationships with such person exists.

- (5) Not be and had not been an auditor of the Company, subsidiary, associated company, major shareholder or any of the person having power to control the Company, and not be and had not been a substantial shareholder of, a person having power to control over, or a partner of any auditing firm or office in which the auditor of the Company, or subsidiary, or major shareholder, or the person having power to control the Company, unless such an independent director has not been a person referred to above for at least two years prior to being appointed as independent director.
 - (6) Not be and had not been a professional advisor, including legal or financial advisor who obtains fee more than two million baht a year from the Company, subsidiary, associated company or major shareholder, or the person having power to control the Company, and not be and had not been a substantial shareholder of, a person having power to control over, or a partner of any of such professional service provider firm or office, unless such an independent director has not been a person referred to above for at least two years prior to being appointed as independent director.
 - (7) Not be a director appointed to serve a representative to protect the interest of a director of the Company, a major shareholder, or a shareholder which is a related person of a major shareholder.
 - (8) Not engage in any business the same field of business with the Company or the Company's subsidiary and which, in any material respect, is competitive with the business of the Company or the Company's subsidiary, or not be a substantial partner in a partnership, a director participating in any management role, an employee or officer, an advisor obtaining regular salary from, or a shareholder holding more than one percent of the voting shares of a company engaging in any business the nature of which is the same as that of the Company or the Company's subsidiary and which, in any material respect, is competitive with the business of the Company or the Company's subsidiary.
 - (9) Not have any characteristics by which their independent comment or opinion on the Company's operation may be affected
 - (10) After a person having qualifications stated in (1) to (9) above is appointed as an independent director, such appointed independent director may be assigned by the Board of Directors to make decision in respect of business operation of the Company, subsidiary, associated company, major shareholder, or the person having controlling power over the Company, provided that such decision making by such appointed independent director must always be made on a collective decision basis.
- 4) Tenure: A director's tenure is determined in the Public Limited Companies Act, and there are no term limits.
 - 5) Directors are required to reveal any director positions concurrently held at other companies to the Board of Directors. In addition, the management committee must also inform the Board of Directors of any director positions concurrently held at other companies.

As directors can still carry out their duties at the Company, including formulating policies and providing

advisories on various issues and problems that may arise in the course of business, at full capacity, without being affected by their holding of director positions at other listed companies, the Company therefore does have prohibitions regarding the number of listed companies in which its directors can hold director positions.

4. Board of Directors' authority and responsibilities

Under the scope of authority of the directors as approved by the Board of Directors and/or in a shareholders' meeting, The Board of Directors are authorized and required to set company policies and direction and ensure efficient and effective implementation of such policies, with the main focus being on increasing the value of the Company and creating maximum benefits for shareholders. It carries out its duties in accordance with the laws, company objectives and regulations, as well as shareholders' resolutions and with honesty.

Furthermore, the Board of Director's responsibilities include setting the Company 's vision and mission, overseeing management to ensure that it implements strategies that are in line with said vision and mission, and overseeing risk management and internal control. The duties and responsibilities of members of the Board of Directors and management are separated clearly, as are those of Chairman, Chairman of Exeutive Director and Chief Exeutive Officer and Managing Director. In addition, the Board of Directors and management must prevent conflict of interest from arising,to ensure efficient conduct of business.

5. Board of Directors' meetings

Board of Directors' meetings

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

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

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

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

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

Secretary in order that the Board of Directors and other relevant persons can review them later.

Per company regulations, at least half of the members of the Board of Directors must be present at a meeting, in order to constitute a quorum. In case where the Chairman is not present or unable to carry out their duties, Deputy of Chairman can act as the chairperson at the meeting instead. If Deputy of Chairman is not present or unable to carry out their duties, the directors that are in attendance shall choose one among them to become chairperson at the meeting. The decision in the meeting is made by means of majority vote. In light of this, a director has one vote each. However, a director that has interest in a particular matter being discussed cannot vote in such matter. In the event of a tie vote, the chairperson shall have the casting vote.

In 2016, the Board of Directors held a total of 11 meetings, all of which were chaired by Chairman.

Audit Committee meetings

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

Nominating Committee meetings

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

Remuneration Committee meetings

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

Risk Management Committee meetings

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

6. Performance evaluation of the Board of Directors and management committee

Director collectively evaluate the performance of the Board of Directors and sub-committees on an annual term. Evaluation will help the Board of Directors to review the work performed, problems, and issues that arose within the past year, and evaluate the performance of directors and make recommendations for further improvements.

7. Checks and Balances of non-executive directors

The Board of Directors consists of no fewer than five directors who have been appointed in a meeting to manage the Company. No fewer than half of the members of the Board must reside in the Kingdom of Thailand and possess the qualifications required by law. The Company also requires that at least one in three, or no fewer than three members of the Board, serve as Audit Committee, all of whom possess all the qualifications set out in the Stock Exchange of Thailand announcement regarding qualifications and scope of work of Audit Committee, so that checks and balances are achieved in the Company's conduct of business.

As at 31 December 2016, the Company had a total of 10 directors, including

- 5 executive directors
- 5 non-executive directors, or 5 out of 10 of the Board members
- 3 Independent directors, or 3 out of 10 of the Board members

Audit Committee (Refer to "Management structure" sub-section)

It should be noted that independent directors are defined under a good corporate governance policy, Section 5, Board of Directors' responsibilities, No. 3, Regarding Board of Directors.

8. Segregation of duties

Chairman is not the same person as Chief Executive Officer and Managing Director, in order to segregate the duties of persons in charge of formulating supervisory policies and those in charge of managing the Company. The Company has specified the scope of work of management persons in each level clearly and in writing, in the announcement of the Company's operating authority which has been approved by the Board of Directors. The Company clearly segregates the duties of approval or authorization, recording of transactions, and custody of assets, to achieve proper checks and balances and accountability.

The Company has clearly segregated the duties and responsibilities of directors and those of management. Directors are responsible for formulating policies and overseeing management implementation of such policies, whereas management manages the Company based on such policies. Therefore, Chairman and Chief Executive Officer and Managing Director are different persons. The two positions are selected by the Board of Directors, based on their qualifications.

In this regard, Chairman represents major shareholders which holds 17.90 percent of the total shares. Although Chairman and Chairman of Executive Director are the same person, the structure of the Board of Directors, at least one-third of, or no fewer than three persons among which, are independent directors, creates proper checks and balances and allows reviews of management. In addition, the duties, roles, and responsibilities between Chairman Chairman of Executive Director and Chief Executive Officer and Managing Director are clearly segregated.

9. Remuneration of directors and management

Directors' remuneration is approved by a resolution passed in a shareholders' meeting. It is determined by Remuneration Committee who will review the appropriateness of the amount each year, taking into consideration the levels of pay of other companies within the same industry. The amount is then presented to the Board of Directors and shareholders for approval.

Directors' remuneration comes in the forms of meeting allowances and annual pay. Management remuneration is paid in the form of salary and bonus, the latter of which is based on the Company's operating results and individual performance. The Company presents the amounts of remuneration of directors and management committee in the Annual Report, and the Annual Information Form on an annual basis.

10. Sub-committees

The Board of Directors has appointed Sub-committees to oversee the Company's operations, in order to increase efficiency and achieve investors' confidence in its careful operations. There are six of them, namely Audit Committee, Executive Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and Management Committee

1. Audit Committee consist of at least three independent directors, whose responsibilities are specified in the charter of Audit Committee.
2. Nominating Committee consists of at least three directors, none of whom is Chairman . More than half of the members of Nominating Committee, and no fewer than two persons, must be independent directors. Their responsibilities are specified in the charter of Nominating Committee.
3. Remuneration Committee consists of at least three directors, none of whom is Chairman. More than half of the members of Remuneration Committee , and no fewer than two persons, must be independent directors. Their responsibilities are specified in the charter of Remuneration Committee
4. Executive Committee consists of at least five directors, the scope of authorities of whom is specified in the directive regarding the appointment of Executive Committee.
5. Risk Management Committee consists of five directors and executive officers.
6. Management Committee consists of five directors and executive officers, the scope of authority of whom is specified in the directive regarding the appointment of Management Committee and as assigned by the Board of Directors.

Sub-committees will report progress and performance reviews to the Board of Directors, with the scope of authority as detailed in 9.2.1 Board of Directors' structure.

11. Internal control and audit

The Board of Directors recognizes the importance of an internal control system as a tool to help reduce business risks, protect company assets, generate credibility in financial reports and protect shareholders' investments. It has therefore assigned Audit Committee to establish an efficient internal control system and manage risks to ensure they remain at the appropriate level.

An internal auditor, who independently conducts an audit and reports to Audit Committee, is responsible for auditing the Company's operations for efficiency and effectiveness. The internal auditor will report the audit results directly to Audit Committee.

In addition, Audit Committee will review the appropriateness and adequacy of the internal control system at least once a year, and present its findings to the Board of Directors to obtain their opinions on the issue. The Board's opinions will be included in the Annual Report and the Annual Information Form (Form 56-1).

In 2016, the Board of Directors and the independent auditor have reviewed and were of an opinion that the Company conducted its business in accordance with the procedures it had set, and no material errors were found (details under "Internal control")

12. Anti-corruption policy

The Company is against all forms of corruption. It has put in place a policy and guiding principles against corruption, and is committed to respecting Thailand's anti-corruption laws. It has informed directors, management, and employees of such policy and required their strict implementation.

Anti-corruption policy

1. The Company is against all forms of corruption, including all forms of bribery, during the course of business. The Company and its subsidiary will not commit any acts of corruption, including the request, collection, and payment of bribes.
2. Management and employees carry out their duties and make decisions on the basis of honesty and fairness to shareholders and other stakeholders, and always take into consideration the Company's benefits.
3. Management and employees are prohibited from requesting, committing, or accepting acts of corruption, whether for their own benefits or those of their family members, friends, and acquaintances.
4. Do not take or give cash or other forms of gifts, except during holiday seasons or when appropriate in particular occasions. In such cases, the value of the gifts must be reasonable, and the person obtaining them must consult their superiors in regards to appropriateness of the gifts.
5. The Company will not grant funding or use company resources to support any political candidates or parties, or use them in political campaigns or activities.
6. Donation to charities and financial sponsoring of any events must be done with transparency, respect to the laws, and moral principles.
7. Failure to comply with anti-corruption policy, whether committed by members of the Board of Directors, management, or employees, will result in disciplinary action, depending on the offense committed, in line with the Company's human resources policy.
8. The Company does not seek to demote or punish employees who have rejected acts of corruption, even though such action causes the Company to lose a business opportunity.
9. In addition, the Company has put in place an efficient internal control system and proper checks and balances, to prevent management and employees from committing or becoming involved in acts of corruption.
10. The Company also assesses the risk of corruption that may occur, in order to develop anti-corruption measures suitable for the level of risk.
11. The Board of Directors has assigned Audit Committee to oversee compliance with anti-corruption measures. Audit Committee does this by reviewing relevant internal control measures and reporting on the adequacy and efficiency of anti-corruption measures.
12. If the directors, executive or employee does not follow the anti-corruption policy, the Company will appoint a disciplinary punishment case by case under regulations of Human Resource Management.
13. The Company has no policy to degrade, punish or cause negative impact to those employees who refuse

corruption even such action might bring benefit to the Company.

14. The Company will consider collaboration with private companies launching activities against corruption as another way to contribute our help to society.

The Company implements the effective internal control system by provides an independently outsourced Internal Auditor with auditing and balance power to prevent corruption among executives and staffs.

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

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

In this regard, the Company considers expressing its intent by cooperating in anti-corruption initiatives with the private sector, for collective benefits and practical steps to eradicating corruption.

The Company's anti-corruption policy is published on its Website: www.mk.co.th.

13. Board of Directors reports

The Board of Directors is responsible for preparing the financial statements of the Company and its subsidiary, and other financial information contained in the Annual Report, which are prepared in accordance with generally accepted accounting principles. It also discloses sufficient information in the notes to financial statements, on which authorized director will sign and affix the company seal to certify correctness.

In this regard, the Board of Directors has assigned Audit Committee to oversee the procedures in preparing and disclosing information in the financial reports, the internal control system, and the internal audit; consider the adequacy and appropriateness of the internal control system; and prepare financial statements that are based on facts, complete, sufficient, and credible. The Company's secretary maintains all the Board of Directors' meeting reports.

14. Training and development for the Board of Directors and management

The Company has put in place a policy to promote awareness in good corporate governance, by encouraging all to participate in various trainings with the Thai Institute of Directors' Association (IOD). Some of the relevant courses include Director Accreditation Program (DAP). Taking part in trainings conducted at other institutes is also encouraged. The aim is to increase the Board of Directors' understanding in their roles, duties, responsibilities, and good corporate governance, and use newly acquired knowledge to improve the Company's conduct of business.

In addition, the Company encourages management to participate in trainings on subjects related to their work, to increase their skills and knowledge. It has also required management to conduct trainings regarding the nature of the Company's business to newly appointed directors, and answered questions and concerns raised about the Company's operations, so that newly appointed directors will understand the nature of the Company's business and apply their knowledge and competency to further the interest of the Company and shareholders.

15. Directors Orientation

The Company organizes orientation programs for newly appointed directors, so that they will be informed of the Company's business policies and other relevant information, such as capital structure, shareholders, operating results, and other laws and regulations. They will also be handed a directors' manual, which contains all the necessary information for their director position. The directors' manual consists, at a minimum, of the following:

Directors' manual:

1. Public Limited Companies Act B.E. 2535 (1992)
2. Securities and Exchange Act B.E. 2535 (1992)
3. Affidavit of the Company
4. Company objectives
5. Company regulations
6. Good corporate governance handbook
7. SEC manual on directors of listed companies

Information for directors:

1. Guidelines on the provision of information for management of listed companies
2. Related party transactions of listed companies
3. Principles of good corporate governance for listed companies, issued in 2012
4. Company profile
5. Annual Report of the previous year

16. The Company Secretary

The Board of Directors recognizes the importance of the roles of duties of the Company's secretary, and therefore assigns a suitable permanent employee to assume this position. Company's secretary helps to facilitate the Company's operations and ensures that the Company is run efficiently and in line with good corporate governance principles. The main duties and responsibilities of the Company's secretary are:

1. Provide legal and other regulatory advisories to the Board of Directors
2. Assist in all activities of the Board of Directors
3. Coordinate with other people to ensure the Board of Directors' resolutions are efficiently implemented
4. Prepare and maintain the following documents
 - List of directors
 - Invitation letters to attend Board of Directors' meetings, and reports on such meetings
 - Invitation letters to attend shareholders' meetings, and reports on such meetings
5. Maintain reports on interest, disclosed by directors or management
6. Carry out other duties as requested by the Board of Directors

17. Succession plans

The Board of Directors recognizes the importance of maintaining continuity in the Company's operations, and therefore requires that Chief Executive Officer regularly disclose their plans regarding their successors and those of members of the management committee, under the guidance of Nominating Committee. Such plans must include the assignment of responsibilities to designated persons, in case where Chief Executive Officer or members of the management committee are unable to carry out their duties.

9.2 Sub-Committee

9.2.1 Directors' structure

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

A. Board of Directors

As at 31 December 2016, the Board of Directors consists of 10 members, as follows:

1. Mr. Suthep	Wongvorazathe	Chairman of the Board
2. Mr. Vorasit	Pokachaiyapat	Chief Executive Officer
3. Mr. Philipvira	Bunnag	Director and Executive Director
4. Mrs. Sutida	Suriyodom	Director and Executive Director
5. Miss Rachanee	Mahatdetkul	Director and Executive Director
6. Mr. Att	Asavanund	Independent Director and Chairman of Audit Committee
7. Mr. Chaiyapont	Timsootheepant	Independent Director and Member of Audit Committee
8. Mrs. Malai	Rachataswan	Independent Director and Member of Audit Committee
9. Mr. Saksri	Phurthamkul	Director
10. Mr. Nuttplusthron	Nonthachit	Director
With Miss Pomphan	Yantossilp	as the Company's Secretary

Remark : 1) The Board of Directors of the Company No.1/2017 held on 28 February 2017 resolved to change organization chart by separate position of Chief Executive Officer and Managing Director and executive officer get promoted as Managing Director. Managing Director of the Company may or may not be a director of the Company.

The Executive Officer of the company meaning Chief Executive Officer and the first four persons down from Chief Executive Officer and every person at the same level of the fourth person including high ranking executive of financial and accounting department, based on the criteria of the Capital Market Supervisory Board.

2) The Board of Directors No.2/2017 hold on 17 March 2017 has resolved to appoint Mr.Theraphan Jittalam as a director and an independent director of the Company in replacement of Mrs.Anchan Tangmatitham who resigned from office.

B. The Audit Committee

As at 31 December 2016 The Board of Audit Committee consist of three independent directors:

1. Mr. Att Asavanund Chairman of Audit Committee
 2. Mr.Chaiyapont Timsootheepant Member of Audit Committee
 3. Mrs. Malai Rachataswan Member of Audit Committee
- With Mr.Buncha Tungpratyawut as Audit Committee's secretary

C. The Nomination Committee

As at 31 December 2016 The Board of Nomination Committee consist of three independent directors:

1. Mr. Att Asavanund Chairman of Nomination Committee
 2. Mr.Chaiyapont Timsootheepant Member of Nomination Committee
 3. Mrs. Malai Rachataswan Member of Nomination Committee
- With Mrs. Sutida Suriyodom as the Board of Nomination Committee's Secretary

D. The Remuneration Committee

As at 31 December 2016 The Board of Remuneration Committee consist of three independent directors:

1. Mr. Att Asavanund Chairman of Remuneration Committee
 2. Mr.Chaiyapont Timsootheepant Member of Remuneration Committee
 3. Mrs. Malai Rachataswan Member of Remuneration Committee
- With Mrs. Sutida Suriyodom as the Board of Remuneration Committee's Secretary

E. The Risk Management Committee

As at 31 December 2016 The Board of Risk Management Committee consist of five directors and executive officers

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

F. The Executive Committee

As at 31 December 2016 The Board of Executive Committee consists of five directors

1. Mr. Suthep Wongvorazathe Chairman of the Board of Executive Committee
 2. Mr. Vorasit Pokachaiyapat Chief Executive Officer
 3. Mr. Philipvira Bunnag Executive Director
 4. Mrs. Sutida Suriyodom Executive Director
 5. Miss Rachanee Mahatdetkul Executive Director
- With Miss Pomphan Yantossilp as the Board of Executive Committee's Secretary

G. The Management Committee

As at 31 December 2016 the Board of Management Committee consist of five directors and executive officers

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

Scope of authority of the Board of Directors

The Board of Directors are authorized and required to set company policies and direction and ensure efficient and effective implementation of such policies, with the main focus being on increasing the value of the Company and creating maximum benefits for shareholders. It carries out its duties in accordance with the laws, company objectives and regulations, as well as shareholders' resolutions and with honesty.

Scope of authority of the Audit Committee

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

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

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

Chairman of the Board of Audit Committee and Audit Committee have a tenure length of 3 years. They will leave their position following an Annual General Meeting of Shareholders. When their tenure is completed, they may be appointed yet again.

Scope of authority of the Nominating Committee

- 1) Select persons qualified to be proposed as new directors or members of the management committee.
- 2) Set the procedures and criteria for recruiting and selecting the Company's directors and members of the management committee

Scope of authority of the Remuneration Committee

- 1) Prepare guidelines for determining directors' remuneration, etc.
- 2) Set the procedures and criteria for determining fair and reasonable remuneration for directors, and present it in a shareholders' meeting for approval

Scope of authority of the Risk Management Committee

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

Scope of authority of the Executive Committee

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

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

- 5) Review and approve the sale of land and/or other assets of the Company or its subsidiary at no less than market value as at the date when the Board of Executive Committee passed a resolution approving the sale, per the scope of authority and within the financial limit given to them by the Board of Directors, and register such sale at the Department of Lands
- 6) Review and approve transactions that were not in the work plan, that did not exceed a limit of 100 million baht
- 7) Review and approve the Company's request for loan or credit from a financial institution, and use the fund obtained for the Company's ordinary course of business per the scope of authority and within the financial limit given to them by the Board of Directors
- 8) Review and approve opening and closing of an account and use of Banking services, and assign a person authorized to make payment from the Company's accounts
- 9) Prepare, make recommendations for, and formulate business policies and strategies and present to the Board of Directors
- 10) Review and approve marketing, advertising, and public relations plans

11) Evaluate the Company's operation results in terms of asset and financial management to ensure efficiency and effectiveness

12) Carry out other duties assigned by the Board of Directors

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

Scope of authority of the Management Committee

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

Scope of authority of Chief Executive Officer

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

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

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

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

Scope of authority of Managing Director

- 1) Set business plans, budget, and scope of authority of company departments and divisions, and present them to Chief Executive Officer for approval

- 2) Oversee company operations to ensure compliance with Chief Executive Officer policies, relevant laws, conditions, rules, and memorandums of association, and company regulations
- 3) Review and approve transactions that were not in the work plan, that did not exceed a limit of 20 million baht
- 4) Carry out other duties assigned by Chief Executive Officer

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

Remark : Managing Director of the Company may or may not be a director of the Company.

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

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

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

9.3.1 Selection of independent directors

Criteria for selection of independent directors

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

Selection process

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

Selected persons must have the qualifications the Company looks for in independent directors (details in part 2 of No. 9.1 Corporate governance policy, Section 5, Board of Directors' responsibilities; item 3, regarding the Board of Directors)

- 2) Shareholders will select independent directors, by means of majority vote, i.e. more than half of the votes cast by those who have voting shares and attend the meeting.

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

9.3.2 Selection of directors and members of the management committee

The Board of Nomination Committee will select persons with the appropriate qualifications to be proposed for appointment as directors, in case where a position becomes vacant or an incumbent is about to end his tenure. The Board of Nomination Committee will select Chairman of Board of Director, Chairman of the Executive Director, Chief Executive Officer, and Managing Director, to present in a Board of Directors' meeting for their consideration. The Board of Directors may appoint directors, or present them in a shareholders' meeting for appointment, as the case may be. The Board of Directors consists of no less than five members, all of whom are selected in a shareholders' meeting to

manage the Company. No fewer than half of the Board of Directors must reside in the Kingdom of Thailand, and have the qualifications required by the law. A shareholders' meeting selects directors using the following criteria and methods:

1. The number of votes a shareholder has corresponds to the number of shares held by them, multiplied by the number of directors to be elected
2. Each shareholder must cast all the votes they have according to (1) to elect one or more persons as director(s). In case of voting for several candidates, it is up to the shareholder to distribute any number of their votes among the candidates
3. The candidates who receive the largest number of votes, in descending order, will be elected the directors. In case that there is a tie among candidates with an equal number of votes, the method of drawing lots will be utilized to gain the number of directors required

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

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

9.4 Overseeing subsidiary and associated company operations

9.4.1 Mechanism in overseeing operations

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

The appointed persons must periodically report the operating results of the subsidiary or associated company to the Board of Directors, so that the latter will be constantly kept up-to-date with such entity's situation and make decisions in a timely manner.

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

-None-

9.5 Inside information management

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

1. Directors, executive officers, and employees must keep all company data, including sensitive information, strictly confidential. They will not disclose such information to gain personal benefits or for the benefits of other parties, whether directly or indirectly, and regardless of whether they have received something in return from so doing, unless such information is made publicly available.
2. Directors, executive officers, and employees that have become aware of the Company's financial data and/or other significant inside information that has an effect on securities value, should refrain from trading company securities before the financial statements or such inside information is made publicly available and from disclosing such information to other persons. The same applies to spouses and children who have not attained the legal age

of directors, executive officers, and employees as well. In case where a Director, Executive Officer or employee violates or fails to comply with the Company's policy regarding the use of inside information in securities trading, that Director, Executive Officer or employee will face disciplinary action that includes a verbal warning, a written warning, suspension from work, and removal from position or dismissal without paying compensation as required by law, depending on the severity of the offence committed.

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

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

3. Directors and executive officers will prepare and submit a report regarding securities being held by themselves, their spouses or de facto spouses and their children who have not attained the legal age, to the Securities and Exchange Commission, pursuant to Article 59 of the Securities and Exchange Act B.E. 2535 (1992) (fifth amendments), per a form specified in the regulations governing disclosure of report on securities holding, within the following timeframe:

3.1 Report on securities holding for the first time (Form 59-1), within 30 days after the securities are offered to the public, or the date they were appointed as executive officers

3.2 Report on changes in securities holding (Form 59-2). Every time securities are traded or their ownership is transferred, within three days after the trade or transfer took place.

In case where a director or executive officer reports a change in securities holding (Form 59-2) to the Securities and Exchange Commission per 3.2, the director or executive officer must submit a copy of the report to the Company, on the same date the original report was sent to the Securities and Exchange Commission and the Stock Exchange of Thailand. The Company's secretary will prepare a summary of changes in security holding of that director or executive officer, and present it to a Board of Directors' meeting on a quarterly basis.

9.6 Auditor's fee

9.6.1 Audit fee

The Company and its subsidiary paid auditor's fees to the auditors of the Company and the subsidiary, for their audit of companies located in Thailand in the last accounting year, amounting to 3,315,000 baht.

9.6.2 Non-audit fee

- none -

10. Corporate Social Responsibility (CSR)

The business operations of M.K.Real Estate Development Plc. are based on an organizational culture focused on achieving sustainable business development, environmental preservation and responsibility towards stakeholders in all areas. Therefore, the Company recognizes the importance of corporate social responsibility. It believes that a business' success is not only measured by its operating results, but also its role in and to the community and society. In this regard, the Company has continued to implemented social impact projects in line with its business strategy, by fostering a sense of care towards the environment and giving back to society, such as the mangrove restoration project.

In addition, the Company encourages employees to have a sense of responsibility in their duties and act with moral principles and fairness towards the Company and all stakeholders. It has put in place a policy to serve as a guidance on responsibility towards the environment and society, so that employees can incorporate it in business management and operations, which will lead to sustainable development. The Company strives to conduct business with transparency, disclose significant information in compliance with relevant laws and regulations, act with accountability, comply with good corporate governance principles and the Code of Conduct, and take into account the benefits to shareholders, employees, the community, society, trading partners, the media, customers, the general public, trading competitors, creditors, government agencies, and all stakeholders. It also sets priorities appropriately to achieve maximum satisfaction for the Company and all stakeholders, in order to become successful in a sustainable manner. The following are guiding principles for corporate social responsibility.

10.1 Guiding principles for corporate social responsibility

(1) Fair conduct of business

In order to the Company's business to operate smoothly, which will in turn lead it to achieve its business objectives/strategy, the Company is committed to conducting business with integrity, fairness, and accountability. The Company treats its trading partners fairly and in strict compliance with all the relevant terms and conditions and business ethics. It also treats all stakeholders –shareholders, employees, the community, society, trading partners, the media, customers, the general public, business competitors, creditors, government agencies, and other stakeholders– fairly. It does not engage in copyright infringement.

In 2016, the Company did not co engage in any legal violation or copyright infringement.

(2) Firm stance against corruption

The Company is committed to conducting business fairly and managing its operations based on transparency and accountability. The Company and its subsidiaries do not engage in corruption in their business operations. In addition, the Company has clearly formulated an anti-corruption policy.

In light of this, the Company has made sure all employees are informed of its anti-fraud and anti-corruption policy, and made the policy known to the public by publishing it on its Website, www.mk.co.th. It has also joined a Collective Action Coalition, a anti-corruption initiative launched by the Thai public sector.

(3) Taking into account the interest of stakeholders

The Company maintains the interest of stakeholders by adhering to its Code of Conduct which outlines its responsibility towards customers, trading partners, employees, and the general public.

In addition, the Company has prepared a handbook on the Code of Conduct and issued announcements regarding the Code of Conduct for company management and employees outlining their responsibility towards customers, trading partners, creditors, business competitors, employees, and the general public, so that the Code is known to all employees. The Code is also published on the Company's Website, www.mk.co.th, and included in the directors' handbook, which is distributed to all directors.

(4) Fair treatment of employees

In order to support employees and ensure they are fairly compensated, the Company determines an appropriate salary for employees, in line with the rate of salary within the same industry. It also provides its employees with other benefits, including annual physical exams, annual company trips, and annual company party, etc. It also recognizes the importance of long-term training and development of personnel, to create learning opportunities and improve employee competencies. In this regard, it discloses the average number of hours an employee spends in training per year.

Training to improve employee competencies in 2016

Employee level	Average number of hours spent in training per person	Curriculum objectives
Management	6	Build a team using creative communications, and apply the knowledge gained to become management professionals
Executive/professional	6	Increase knowledge and skills for a specific profession
Operational	6	Increase knowledge in order to achieve goals

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

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

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

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

In 2016, the number of accidents occurring at the workplace was zero. There were no work-related fatalities or injuries during the year.

10.2 Guidance on corporate social responsibility and related activities

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

Therefore, the Company continues its support for projects or activities for society and the environment every year, to contribute to social and community development. In 2016, these activities included the following.

Social activities in 2016

1. Environmental projects, encouraging participants to learn about environmental conservation and restoration

- On 26 March 2016, the Company organized a mangrove restoration project in Sirindhorn International Environmental Park, Petchaburi Province. Participants consisted of employees of M.K. Real Estate Development Plc. and 30 lecturers and students from the College of Fine Arts. The objectives of this project were to expand mangrove forests to restore natural abundance to the area, to reduce global warming effects, and to create a sense of responsibility towards environmental conservation. The Company organized this activity to implement a social responsibility program and encourage public and youth participation in it, as one of the Company's core values is to give back to society.

This activity included: Planting young mangrove trees, to allow mangrove forests to expand, restore natural abundance to the area and achieve an ecological balance, which was a sustainable way to protect natural resources. Participants also enjoyed a trip that brought them close to nature and gained new friends among company employees.



2. Cultural projects

- From 29 June-10 July 2016, the Company organized “Mankhong Awards,” which was a drawing contest. The drawings were all focused on traditional Thai art preservation, particularly temple murals depicting the Ramakien and Buddhism, and were shown at the Bangkok Art and Culture Center. The contest was limited to undergraduate students and those who obtained an undergraduate degree in 2014-2015 only, and aimed at encouraging them to use their creativity and imagination to create art and share their experience to the public from different perspectives. The drawings tell the Thais about how the monarchy brings about peace and happiness to the country and instill a sense of love for the country and a desire to bring harmony to society. It also encouraged those interested in art to display their work to the public and improve their art skills, and enabled an exchange of ideas and learning about methods of art creation among artists, which in turn contributed to progress in the arts. The contest also created opportunities for the public to admire the skills of these artists.





3. Social and educational projects

- On 22 April 2016, the Company celebrated Songkran Day, to continue an important Thai tradition, and granted scholarships, of 3,000 baht each, to a total of 28 children of employees at M.K. Real Estate Development Plc. The children must obtain GPA of 3.50 or higher, in order to be eligible for the scholarships, which are granted to students at both elementary and secondary levels. The objectives of the scholarships are to provide financial support to students with excellent academic records, reduce the financial burdens of their parents, and encourage the children to study hard and conduct themselves well as they are the future of the country.



11. Internal controls and risk management

11.1 Summary of Board of Directors' opinions

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

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

In 2016, the Board of Directors and three members of Audit Committee held a meeting. Some of the members of Audit Committee had knowledge of finance and accounting. The Board of Director had evaluated the internal controls system and the internal audit procedures, using the evaluation form issued by the Securities and Exchange Commission. It has reviewed the Company's internal controls system in five different areas, namely control environment, risk assessment, control activities, information & communication and monitoring activities, using an evaluation form for the adequacy of internal controls and risk management issued by the Securities and Exchange Commission. The department conducting the internal audit had reviewed and evaluated each item in the report on evaluation results regarding the adequacy of internal controls in 2015. The Board of Director was of an opinion that the Company's internal controls were appropriate and adequate for ensuring business operations are in line with the goals, objectives and relevant laws and regulations. The internal controls system is also adequate for prevention of fraud or loss to the Company's property, and the accounting records and reports are correctly prepared and credible. In addition, according to the independent auditor, no material errors were found. Below is a summary of the evaluation of the adequacy of the Company's internal controls in each area

(1)Control environment

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

(2)Risk management

The Company recognizes the importance of risk management. It has set up Risk Management Committee for the entire organization, which is predominantly responsible for determining and assessing business risks, communicating risk management to the entire organization, establishing measures to prevent and address risks, ensuring compliance with relevant laws and regulations, and preparing reports on risk management.

When a risk assessment is conducted, risk probability and impact are taken into consideration, in order to introduce measures to control, prevent, and manage risks.

Types of risk, include:

- Business risk: Taking into account sources of capital, business competitors, and customer demand, etc.
- Operational risk: Taking into account company brands/trademarks, customer satisfaction, efficiency and effectiveness in job performance, human resources such as employees and contractors, etc.
- Financial risk: Taking into account cash liquidity, credit risks, interest rate risks, and equity instruments.
- Information risk for decision making: Taking into account and focusing on accounting and financial data, planning and preparation of annual budgets, preparation of business plans, analysis and evaluation of investment

in each project, pricing, evaluation of job performance and operating results, and submission of reports to government agencies.

In addition, the probability of other relevant risks that may have an impact on business operations is also taken into account, in order to introduce additional preventive or corrective measures. In this regard, the Company has put in place a policy on company-wide risk management and risk management structure.

Company-wide risk management policy

1. Management and employees in each department and division must understand the Company's risk management policy. They are also required to play a role or take part in improving risk management practices and learn and understand their duties and responsibility regarding risk management.
2. Make sure that risk management is effectively implemented in all procedures in business operations, in line with good corporate governance principles, to reduce uncertainty and increase the chance of successfully meeting the Company's business objectives.
3. Implement and support successful, company-wide risk management, by using existing resources efficiently to evaluate and determine appropriate risk prevention and management measures.
4. Support the integration of risk management practices into the Company's organizational culture, by making everyone aware of the importance of risk management in business operations.

Company-wide risk management structure

The company-wide risk management structure consists of directors, management, and all departments within the organization. Risk Management Committee for the entire organization, appointed by the Board of Directors, is in charge of ensuring effective and efficient risk management in the entire organization, making relevant persons understand the risks that may have a material negative effect on the Company, and creating confidence that appropriate measures will be taken to address such risks. There is also a central body to coordinate with and assist management and various departments in efficiently and continuously implementing risk management.

Therefore, management and all employees are required to familiarize themselves with and understand the risk management policy in detail, including procedures they will be required to follow in order to manage or reduce the risks that may occur during business operations. The risks can be analyzed and divided into the following two categories.

- 1) Strategic risk: A strategy is needed for the Company's business operations, such as regarding the purchase of land for project implementation, characteristics of products, and target groups.
- 2) Operational risk: Risk that may occur in the course of business operations, or to employees at the operational level in various departments, such as construction methods, raw material price fluctuations

A risk analysis must be carried out by means of mind map: i.e. management and employees in relevant departments attend a meeting to brainstorm for ideas, where employees from each department bring up for discussion the risks that have actually occurred while carrying out their work.

After each department has presented the risks to the meeting, all risks must be carefully analyzed and assessed in terms of probability of occurrence and impact. This is because for some risks, the probability of occurrence is low, but an occurrence can cause a severe impact. In addition, the scope of each risk must be determined as to the level at which the risk will be deemed unacceptable, and how best to manage and control each risk.

(3)Control activities

The Company has adopted measures to reduce risks that may prevent the Company from achieving its objectives, and make sure they remain at an acceptable level, by appropriately determining the authority and levels of transaction authorization, as follows:

- The Company has clearly determined the scope of authority of, and the maximum financial amount that can be approved by management in each level in writing.
- There is a clear segregation of duties to ensure proper checks and balances, as follows
 - 1) Transaction approval,
 - 2) Recording accounting transactions and other information, and
 - 3) Asset custody

- When it comes to approving transactions with related parties that result in long-term obligations to the Company, such as purchase agreements, loan agreements, or letters of guarantee, make sure to follow up on the terms and conditions in the agreement throughout the period in which such obligations to the Company are in effect
- Duties that are susceptible or fraud or corruption are segregated, and relevant laws and regulations are respected.

(4) Information and communication

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

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

(5) Monitoring activities

- The Company has improved operations to correspond with the changing environment, and monitored and evaluated operations to ensure they are in line with the objectives and policies set by the Board of Directors.
- The Company monitors and evaluates operations in the internal controls system on a regular basis.
- The Company requires that review results are reported directly to Audit Committee. In this regard, Audit Committee approved the hiring of Multiplus Audit and Consulting Co.,Ltd. to conduct an internal audit of the Company in 2016. The internal auditor reviewed and submitted a summary of results to Audit Committee, looking into the following areas.

Internal audit to follow-up the correctness of the outstanding issues from the previous year.

The audit firm conducted the internal audit on June 20 -23, 2016, for totally 4 working days to ensure that the company corrected any internal control deficiencies or any outstanding issues informed by internal auditor. In addition, all of the defects were fully informed by the internal auditor. The Auditor Office reported to the Audit Committee that the company resolved all outstanding issues from the year 2016 completely.

Internal audit on purchasing control focusing on purchasing of construction materials by the company.

The Office of the Auditor investigated on September 26 - 29, 2016, for totally 4 working days. The company set up the procurement procedures and had followed the procedures properly and consistently. The Office of the Auditor reported that the company implemented appropriate procurement regulations for construction materials and in line with the handbook of Real Estate Management System (RMS) which the company adopted the system in 2016. The internal auditor did not find any significant issues to adjust. The company also set up a procurement approval based on the line of command, by approval limit determined by both the computer and document system.

Internal audit to assess the adequacy of the internal control system and summarize the issues for year 2016.

The Office of the Auditor investigated on September 12 - 14, 2016, December 19 - 20, 2016 and January 19 - 20, 2017, for totally 7 working days. The purpose was to assess the adequacy of internal control at the executive level, operation line and follow-up issues from the year 2016.

The assessment results from the Audit Office: The company implemented an adequate internal control in accordance with the COSO concept in every topic. In addition, the company implemented adequate internal control of the standard control on all topics. It also reported that the company had no unresolved issues year 2016.

The Audit Committee was informed the results by the Audit Office in every quarter and acknowledged the management's operations which gave the priority to the operation system and the procedures. These would make the company operate more effectively.

11.2 Summary of opinions of Audit Committee

Audit Committee's report

Audit Committee of M.K. Real Estate Development PLC. consists of three independent directors, namely Mr. Att Asavanund, chairperson of the Audit Committee, Mrs. Malai Rachataswan, and Mr. Chaipayont Timsootheepant as members of Audit Committee. In addition, at least one member of Audit Committee has knowledge and experience in assessing the credibility of financial statements.

Audit Committee has carried the duties assigned by the Board of Directors and based on the charter of Audit Committee, which is in line with the Stock Exchange of Thailand regulations. In the 2016 accounting period, Audit Committee held a total of 4 Meetings. All members of Audit Committee were present in these meetings, which were also attended by management, external auditors, and internal auditors, as appropriate. These meetings can be summarized as follows:

In 2016, Audit Committee held a total of 4 meetings, which can be summarized as follows:

1. A review of financial statements of the Company and its subsidiaries before presenting them to the Board of Directors. Having reviewed the financial statements and heard explanations by the auditors and management, Audit Committee was of an opinion and convinced that the financial statements were prepared in accordance with generally accepted accounting principles, and disclosed all the significant information accurately and completely.
2. Recommended the appointment of auditors from KPMG Phoomchai Audit Company Limited and determined the audit fees for the year, and presented to the Board of Directors, who in turn presented to the shareholders' meeting for approval. Audit Committee was of an opinion that the persons being nominated for appointment as auditors had the right qualifications and were adequately independent to conduct auditing for the Company and its subsidiaries.
3. Considered engaging Multiplus Audit and Consulting Co.,Ltd., an unrelated company, to conduct internal auditing at the Company. This company was qualified for the task, considering its work teams, personnel availability, experience, knowledge and skills, and the company's independence. The internal auditors reviewed each part of the Company's operations, based on the guidance on evaluating adequacy of the internal controls system.
4. Reviewed related party transactions, disclosed information relating to related party transactions, and acquisition and disposal of assets to ensure compliance with relevant laws and regulations.
5. Approved annual audit plans and reviewed internal controls, which were part of the Company's management policies. Approved procedures in the audit plans prepared in writing, for use as guidance in conducting the auditing that meets international standard.
6. Considered and listened to explanations of the report on the internal audit results from the internal auditors, who were appointed per the approval of Audit Committee and conducted the auditing based on the assessed significance of the risks Audit Committee prepared a summary of significant findings and presented them to the Board of Directors and management, including findings on corporate governance, compliance with laws and regulations, and adequate efficiency in assessing and mitigating risks that might occur in each department and to the Company
7. Reviewed and evaluated adequacy of the internal controls system for the year. In light of this, Audit Committee was of an opinion that the Company's internal controls system was efficient and adequate for risk prevention due to its compliance with company policies and strategy.
8. Held meetings with the auditors without the presence of management, to ensure that auditors were able to independently report issues or limitations that occurred while auditing financial statements. In this regard, the auditors did not note any material limitations.

Audit Committee has carried out the assigned duties with prudence and to the best of each member's ability, for the benefits of the Company, shareholders, and stakeholders.

On behalf of Audit Committee



(Mr. Att Asavanund)

Chairman of Audit Committee

11.3 Information of the head of internal audit

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

12. Related Party Transactions

(See: Note to financial statement # 5)

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

Related party transactions incurred during the year 2016 reported in the audited statement for the year ended 31 December 2016 (Balance as of 31 December 2015 for comparison purpose)

12.1 Outstanding items

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2016 (million Bt)	Balance as of 31 December 2015 (million Bt)
(1) Other Payables (Subsidiaries)			
- Mancon Co., Ltd.		131.90	130.70
- Banthudthong Pattana Co., Ltd.	Short-term loan to related parties	-	0.88
- MK 71 Co., Ltd.		-	1.08
(2) Accounts Receivable			
- Finansa Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, received property management fees	4.87	3.92
(3) Accrued Expenses			
- Finansa Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, paid management fees	0.07	0.15

12.2 Loan to related parties

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2016 (million Bt)	Balance as of 31 December 2015 (million Bt)
(1) Subsidiaries			
- Banthudthong Pattana Co., Ltd.	} Investment in property development projects and business for rent and services	600.0	600.0
- MK71 Co., Ltd.		277.5	277.5
- S 71 Holding Co., Ltd.		280.0	280.0
- T 77 Park Co., Ltd.		1,045.0	350.0
- Prospect Development Co., Ltd.	Investment in business for rent and service	1,049.1	-
(2) Joint Venture			
- TPARK BFTZ Co., Ltd.	Prospect Development Co., Ltd., a subsidiary, lent money to joint venture company during the set up period	1.6	-

12.3 Revenue and expenses items

Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of 31 December 2016 (million Bt)	Balance as of 31 December 2015 (million Bt)
(1) Revenue for providing rent and services				
<u>Subsidiaries</u>				
- Mancon Co., Ltd.	The company received	Rent and	0.03	0.03
- Yours Property Management Co., Ltd.	rent and services income	Service	0.09	-
<u>Associated</u>				
- Samakkee Cement Co., Ltd	for providing office space	Agreement	0.49	0.45
(2) Acquire / Sale Land / Servitude Compensation (Subsidiary)				
- Mancon Co., Ltd.	The company acquired / sold land	Market price	13.46	1.18
	The company sold servitude land	Mutual agreed	4.1	0.003
	The company sold servitude compensation		-	1.05
			-	4.57
(3) Dividend (Subsidiary)				
- Mancon Co., Ltd.	The company received dividend	Dividend as the Company paid to shareholders	5.73	4.78

Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of 31 December 2016 (million Bt)	Balance as of 31 December 2015 (million Bt)
(4) Interest Income (Subsidiary)				
- Banthudthong Pattana Co., Ltd.	The company received	Calculate	15.04	7.83
- MK 71 Co., Ltd.	interest for providing	from cost of	10.77	1.65
- S 71 Holding Co., Ltd.	loan	debts plus	24.91	-
- Prospect Development Co., Ltd.		margin	31.62	3.37
- T 77 Park Co., Ltd.			14.03	-
(5) Management Fee				
<u>Subsidiaries</u>	The company received	Service		
- Mancon Co., Ltd.	management fee	agreement	0.63	-
- Banthudthong Pattana Co., Ltd.			0.11	-
- MK 71 Co., Ltd			0.11	-
- S 71 Holding Co., Ltd.			0.11	-
- Yours Property Management Co., Ltd.			0.53	-
<u>Indirect subsidiary</u>				
- Park Court Co., Ltd.			0.70	-
(6) Management Fees and Personnel Expenses (Subsidiary)	The company paid	Service	0.89	-
- Yours Property Management Co., Ltd.	personnel expenses and management fee for some projects during set up juristic persons	agreement		
(7) Property Management Fee				
- Finansa Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, received property management fees	Contractual agreement , calculating from percentage of rent and service income	19.22	3.84
(8) Management Fee				
- Finansa Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, paid administrative fees for back office	Service agreement	8.84	1.39

Related transaction policy

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

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

Approval Procedure

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

12.2 Audit Committee's opinion

Audit Committee reviewed related party transactions made between the Company and its subsidiaries on the one hand and related individuals/entities on the other that may have caused a conflict of interest, involved material interest, or cause a conflict of interest in the future, in line with the announcements of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as accounting standards regarding disclosure information of related persons or entities introduced by the Association of Certified Accountants and Auditors of Thailand. In a meeting No. 3/2016 held on 10 August 2016, Audit Committee was of an opinion that the transactions were made under fair and reasonable terms and conditions, and conducted as if the contractual party was an unrelated individual or entity. No action was committed that caused the transfer of interest between the Company and its subsidiaries on the one hand, and the related party on the other, or caused a conflict of interest or material interest, or cause a conflict of interest in the future. The transactions were also made for the Company's maximum benefits.

12.3 Measures and procedures for approving related party transactions

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

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

The Company recognizes the importance of careful consideration of related party transactions. It has adopted measures to ensure that approval of these transactions is in strict compliance with the Stock Exchange of Thailand regulations. It has also specified authorized persons: all related party transactions are to be considered by the Board of Directors, and approved as well by Audit Committee, based on reasonableness, to prevent conflict of interest. In any Board of Director meeting discussing related party transactions in which one of the Board members has interest, that Board member will not be present so the meeting can be conducted freely.

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

12.4 Policy and trend on related party transactions in the future

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

13. Management Discussion and Analysis of Financial Position and Operating Results

Operating Results

In 2016, the company's revenue from sales and services was Bt2,870.86 million, decrease 59.78% from the previous year. Revenues from main business, real estate, declined by Bt1,100.96 million or 27.45%. The reasons were the company recorded (a) sales of condominium units at the end of last year and (b) sales of undeveloped land. However, sale of housing development projects (excluding sale from condominium units), the Company's core business in 2016, was Bt2,295.97 million, an increase of Bt389.97 million or 20.46% when comparing with last year which the company reported at Bt1,906 million. In 2016, the company focused on low-rise housing development as well as adopted an aggressive marketing strategy; therefore, its gross profit margin on sale of housing development projects and sale of developed land improved to 34.5% comparing with 29.1% comparing with last year. These also caused gross profit margin of sale of real estate business increase from 31.73% to 33.85%. The housing projects which contribute main revenues to the company were Chuan Chuen Green Bound, Chuan Chuen Prime Park, and Chuan Chuen Modus Vibhavadi. Revenues from rent and services increased by Bt95.65 million while revenue from property management business also increased by Bt17.88 million. This was derived from Prospect Development Co., Ltd., a wholly owned subsidiary which business was to develop warehouse and factory for rent. The company acquired Prospect during the fourth quarter of 2015. In addition, the Company realized revenue from Yours Property Management Co., Ltd., a wholly owned subsidiary established in 2016. Its main business was property management of housing and condominium projects. Revenue from golf course was increased by Bt9.4 million. The golf revenue recorded at Bt62.34 million in 2015 and Bt71.74 million in 2016, increase by 15.08%.

Gross profit for the year 2016 was Bt1,006.73 million with gross profit margin of 35.07%, higher than last year's which was 31.80%. The main reason was a consequence of higher revenue recognition from condominium and land which yield lower gross profit margin than single houses and townhouses. SG&A expenses were Bt595.65 million, slightly lower than that of previous year which was Bt641.62 million. However, SG&A to sales ratio increased from 17.11% to 20.75% due to smaller revenue base.

After interest and income tax, the company's net profit for the year 2016 was Bt350.80 million, or Bt0.35 per share, 44.03% decrease from Bt626.72 million of last year. Net profit margin was 11.38%, lower than 15.68% percent of 2015.

At the ordinary meeting of shareholders no. 1/2016, the shareholders passed the resolution to pay dividend at the rate of Bt0.25 per share, or a total amount of Bt248 million. The dividend payout ratio was 39.57 % of the net profit, which was higher than the company's dividend policy to pay at least 30%.

Financial Position

In 2016, the company's assets was recorded at Bt13,507.82 million, increased by Bt1,833.45 million comparing with the previous year which was Bt11,674.36 million. This was a result from an investment in T77 Park Co., Ltd. by acquiring 100% of total registered capital. This caused the company to record land which owned by T77 Park. The company's liabilities increased by Bt1,777.77 million. This was the result from the company issuing more bonds and borrowing long-term loan. The company needed funding to make investment in real estate projects and investment properties. The increase in liabilities caused the company's debt/equity ratio increase to 1.04x comparing with 0.78x of previous year. Interest bearing debt to equity ratio was 0.93x, increase from 0.65x in 2015.

Contingent Liabilities	Total (Thousand Bt)	Terms of Payments			
		Less than 1 year	1-5 years	More than 5 years	
Long-term liabilities	4,213,980	398,938	3,815,042	-	In Balance sheet
Operating lease	114,467	3,892	15,169	95,406	Note to financial statement # 39
Other liabilities	345,337	105,519	239,818	-	
Total	4,673,784	508,349	4,070,029	95,406	

Capital Expenditure

Last year, the company received cash from operation for a total amount of Bt615.53 million. The company invested in real estate projects for a total amount of Bt581.38 million. The company made tax payment of Bt137.94 million. As a result, the company had net cash from operations of Bt719.32 million. Net cash for investing activities was Bt930.63 million, mostly for real estate projects under development and leasehold rights for a total amount of Bt878.60 million. Cash flow for financing activities for a total of Bt1,437.04 million. The funds were used for dividend (Bt248.16 million), interest expenses and costs of funds (Bt177.21 million). The company repaid long-term loan of Bt336.99 million. The company raised funds by issuing bonds for an amount of Bt1,500 million. As a result, net cash for the period decreased by Bt212.90 million.

Audit Fees

1) Audit fees

The company and subsidiaries paid for audit fees as follows:

- The audit fees occurred during the year 2016 was Bt3,315,000.00

2) Non-audit fee

- none -

Independent Auditor's Report

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

Opinion

I have audited the consolidated and separate financial statements of M.K. Real Estate Development Public Company Limited and its subsidiaries (the "Group") and of M.K. Real Estate Development Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of real estate projects under development

Refer to Notes to the financial statements 3 (d) and 9.

The key audit matter

The Group has significant real estate projects under development which mostly are residential projects within Thailand. Real estate projects under development are measured at the lower of their cost and their net realisable values. The determination of the estimated net realisable values of these real estate projects under development is dependent upon the Group's expectations of future selling prices and estimated cost to complete.

As the supply in real estate business remained high, while consumers were more reluctant to buy properties than during the past few years as a result of high household debt and sluggish economic situation which has decreased a confidence among consumers. This could lead to future trends in these markets departing from known trends based on past experience. There is therefore a risk that the estimates of net realisable values are less than cost, due to changes in selling prices. Also future build costs are subject to a number of variables including market conditions in respect of materials and sub-contractor cost and construction issues.

These inherent uncertainties require judgments which would result in the carrying value of real estate projects under development or gross profit, which my audit focused on.

How the matter was addressed in the audit My audit procedures included:

- I inquired the management to understand and performed testing effectiveness of key controls over the process of approvals relating to the reviewing and updating selling price, setting budgets and reviewing cost forecasts;

- I considered the assumptions for estimated cost to complete and future selling prices. This included comparing sales forecasts to sales made to date and real estate price trend information;

- I compared cost forecasts back to counterparty of contracts or tenders and considered estimated cost increase or decrease included in these forecasts. I also agreed costs incurred to date to the supporting documents, including checking that they were allocated to the appropriate site and development phase, and met the definition of development costs; and

- I considered the adequacy of the Group's disclosure in accordance with Thai Financial Reporting Standard.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially

misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Vipavan Pattavanvivek)
Certified Public Accountant
Registration No. 4795

KPMG Phoomchai Audit Ltd.
Bangkok
28 February 2017

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

Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Assets		2016	2015	2016	2015
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	6	80,338,242	293,241,551	55,232,301	278,160,296
Current investments	7, 38	353,272,068	396,210,700	225,909,782	396,210,700
Trade accounts receivable	8	256,028,497	118,162,439	164,101	-
Short-term loans to related parties	5	1,600,000	-	3,251,620,000	1,223,000,000
Real estate projects under development	9, 10	6,901,552,902	3,863,868,740	4,733,167,188	3,842,348,973
Other current assets		151,729,920	21,817,484	82,441,006	23,513,260
Total current assets		7,744,521,629	4,693,300,914	8,348,534,378	5,763,233,229
Non-current assets					
Deposits pledged as collateral	10	4,911,689	6,441,940	4,163,691	4,893,847
Investments in associates and joint venture	11	84,104,547	96,770,827	88,781,269	154,078,485
Investments in subsidiaries	12	-	-	2,006,394,587	1,953,389,587
Other long-term investments	7	10,125,670	10,165,670	9,186,120	9,216,120
Land held for development	14	2,442,356,999	2,214,238,244	529,291,509	1,329,193,290
Deposits for purchase of land		30,500,000	-	-	-
Investment properties	15	754,338,811	2,362,315,147	6,327,467	6,485,627
Property, plant and equipment	16	849,937,832	682,929,553	678,624,005	682,253,651
Leasehold right	17	1,531,365,537	1,532,842,130	9,994,892	14,403,855
Intangible assets	18	4,081,324	660,439	3,657,692	543,246
Deferred tax assets	19	30,219,007	42,447,922	13,617,265	27,740,009
Other non-current assets		21,354,049	32,251,212	2,327,568	2,646,009
Total non-current assets		5,763,295,465	6,981,063,084	3,352,366,065	4,184,843,726
Total assets		13,507,817,094	11,674,363,998	11,700,900,443	9,948,076,955

The accompanying notes are an integral part of these financial statements

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

Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity		2016	2015	2016	2015
		<i>(in Baht)</i>			
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	20	1,504,144,408	1,436,608,886	1,504,144,408	530,263,886
Trade accounts payable	21	141,598,955	147,371,100	78,787,200	95,960,854
Other payables - related parties	5	-	-	131,895,518	132,653,830
Current portion of long-term loans	20	228,937,545	328,335,050	228,937,545	321,994,147
Current portion of long-term debentures	20	170,000,000	-	170,000,000	-
Short-term loans from other parties	20	422,968,619	409,703,268	-	-
Current portion of finance lease liabilities	20	-	581,533	-	581,533
Income tax payable		37,347,587	79,092,856	31,514,718	75,035,120
Unearned income		28,290,266	56,742,984	28,290,266	55,980,584
Other current liabilities	22	208,323,775	267,982,006	171,953,685	250,194,336
Total current liabilities		2,741,611,155	2,726,417,683	2,345,523,340	1,462,664,290
Non-current liabilities					
Long-term loans	20	995,954,811	569,110,553	-	545,452,053
Long-term debentures	20	2,819,086,728	1,491,807,323	2,819,086,728	1,491,807,323
Deferred tax liabilities	19	16,407,809	5,085,606	-	-
Employee benefit obligations	23	59,577,938	74,960,951	56,586,325	74,538,350
Long-term provision	24	11,500,000	11,500,000	11,500,000	11,500,000
Other non-current liabilities	25	170,260,394	157,752,229	98,798,164	109,782,634
Total non-current liabilities		4,072,787,680	2,310,216,662	2,985,971,217	2,233,080,360
Total liabilities		6,814,398,835	5,036,634,345	5,331,494,557	3,695,744,650

The accompanying notes are an integral part of these financial statements

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

Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity		2016	2015	2016	2015
		<i>(in Baht)</i>			
Equity					
Share capital:	26				
Authorised share capital		992,010,177	992,010,177	992,010,177	992,010,177
Issued and paid-up share capital		992,010,177	992,010,177	992,010,177	992,010,177
Premium on ordinary shares	27	1,484,159,623	1,484,159,623	1,484,159,623	1,484,159,623
Retained earnings					
Appropriated					
Legal reserve	27	99,201,018	99,201,018	99,201,018	99,201,018
Unappropriated		4,005,533,711	3,895,359,090	3,794,035,068	3,676,961,487
Equity attributable of the Company		6,580,904,529	6,470,729,908	6,369,405,886	6,252,332,305
Non-controlling interests	13	112,513,730	166,999,745	-	-
Total equity		6,693,418,259	6,637,729,653	6,369,405,886	6,252,332,305
Total liabilities and equity		13,507,817,094	11,674,363,998	11,700,900,443	9,948,076,955

The accompanying notes are an integral part of these financial statements



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

Statement of comprehensive income

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Income					
Revenue from sale of real estate		2,647,552,224	3,649,509,223	2,638,669,289	3,502,212,477
Revenue from rental and rendering of services		129,847,955	34,194,305	16,955,372	17,279,875
Revenue from golf services		71,739,675	62,337,689	71,739,675	62,337,689
Revenue from management of real estate		21,723,091	3,841,001	-	-
Gain on sale of investment and investment income		4,769,319	68,884,986	105,862,984	73,659,986
Gain on bargain purchase	4	-	133,973,291	-	-
Other income		205,653,047	43,778,506	81,840,633	11,311,742
Total income		3,081,285,311	3,996,519,001	2,915,067,953	3,666,801,769
Expenses					
Cost of sale of real estate	9	1,751,421,601	2,491,343,622	1,744,998,821	2,406,682,649
Cost of rental and rendering of services		62,109,083	13,916,497	4,577,686	4,302,237
Cost of golf services		44,363,866	51,237,519	44,363,866	51,237,519
Cost of management of real estate		6,238,654	910,538	-	-
Selling expenses	29	234,477,124	293,269,899	216,057,303	284,038,701
Administrative expenses	30	361,171,099	348,348,409	332,629,831	334,249,245
Finance costs	33	147,464,240	36,832,803	114,715,893	31,528,524
Total expenses		2,607,245,667	3,235,859,287	2,457,343,400	3,112,038,875
Share of loss of investments in associates and joint venture	11	(13,066,280)	(15,185,457)	-	-
Profit before income tax expense		460,973,364	745,474,257	457,724,553	554,762,894
Income tax expense	34	(114,441,977)	(117,106,339)	(101,975,131)	(107,262,629)
Profit for the year		346,531,387	628,367,918	355,749,422	447,500,265
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Defined benefit plan actuarial gains	34	7,415,038	-	9,311,979	-
Other comprehensive income for the year net of income tax		7,415,038	-	9,311,979	-
Total comprehensive income for the year		353,946,425	628,367,918	365,061,401	447,500,265

The accompanying notes are an integral part of these financial statements

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

Statement of comprehensive income

	Consolidated		Separate		
	financial statements		financial statements		
	For the year ended 31 December		For the year ended 31 December		
Note	2016	2015	2016	2015	
	<i>(in Baht)</i>				
Profit (loss) attributable to:					
Owners of the Company	350,794,022	626,714,925	355,749,422	447,500,265	
Non-controlling interests	(4,262,635)	1,652,993	-	-	
Profit for the year	<u>346,531,387</u>	<u>628,367,918</u>	<u>355,749,422</u>	<u>447,500,265</u>	
Total comprehensive income attributable to:					
Owners of the Company	358,209,060	626,714,925	365,061,401	447,500,265	
Non-controlling interests	(4,262,635)	1,652,993	-	-	
Total comprehensive income for the year	<u>353,946,425</u>	<u>628,367,918</u>	<u>365,061,401</u>	<u>447,500,265</u>	
Basic earnings per share <i>(in Baht)</i>	<i>36</i>	<u>0.35</u>	<u>0.71</u>	<u>0.36</u>	<u>0.51</u>

The accompanying notes are an integral part of these financial statements

Statement of changes in equity

Consolidated financial statements

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Equity attributable to owners of the Company	Non-controlling interests	Total equity
				Legal reserve	Unappropriated			
<i>(in Baht)</i>								
Year ended 31 December 2015								
Balance at 1 January 2015		860,384,157	1,020,836,033	86,761,685	3,496,162,312	5,464,144,187	5,720,983	5,469,865,170
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the Company								
Issue of ordinary shares	4, 26	131,626,020	463,323,590	-	-	594,949,610	-	594,949,610
Dividend to owners of the Company	37	-	-	-	(215,078,814)	(215,078,814)	-	(215,078,814)
Total contributions by and distributions to owners of the Company		131,626,020	463,323,590	-	(215,078,814)	379,870,796	-	379,870,796
Changes in ownership interest in subsidiary								
Acquisition of non-controlling interests with a change in control	12	-	-	-	-	-	159,625,769	159,625,769
Total changes in ownership interest in subsidiaries		-	-	-	-	-	159,625,769	159,625,769
Total transactions with owners, records directly in equity		131,626,020	463,323,590	-	(215,078,814)	379,870,796	159,625,769	539,496,565
Comprehensive income for the year								
Profit		-	-	-	626,714,925	626,714,925	1,652,993	628,367,918
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	626,714,925	626,714,925	1,652,993	628,367,918
Transfer to legal reserve	27	-	-	12,439,333	(12,439,333)	-	-	-
Balance at 31 December 2015		992,010,177	1,484,159,623	99,201,018	3,895,359,090	6,470,729,908	166,999,745	6,637,729,653

The accompanying notes are an integral part of these financial statements

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

Statement of changes in equity

	Consolidated financial statements							Total equity	
	Note	Issued and paid-up share capital	Share premium	Retained earnings			Equity attributable to owners of the Company		Non-controlling interests
				Legal reserve	Unappropriated	(in Baht)			
Year ended 31 December 2016									
Balance at 1 January 2016		992,010,177	1,484,159,623	99,201,018	3,895,359,090	6,470,729,908	166,999,745	6,637,729,653	
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Dividend to owners of the Company		-	-	-	(247,987,819)	(247,987,819)	-	(247,987,819)	
Dividend to owners of subsidiary	37	-	-	-	-	-	(270,000)	(270,000)	
Total distributions to owners of the Company					(247,987,819)	(247,987,819)	(270,000)	(248,257,819)	
Changes in ownership interest in subsidiary									
Acquisition of non-controlling interests without a change in control	12	-	-	-	(46,620)	(46,620)	(49,953,380)	(50,000,000)	
Total changes in ownership interest in subsidiaries					(46,620)	(46,620)	(49,953,380)	(50,000,000)	
Total transactions with owners, records directly in equity					(248,034,439)	(248,034,439)	(50,223,380)	(298,257,819)	
Comprehensive income for the year									
Profit		-	-	-	350,794,022	350,794,022	(4,262,635)	346,531,387	
Other comprehensive income		-	-	-	7,415,038	7,415,038	-	7,415,038	
Total comprehensive income for the year					358,209,060	358,209,060	(4,262,635)	353,946,425	
Balance at 31 December 2016		992,010,177	1,484,159,623	99,201,018	4,005,533,711	6,580,904,529	112,513,730	6,693,418,259	

The accompanying notes are an integral part of these financial statements

Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total equity
				Legal reserve	Unappropriated	
<i>(in Baht)</i>						
Year ended 31 December 2015						
Balance at 1 January 2015		860,384,157	1,020,836,033	86,761,685	3,456,979,369	5,424,961,244
Transaction with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Issue of ordinary shares	4, 26	131,626,020	463,323,590	-	-	594,949,610
Dividend to owners of the Company	37	-	-	-	(215,078,814)	(215,078,814)
Total contributions by and distributions to owners of the Company		131,626,020	463,323,590	-	(215,078,814)	379,870,796
Comprehensive income for the year						
Profit		-	-	-	447,500,265	447,500,265
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	447,500,265	447,500,265
Transfer to legal reserve	27	-	-	12,439,333	(12,439,333)	-
Balance at 31 December 2015		992,010,177	1,484,159,623	99,201,018	3,676,961,487	6,252,332,305

The accompanying notes are an integral part of these financial statements

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

Statement of changes in equity

	Note	Separate financial statements					Total equity
		Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	
				Legal reserve	Unappropriated		
<i>(in Baht)</i>							
Year ended 31 December 2016							
Balance at 1 January 2016		992,010,177	1,484,159,623	99,201,018	3,676,961,487		6,252,332,305
Transaction with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Dividend to owners of the Company	37	-	-	-	(247,987,820)		(247,987,820)
Total distributions to owners of the Company		-	-	-	(247,987,820)		(247,987,820)
Comprehensive income for the year							
Profit		-	-	-	355,749,422		355,749,422
Other comprehensive income		-	-	-	9,311,979		9,311,979
Total comprehensive income for the year		-	-	-	365,061,401		365,061,401
Balance at 31 December 2016		992,010,177	1,484,159,623	99,201,018	3,794,035,068		6,369,405,886

The accompanying notes are an integral part of these financial statements

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

Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
		<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>					
Profit for the year		346,531,387	628,367,918	355,749,422	447,500,265
<i>Adjustments for</i>					
Depreciation and amortisation		121,112,781	39,850,215	29,134,412	25,433,327
Impairment loss on investment in associate	11	-	-	65,297,216	1,988,380
Gain on bargain purchase		-	(133,973,291)	-	-
Gain on disposal of equipment		(179,292)	(115,304)	(234,674)	(115,305)
Compensation fee from termination of sublease agreement		(122,944,550)	(41,046,476)	-	-
Gain (loss) on sale of long-term investment		7,298	(47,348,522)	(2,702)	(47,348,522)
Unrealised gain on current investments		(738,100)	(110,591)	(160,656)	(110,591)
Reversal of loss on declining in value of real estate projects under development		(881,945)	-	(881,945)	-
Realisation of deferred rental income		(887,028)	(887,028)	(887,028)	(887,028)
Interest income		(405,184)	(1,925,545)	(96,651,357)	(12,930,342)
Dividend income		(1,052,998)	(839,442)	(6,698,438)	(5,520,487)
Finance costs		147,464,240	36,832,803	114,715,893	31,528,524
Share of loss in associates and joint venture	11	13,066,280	15,185,457	-	-
Income tax expense		114,441,977	117,106,339	101,975,131	107,262,629
		<u>615,534,866</u>	<u>611,096,533</u>	<u>561,355,274</u>	<u>546,800,850</u>
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(3,628,352)	2,354,212	(164,101)	-
Real estate projects under development		(967,764,060)	910,164,913	(851,087,047)	842,080,087
Deposits for purchase of land		-	9,369,500	-	9,369,500
Receivable from expropriation to be state highway		-	59,543,000	-	59,543,000
Other current assets		(138,780,680)	(3,341,473)	(21,488,466)	(2,939,483)
Other non-current assets		10,897,163	(4,766,596)	318,441	133,187
Trade accounts payable		(5,772,145)	(34,954,949)	(17,173,654)	(26,913,521)
Other payables - related parties		-	-	(758,312)	98,034,109
Payables for purchase of land		-	(1,000,000)	-	(1,000,000)
Other current liabilities		(69,806,233)	118,229,151	(115,796,764)	121,233,443
Employee benefit obligations		(6,114,215)	(23,642,656)	(6,312,052)	(21,805,952)
Other non-current liabilities		(15,944,553)	1,592,307	(10,984,471)	6,013,734
Cash generated from (used in) operating activities		<u>(581,378,209)</u>	<u>1,644,643,942</u>	<u>(462,091,152)</u>	<u>1,630,548,954</u>
Income tax paid		(137,942,809)	(103,968,128)	(133,700,783)	(97,316,417)
Net cash from (used in) operating activities		<u>(719,321,018)</u>	<u>1,540,675,814</u>	<u>(595,791,935)</u>	<u>1,533,232,537</u>

The accompanying notes are an integral part of these financial statements

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

Statement of cash flows

Note	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	405,184	1,925,545	56,491,482	1,845,137
Dividends received	1,052,998	839,442	6,698,438	5,520,487
Increase in deposits for purchase of land held for development	(30,500,000)	-	-	-
Net cash outflow on acquisition of subsidiary	-	(371,387,499)	-	-
(Increase) decrease in land held for development	(228,118,755)	(553,325,802)	799,901,781	319,599,197
Increase in investment properties	(428,979,573)	(2,076,077,504)	-	-
Purchase of buildings and equipment	(192,015,286)	(22,296,248)	(20,930,176)	(22,296,248)
Purchase of leasehold right	(221,500,765)	(937,014)	(10,564)	(937,014)
Purchase of intangible assets	(4,179,544)	(469,915)	(3,806,355)	(469,915)
Proceeds from disposal of equipment	929,680	115,430	929,680	115,430
Proceeds from termination of sublease agreement	129,039,831	66,814,835	-	-
Proceeds from disposal of long-term investment	32,702	58,896,942	32,702	58,896,942
Increase in short-term loan to related parties	(1,600,000)	-	(3,207,820,000)	(1,223,000,000)
Proceeds from short-term loans to related parties	-	-	1,179,200,000	-
Decrease in deposits pledged as collateral	1,530,251	76,218	730,156	288,124
Decrease (increase) in current investments	43,676,732	(366,099,505)	170,461,574	(366,099,505)
Net cash outflow on acquisition of joint venture	(400,000)	-	-	-
Net cash outflow on acquisition of subsidiary	-	-	(53,005,000)	(1,332,499,977)
Acquisition of non-controlling interests	-	159,625,769	-	-
Net cash used in investing activities	(930,626,545)	(3,102,299,306)	(1,071,126,282)	(2,559,037,342)

The accompanying notes are an integral part of these financial statements



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

Statement of cash flows

Note	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<i>Cash flows from financing activities</i>				
Finance costs paid	(177,214,303)	(98,537,786)	(142,906,355)	(91,622,548)
Dividends paid	(248,163,757)	(215,303,814)	(247,893,757)	(215,078,814)
Increase in bank overdrafts and short-term loans from financial institutions	67,535,522	936,706,512	973,880,522	100,263,885
Proceeds from short-term borrowings from other parties	904,363,885	-	-	-
Repayment of short-term borrowings from other parties	(895,887,502)	(304,076,864)	-	-
Finance lease payments	(581,533)	(546,344)	(581,533)	(546,344)
Proceeds from long-term borrowings	1,283,380,751	451,395,140	277,880,751	427,736,640
Repayment of long-term borrowings	(946,388,809)	(425,576,730)	(916,389,406)	(425,576,730)
Proceeds from issue of debentures	1,500,000,000	1,495,000,000	1,500,000,000	1,495,000,000
Acquisition of non-controlling interest without a change in control	(50,000,000)	-	-	-
Net cash from financing activities	1,437,044,254	1,839,060,114	1,443,990,222	1,290,176,089
Net increase (decrease) in cash and cash equivalents	(212,903,309)	277,436,622	(222,927,995)	264,371,284
Cash and cash equivalents at 1 January	293,241,551	15,804,929	278,160,296	13,789,012
Cash and cash equivalents at 31 December	80,338,242	293,241,551	55,232,301	278,160,296
<i>Supplement disclosures of cash flows information</i>				
Non-cash transactions				
Outstanding debts arising from property development	-	161,196	-	95,960
Transfers investment properties to real estate projects under development	2,023,558,158	-	-	-
Transfers land held for development to real estate projects under development	676,761,298	-	676,761,298	-
Transfers real estate projects under development to investment properties	-	5,025,921	-	5,025,921
Transfers property, plant and equipment to investment properties	-	1,618,299	-	1,618,299

The accompanying notes are an integral part of these financial statements

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

Note to the financial statement

For the year ended 31 December 2016

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

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

Note to the financial statement For the year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 28 February 2017.

1 General information

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

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

The Company’s major shareholder was Mr. Suthep Wongvorazathe (17.9% shareholding).

The principal activities of the Company are property development for sale including land, land and house, condominium, construction for the Company’s own projects, building and parking rental, and golf course business. Details of the Company’s subsidiaries, associates and joint venture as at 31 December 2016 and 2015 are given in notes 11 and 12.

2 Basis of preparation of the financial statements

(a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 41.

(b) *Basis of measurement*

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

<i>Items</i>	<i>Measurement bases</i>
Contingent consideration assumed in a business combination	Fair value
Mutual fund held for trading	Fair value
Defined benefit liability	Present value of the defined benefit obligation, as explained in note 3 (k)

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

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

Note 11	Classification of the joint arrangement
---------	---

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 4	Acquisition of subsidiary: fair value measured on a provisional basis;
Note 9	Measurement of real estate projects under development;
Note 14	Measurement of land held for development;
Note 19	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
Note 23	Measurement of defined benefit obligations: key actuarial assumptions.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 4 Acquisition of subsidiary
- Note 15 Investment properties

3 Significant accounting policies

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

(a) Basis of consolidation

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

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Gain on bargain purchase is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

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

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

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

Subsidiaries

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

Non-controlling interests

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

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

Loss of control

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

Interests in equity - accounted investees

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

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control,

whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

Transactions eliminated on consolidation

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

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdraft that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(c) Trade and other accounts receivable

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

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

(d) Real estate projects under development

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

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

(e) Investments

Investments in subsidiaries, associates and joint venture

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

Investment in mutual funds

Investment in mutual funds, which are marketable securities held for trading, are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Investments in other equity securities

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(f) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Warehouse / factory buildings	term of the lease, 28 - 30 years
Buildings on rental land	term of the lease, 25 - 30 years
Rental buildings	10 years
Facility on rental land	10 years

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(g) Property, plant and equipment*Recognition and measurement*

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Golf course	30	Years
Buildings, club house and building car wash	20	Years
Machinery and equipment, equipment-car wash and equipment-golf course	5	Years
Furniture, fixtures and office equipment	5	Years
Vehicles	4-5	Years

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

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

(h) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licenses	5 Years
-------------------	---------

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

(i) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is

reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Trade and other accounts payable

Trade and other accounts payables are stated at cost.

(k) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Revenues

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

Revenue from sale of real estate

Revenue from sale of real estate is recognised in profit or loss when the ownerships have been transferred to the buyer.

Services rendered

Service income is recognised as services are provided.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

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

Interest income

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

(n) Finance costs

Interest expense and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(o) Lease payments

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

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

Determining whether an arrangement contains a lease

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

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

(p) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint venture to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable

entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings per share

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

(r) Segment reporting

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

4 Acquisition of subsidiary

On 26 October 2015, the Company obtained control of Prospect Development Co., Ltd. ("PROSPECT"). Its principal activities are develop and provide rental service of warehouse and factory and relevant services, by purchasing 100% of the total 120 million issued and fully paid shares from the existing shareholders at par value of Baht 10 per share, totaling Baht 1,200 million. The Company paid part of the purchase price by the issue of 131.62 million ordinary shares of the Company. The closing rate is Baht 4.52 per share, totaling Baht 594.95 million. The remaining Baht 390.50 million of the purchase price are paid by cash. As a result, the Group's equity interest in PROSPECT is 100%.

In the two months period ended 31 December 2015, PROSPECT contributed revenue of Baht 64.21 million and profit of Baht 29.94 million to the Group's results. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue would have been Baht 271.13 million and consolidated profit for the year ended 31 December 2015 would have been Baht 79.28 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred

	Fair value <i>(in million Baht)</i>
Cash	390.50
Equity instruments issued (131.62 million ordinary shares)	594.95
Total	985.45

Equity instruments issued

The fair value of the ordinary shares issued was based on the listed share price of the Company at acquisition date of Baht 4.52 per share (closing price).

Identifiable assets acquired and liabilities assumed

	Fair value <i>(in million Baht)</i>
Cash and cash equivalents	19.11
Trade accounts receivable	12.85
Other current assets	7.84
Investment properties	296.52
Property, plant and equipment	1.00
Leasehold right	1,651.20
Intangible assets	0.08
Deferred tax assets	42.41
Other non-current assets	24.50
Current portion of long-term loans	(426.24)
Short-term loan	(12.17)
Amount due to related parties	(351.61)
Trade and other accounts payable	(64.47)
Other current liabilities	(3.34)
Deposits from customers	(41.48)
Employee benefit obligations	(0.46)
Deferred tax liabilities	(32.82)
Other non-current liabilities	(3.50)
Total identifiable net assets	1,119.42
Gain on bargain purchase	(133.97)
Purchase consideration transferred	985.45
Net cash acquired with the subsidiary	19.11
Cash paid	(390.50)
Net cash outflows	(371.39)

The fair value of property, plant and equipment, leasehold right, investment properties and purchase price allocation have been determined by an independent valuer.

The Group determined the fair value of identifiable net assets at acquisition date and recognised the difference between the fair value of identifiable net assets and the consideration transferred as "gain on bargain purchase" of Baht 133.97 million in 2015. As at 31 December 2016, the Management finalised their review of the fair value and there was no revision required.

5 Related parties

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

Relationships with subsidiaries, associates and joint venture are described in notes 11 and 12. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Mr. Suthep Wongvorazathe	Thai	Major shareholder, 17.9% shareholding
Finansa Public Company Limited	Thailand	Common director
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from rental and rendering of service	Market price
Dividend income	Declared dividend payment
Interest income	2.50% - 5.25% per annum
Purchase and sale of land	Agreed price
Purchase and sale of land servitude	Agreed price
Property management income	Contractual prices
Management fee	Contractual prices
Servitude compensation	Agreed prices
Management service income	Contractual prices
Project and personal management fee	Contractual prices

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

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Subsidiaries				
Revenue from rental and rendering of services	-	-	120	32
Purchase of land	-	-	13,459	1,177
Sale of land	-	-	4,100	3

	Interest rate		Consolidated		Separate	
			financial statements		financial statements	
	2016	2015	2016	2015	2016	2015
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loans to related parties						
Subsidiaries						
Bantudthong Pattana Co., Ltd.	2.50	2.50	-	-	600,000	600,000
MK71 Co., Ltd.	2.50-5.25	2.50	-	-	277,500	273,000
S71 Holding Co., Ltd.	5.25	-	-	-	280,000	-
Prospect Development Co., Ltd	4.00-5.25	4.25	-	-	1,045,000	350,000
T77 Park Co., Ltd. (Formerly Phra Khanong Land Co., Ltd.)	4.00-4.25	-	-	-	1,049,120	-
Joint venture						
TPark BFTZ Co., Ltd.	4.50	-	1,600	-	-	-
Total			1,600	-	3,251,620	1,223,000

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

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Short-term loans to related parties				
Subsidiaries				
At 1 January	-	-	1,223,000	-
Increase	-	-	3,207,820	1,223,000
Decrease	-	-	(1,179,200)	-
At 31 December	-	-	3,251,620	1,223,000
Joint venture				
At 1 January	-	-	-	-
Increase	1,600	-	-	-
At 31 December	1,600	-	-	-
Total short-term loans to related parties				
At 1 January	-	-	1,223,000	-
Increase	1,600	-	3,207,820	1,223,000
Decrease	-	-	(1,179,200)	-
At 31 December	1,600	-	3,251,620	1,223,000

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Other payables-related parties</i>				
Subsidiaries				
Mancon Co., Ltd.	-	-	131,896	130,697
Buntudthong Pattana Co., Ltd.	-	-	-	882
MK71 Co., Ltd.	-	-	-	1,075
	<u>-</u>	<u>-</u>	<u>131,896</u>	<u>132,654</u>
<i>Accrued expenses (included in other current liabilities)</i>				
Other related party				
Finansa Public Company Limited	<u>72</u>	<u>146</u>	<u>-</u>	<u>-</u>

Significant agreements

Property management agreement

A subsidiary entered into the agreement with a related party to provide the property management service to the related party's property with the term and service fee as specified in the agreement.

Service agreement

A subsidiary entered into the agreement with a related party to receive management support service with the term and service fee as specified in the agreement.

The Company entered into the agreements with subsidiaries to provide management support service with the term and service fee as specified in the agreement.

6 Cash and cash equivalents

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Cash on hand	828	1,877	728	895
Cashier cheques	12,664	13,614	12,664	13,614
Cash at banks - current accounts	26,798	138,126	25,538	127,791
Cash at banks - savings accounts	39,846	139,625	16,302	135,860
Highly liquid short-term investments	202	-	-	-
Total	<u>80,338</u>	<u>293,242</u>	<u>55,232</u>	<u>278,160</u>

Cash and cash equivalents of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

7 Other investments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Current investment</i>				
Mutual fund securities held for trading	<u>353,272</u>	<u>396,211</u>	<u>225,910</u>	<u>396,211</u>
<i>Other long-term investments</i>				
Other non-marketable equity securities	49,670	49,710	48,730	48,760
Less allowance for impairment	<u>(39,544)</u>	<u>(39,544)</u>	<u>(39,544)</u>	<u>(39,544)</u>
Net	<u>10,126</u>	<u>10,166</u>	<u>9,186</u>	<u>9,216</u>
Total	<u>363,398</u>	<u>406,377</u>	<u>235,096</u>	<u>405,427</u>

Current investments of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

Movements during the years ended 31 December 2016 and 2015 of mutual fund securities held for trading which are marketable securities were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
At 1 January	396,211	30,001	396,211	30,001
Purchases during the year	3,581,000	3,195,500	3,291,000	3,195,500
Sales during the year	<u>(3,624,677)</u>	<u>(2,829,400)</u>	<u>(3,461,462)</u>	<u>(2,829,400)</u>
Valuation adjustment	738	110	161	110
At 31 December	<u>353,272</u>	<u>396,211</u>	<u>225,910</u>	<u>396,211</u>

Investment in mutual fund securities held for trading are stated at fair value which is determined as the net asset value announced by asset management company at the reporting date. The fair value measurement is determined to be level 2 of the fair value hierarchy identified in TRFS 13 (revised 2015) Fair Value Measurement.

8 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties	5	4,870	3,926	-	-
Other parties		251,158	114,236	164	-
Total		<u>256,028</u>	<u>118,162</u>	<u>164</u>	<u>-</u>
Less allowance for doubtful accounts		-	-	-	-
Net		<u>256,028</u>	<u>118,162</u>	<u>164</u>	<u>-</u>
Bad and doubtful debts expense for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	773	3,876	-	-
Overdue:				
Less than 3 months	4,097	50	-	-
	<u>4,870</u>	<u>3,926</u>	<u>-</u>	<u>-</u>
Less allowance for doubtful accounts	-	-	-	-
	<u>4,870</u>	<u>3,926</u>	<u>-</u>	<u>-</u>
Other parties				
Within credit terms	249,752	112,504	-	-
Overdue:				
Less than 3 months	1,331	1,189	89	-
6-12 months	-	128	-	-
Over 12 months	75	415	75	-
	<u>251,158</u>	<u>114,236</u>	<u>164</u>	<u>-</u>
Less allowance for doubtful accounts	-	-	-	-
	<u>251,158</u>	<u>114,236</u>	<u>164</u>	<u>-</u>
Net	<u>256,028</u>	<u>118,162</u>	<u>164</u>	<u>-</u>

Trade accounts receivable of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

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

After acquisition in 2015, a subsidiary entered into the amendment of the sublease land contract. The amendment is to reduce the number of sublease area prior to the end of sublease period in exchange with Baht 166.17 million for the returning of the sublease right fees. The Group received cash from the lessor of Baht 53.97 million and the remaining of Baht 112.20 million, which was due and received in December 2016.

During 2016, a subsidiary entered into an amendment of a land sublease agreement to reduce sublease area prior to the end of the sublease period. The land sublease compensation amounted to Baht 263.28 million. The subsidiary received cash from the lessor amounted to Baht 16.84 million. The remaining unpaid amount of Baht 179.96 million was in a form of a promissory note at call with no interest. Another remaining unpaid amount of Baht 66.48 million will be due in December 2017. All outstanding amount was presented in trade accounts receivable in the consolidated financial statements as at 31 December 2016.

9 Real estate projects under development

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Land and construction developing for sales	5,781,686	3,109,001	3,624,071	3,103,878
Houses and sample houses	1,120,770	756,977	1,109,999	740,580
Construction materials	1,476	1,152	1,476	1,152
	6,903,932	3,867,130	4,735,546	3,845,610
<i>Less</i> allowance for impairment	(2,379)	(3,261)	(2,379)	(3,261)
Net	6,901,553	3,863,869	4,733,167	3,842,349
Finance costs capitalised in real estate projects under development during the year	46,278	70,564	39,449	70,564
Capitalisations rate <i>(% per annum)</i>	1.95-5.28	2.7-5.75	1.95-5.03	2.7-5.75
Real estate projects under development recognised as an expense in cost of sale of real estate				
- Cost	1,752,304	2,491,344	1,745,881	2,406,683
- Reversal of write-down	(882)	-	(882)	-
Net	1,751,422	2,491,344	1,744,999	2,406,683

In 2016, the Group transferred land under investment properties and land held for development to real estate projects under development amounting to Baht 2,023 million and Baht 677 million, respectively since the Group planned to develop such land for sale.

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Number of projects on hand	17	18	16	17
Sales with signed contracts <i>(in million Baht)</i>	9,734	16,238	9,276	15,559
Proportion of sales with signed contracts to total project sales <i>(%)</i>	70.12	72.81	69.33	72.31

10 Assets used as collateral

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Savings accounts	693	2,117	-	823
Fixed deposit accounts - 12 months	4,219	4,325	4,164	4,071
	<u>4,912</u>	<u>6,442</u>	<u>4,164</u>	<u>4,894</u>
Real estate projects under development	4,558,846	2,965,554	2,393,144	2,959,779
Land held for development	64,389	147,805	64,389	147,805
Investment properties	6,327	2,773,833	6,327	5,026
Total	<u>4,634,474</u>	<u>5,893,634</u>	<u>2,468,024</u>	<u>3,117,504</u>

Savings accounts, fixed deposit accounts and land are pledged as collateral with banks in respect of letters of guarantee. The issuing bank's letters of guarantee to a government agency are used to guarantee infrastructure for the new developing projects of the Group and liabilities to financial institutions.

11 Investments in associates and joint venture

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Associates				
At 1 January	96,771	111,956	154,079	156,067
Share of net losses of associates	(12,882)	(15,185)	-	-
Allowance for impairment	-	-	(65,298)	(1,988)
At 31 December	<u>83,889</u>	<u>96,771</u>	<u>88,781</u>	<u>154,079</u>
Joint venture				
At 1 January	-	-	-	-
Acquisitions	400	-	-	-
Share of net loss of joint venture	(184)	-	-	-
At 31 December	<u>216</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total				
At 1 January	96,771	111,956	154,079	156,067
Acquisitions	400	-	-	-
Share of net losses of associates and joint venture	(13,066)	(15,185)	-	-
Allowance for impairment	-	-	(65,298)	(1,988)
At 31 December	<u>84,105</u>	<u>96,771</u>	<u>88,781</u>	<u>154,079</u>

Acquisition

On 13 September 2016, a subsidiary entered into the agreement with a party to establish an entity namely TPark BFTZ Company Limited, which develops warehouse for lease. Consequently, the entity was established on 20 October 2016 and has its registered share capital amounting to Baht 1 million (100,000 ordinary shares at par value of Baht 10 per share). The subsidiary paid 100% of the share capital for a consideration of Baht 0.40 million. The subsidiary's equity interest in the entity equals to 40% of the issued and paid-up share capital.

Investments in associates and joint venture as at 31 December 2016 and 2015, and dividend income from these investments for the years then ended, were as follows:

Consolidated financial statements												
	Country of incorporation	Types of businesses	Ownership Interest (%)		Paid-up capital		Cost		Equity		Dividend income	
			2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>(in thousand Baht)</i>												
Associates												
Samukkee Cement Co., Ltd.	Thailand	Cement producer	40.64	40.64	235,000	235,000	154,079	154,079	83,889	96,771	-	-
Subnorasing Co., Ltd.	Thailand	Sand supplier	36.07	36.07	18,000	18,000	6,493	6,493	-	-	-	-
			160,572	160,572	160,572	160,572	160,572	83,889	96,771	-	-	
Joint venture												
TPark BFTZ Co., Ltd.	Thailand	Investment Property Development	40.00	-	1,000	-	400	-	216	-	-	-
			400	216	160,972	84,105	160,972	84,105	96,771	-	-	
Total			160,572	160,572	160,572	160,572	160,572	88,781	154,079	-	-	
Separate financial statements												
	Ownership Interest (%)	Paid-up capital	Cost		Impairment		At cost - net		Dividend income			
			2016	2015	2016	2015	2016	2015	2016	2015		
<i>(in thousand Baht)</i>												
Associates												
Samukkee Cement Co., Ltd.	40.64	235,000	154,079	154,079	-	-	88,781	154,079	-	-		
Subnorasing Co., Ltd.	36.07	18,000	6,493	6,493	(6,493)	(6,493)	-	-	-	-		
			160,572	160,572	(71,791)	(6,493)	88,781	154,079	-	-		
Total			160,572	160,572	(71,791)	(6,493)	88,781	154,079	-	-		

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

Associates and joint venture

The following table summarises the financial information of the associates and joint venture as included in their own financial statements, adjusted for differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in these companies.

	Samukkee Cement Co., Ltd. 2016	2015	Subnorasing Co., Ltd. 2016 <i>(in thousand Baht)</i>	2015	TPark BFTZ Co., Ltd. 2016	2015
Revenue	13,681	16,094	77	77	-	-
Profit (loss) from operations	(31,697) ^a	(30,443) ^a	-	(4,682)	(461) ^a	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income (100%)	(31,697)	(30,443)	-	(4,682)	(461)	-
Ownership interest (%)	40.64	40.64	36.07	36.07	40	-
Total comprehensive income (Group's interest)	(12,882)	(12,372)	-	(2,813)	(184)	-
Group's share of total comprehensive income	(12,882)	(12,372)	-	(2,813)	(184)	-
Current assets	18,201 ^b	14,415 ^b	10,827 ^b	31 ^b	17,338 ^b	-
Non-current assets	465,323	464,670	12	10,808	342,422	-
Current liabilities	(222,501) ^c	(181,549) ^c	(247)	(11,349)	(359,221) ^c	-
Non-current liabilities	(54,604) ^d	(58,566) ^d	(11,102) ^d	-	-	-
Net assets (100%)	206,419	238,970	(510)	(510)	539	-
Ownership interest (%)	40.64	40.64	36.07	36.07	40	-
Group's interest in net assets of investee (Group's interest)	83,889	96,771	-	-	216	-
Carrying amount of interest in associates/joint venture	83,889	96,771	-	-	216	-

Remark:

- Includes:
 - depreciation and amortisation
 - interest expense
- Includes cash and cash equivalents
- Includes current financial liabilities (excluding trade and other payables and provisions)
- Includes non-current financial liabilities (excluding trade and other payables and provisions)

12 Investments in subsidiaries

<i>Year ended 31 December</i>	Separate financial statements	
	2016	2015
	<i>(in thousand baht)</i>	
At 1 January	1,953,390	25,940
Acquisitions	53,005	1,927,450
At 31 December	<u>2,006,395</u>	<u>1,953,390</u>

Acquisitions

On 21 January 2016, the Company made an additional investment in 4.55% of the issued and paid-up shares capital of S71 Holding Co., Ltd., for a consideration of Baht 50 million. As a result, the Company's equity interest in S71 Holding Co., Ltd. increased from 85.45% to 90%.

On 29 March 2016, the Company made an investment in Yours Property Management Co., Ltd., a building and property management provider, by purchasing of 100% of the issued shares, and paid-up 40% of par value amounting to Baht 2 million.

On 9 August 2016, Park Court Co., Ltd. (Formerly Onnut Development Co., Ltd.), an indirect subsidiary, increased its registered share capital from Baht 2 million to Baht 1,000 million by issue of 9.98 million the ordinary shares with a par value of Baht 100 per share to the shareholders by existing proportion and called-up the amount of Baht 998 million. There was no change in the Group's equity interest.

On 6 September 2016, the Company entered into the agreement with a party to purchase 10,000 ordinary shares and 50 preferred shares, considered as 100% of the issued share capital of T77 Park Co.,Ltd. (Formerly Phra Khanong Land Co., Ltd.). The Company had fully paid the share capital for a consideration of Baht 1.01 million; and on the same date, the Company agreed to purchase right of claim in loan to T77 Park Co.,Ltd. from its director for a consideration of Baht 1,004.62 million. The following summarises the major classes of identifiable net assets at the acquisition date.

	Fair value <i>(in thousand Baht)</i>
Cash and cash equivalents	46
Land	1,015,866
Income tax payable	(10,212)
Other current liabilities	(75)
Total identifiable net assets	<u>1,005,625</u>

Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income from these investments for the years then ended, were as follows:

Separate financial statements												
Type of business	Ownership interest (%)		Paid-up capital		Cost		Impairment		At cost - net of impairment		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>(in thousand Baht)</i>												
Direct subsidiaries												
Mancon Company Limited	95.50	95.50	20,000	20,000	25,940	25,940	-	-	25,940	25,940	5,730	4,775
Buntudthong Pattana Co., Ltd.	100.00	100.00	1,000	1,000	1,000	1,000	-	-	1,000	1,000	-	-
MK71 Company Limited	100.00	100.00	1,000	1,000	1,000	1,000	-	-	1,000	1,000	-	-
S71 Holding Co., Ltd.	90.00	85.45	1,100,000	1,100,000	990,000	940,000	-	-	990,000	940,000	-	-
Prospect Development Co., Ltd. for lease	100.00	100.00	1,200,000	1,200,000	985,450	985,450	-	-	985,450	985,450	-	-
Yours Property Management Co., Ltd.	100.00	-	2,000	-	2,000	-	-	2,000	-	-	-	-
T77 Park Co., Ltd. (Formerly Phra Khanong Land Co., Ltd.)	100.00	-	1,005	-	1,005	-	-	1,005	-	-	-	-
Total			2,006,395	1,953,390	2,006,395	1,953,390	-	-	2,006,395	1,953,390	5,730	4,775
Separate financial statements												
Type of business	Ownership interest (%)		Paid-up capital		Cost		Impairment		At cost - net of impairment		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>(in thousand Baht)</i>												
Indirect subsidiary												
Park Court Co., Ltd. (Formerly Onnut Development Co., Ltd.) (100% shareholding through S 71 Holding Co., Ltd.)	90.00	85.45	1,000,000	2,000	-	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-	-	-	-

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

13 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	S 71 Holding Co., Ltd.	31 December 2016		Total
		Other individually immaterial subsidiaries	Intra-group eliminations	
		<i>(in thousand Baht)</i>		
Non-controlling interest percentage	10%			
Current assets	2,372,155			
Non-current assets	1,227			
Current liabilities	(322,506)			
Non-current liabilities	(995,955)			
Net assets	1,054,921			
Carrying amount of non-controlling interest	105,492	7,022	-	112,514
Revenue	906			
Loss	(44,054)			
Other comprehensive income	-			
Total comprehensive income	(44,054)			
Profit (loss) allocated to non-controlling interest	(4,405)	142	-	(4,263)
Other comprehensive income allocated to non-controlling interest	-	-	-	-
Cash flows from operating activities	(204,218)			
Cash flows from investing activities	(127,865)			
Cash flows from financing activities (dividends to non-controlling interest: nil)	332,084			
Net increase in cash and cash equivalents	1			
		31 December 2015		
		Other individually immaterial subsidiaries	Intra-group eliminations	Total
		<i>(in thousand Baht)</i>		
Non-controlling interest percentage	14.55%			
Current assets	8,709			
Non-current assets	2,023,558			
Current liabilities	(3,289)			
Non-current liabilities	(930,004)			
Net assets	1,098,974			
Carrying amount of non-controlling interest	159,900	7,100	-	167,000

	31 December 2015			
	S 71 Holding Co., Ltd.	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Revenue	19			
Loss	(1,026)			
Other comprehensive income	-			
Total comprehensive income	(1,026)			
Profit (loss) allocated to non-controlling interest	(150)	1,803	-	1,653
Other comprehensive income allocated to non-controlling interest	-	-	-	-
Cash flows from operating activities	2,262			
Cash flows from investing activities	(2,023,558)			
Cash flows from financing activities (dividends to non-controlling interest: nil)	2,030,004			
Net increase in cash and cash equivalents	8,708			

14 Land held for development

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Land held for development	2,442,357	2,214,238	529,292	1,329,193
Less allowance for impairment	-	-	-	-
Net	2,442,357	2,214,238	529,292	1,329,193

15 Investment properties

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Cost					
At 1 January		2,369,091	-	6,644	-
Additions		428,980	2,076,142	-	-
Acquired in business combinations	4	-	296,531	-	-
Transfer from (to) real estate projects under development	9	(2,023,558)	5,026	-	5,026
Transfer from property, plant and equipment	17	-	1,618	-	1,618
Disposal		-	(10,226)	-	-
At 31 December		774,513	2,369,091	6,644	6,644

	Consolidated financial statements		Separate financial statements		
	Note	2016	2015	2016	2015
Accumulated depreciation and impairment losses					
At 1 January		6,776	-	158	-
Depreciation charge for the year		13,398	6,776	159	158
At 31 December		20,174	6,776	317	158
Net book value					
At 1 January		2,362,315	-	6,486	-
At 31 December		754,339	2,362,315	6,327	6,486

As at 31 December 2016, investment properties which have carrying amount of Baht 314.9 million (2015: Baht 2,362.3 million) were revalued by external, independent property valuers, at projected discount cash flow and open market values on an existing use basis. The appraised value was Baht 383.1 million (2015: Baht 4,050 million). In addition, another portion of investment properties amounting to Baht 439.4 million were in the process of construction. Management considered that the fair value was approximate to carrying amount.

Measurement of fair value

Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio a regular basis.

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

Valuation technique and significant unobservable inputs

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

Valuation technique	Significant unobservable inputs
<i>Discounted cash flows</i> ; The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods and occupancy rate. The expected net cash flows are discounted using discount rate.	<ul style="list-style-type: none"> • Rental growth rate (7.5% every 3 years) • Occupancy rate (between 65% - 90%) • Discount rate (12%). • Rental rate (170 - 200 Baht/square meter/month)

16 Property, plant and equipment

	Consolidated financial statements							Total
	Land	Golf course	Buildings and constructions	Machinery and equipment <i>(in thousand Baht)</i>	Furniture, fixture and office equipment <i>(in thousand Baht)</i>	Vehicle	Construction in progress	
Cost								
At 1 January 2015	538,312	209,262	172,048	68,953	47,123	29,604	1,618	1,066,920
Additions	-	-	1,212	14,812	1,669	4,602	-	22,295
Acquired in business combinations <i>(Note 4)</i>	-	-	-	-	1,000	-	-	1,000
Transfer to investment properties <i>(Note 15)</i>	-	-	-	-	-	-	(1,618)	(1,618)
Disposals / transfers	(9,907)	-	-	(11,722)	(20,440)	(2,504)	-	(44,573)
At 31 December 2015	528,405	209,262	173,260	72,043	29,352	31,702	-	1,044,024
Additions	169,346	-	6,477	6,880	8,538	723	51	192,015
Disposals / transfers	-	-	-	(1,919)	51	(3,588)	(51)	(5,507)
Write-off	-	-	-	(2,171)	(8,086)	(558)	-	(10,815)
At 31 December 2016	697,751	209,262	179,737	74,833	29,855	28,279	-	1,219,717
Accumulated depreciation								
At 1 January 2015	-	114,061	130,400	60,946	43,850	25,146	-	374,403
Depreciation charge for the year	-	7,185	7,465	3,080	1,811	1,816	-	21,357
Disposals / transfers	-	-	-	(11,723)	(20,440)	(2,503)	-	(34,666)
At 31 December 2015 and 1 January 2016	-	121,246	137,865	52,303	25,221	24,459	-	361,094
Depreciation charge for the year	-	7,158	7,059	6,110	2,545	1,441	-	24,313
Disposals / transfers	-	-	-	(1,765)	-	(3,048)	-	(4,813)
Write-off	-	-	-	(2,171)	(8,086)	(558)	-	(10,815)
At 31 December 2016	-	128,404	144,924	54,477	19,680	22,294	-	369,779
Net book value								
At 1 January 2015	538,312	95,201	41,648	8,007	3,273	4,165	1,618	692,224
Owned assets	-	-	-	-	-	293	-	293
Assets under finance leases	538,312	95,201	41,648	8,007	3,273	4,458	1,618	692,517
At 31 December 2015 and 1 January 2016	528,405	88,016	35,395	19,740	4,131	7,243	-	682,930
Owned assets	-	-	-	-	-	-	-	-
At 31 December 2016	697,751	80,858	34,813	20,356	10,175	5,985	-	849,938

Cost	Separate financial statements							Total
	Land	Golf course	Buildings and constructions	Machinery and equipment <i>(in thousand Baht)</i>	Furniture, fixture and office equipment	Vehicle	Construction in progress	
At 1 January 2015	538,312	209,262	172,048	68,490	45,944	28,196	1,618	1,063,870
Additions	-	-	1,212	14,812	1,669	4,602	-	22,295
Transfer to investment properties <i>(Note 15)</i>	-	-	-	-	-	-	(1,618)	(1,618)
Disposals / transfers	(9,907)	-	-	(11,279)	(19,273)	(2,235)	-	(42,694)
At 31 December 2015	528,405	209,262	173,260	72,023	28,340	30,563	-	1,041,853
Additions	-	-	6,307	6,880	7,020	723	-	20,930
Disposals / transfers	-	-	-	(1,919)	-	(3,588)	-	(5,507)
Write-off	-	-	-	(2,171)	(8,086)	(558)	-	(10,815)
At 31 December 2016	528,405	209,262	179,567	74,813	27,274	27,140	-	1,046,461
Accumulated depreciation								
At 1 January 2015	-	114,061	130,400	60,492	42,675	23,738	-	371,366
Depreciation charge for the year	-	7,185	7,465	3,076	1,478	1,816	-	21,020
Disposals / transfers	-	-	-	(11,280)	(19,273)	(2,234)	-	(32,787)
At 31 December 2015	-	121,246	137,865	52,288	24,880	23,320	-	359,599
At 1 January 2016	-	7,158	7,040	6,106	2,121	1,441	-	23,866
Depreciation charge for the year	-	-	-	(1,765)	-	(3,048)	-	(4,813)
Disposals / transfers	-	-	-	(2,171)	(8,086)	(558)	-	(10,815)
Write-off	-	-	-	-	-	-	-	-
At 31 December 2016	-	128,404	144,905	54,458	18,915	21,155	-	367,837
Net book value								
At 1 January 2015	538,312	95,201	41,648	7,998	3,269	4,165	1,618	692,211
Owned assets	-	-	-	-	-	293	-	293
Assets under finance leases	538,312	95,201	41,648	7,998	3,269	4,458	1,618	692,504
At 31 December 2015 and 1 January 2016	528,405	88,016	35,395	19,735	3,460	7,243	-	682,254
Owned assets	528,405	80,858	34,662	20,355	8,359	5,985	-	678,624

The gross amount of the Group's and the Company's fully depreciated property and equipment that was still in use as at 31 December 2016 amounted to Baht 114.86 million and Baht 113.71 million, respectively (2015: Baht 142.71 million and Baht 141.58 million, respectively).

17 Leasehold right

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
Cost		
At 1 January 2015	149,976	149,976
Acquired in business combinations <i>(Note 4)</i>	1,651,196	-
Addition	937	937
Disposal	(125,119)	-
At 31 December 2015 and 1 January 2016	1,676,990	150,913
Addition	221,501	11
Disposal	(175,989)	-
At 31 December 2016	1,722,502	150,924
Accumulated amortisation		
At 1 January 2015	132,366	132,366
Amortisation charge for the year	11,782	4,143
At 31 December 2015 and 1 January 2016	144,148	136,509
Amortisation charge for the year	82,643	4,420
Disposal	(35,655)	-
At 31 December 2016	191,136	140,929
Net book value		
At 1 January 2015	17,610	17,610
At 31 December 2015 and 1 January 2016	1,532,842	14,404
At 31 December 2016	1,531,366	9,995

On 18 August 2010, a company ("lessor") entered into a land sublease agreement with a subsidiary to lease land from 18 August 2010 to 31 December 2039. The subsidiary agreed to pay land sublease compensation to the lessor on the land sublease registered date amounting to Baht 494.9 million. The Group recognised the leasehold right at fair value on the acquisition date in 2015, and amortised the leasehold right on a straight-line basis over the lease term.

On that date, the lessor entered into another 2 land sublease agreements with the subsidiary to lease land from 18 August 2010 to 8 January 2040, and from 18 August 2010 to 25 December 2039. The subsidiary agreed to pay land sublease compensation to the lessor on the land sublease registered date amounting to Baht 1,305.1 million. The Group recognised the leasehold right at fair value on the acquisition date in 2015, and amortised the leasehold right on a straight-line basis over the lease term. Under the agreements, ownership of building on leasehold land will be transferred to land owner after the completion of construction. As at 31 December 2016, the carrying amount of building on leasehold land was Baht 547.5 million presented in leasehold right.

The Company entered into a land lease and development agreement with a university (the "university") for a period of 30 years ending 2018. The Company agreed to pay land sublease compensation to the university amounting to Baht 65.8 million. Under the land sublease agreement, the ownership of building will be transferred to the university at the maturity date. As at 31 December 2016, the carrying amount of building on leasehold land was Baht 5.1 million presented in leasehold right.

18 Intangible assets

	Consolidated financial statements	Separate financial statements
	Software licenses	Software licenses
	<i>(in thousand Baht)</i>	
<i>Cost</i>		
At 1 January 2015	3,844	3,844
Acquired in business combinations <i>(Note 4)</i>	83	-
Addition	517	470
At 31 December 2015 and 1 January 2016	4,444	4,314
Addition	4,180	3,806
Disposal	(2,070)	(2,070)
At 31 December 2016	6,554	6,050
<i>Accumulated amortisation</i>		
At 1 January 2015	3,660	3,660
Amortisation charge for the year	124	111
At 31 December 2015 and 1 January 2016	3,784	3,771
Amortisation charge for the year	759	691
Disposal	(2,070)	(2,070)
At 31 December 2016	2,473	2,392
<i>Net book value</i>		
At 1 January 2015	184	184
At 31 December 2015 and 1 January 2016	660	543
At 31 December 2016	4,081	3,658

19 Deferred tax

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

	Consolidated financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Total	43,836	70,188	(30,025)	(32,826)
Set off of tax	(13,617)	(27,740)	13,617	27,740
Net deferred tax assets (liabilities)	30,219	42,448	(16,408)	(5,086)

	Separate financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Total	13,617	27,740	-	-
Set off of tax	-	-	-	-
Net deferred tax assets (liabilities)	13,617	27,740	-	-

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

	Consolidated financial statements			
	At 1 January 2016	Credited (charged)		At 31 December 2016
		Credited (charged) to profit or loss	to other comprehensive income	
	<i>(Note 34)</i>			
	<i>(in thousand Baht)</i>			
<i>Deferred tax assets</i>				
Accrued expenses	10,566	(10,532)	-	34
Employee benefit obligations	14,908	(1,237)	(1,854)	11,817
Long-term provision	2,300	-	-	2,300
Loss carry forward	42,414	(12,729)	-	29,685
Total	70,188	(24,498)	(1,854)	43,836
<i>Deferred tax liabilities</i>				
Investment properties	(24,346)	1,218	-	(23,128)
Leasehold right	(8,480)	1,583	-	(6,897)
Total	(32,826)	2,801	-	(30,025)
Net	37,362	(21,697)	(1,854)	13,811

	Consolidated financial statements			
	At 1 January 2015	Credited (charged) to profit or loss (Note 34) (in thousand Baht)	Acquired in business combination (Note 4)	At 31 December 2015
Deferred tax assets				
Accrued expenses	3,574	6,992	-	10,566
Employee benefit obligations	19,628	(4,720)	-	14,908
Long-term provision	-	2,300	-	2,300
Loss carry forward	-	-	42,414	42,414
Total	23,202	4,572	42,414	70,188
Deferred tax liabilities				
Investment properties	-	-	(24,346)	(24,346)
Leasehold right	-	-	(8,480)	(8,480)
Total	-	-	(32,826)	(32,826)
Net	23,202	4,572	9,588	37,362

	Separate financial statements			
	At 1 January 2016	Credited (charged) to profit or loss (Note 34) (in thousand Baht)	Credited (charged) to other comprehensive income	At 31 December 2016
Deferred tax assets				
Accrued expenses	10,532	(10,532)	-	-
Employee benefit obligations	14,908	(1,263)	(2,328)	11,317
Long-term provision	2,300	-	-	2,300
Total	27,740	(11,795)	(2,328)	13,617

	Separate financial statements		
	At 1 January 2015	Credited (charged) to profit or loss (Note 34) (in thousand Baht)	At 31 December 2015
Deferred tax assets			
Accrued expenses	3,517	7,015	10,532
Employee benefit obligations	19,269	(4,361)	14,908
Long-term provision	-	2,300	2,300
Total	22,786	4,954	27,740

The tax losses expire in 2020. The deductible temporary difference do not expire under current tax legislation of Baht 82.92 million. The Group had not recognised these items as deferred tax assets because it is not probable that the Group will have future taxable profit which the Group can utilise the benefits therefrom.

20 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>(in thousand Baht)</i>				
Current				
Bank overdrafts				
Secured	144	264	144	264
Short-term loans from financial institutions				
Secured	-	906,345	-	-
Unsecured	1,504,000	530,000	1,504,000	530,000
	<u>1,504,000</u>	<u>1,436,345</u>	<u>1,504,000</u>	<u>530,000</u>
Bank overdrafts and short-term loans	<u>1,504,144</u>	<u>1,436,609</u>	<u>1,504,144</u>	<u>530,264</u>
Current portion of long-term loans				
Secured	228,938	328,335	228,938	321,994
Current portion of long-term debentures				
Unsecured	170,000	-	170,000	-
Short-term loans from other parties				
Unsecured	422,969	409,703	-	-
Current portion of finance lease liabilities	-	582	-	582
Total current interest-bearing liabilities	<u>2,326,051</u>	<u>2,175,229</u>	<u>1,903,082</u>	<u>852,840</u>
Non-current				
Long-term loans				
Secured	995,955	545,452	-	545,452
Unsecured	-	23,659	-	-
	<u>995,955</u>	<u>569,111</u>	<u>-</u>	<u>545,452</u>
Long-term debentures				
Unsecured	2,819,087	1,491,807	2,819,087	1,491,807
Total non - current interest bearing liabilities	<u>3,815,042</u>	<u>2,060,918</u>	<u>2,819,087</u>	<u>2,037,259</u>

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>(in thousand Baht)</i>				
Within one year	2,326,051	2,174,647	1,903,082	852,258
After one year but within five years	3,815,042	2,060,918	2,819,087	2,037,259
Total	<u>6,141,093</u>	<u>4,235,565</u>	<u>4,722,169</u>	<u>2,889,517</u>

As at 31 December 2016, the Group and the Company had unutilised credit facilities totaling Baht 1,643.04 million and Baht 601.54 million, respectively (2015: Baht 797.69 million and Baht 797.69 million, respectively).

The above loans from financial institutions are collateralised by the assets pledged or mortgaged (see note 10).

Bank overdrafts and short-term loans from financial institutions bear interest at market rates at 1.95% - 7.12% per annum (2015: 2.6% - 7.37% per annum). Short-term loans from other parties bear interest at rate 5% per annum in 2016 (2015: 5% - 5.375% per annum).

In 2016, the Group carried interest on long-term loans from financial institutions as specified in the agreements at 3.23% - 5.28% per annum (2015: 3.23% - 5.75% per annum).

Short-term loans from financial institution - secured

The subsidiary entered into a loan agreement with a financial institution, Tulip Capital Finance Ltd., dated on 1 July 2015 with a credit facility of USD 25 million at 15 percent interest rate per annum. However, the interest will be paid by the subsidiary's directors, therefore, interest expense is not presented in the consolidated financial statements. The subsidiary mortgaged the land and the subsidiary's share certificates as the loan collateral. As at 31 December 2016, the subsidiary had repaid total outstanding loan to the financial institution and released the loan collateral.

Long-term debentures

Debentures	Number (thousand units)	Par value per unit (in Baht)	Total value (in million Baht)	Issue date	Term	Maturity date	Coupon rate (% per annum)
Unsecured debenture no. 1/2015 (repayment interest every 3 months)	170	1,000	170	25 March 2015	2 years 13 days	7 April 2017	3.90
Unsecured debenture no. 2/2015 (repayment interest every 3 months)	1,000	1,000	1,000	24 April 2015	3 years 2 years	24 April 2018	4.25
Unsecured debenture no. 3/2015 (repayment interest every 6 months)	325	1,000	325	12 October 2015	11 months 28 days	10 October 2018	3.23
Unsecured debenture no. 1/2016 (repayment interest every 3 months)	500	1,000	500	4 March 2016	3 years 9 months	4 December 2019	4.50
Unsecured debenture no. 2/2016 (repayment interest every 3 months)	500	1,000	500	8 April 2016	5 years	8 April 2021	4.70
Unsecured debenture no. 3/2016 (repayment interest every 3 months)	500	1,000	500	28 October 2016	5 years	28 October 2021	4.00
Total			2,995				
Less deferred expenses current portion of long-term debentures			(6)				
Unsecured debentures - net of current portion			2,819				

At the Board of Directors' meeting of the Company held on 25 February 2016, the Board approved the issuance and offer for sale of debenture to institutions and/or major investors not exceeding Baht 500 million to supporting working capital. As at 4 March 2016, the Company had issued debenture no. 1/2016 amounting to Baht 500 million.

At the Board of Directors' meeting of the Company held on 18 March 2016, the Board approved the issuance and offer for sale of debenture to institutions and/or major investors not exceeding Baht 500 million to supporting working capital. As at 8 April 2016, the Company had issued debenture no. 2/2016 amounting to Baht 500 million.

At the Board of Directors' meeting of the Company held on 12 October 2016, the Board approved the issuance and offer for sale of debenture to institutions and/or major investors not exceeding Baht 500 million to invest in property for lease and supporting working capital. As at 28 October 2016, the Company had issued debenture no. 3/2016 amounting to Baht 500 million.

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

Finance lease liabilities

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

	Consolidated / Separate financial statements					
	2016			2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	<i>(in thousand Baht)</i>					
Within one year	-	-	-	606	24	582
After one year but within five years	-	-	-	-	-	-
Total	-	-	-	606	24	582

The Company has hire-purchase agreement to purchase motor vehicles from a local leasing company, with a term of payment in 4 years, and repaid in monthly installments, with certain conditions and restrictions as specified in the hire-purchase agreement.

The currency denomination of interest - bearing liabilities as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	6,141,093	3,309,336	4,722,169	2,893,292
United States Dollars (USD)	-	930,004	-	-
Total	6,141,093	4,239,340	4,722,169	2,893,292

21 Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Other parties	<u>141,599</u>	<u>147,371</u>	<u>78,787</u>	<u>95,961</u>

Trade accounts payable of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

22 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Retentions	66,256	71,392	61,018	67,745
Accrued administrative expenses	79,261	138,013	63,146	123,388
Others	62,807	58,577	47,790	59,061
Total	<u>208,324</u>	<u>267,982</u>	<u>171,954</u>	<u>250,194</u>

23 Employee benefit obligations

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Movements in the present value of the employee benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Employee benefit obligations at 1 January	74,961	98,138	74,538	96,344
Include in profit or loss				
Current service costs and interest	7,733	9,723	7,535	9,557
Included in other comprehensive income				
Defined benefit plan actuarial gains	(9,269)	-	(11,640)	-

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Others	<i>(in thousand Baht)</i>			
Benefits paid	(13,847)	(33,365)	(13,847)	(33,239)
Acquired in business combination <i>(Note 4)</i>	-	465	-	-
Transfer employee from a subsidiary	-	-	-	1,876
	<u>(13,847)</u>	<u>(32,900)</u>	<u>(13,847)</u>	<u>(31,363)</u>
Defined benefit obligations at 31 December	<u>59,578</u>	<u>74,961</u>	<u>56,586</u>	<u>74,538</u>

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Demographic assumptions	1,174	-	1,174	-
Financial assumptions	(1,275)	-	(1,275)	-
Experience adjustment	(9,168)	-	(11,539)	-
Total	<u>(9,269)</u>	<u>-</u>	<u>(11,640)</u>	<u>-</u>

Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(%)</i>			
Discount rate	2.92	2.90 - 4.83	2.92	4.54 - 4.83
Future salary growth	4.00-8.00	3.94 - 6.40	4.00 - 8.00	3.94 - 6.40

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

At 31 December 2016, the weighted-average duration of the defined benefit obligations was 10.6 years.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

	Consolidated		Separate	
	financial statements		financial statements	
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 31 December 2016	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(4,459)	5,099	(4,051)	4,607
Future salary growth (1% movement)	4,928	(4,405)	4,453	(4,001)
Defined benefit obligations at 31 December 2015	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(2,728)	2,887	(2,728)	2,887
Future salary growth (0.50% movement)	3,881	(2,695)	3,881	(2,695)

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

24 Long-term provision

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
At 1 January	11,500	-	11,500	-
Provisions made	-	11,500	-	11,500
At 31 December	11,500	11,500	11,500	11,500

During the year 2015, the Group has made a provision of Baht 11.50 million in accordance with a case from a juristic person requesting the Company to pay the relevant costs of the transfer land, construction, and utility in a project. Presently, the case is under consideration by the Supreme Court.

25 Other non-current liabilities

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Advance received - utilities	62,535	96,387	54,348	87,760
Accrued for public utilities for establishing legal entities	26,664	-	26,664	-
Leasehold payable	3,350	10,262	3,350	6,700
Deposits from customers	57,351	35,780	-	-
Others	20,360	15,323	14,436	15,323
Total	170,260	157,752	98,798	109,783

26 Share capital

	Par value per share (in Baht)	2016		2015	
		Number (thousand shares)	Amount (in thousand Baht)	Number (thousand shares)	Amount (in thousand Baht)
Authorised					
At 1 January					
- ordinary shares	1	992,010	992,010	861,317	861,317
Reduction of shares	1	-	-	(933)	(933)
Increase of new shares	1	-	-	131,626	131,626
At 31 December					
- ordinary shares	1	992,010	992,010	992,010	992,010
Issued and paid-up					
At 1 January					
- ordinary shares	1	992,010	992,010	860,384	860,384
Increase of new shares	1	-	-	131,626	131,626
At 31 December					
- ordinary shares	1	992,010	992,010	992,010	992,010

At the Extraordinary Shareholders' Meeting held on 26 August 2015, the shareholders approved the following:

- (a) The reduction of the authorised share capital of the Company from the existing amount of Baht 861.31 million (861.31 million ordinary shares with a par value of Baht 1 per share) to Baht 860.38 million (860.38 million ordinary shares with a par value of Baht 1 per share) by canceling the unissued authorised ordinary shares of 0.93 million shares (0.93 million ordinary shares with a par value of Baht 1 per share). The Company registered the reduction in the authorised share capital with the Ministry of Commerce on 3 September 2015.
- (b) The increase of the authorised share capital of the Company from the existing amount of Baht 860.38 million (860.38 million ordinary shares with a par value of Baht 1 per share) to Baht 992.01 million (992.01 million ordinary shares with a par value of Baht 1 per share) in order to pay part of the purchase price of the proposed investment in Prospect Development Co., Ltd. (Note 4). The Company registered the increase in the authorised share capital with the Ministry of Commerce on 4 September 2015.

27 Reserves

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

28 Segment information

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

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

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments:

		Consolidated financial statements													
		Real estate		Rental warehouse, factory and others		Golf services		Property Management		Total reportable segments		Others		Total	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		<i>(in thousand Baht)</i>													
Revenue from external customers		<u>2,647,552</u>	<u>3,649,509</u>	<u>129,848</u>	<u>34,194</u>	<u>71,740</u>	<u>62,338</u>	<u>21,723</u>	<u>3,841</u>	<u>2,870,863</u>	<u>3,749,882</u>	<u>-</u>	<u>-</u>	<u>2,870,863</u>	<u>3,749,882</u>
Segment profit (loss)		<u>320,558</u>	<u>576,137</u>	<u>147,168</u>	<u>170,389</u>	<u>11,355</u>	<u>11,203</u>	<u>(5,041)</u>	<u>2,931</u>	<u>474,040</u>	<u>760,660</u>	<u>-</u>	<u>-</u>	<u>474,040</u>	<u>760,660</u>
Share of loss of investments in associates and joint venture															
Segment profit before income tax														<u>[13,066]</u>	<u>(15,186)</u>
Reportable segment assets as at 31 December		<u>8,261,810</u>	<u>6,145,338</u>	<u>1,504,392</u>	<u>2,788,237</u>	<u>610,420</u>	<u>615,698</u>	<u>137</u>	<u>-</u>	<u>10,376,759</u>	<u>9,549,273</u>	<u>3,131,088</u>	<u>2,125,091</u>	<u>13,507,817</u>	<u>11,674,364</u>
Reportable segment liabilities as at 31 December		<u>6,265,005</u>	<u>4,485,788</u>	<u>548,823</u>	<u>550,846</u>	<u>-</u>	<u>-</u>	<u>571</u>	<u>-</u>	<u>6,814,399</u>	<u>5,036,634</u>	<u>-</u>	<u>-</u>	<u>6,814,399</u>	<u>5,036,634</u>

Geographical segments

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

Major customer

In 2016, revenue from sale of land in the project from one customer of the Group's 1 segment represents approximately Baht 142.43 million of the Group's total revenues.

29 Selling expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Specific business tax	86,906	123,165	86,000	118,101
Advertising expenses	28,512	32,929	26,731	32,488
Promotion and public relation expenses	96,040	42,130	80,556	41,489
Transfer expenses	15,881	32,469	15,731	30,849
Others	7,138	62,577	7,039	61,112
Total	234,477	293,270	216,057	284,039

30 Administrative expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Personnel expenses	206,733	209,958	168,531	197,623
Depreciation and amortisation	38,311	4,743	5,159	4,597
Cleaning and security expenses	13,748	24,803	13,288	24,803
Impairment loss on investment	-	-	65,297	1,988
Others	102,379	108,844	80,355	105,238
Total	361,171	348,348	332,630	334,249

31 Employee benefit expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Salary	103,572	100,257	102,462	96,547
Others	103,161	104,746	66,069	101,076
Total	206,733	205,003	168,531	197,623

Defined contribution plan

The defined contribution plan comprises provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 5% to 10% of their basic salaries and by the Group at rates ranging from 5% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

32 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Employee benefit expenses	206,733	205,003	168,531	197,623
Depreciation and amortisation	115,295	39,850	29,134	25,433
Promotion and public relation expenses	124,552	75,059	96,287	73,977
Cleaning and security expenses	13,748	24,803	13,288	24,803
Impairment loss on investment	-	-	65,297	1,988

33 Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
<i>Interest expense:</i>					
Financial institutions		192,132	106,456	153,445	101,152
Total interest expense		192,132	106,456	153,445	101,152
Other finance costs		1,610	941	720	941
		193,742	107,397	154,165	102,093
<i>Less: amounts included in the cost of qualifying assets:</i>					
- Real estate projects under development	9	46,278	70,564	39,449	70,564
		46,278	70,564	39,449	70,564
Net		147,464	36,833	114,716	31,529

34 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		92,745	121,678	90,180	112,216
Deferred tax expense	19				
Movements in temporary differences		21,697	(4,572)	11,795	(4,954)
Income tax expense		114,442	117,106	101,975	107,262

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2016			2015		
	Before tax	Tax (benefit)	Net of tax <i>(in thousand Baht)</i>	Before tax	Tax expense (benefit)	Net of tax
Defined benefit plan actuarial gains	9,269	(1,854)	7,415	-	-	-
Total	9,269	(1,854)	7,415	-	-	-

	Separate financial statements					
	2016			2015		
	Before tax	Tax (benefit)	Net of tax <i>(in thousand Baht)</i>	Before tax	Tax expense (benefit)	Net of tax
Defined benefit plan actuarial gains	11,640	(2,328)	9,312	-	-	-
Total	11,640	(2,328)	9,312	-	-	-

Reconciliation of effective tax rate

	Consolidated financial statements			
	2016		2015	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		460,973		745,474
Income tax using the Thai corporation tax rate	20	92,195	20	149,095
Income not subject to tax		(202)		(10,240)
Expenses with additional deduction for tax purpose		(17,702)		(250)
Expenses not deductible for tax purposes		28,067		1,038
Recognition of previously unrecognised tax losses		(267)		-
Share of loss of equity-accounted investments in associates and joint venture		2,613		3,037
Current year losses for which no deferred tax losses asset was recognised		9,738		2,163
Gain on bargain purchase		-		(26,795)
Elimination in consolidation		-		(942)
Total	25	114,442	16	117,106

	Separate financial statements			
	2016		2015	
	Rate (%)	<i>(in thousand Baht)</i>	Rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		457,725		554,763
Income tax using the Thai corporation tax rate	20	91,545	20	110,952
Income not subject to tax		(1,340)		(3,940)
Expenses with additional deduction for tax purpose		(17,231)		(250)
Expenses not deductible for tax purposes		29,001		500
Total	22	101,975	19	107,262

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

35 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to develop property for factory and warehouse. The privileges granted include:

- (a) exemption from payment of income tax on profit from the promoted businesses for a period of 3 years commencing as from the date on which the income is first derived from such operations, not exceeding 100% of investment which excluded from land and working fund;
- (b) In case of loss of business during the income tax exemption, loss occurred during the period can deducted from net income in subsequent from exemption period, not exceeding five years from the expiry date.

As a promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2016			2015		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Local services	<u>15,305</u>	<u>3,065,980</u>	<u>3,081,285</u>	<u>4,075</u>	<u>3,992,444</u>	<u>3,996,519</u>

36 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to ordinary shareholders of the Company and the number weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(thousand shares /in thousand Baht)</i>			
Profit attributable to ordinary shareholders of the company (basic)	<u>350,794</u>	<u>626,715</u>	<u>355,749</u>	<u>447,500</u>
Number of ordinary shares outstanding at 1 January	992,010	860,384	992,010	860,384
Effect of shares issued on 26 October 2015	-	24,161	-	24,161
Weighted average number of ordinary shares outstanding (basic)	<u>992,010</u>	<u>884,545</u>	<u>992,010</u>	<u>884,545</u>
Earnings per share (basic) (in Baht)	<u>0.35</u>	<u>0.71</u>	<u>0.36</u>	<u>0.51</u>

37 Dividends

At the annual general meeting of the shareholders of the Company held on 28 April 2016, the shareholders approved the appropriation of dividends of Baht 0.25 per share, amounting to Baht 248 million. The dividend was paid to shareholders in May 2016.

At the annual general meeting of the shareholders of the Company held on 28 April 2015, the shareholders approved the appropriation of dividends of Baht 0.25 per share, amounting to Baht 215 million. The dividend was paid to shareholders in May 2015.

38 Financial instruments

Financial risk management policies

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

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

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result for operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The management believes the Group has the interest rate risk in low level because long-term loan interest rates are mainly fixed in the beginning based on the financial institution's condition which is close to current market rate.

Credit risk

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

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

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

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

	Consolidated financial statements		Separate financial statements	
	Fair value	Carrying amount <i>(in thousand Baht)</i>	Fair value	Carrying amount
31 December 2016				
<i>Financial assets measured at fair value (Level 2)</i>				
Mutual fund securities held for trading	353,272	353,272	225,910	225,910
<i>Financial liabilities not measured at fair value</i>				
Long-term loans from financial institution	1,276,660	1,224,892	229,065	228,937
Debentures	2,978,043	2,989,087	2,978,043	2,989,087
31 December 2015				
<i>Financial assets measured at fair value (Level 2)</i>				
Mutual fund securities held for trading	396,211	396,211	396,211	396,211
<i>Financial liabilities not measured at fair value</i>				
Long-term loans from financial institution	901,297	897,446	871,812	867,446
Debentures	1,502,028	1,491,807	1,502,028	1,491,807

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

39 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Capital commitments				
<i>Contracted but not provided for:</i>				
The public utilities development for projects	<u>234,099</u>	<u>167,260</u>	<u>234,099</u>	<u>167,260</u>
Future minimum lease payments under non-cancellable operating lease commitments				
Within one year	3,892	3,764	-	-
After one year but within five years	15,169	10,949	-	-
After five years	<u>95,406</u>	<u>102,734</u>	<u>-</u>	<u>-</u>
Total	<u>114,467</u>	<u>117,447</u>	<u>-</u>	<u>-</u>
Other commitments				
Development and construction agreements	93,869	161,949	-	-
Agreements to buy and sell land	11,650	-	-	-
Bank guarantees	<u>239,818</u>	<u>221,375</u>	<u>234,669</u>	<u>221,375</u>
Total	<u>345,337</u>	<u>383,324</u>	<u>234,669</u>	<u>221,375</u>

40 Event after the reporting period

On 19 January 2017, TPark BFTZ Co., Ltd, a joint venture, increased its registered share capital from Baht 1 million to Baht 50 million by issue of 49 million ordinary shares with par value of Baht 10 per share to the shareholders by existing proportion and called-up the amount of Baht 49 million (4,900,000 ordinary shares at par value of Baht 10 per share). The Group paid the share capital for a consideration of Baht 19.6 million (1,960,000 ordinary shares at par value of Baht 10 per share).

41 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Venture
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 21 (revised 2016)	Levies
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

42 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2015 and statement of comprehensive income for the year then ended 31 December 2015 have been reclassified to conform to the presentation in the 2016 financial statements.

	2015			2015		
	Consolidated financial statements		After reclass. <i>(in thousand Baht)</i>	Separate financial statements		After reclass.
	Before reclass.	Reclass.		Before reclass.	Reclass.	
Statement of financial position						
Assets						
Trade accounts receivable	118,981	(819)	118,162	-	-	-
Other current assets	24,191	(2,374)	21,817	26,706	(3,193)	23,513
Other long-term investments - related parties	10,026	(10,026)	-	9,086	(9,086)	-
Other long-term investments	140	10,026	10,166	130	9,086	9,216
Investment properties	2,775,292	(412,977)	2,362,315	6,486	-	6,486
Leasehold right	1,119,865	412,977	1,532,842	14,404	-	14,404
Liabilities						
Trade accounts payable	(161,196)	13,825	(147,371)	(95,961)	-	(95,961)
Other current liabilities	(254,157)	(13,825)	(267,982)	(250,194)	-	(250,194)
Long-term debentures	(1,495,000)	3,193	(1,491,807)	(1,495,000)	3,193	(1,491,807)
		-			-	
Statement of comprehensive income						
Revenues						
Revenue from rental and rendering of services	(38,035)	3,841	(34,194)	(17,280)	-	(17,280)
Revenue from property management	-	(3,841)	(3,841)	-	-	-
Gain on sale investment and investment income	(65,799)	(3,086)	(68,885)	(65,799)	(7,860)	(73,659)
Other income	(46,864)	3,086	(43,778)	(19,172)	7,860	(11,312)
Expenses						
Cost of sale of real estate	2,537,542	(46,198)	2,491,344	2,451,261	(44,578)	2,406,683
Cost of rental and rendering of services	20,358	(6,441)	13,917	4,144	158	4,302
Cost of golf services	51,134	103	51,237	51,134	103	51,237
Cost of property management	-	910	910	-	-	-
Selling expenses	259,667	33,603	293,270	253,190	30,849	284,039
Administrative expenses	331,258	17,090	348,348	321,722	12,527	334,249
Finance costs	35,900	933	36,833	30,588	941	31,529
		-			-	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.

WE BUILD A PLACE OF FAMILY TOGETHERNESS



MK REAL ESTATE

M.K. REAL ESTATE DEVELOPMENT PLC. 719 M.K. BUILDING BANTADTHONG ROAD. WANGMAI, PATHUMWAN, BANGKOK 10330

Tel. 0-2216-6600-18 Fax. 0-2216-6619

Public Company Registration No. 0107536001567 www.mk.co.th

M.K. Real Estate Development PLC. the first real estate development listed company in The Stock Exchange of Thailand with more over 60 years experience, have developed more than 60 quality projects including various prices of single houses, duplexes houses, townhouses and condominiums both Bangkok and perimeter.