



MK REAL ESTATE



ANNUAL REPORT 2017

“Munkong” For the best togetherness



Content

Annual Report 2017 • M.K. Real Estate Development Public Company Limited

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Message from the chairman



“Munkong” For the best togetherness

To human beings, what is “true” happiness, Researchers at Harvard University conducted the Harvard Study of Adult Development over a period of 75 years, to find out what makes people happy. The study has looked into people’s lives – their work, their social life, and their personal life, and found that neither wealth, social status, nor hard work is the key ingredient to happiness. Instead, good relationships with those around us is what makes us truly happy.

Everyone wants to be happy. This is why people look for activities that they think will make them happy if they do them, or for things that they think will make them happy once they obtain them. Some seek happiness outside their home. But in fact, we are happiest when we are at home and with our family. Family is an important institution; it is there that we find love, understanding, warmth, and willingness to help each other. All these things make family members happy to be together.

In 2017, the real estate sector expanded more than it had in the previous year, thanks to a number of factors that positively affected the market, such as continuously increased government investment in the sector, such as through the “Pracharat Sang Thai project,” which promotes investment for integrated economic and social development; the establishment of the ASEAN Economic Community (AEC), which brings foreign investors and foreign buyers into the Thai real estate sector;

the growth of the export and the service sectors; and improved private sector consumption, partly because some of those who had bought a car under the First-Car Buyer Scheme were paying their final installment within this year. All these factors led to an increase in purchasing power, which created a positive outlook for the real estate sector. Horizontal development, such as detached houses, semi-detached houses, and townhomes continued to grow, as consumers were interested in buying property for residential purposes, rather than as investment or for speculation. This means low risks when it comes to economic fluctuations, as construction of these house was completed, and ownership of these units could be transferred immediately. For this reason, several entrepreneurs were keeping an eye on residential, horizontal housing development.

The overall economic outlook for Thailand in 2018 is positive, with visible signs of economic recovery in the last quarter of the previous year. Gross Domestic Product or GDP has been forecast at 3.8%. Exports remain key to the country’s economic growth, as is state investment in large-scale projects. In addition to growth forecasts by economic institutions, the stock market has been responding well to investment, with the market index reaching the highest point in four decades. This was a great start for the year.

As for the Company’s operation plans, following a restructuring and the addition of business segment to boost growth and competitiveness in the real estate sector within current conditions, the main product under development remains horizontal residential property, in which the Company has expertise and credibility. It has won the trust of customers for over 60 years, being known for projects that are worth the money and meet the demands of customers throughout the Bangkok Metropolitan Region. These projects start from 2-10 million baht, and comprise detached houses, semi-detached houses, and townhouses, such as Chuan Chuen City Northville-Watcharapon, Chuan Chuen City Southville-Watcharapon, Flora Ville Golf Villa, Chuan Chuen Town Ratchapruerk-345, Chuan Chuen Town Rangsit Khlong 1, Chuan Chuen Prime Bangkok-Pathum Thani 2, and Chuan Chuen City Watcharapon-Ramindra. The Company has also acquired land suitable for more housing development in the future.

At the same time, it has added a new business segment, namely property for rent, to increase income from asset rental and create long-term financial stability. Projects in this segment include Park Court Sukhumvit 77, T77 Park, and a gold course that has been renovated and given a new symbol and name, called “Flora Ville Golf and Country Club.” The 18-hole golf course comes equipped with all necessary facilities, including a sport club, a souvenir shop, and a restaurant, to cater to all the needs of customers.

On behalf of the Company’s Board of Directors, we thank all of you for your role in and contribution to the Company’s work and activities all this time. We look forward to your continued support in the Company’s operations. With it, we can achieve the goals we have set for us, grow in a sustainable manner and continue to create good things that make all of us happy for the best togetherness.

Mr. Suthep Wongvorazathe

Chairman / Chief Executive Office



1. Policies and overview of business operations

1.1 Vision, objectives, targets, or business strategy

In the past three years, the Company has continued to implement a strategy first adopted in 2015, building on a strong foundation of business operations under the concept “We Build a Place of Family Togetherness.” Adjustments have been made in respect of project design, interior design, and project landscape to better meet current client needs. In addition, the Company’s logo has been redesigned and its advertisement strategy overhauled, both on online and offline media. It has adjusted its communications strategy to focus more on the younger generations on various social media platforms, such as Facebook, Instagram, and YouTube.

The Company remained focused on developing horizontal real estate projects for sale under the Chuan Chuen brand, at the prices in which the Company has expertise, particularly low-end and mid-range markets. It has looked in particular to develop affordable residential projects, such as townhouses at the price of around 2 million baht, duplex houses at the price of around 4 million baht, and single-detached houses at the price of 5-7 million baht, located in an area of potential close to a mass transit system. These locations include Watcharapon, Bang Na, Nonthaburi, and Pathum Thani.

In addition, the Company aims to increase income percentage from the development of property for sale and the development of property for rent and related services so that both segments are roughly equal in a short period of time. This can be achieved by increasing recurring income from its golf club, buildings for rent, the expansion of manufacturing plants and warehouses for rent, and the Park Court Grand Apartment Sukhumvit 77, which targets the high-end market and foreigners 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.

Missions

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



1.2 Major changes and developments

Company background

M.K. Real Estate Development Public Company Limited (“the Company”) is engaged in the development of residential property for sale and for rent. It has been in business for over 60 consecutive years.

The Company was established in 1956 with registered capital of 8 million baht, under the name “Munkongsathapat General Partnership” Initially, the Company’s business objective was to obtain construction contracts to build various types of buildings. Five years later, its business expanded to buildings and land, in addition to construction. In 1968, Chor Munkong Trading Limited Partnership was separately established, to engage in the retail and wholesale of construction materials. Then, in 1977, the Company developed its first housing estate under the name “Chuan Chuen Community” on Pracha Chuen Road. This business grew gradually as its products were warmly welcomed by the public, and consequently the Company became fully engaged in real estate development in 1981. Subsequently, the Company became the first real estate developer to be listed in the Thailand Stock Exchange in 1990. It registered a change of company type to public limited company in 1993, and in 1994 the Company began to operate property for rent and related services, by developing Chuan Chuen Golf Club. In 2005, it launched new single-detached houses under the Chuan Chuen and Serene House brands. Up until now, it has developed more than 64 housing estates for sale throughout the Bangkok Metropolitan Region.

Major developments of the Company in the past three years

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).
- Following a change in major shareholder, Suthep Wongworaseth issued a policy to lead the Company towards sustainable growth by adding a new business segment of long-term leases and improved the service segment. The aim is to obtain long-term stable income, achieve risk distribution, and increase the likelihood and potential for the Company’s continuous success.
- 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.
- 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 S71 Holding Company Limited (“S71”), 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 S71 increased from 49 percent to 85.45 percent of S71’s paid-up capital.

2016

- In January 2016, the Company acquired an additional 4.55 percent of S71 Holding Company Limited (“S71”)’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.



2017

- On 19 January 2017 and 30 March 2017, TPARK BFTZ Company Limited (“TPARK”), an indirectly associated company of the Company (through Prospect Development Company Limited [“Prospect”], a wholly owned subsidiary of the Company, which invested by acquiring 40% of the registered shares of TPARK), increased its registered capital from 1 million baht to 50 million baht and 350 million baht, respectively. The newly issued shares were allocated to the existing shareholders proportionate to their respective shareholdings. Prospect, as one of TPARK’s shareholders, increased its shareholding percentage accordingly, and has fully paid the newly-issued shares.
- On 21 March 2017, Prospect Development Company Limited (subsidiary) passed a resolution approving the issue and sale of debentures to an aggregate amount not exceeding 500 million baht, in a private placement involving no more than 10 investors. The money raised was to be used as working capital of the subsidiary. It issued debentures and offered them for sale twice, at the total amount of 342 million baht. Details are as follows:
 - ◇ On 27 April 2017, the subsidiary issued long-term, unsecured debentures for the first time in 2017 (1/2560), amounting to 187 million baht, with a maturity of two years and three months.
 - ◇ On 30 August 2017, the subsidiary issued long-term, unsecured debentures for the second time in 2017 (2/2560), amounting to 155 million baht, with a maturity of three years and three months.
- On 25 April 2017, the Annual General Meeting (AGM) of the Company’s shareholders passed the following resolutions:
 - ◇ The AGM approved the payment of a dividend for the Company’s operating results in 2016, at the rate of 0.25 baht per share. The dividend was paid out of retained earnings and amounted to 248,002,544.25 baht. The list of shareholders eligible to receive the dividend on 8 May 2017 (record date) was prepared, and the list of shareholders was compiled on the book closing date on 9 May 2017, in compliance with Section 225 of the Securities and Exchange Act B.E. 2535 (1992).
 - ◇ The AGM approved the issue and sale of debentures to an aggregate amount of exceeding 3,000 million baht, for use as working capital in its business operations and to support business expansion of the Company and its subsidiaries, including land purchases for real estate development and loan repayment. The debentures may or may not indicate the holder’s name, may be subordinated or unsubordinated, secured or unsecured, and may have or not have a representative, subject to the market conditions as at the date of issue and sale. The maturity date is within five years after the date of issue. The debentures may be sold all at once or at different times, and/or as projects, and/or in a public offering, and/or in a private placement, and/or to domestic institutional investors, and/or foreign institutional investors, and/or high net worth investors, all at once or at different times, in compliance with the Capital Market Supervisory Board’s notification and/or any other related regulations prevailing as at the date of issue and sale of those debentures.
- On 18 May 2017, the Company sold all of its 40.64% interest in the issued and paid-up share capital of Samakkee Cement Co., Ltd. and 36.07% interest in the issued and paid-up share capital of Subnorasing Co., Ltd., its associates, to Buntudthong Pattana Co., Ltd.,(a subsidiary), for a consideration of Baht 81.30 million and Baht 0.01 million, respectively.
- On 5 June 2017, the Company restructured its investment for the purpose of merging its subsidiaries, by acquiring all the shares in Park Court Company (an indirect subsidiary) from S 71 Holding Company Limited (a subsidiary). As a result, Park Court Company Limited became the Company’s direct subsidiary. The acquisition of this company was approved in the Board of Directors’ meeting No. 3/2017, held on 12 May 2017, and was part of the Company’s subsidiary business restructuring plans, for the purpose of merging its subsidiaries.

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

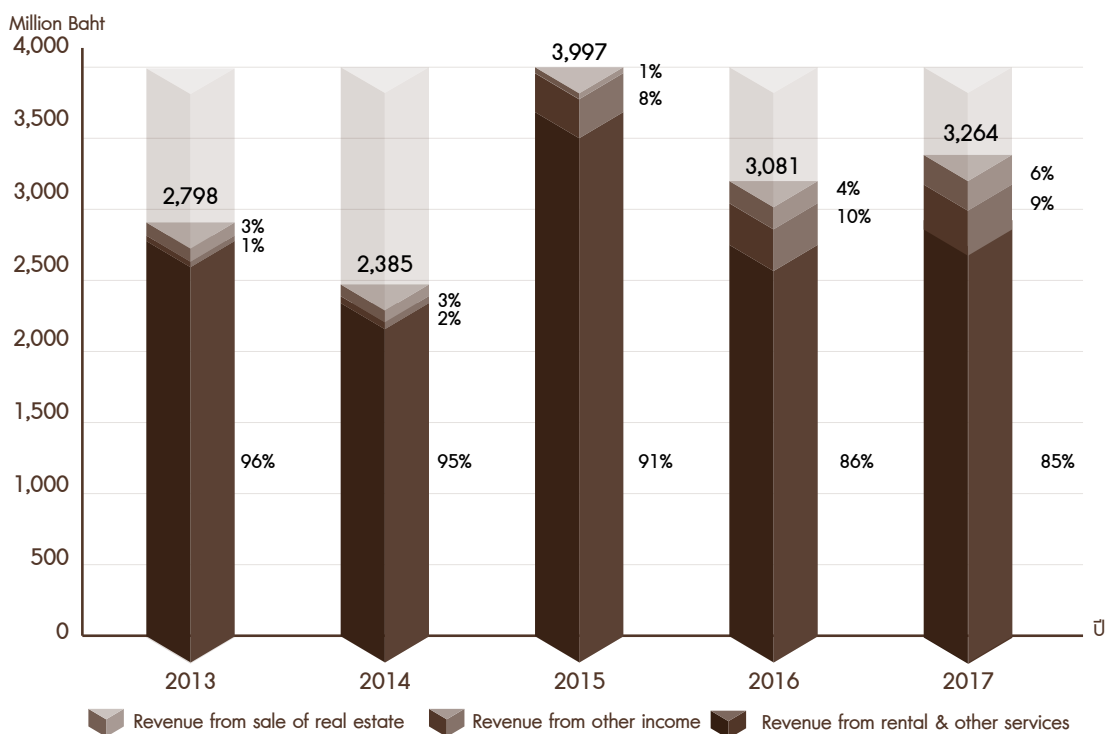
The issue and sale of these debentures was approved in a resolution passed during the 2017 Annual General Meeting of shareholders held on 25 April 2017.
- On 7 August 2017, a meeting of the Board of Directors of Yours Property Management Company Limited (“Yours Property”), which is a subsidiary of the Company, the Board of Yours Property approved to call-up its ordinary shares of Baht 20 per share, amounting to Baht 1 million. The Company paid-for a consideration to the subsidiary.
- On 1 September 2017, Park Court Company Limited, T 77 Park Company Limited, and M.K. 71 Company Limited, which are the Company’s subsidiaries, registered a merger under the name “Munkong Linving Company Limited.” The merger was approved in an extraordinary general meeting of the shareholders of the three subsidiaries held on 9 June 2017. The purpose of the merger was to achieve business restructuring in the subsidiaries and reduce costs of the subsidiaries.
- On 26 September 2017, the Board of Directors’ meeting No. 5/2017 passed the following resolutions:
 - ◊ The meeting approved to purchase 10% of the issued and paid-up share capital of S71 Holding Co., Ltd., a direct subsidiary, from the other party in the amount of Baht 110 million. As a result, the Company’s equity interest in S71 Holding Co., Ltd. increased from 90% to 100%.
 - ◊ The meeting approved to sell its 9.98% of the issued and paid-up share capital of Munkong Living Co., Ltd., a direct subsidiary, to the other party amounting to Baht 100 million. As a result, the Company’s equity interest in Munkong Living Co., Ltd. decreased from 100% to 90.02%.
- On 28 September 2017, Buntudthong Pattana Company Limited (“Buntudthong Pattana”), a subsidiary of the Company, increased its registered capital from 1 million baht to 637 million baht. The capital increase was achieved by issuing an additional 6,360,000 ordinary shares at the par value of 100 baht, and has been registered with the Department of Business Development, the Ministry of Commerce.
- On 6 November 2017 and 15 December 2017, S 71 Holding Company Limited (“S 71 Holding”), a subsidiary of the Company, reduced its registered capital twice, from 1,100 million baht to 100 million baht. The capital reduction was achieved with a reduction of 10,000,000 ordinary shares, and has been registered with the Department of Business Development, the Ministry of Commerce.
- On 19 December 2017, the Board of Directors’ meeting No. 9/2017 approved to enter into the land lease agreement with a third party for a period of 30 years from 1 November 2018 ending 31 October 2048. The Company agreed to pay land sublease compensation to the third party amounting to Baht 347.8 million.

As at 31 December 2017, 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.

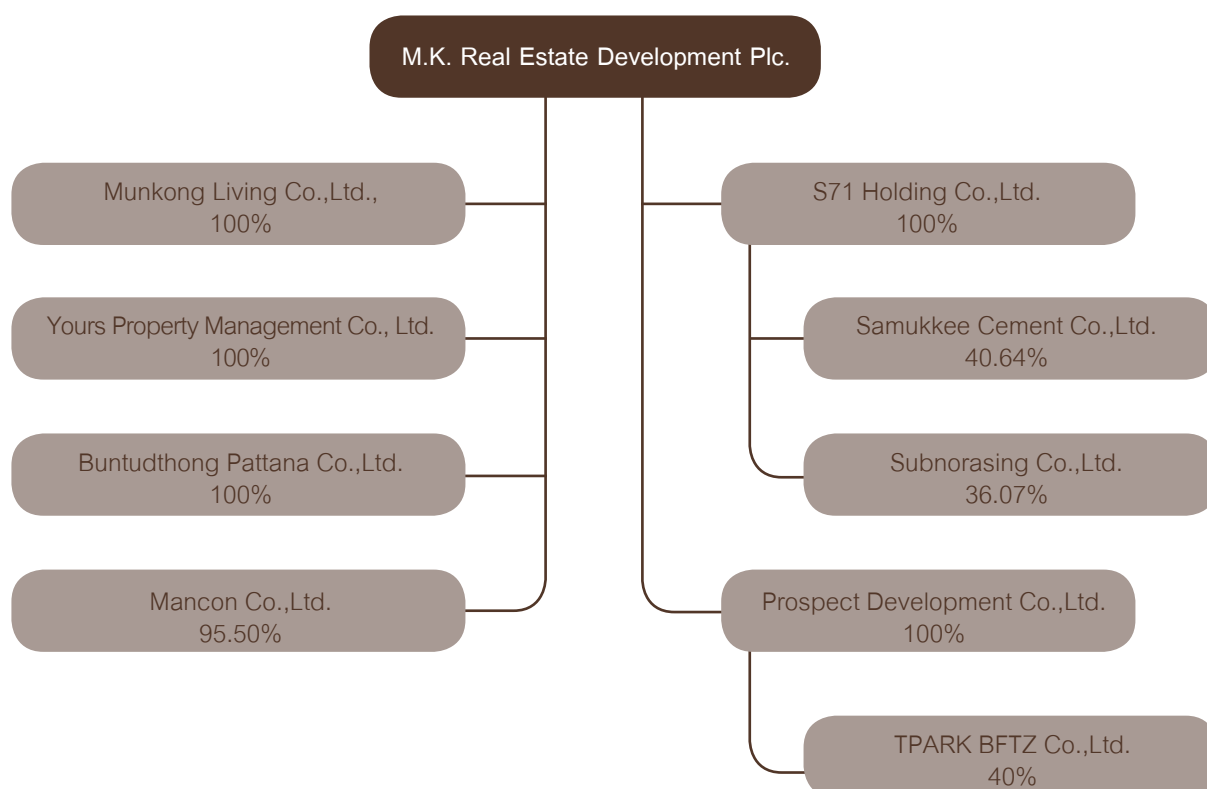
Below is the summary of the operating results in 2017 (by the Company, using existing model)

Revenue growth in past five year



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 2017, are as follows:



- **Subsidiaries consist of the following:**
 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. S71 Holding Co.,Ltd., engaged in investment in property development companies and apartments for rent
 4. Munkong Living Co.,Ltd., (set up as a result of a merger of three subsidiaries: Park Court Co.,Ltd, T 77 Park Co.,Ltd., and MK 71 Co.,Ltd.) engaged in property development
 5. Prospect Development Co.,Ltd., engaged in development of factory buildings and warehouses and storage for rent
 6. Yours Property Management Co., Ltd., engaged in providing building and property management services
- **Indirectly associated companies consist of the following:**
 1. Samukkee Cement Co.,Ltd., engaged in the manufacture of cement and ready-mixed concrete (an associated company of S 71 Holding Company Limited)
 2. Subnorasing Co.,Ltd., engaged in the production of manufactured sand (an associated company of S 71 Holding Company Limited)
- **The Company's joint ventures consist of**
 1. TPARK BFTZ Co.,Ltd. , engaged in provision of warehouses for rent (with the investment from Prospect Development Co.,Ltd.)

1.4 Relations with major shareholders

In carrying out its business operations in 2017, 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 : Milion Baht	2015		2016		2017	
Revenue from sale of real estate	3,649.51	91.32%	2,647.55	85.92%	2,765.32	84.71%
Revenue from rental and rendering of services	34.19	0.86%	129.85	4.21%	195.89	6.00%
Revenue from golf services	62.34	1.56%	71.74	2.33%	81.27	2.49%
Revenue from management of real estate	3.84	0.10%	21.72	0.71%	22.01	0.67%
Other revenues	246.64	6.17%	210.42	6.83%	199.87	6.12%
Total income	3,996.52	100.00%	3,081.29	100.00%	3,264.67	100.00%

Note 1/ Other Revenues is consisted of interest income, profit from sale of investment, revenue from investment, gain on bargain purchased, etc.



The Company's associate companies

(unit : baht)	portion (%)	2015	2016	2017
Subnorasing Co.,Ltd.	36.07	(2.81)	(0.00)	(0.00)
Samakkee Cement Co.,Ltd.	40.64	(12.37)	(12.88)	(19.13)

2.1 Property Development for Sale




Since 1977, the company has developed over 64 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 2017, 12 residential property projects were launched. These consisted of single-detached house, duplex house, and townhouse projects under the “Chuan Chuen” and “Serene House” brands. Four new projects were also launched, namely Chuan Chuen Town Kaew In-Bang Yai (two-storey townhomes), Chuan Chuen Park Onnut-Wongwaen (two-storey duplex houses), and two single-detached house projects named Chuan Chuen Prime Bangkok-Pathum Thani and Chuan Chuen Prime Bang Na km.29, at the selling price of 3-5 million baht. These projects cover a wide range of prices and are able to meet the needs of different groups of customers.

Project name	Project location	Project area	Number of units/ Utility space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2017)
Detached house					
 Chuan Chuen 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	100%
 Chuan Chuen City Prime Park	Tharaeng, Bang Khen, Bangkok	30-0-46.7 rai (sale started in 2015)	141 units Usable space: 163-170 sq.m./ unit	771.00	97%
 Chuan Chuen 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	94%

Project name	Project location	Project area	Number of units/ Utility space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2017)
CHUAN CHUEN GRAND EAKACHAI-BANG BON Chuan Chuen Grand Eakachai-Bang Bon	On Bangbon 4 Road, Bangkok	41-0-64.2 rai (sale started in 2015)	93 units Usable space: 190-260 sq.m./ unit	758.00	42%
CHUAN CHUEN GRAND RATCHAPHRUEK-RAMA 5 Chuan Chuen Grand Ratchaphruek-Rama 5	Nakhon-In Road, Amphoe Muang, Nonthaburi	25-2-79.2 rai (sale started in 2016)	108 units Usable space: 155-208 sq.m./ unit	930.00	48%
CHUAN CHUEN PRIME KRUNGTHEP PATHUMTHANI Chuan Chuen Prime Krungthep Pathumthani	Bangkok-Pathum Thani Road, Tambon Bang Kuwat, Amphoe Muang, Pathumthani	14-0-02.5 (sale started in 2560)	65 units Usable space: 140-163 sq.m./ unit	273.11	54%
CHUAN CHUEN PRIME BANGNA KM.29 Chuan Chuen Prime Bangna Km.29	Soi Kiatpipat Thani, Bangna- Trat Km. 29.5 Road, Amphoe Bang Bo, Samut Prakarn	13-3-28.7 (sale started in 2560)	67 units Usable space: 122-169 sq.m./ unit	238.00	31%
Detached house and Duplex house					
SERENE HOUSE BANGNA 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	99.6%
Detached house and Townhome					
CHUAN CHUEN CHARAN 3 ChuanChuen Charan 3	Charansanitwong Road, Soi 3, Bangkok Yai, Bangkok	25-3-16.8 rairai (sale started in 2011)	219 units Usable space: 170- 180 sq.m. / unit, detached house346 sq.m./ unit	1,270.00	98%
Duplex house and Townhome					
CHUAN CHUEN MODUS VIBHAVADI Chuan Chuen Modus Vibhavadi (Phase 2)	On Vibhavadi-Rangsit Road, Don Muang, Bangkok	22-3-89.7 rai (sale started in 2014)	180 units Usable space: 170-248 sq.m./ unit	1,170.00	66%
Attached house					
CHUAN CHUEN PARK KANCHANA-BANG YAI 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	43%



Project name	Project location	Project area	Number of units/ Utility space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2017)
CHUAN CHUEN PARK <small>on NUT-WONGWAN</small> Chuan Chuen On Nut- Wongwan	Kanchanaphisek Road, Prawet Subdistrict, Prawet District, Bangkok	19-0-43.67 (sale started in 2560)	126 units Usable space: 140 sq.m./unit	617.40	6%
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	100%
CHUAN CHUEN TOWN <small>KANCHANA-BANG YAI</small> 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	44%
CHUAN CHUEN TOWN <small>KEAW IN-BANG YAI</small> CHUAN CHUEN TOWN KAEW IN-BANGYAI	Soi Kaew In, Bang Mae Nang Subdistrict, Bang Yai (Bang Bua Thong) District, Nonthaburi	27-3-46.80 rai (sale started in 2560)	274 units Usable space: 140 sq.m./unit	867.00	16%

The above table shows the four projects launched in 2017, worth 1,995 million baht, located close to the Company's existing client bases. Details are as follows:

1. Chuan Chuen Prime Krungthep-Pathum Thani



Location: Bangkok-Pathum Thani Road, Bang Kuwat Subdistrict, Mueang, Pathum Thani Province

Chuan Chuen Prime Bangkok-Pathum Thani, is a project consisting of 65 single-detached, American cottage-style houses. The project is worth 273 million baht. Located in Bangkok-Pathum Thani, the project offers a pleasant atmosphere, close to an 18-hole golf course.



The project's distinct features are its redesigned, American cottage-style houses with enough space that caters to all needs. Each house comes with three to four bedrooms, three toilets, and parking space for two cars. The project also offers a public park and a playground. It is located in an area of potential, with easy access to the city center through the Si Saman highway and proximity to shopping malls, community malls, and education institutions.

2. Chuan Chuen Prime Bang Na km. 29



Location: Soi Kiat Phiphat Thani, Bang Na-Trad Road km. 29, Bang Bo, Samut Prakan province

Chuan Chuen Prime Bang Na km. 29 features 67 two-storey single-detached houses. The project is worth 238 million baht. A new brand of the Company, with its redesigned modern look located on Bang Na-Trad Road, the project offers a private and peaceful atmosphere, a perfect place to live in.

The project's distinct features are its redesigned modern houses with all the necessary functions, meeting customer demand in terms of money worthiness. The project is complete with a public park and a playground and located on an area of potential, with easy access to the city center through the Bang Na expressway (Burapha Withi) and proximity to shopping malls, community malls, hospitals and education institutions.

3. Chuan Chuen Park Onnut-Wongwaen



Location: Prawet Subdistrict, Prawet District, Bangkok

Chuan Chuen Park Onnut-Wongwaen consists of 126 units of single-detached-house-style duplex houses, each built on a plot of land of around 35-40 square wah, developed under a new brand of the Company. Outstanding in terms of location potential and redesigned with a modern and unique look, the project is worth 617.4 million baht.

This project was designed for modern families looking for a compartmentalized home. Fiber optic cables and the anti-theft system using motion and magnetic sensor are installed in every unit. The arched entrance is grand, and the project is complete with all the necessary facilities, such as a club house, a swimming pool, and a gym. It is located in an area of potential, with easy access to the city center through the Motorway and the Airport Rail Link. It is also surrounded by several shopping and lifestyle malls on Kanchanaphisek and Bang Na-Trad roads.

4. Chuan Chuen Town Kaew In-Bang Yai



Location: Soi Kaew In, Bang Mae Nang Subdistrict, Bang Yai (Bang Bua Thong) District, Nonthaburi Province

Chuan Chuen Town Kaew In-Bang Yai is a project consisting of 274 two-storey townhomes located in Kaew In, close to the MRT Purple Line and CentralPlaza West Gate. the project is worth 867 million baht. Its distinct features include the household area which is equivalent to that of a single-detached house, four bedrooms and three toilets, and parking space for two cars.

This project is suitable for modern families looking for a compartmentalized home. Its distinct features include the household area which is equivalent to that of a single-detached house, four bedrooms and three toilets, and parking space for two cars. Fiber optic cables and the anti-theft system using motion and magnetic sensor are installed in every unit. The arched entrance is grand, and the project is complete with all the necessary facilities, such as a club house, a swimming pool, and a gym. It is located in an area of potential, with easy access to the city center through the Si Rat expressway and the MRT Purple Line. It is also surrounded by several shopping and lifestyle malls on Kanchanaphisek Road.

2.1.2 Marketing and competition

(1) Marketing

(1) Client profile and target client group

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



(2) 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) Conditions and competition in the industry

The Thai economy was forecast to grow by 3.6% (there were periods where growth of 3.3-3.9% was forecast) in 2017, increasing from the previous year's growth at 3.2 %. This was mainly due to overseas demand, particularly exports which were likely to expand and were diverse in terms of product category. This was in line with the economic recovery of trading partners. In addition, government spending remained a major economic drive, as government consumption expenditure and investment continued at good rate. The economy also benefited from an additional budget for FY2017 of 1.9 hundred thousand million baht and investment in large-scale transportation infrastructure, such as double-track railway and rapid train system in urban areas, the motorway expansion, and airport improvements. Private investment tended to grow gradually, in line with low interest rates, keeping business operating costs at the level conducive to private investment. Furthermore, increased government investment created confidence in the business sector and helped to boost domestic private investment.

Newly built and registered residences in the Bangkok Metropolitan Region in 2017 were expected to increase by 111,300 units, with the forecast ranging between 100,200 and 122,500 units, down 12% from 2016. In the latter half of 2017, the real estate sector appeared to grow more than in the first half of the year, due to the economic outlook and consumer confidence, as well as government investment in infrastructure which became clearer at the time and the new branches of Modern Trade, which accelerated urbanization. Horizontal property in nearly every region experienced a growth, especially in mid-range and upper markets, in line with the demand for housing and increasing urbanization. Meanwhile, vertical property experienced a slowdown and oversupply occurred in some areas, such as outside Bangkok and along the MRT Purple Line. Condominiums in central Bangkok were however an exception, as this segment continued to grow well thanks to Chinese and Taiwanese customers. However, operators were of the opinion that speculation from these groups of customers was not as strong as in the past, partly because the real estate market had not fully grown.

In terms of credit, operators were of the opinion that financial institutions remained cautious in giving out loans for real estate projects (pre-finance). As a result, some operators needed to take out loans from leasing companies and obtained post-finances instead, especially for mid-range and low-end customers. Consequently, selling of available units slowed down, and so did investment in new projects.

Many operators were of the opinion that the real estate business was still facing challenges including intense competition, purchasing power that was not so strong, caution exercised by financial institutions regarding credit and loans, labor shortage, labor costs that were likely to increase, and concerns over land tax which remained unclear. As a result, these operators reacted or adjusted their business strategy such as by not accumulating land, developing smaller projects, collecting a higher amount of down payment, requiring loan pre-approval to screen customers before they actually request a home loan from financial institutions, increasing the value of the residence by furnishing it to increase the selling price, and looking for recurring income (source of information: Bank of Thailand).



Given the conditions in the residential property market in 2017, the Company adjusted its marketing strategy to better respond to current consumer behavior. Reservations were allowed for all types of houses within the price range of 2-10 million baht. It also required pre-approval: a customer must prepare documents for a loan request and send them to a bank to pre-approve their loan before a reservation was made in the system. This was an important step that helped the Company to better manage its available stock of houses ready for sale and its backlog more effectively, and enabled it to assess market demands more accurately. It was also a risk mitigation measure at the same time. The Company also engaged in digital marketing on online media, to create recognition that would lead to decision-making in the future. Additionally, it introduced new brands and four new projects. These include Chuen Chuen Prime Bangkok-Pathum Thani, Chuen Chuen Prime Bang Na km. 29, Chuan Chuen Park Onnut-Wongwaen, and Chuan Chuen Kaew In-Bang Yai.

2.2 Property development for rent and related services

The Company is engaged in property development for rent and related services, in order to generate rent and service fees as long-term, recurring income. At present, this income comes from a number of sources, such as warehouses and manufacturing factories for rent, land of 700 rai on which to develop commercial property in the form of warehouses and factories for rent, office space for rent, golf course, and apartments for rent. Details are as follows:

2.2.1 Warehouses and factory buildings for rent

Prospect Development Co.,Ltd. provides warehouses and factory buildings for rent, under the project known as “Bangkok Free Trade Zone,” located on Mueang Mai Bang Phli Road, Bang Sao Thong District, Samut Prakan Province. The project is 354.75 rais in size, which is divided into (1) public utility area within the project, which is approximately 27.91 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 326.84 rais in size. The latter area is also divided in two following categories:

- General Zone, approximately 103.16 square meters in size
- Free Zone, 251.59 square meters in size

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

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

Operated:	Prospect Development Co., Ltd., established in 2005. The Company began its investment in this company in October 2015.
Nature of business:	Provision of warehouses and factory buildings for rent
Area of operations:	<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 114,974 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 51,183 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 114,974 square meters</p>
Average rental rate	73 per cent of project construction or 89% 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.

At the end of December 31, 2017, Prospect had a total of 114,974 square meters warehouse/factory space for lease. Of which, 102,518 square meters were occupied (occupancy rate of 89.17%) at the average rent of Bt175/ square meters / mth.

In addition, in 2016, Prospect assigned lease area 85 rais to TPARK BFTZ Co., Ltd, a joint venture in which Prospect holds 40 percent of the shares, to develop real estate for warehouse and factory for rent, or sale of lease, sub-lease in some area of Bangkok Free Trade Zone. TPARK BFTZ had Baht 350 million of registered capital. Subsequently, TPARK BFTZ Co., Ltd. entered into a lease agreement for a period of 10 years with SCANIA to lease factory area of 14,000 square meters. The construction expected to be completed by March 2017.

The Company's Join Venture

unit : million baht	portion (%)	2016	2017
TPARK BFTZ Co.,Ltd	40	(0.18)	0.21

2.2.2 Office space for rent

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



2.2.3 Apartments for rent

The Company has an apartment for rent, under the name “Park Court Sukhumvit 77.” Located on Sukhumvit 77 (Soi Onnut), Park Court comprises five buildings, each having seven floors and 14 units. Each unit has three bedrooms and is 260 square meters in size. Parking space for 34 cars per building will be provided.

Park Court is the Company’s first apartment project. The Company saw potential demand for apartments for rent, because Bangkok Prep, an international school, has 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 for its residents due to its location close to the elevated train (Onnut station), the Chalongrat Expressway (Sukhumvit 50), and Soi Sukhumvit 71 and 77. Travel to and from Suvarnabhumi Airport is also easy from the apartment. In addition, Park Court offers a large garden area complete with facilities for everyone in the family, such as swimming pool, gym, and area for social functions, so families can spend quality time together

2.2.4 Golf course

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

2.2.5 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

3. Risk Factor

3.1 Business Risk

A report on business conditions and trends in 2017 released by the Bank of Thailand indicated that the Thai economy experienced a continuous growth in 2017. However, according to the report, domestic expenditures did not recover very well and were not evenly distributed, with purchasing power largely concentrated in middle- to high-income groups and permanent employees. What’s more, household debts remained high, and commercial banks remained cautious in giving out home loans, as reflected in the rate of credit denial in several projects which stood as high as 40-50%.

However, improved economic activity will boost confidence in economy growth in 2018. In addition, the real estate sector –both horizontal and vertical residential developments– in the Bangkok Metropolitan Region continues to grow due to ongoing expansion of the rapid transit network and the urgent launch of several projects after a slowdown earlier this year, to release unsold units. These factors convince operators that the worst is over for real estate.

To ensure consistent income in the long run, the Company established measures to address business risk, especially by releasing unsold units at the time of intense competition in the sector. The Company encourages customers to obtain a loan preapproval and have their credit profile checked by a commercial bank before acquiring a preemption certificate, in order to prevent credit denial when it is time to transfer ownership of the residential unit and for the Company to find the right solutions to support customers. When a loan application has been approved by a commercial bank, the Company will coordinate with all parties concerned to deliver necessary service to the customers efficiently.



3.2 Production Risk

The production sector was affected by increasing oil and metal prices, leading to an increase in raw material costs and consequently an increase in administrative costs. In addition, the Company is affected by land prices that tend to increase annually and a shortage of labor, partly due to the Royal Decree on Management of Alien Workers B.E. 2560 (2017). However, in early 2018, most operators expect continuous growth for the real estate business in the Bangkok Metropolitan Region. Several companies have planned to acquire more land with potential in order to develop new projects in 2018, focusing on mid-range and high-end customers.

To address production risk, the Company has established risk management measures for both the increase in costs and labor shortage. It has put in place a plan to hire contractors in areas near its housing developments and arrange for quality control teams to monitor their work. At the same time, it has established a measure to manage increasing costs, by monitoring fluctuations in prices of essential materials and estimating the quantity of each type of material needed ahead of time. Then it can place purchase orders and store them in advance to prevent further price increases and reduce the risk of late delivery of materials.

3.3 Financial Risk

With the ever-increasing land and construction material prices and intense competition in the real estate sector, cost and cash flow management become essential to the conduct of a business that requires a large amount of working capital. The Company is able to retain its financial viability with the debt/equity (D/E) ratio of 1.15 as at the end of 2017, while its interest-bearing debt as at the end of 2017 stood at 1.04 million baht. This financial data show that the Company enjoys a high level of liquidity and is ready to invest and develop new projects as well as enhancing the quality of its various operations, such as market and client analysis in the real estate sector, planning proactive marketing strategies that rely more on technologies, and personnel development so they become highly skilled and qualified to take on important positions in the Company in the future.

The Company studies and considers low-cost financing options to obtain capital for use in its operations. It also focuses on managing the existing assets by making plans to convert low income-producing assets to the Company's capital, in order to invest in businesses that have a potential to generate consistent income for the Company in the long run.



4. Summary of Financial Information

Financial Information & Ratios

(Unit : Thousand Baht)

DESCRIPTION	2015	2016	2017	% Change 2016 -->2017
OPERATION RESULTS				
Sales Revenue	3,749,882	2,870,863	3,064,495	0.07
Total Revenues	3,996,519	3,081,285	3,264,365	0.06
Total Costs and Expenses	3,352,966	2,721,688	3,012,725	0.11
Gross Profit (Loss)	1,192,474	1,006,730	1,058,006	0.05
Profit - Owners of the Company	626,715	350,794	233,251	(0.34)
FINANCIAL POSITION				
Total Assets	11,674,364	13,507,817	14,179,835	0.05
Total Liabilities	5,036,634	6,814,399	7,511,948	0.10
Shareholders' Equity	6,637,730	6,693,418	6,667,887	(0.00)
Equity attributable of the Company	6,470,730	6,580,905	6,560,084	(0.00)
Inventories	3,863,869	6,901,553	9,941,230	0.44
PER SHARE (Baht)				
Net Profit (Loss) Per Share	0.71	0.35 *	0.24	-
Dividend Per Share	0.25	0.25	0.25	0.00
BookValue Per Share	7.32	6.63	6.61	(0.00)
FINANCIAL RATIO (%)				
				Difference
Gross Profit Margin	31.80	35.07	34.52	(0.54)
Net Profit Margin	15.68	11.38	7.15	(4.24)
Return on Equity	10.50	5.38	3.55	(1.83)
Return on Asset	8.22	4.83	3.88	(0.96)
Debt to Equity Ratio (times)	0.78	1.04	1.15	0.11

* Note : Calculating by the weighted average of the shares



5. Board of Director

M.K. Real Estate Development Plc.



1. Mr. Suthep Wongvorazathe
Chairman
Chief Executive Officer



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



3. Miss Dusadee Tancharoen
Managing Director
Risk Management Committee Member
Acting Senior Executive Vice President-
Project Management



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



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



6. Mr. Att Tongyai Asavanund
Independent Director
Chairman of Audit Committee
Chairman of Remuneration
Committee
Chairman of Nomination Committee



7. Mr. Chaiyapont Timsootheepant
Independent Director
Audit Committee Member
Remuneration Committee Member
Nomination Committee Member



8. Mrs. Malai Rachataswan
Independent Director
Audit Committee Member
Remuneration Committee Member
Nomination Committee Member



9. Mr. Theraphan Jittalarn
Independent Director
Audit Committee Member
Remuneration Committee Member
Nomination Committee Member



10. Mr. Nuttplus throne Nonthachit
Director



11. Mr. Saksri Phurthamkul
Director

Board and Management History

1. Mr. Suthep Wongvorazathe

Chairman / Chief Executive Officer

Age : 69 Year

Appointed as Director : June 15th, 2015

No. of Shares : 139,542,883 Shares (14.07%)

Education

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

Director Certification Program : DAP 48/2005

Experience 5 Years

2015-Present	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
2017-Present	Director, The Mall Group Company Limited
2017-Present	Director, Siam Chaophraya Holding Company Limited
2011-2016	Directors and Chairman of Audit Committee, Chumporn Palm Oil Industry Plc.

2. Mr. Vorasit Pokachaiyapat

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

Age : 54 Year

Appointed as Director : October 26th, 2015

No. of Shares -

Education

- Bachelor Degree BS Industrial Management
Carnegie-Mellon University, USA

Director Certification Program : DCP 2002 (IOD)

Experience 5 Years

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

3. Miss Dusadee Tancharoen

Managing Director / Risk Management Committee

Member / Acting Senior Executive Vice President- Project Management

Age : 46 Year

Appointed as Director : 25 April 2017

No. of Shares : -

Education

- Bachelor's Degree / Arts, Chulalongkorn University

Director Certification Program : DAP 127/2016, DCP 243/2017

Experience 5 Years

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



4. Mrs. Sutida Suriyodorn

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

Age : 55 Year

Appointed as Director : June 15th, 2015

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

Education

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

Director Certification Program : DAP 127/2016, DCP 243/2017

Experience 5 Years

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

5. Miss Rachanee Mahatdetkul

Director / Executive Director / Risk Management Committee Member

Age : 51 Year

Appointed as Director : October 26th, 2015

No. of Shares -

Education

- MBA, Santa Clara University, U.S.A

Director Certification Program : DAP 2005

Experience 5 Years

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

6. Mr. Att Tongyai Asavanund

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

Age : 44 Year

Appointed as Director : June 15th, 2015

No. of Shares -

Education :

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

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

Experience 5 Years

Present	M.K. Real Estate Development Plc.
2013-Present	Director, Infinite Capital Company Limited
2015-2017	Deputy Chief Executive Officer, Donaco Entertainment and Marketing (Thailand) Company Limited
2014-2015	Director, Attilan Group Limited
2014-2015	Director, Mazda Chonburi Company Limited
2013-2014	Chief Financial Office, Beyond Green Company Limited

7. Mr. Chaiyapont Timsootheepant

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

Age : 63 Year

Appointed as Director : June 15th, 2015

No. of Shares -

Education :

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

Director Certification Program : DAP 136/2017

Experience 5 Years

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



8. Mrs. Malai Rachataswan

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

Age : 62 Year

Appointed as Director : April 28th, 2015

No. of Shares -

Education

- Bachelor's Degree / Science, Mahidol University

Director Certification Program : DAP 127/2016

Experience 5 Years

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

9. Mr. Theraphan Jittalarn

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

Age : 62 Year

Appointed as Director : March 17th, 2017

No. of Shares -

Education :

- Master's – Business Administration of Kasetsart University
- Bachelor's – Science, Kasetsart University
- Certificate Courses For Senior Management, Capital Market Academy (CMA). Version 2

Director Certification Program : DAP 140/2017

Experience 5 Years

Present	M.K. Real Estate Development Plc.
2010-2015	Chief Executive Officer & Managing Director, Finansia Asset Management Ltd.
2008-2010	Chief Executive Officer & Managing Director, Sci-Asset Management Ltd.

10. Mr. Nuttplus throne Nonthachit

Director

Age : 61 Year

Appointed as Director : in 1993

No. of Shares : 864 shares (0.0001%)v

Education :

- Bachelor's Degree / Mini MBA

Director Certification Program : DAP 5/2003 , DCP 42/2004 (IOD)

Experience 5 Years

Present	Director, Prospect Development Co., Ltd.
2011-2015	Director, M.K. Real Estate Development Plc.

11. Mr. Saksri Phurthamkul

Director

Age : 79 Year

Appointed as Director : in 1999

No. of Shares ; -

Education :

- Bachelor's Degree / Economics, Thammasat University

Director Certification Program : DAP 68/2008 (IOD)

Experience 5 Years

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

1. Mr. Sakdina Manlerd

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

Age : 49 Year

Appointed as Director : -

No. of Shares : -

Education :

- Bachelor's Degree Engineering Kasetsart University

Director Certification Program : DAP 141/2017

Experience 5 Years

Present	Director, Prospect Development Co., Ltd.
2011-2015	Senior Vice President, Sansiri Public Co., Ltd.

3. Mr. Suthep Kittiwacharapong

Executive Vice President – Project Procurement Division

Age : 56 Year

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

2011-Present	M.K. Real Estate Development Plc..
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2. Miss Napaporn Kamolsakdavikul

Executive Vice President – Legal and Project Transferring Support Division

Age : 58 Year

Appointed as Director : -

No. of Shares : -

Education :

- Bachelor's Degree /Laws, Thammasat University

Director Certification Program : DAP 20/2004 (IOD)

Experience 5 Years

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

4. Miss Pornphan Yantossilp

Executive Vice President – Business Development /Company Secretary

Age : 47 Year

Appointed as Director : -

No. of Shares : -

Education :

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

Director Certification Program : DAP 129/2016, CSP 74/2016

Experience 5 Years

2011-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 2017 financial statements

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



General information of companies holding more than 10% of shares, as at 31 December 2017

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%	637,000,000	637,000,000	6,370,000	100
3	Munkong Living Company Limited Engaged in property development	719 M.K.Building, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	1,002,005,000	1,002,005,000	10,020,050	100
4	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%	235,000,000	235,000,000	47,000,000	5
5	Subnorasing Company Limited Engaged in industrial sand production	719 M.K.Building, Bantudthong Rd.,Wangmai, Patumwan, Bangkok 10330	36.07%	18,000,000	18,000,000	180,000	100
Property for rent and related services							
6	Prospect Development Company Limited Engaged in development of factory buildings and warehouses for rent	48/29 TISCO Tower, Fl 16, North Sathorn Road, Silom, Bangrak, Bangkok Tel 02-697-3860 Fax 02-697-3869	100%	1,200,000,000	1,200,000,000	120,000,000	10
7	S71 Holding company Limited Engaged in investment in property development companies and apartments for rent	719 M.K.Building, Fl 2, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6600-18 Fax 0-2216-6619	100%	1,100,000,000	1,100,000,000	11,000,000	100
8	Yours Property Management Co., Ltd Engaged in building and property management service	719 M.K.Building, Fl 3, Bantudthong Rd., Wangmai, Patumwan, Bangkok 10330 Tel 0-2216-6600-18 Fax0-2216-6619	100%	3,000,000	5,000,000	50,000	100

No.	Company name	Office location	Percent of shares held by the Company	Paid-up share capital	Registered capital	Number of shares issued	Par value
9	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%	350,000,000	350,000,000	35,000,000	10

Note : * Munkong Living Company Limited (“Munkong Living”) was set up as a result of a merger between Park Court Company Limited, T 77 Park Company Limited, and MK 71 Company Limited, conducted in accordance with the Civil and Commercial Code of Thailand, on 1 September 2017. Munkong Living’s registered capital amounted to 1,002,005,000 baht, consisting of 10,020,000 ordinary shares and 50 preferred shares, at the par value of 100 baht.

On 12 February 2018, the meeting of the Company’s Executive Committee resolved to approve the purchasing 9.98% of the issued and paid-up share capital of Munkong Living Co.,Ltd., a direct subsidiary, from a third party in the amount of Baht 100 million. As a result, the Company’s equity interest in Munkong Living Co.,Ltd. increased from 90.02% to 100%.

6.2 Other significant information

-None-



7. Securities and shareholders

7.1 Securities

a) Common stock

As of 31 December 2017, the Company had registered capital of 992,010,177 baht, paid-up capital of 992,010,177 baht, consisting of 992,010,177 shares of common stock at par value of one baht.

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

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

7.2 Shareholders

The list of top 10 shareholders as at 9 May 2017, 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. Finansia Public Company Limited	96,975,608	9.78
3. CPD Holdings Co., Ltd.	60,000,000	6.05
4. Mr.Prateep Tangmatitham	58,028,220	5.85
5. Mr. Philipvira Bunnag	37,452,400	3.78
6. Thai NDVR Company Limited	32,041,684	3.23
7. Mr. Hendrik Robertus Castendijk	30,000,000	3.02
8. Dr.Urchart Karnchanapitak	26,617,400	2.68
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	510,011,312	51.41
Shares held by remaining shareholders	481,998,865	48.59
Total	992,010,177	100.00

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	2014	2015	2016
1. Parent company's profit (baht)	447,331,656	626,714,925	350,794,022
2. Number of shares	860,384,157	992,010,177	992,010,177
3. Dividend per share (baht: share)	0.35		0.25
	0.10	0.25	
4. Total dividend paid (baht)	301,134,454.95	248,002,544.25	248,002,544.25
5. Percentage of dividend payment (percent)	67.32	39.57	70.70



8. Management structure

8.1 Board of Directors

As at 31 December 2017, the Board of Directors consists of 11 following members.

- | | | | |
|-----|---------------------|----------------|---|
| 1) | Mr. Suthep | Wongvorazathe | Chairman |
| 2) | Mr. Vorasit | Pokachaiyapat | Chief Executive Officer |
| 3) | Miss Dusadee | Tancharoen | Managing Director and Executive Director |
| 4) | Mrs. Sutida | Suriyodorn | Director and Executive Director |
| 5) | Miss Rachanee | Mahatdetkul | Director and Executive Director |
| 6) | Mr. Att Tongyai | Asavanund | Independent Director and
Chairman of Audit Committee |
| 7) | Mr. Chaiyapont | Timsootheepant | Independent Director and Audit Committee |
| 8) | Mrs. Malai | Rachataswan | Independent Director and Audit Committee |
| 9) | Mr. Theraphan | Jittalarn | Independent Director and Audit Committee |
| 10) | Mr. Saksri | Phurthamkul | Director |
| 11) | Mr. Nuttplus throne | Nonthachit | Director |

with Miss Pornphan Yantossilp as a Company's secretary

Note : During year 2017, Mr. Philipvira Bunnag has resigned as Director of the company effectively on 1 November 2017. The Company has not appointed a new director in his place.

Directors authorized to sign documents on behalf of the Company

As at 31 December 2017, the directors authorized to sign documents that will be binding on the Company consist of Mr. Suthep Wongvorazathe, Mrs. Sutida Suriyodorn, Mr. Vorasit Pokachaiyapat, Miss Rachanee Mahatdetkul and Miss Dusadee Tancharoen any two of these five directors can sign jointly and affixing the Company seal, except for in cases of the applications for installation of meters of pipe water, electricity and telephone, the applications for assignment and accepting assignment of rights to use electricity, pipe water and telephone, the applications for assignment, accepting assignment and refund of deposit guarantee for using of electricity, pipe water and telephone, or the application for construction permit, or the application for house registration number and the applications for licenses of road and drain connection, Mr. Saksri Phurthamkul or Mr. Nuttplus throne Nonthachit can sign singly and affixing the Company seal.

Audit Committee*

Consists of four independent directors

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

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



Nomination Committee*

Consists of four independent directors

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

with Miss Pornphan Yantossilp as a Nomination Committee's secretary

Remuneration Committee*

Consists of four independent directors

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

with Miss Pornphan Yantossilp as a Remuneration Committee's secretary

The Risk Management Committee

Consists of four directors and one executive

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

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

The Executive Committee*

Consists of five directors

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

with Miss Pornphan Yantossilp as an Executive Committee's secretary



Management Committee

Consists of four directors and one executive

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

with Miss Pornphan Yantossilp as a Management Committee's secretary

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

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

Notes: * 1) The Company's 2017 Annual Ordinary General Meeting of Shareholders held on 25 April 2017 has resolved to elect Miss Dusadee Tancharoen as a new director in replacement of Miss Chutima Tangmatitham, a director who resigned from office during her term in 2015. The Board of Directors' meeting No. 3/2017 held on 12 May 2017 approved to appoint Miss Dusadee Tancharoen as executive director and the authorized director.

2) The Board of Directors' meeting No.3/2017 hold on 12 May 2017 has resolved to appoint Mr.Theraphan Jittalarn as a member in Audit committee, Remuneration Committee and Nomination Committee.

3) Mr. Philipvira Bunnag has resigned as Director of the company effectively on 1 November 2017. The Company has not appointed a new director in his place.

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



Attendance of Directors and Executives in Board of Directors' meetings

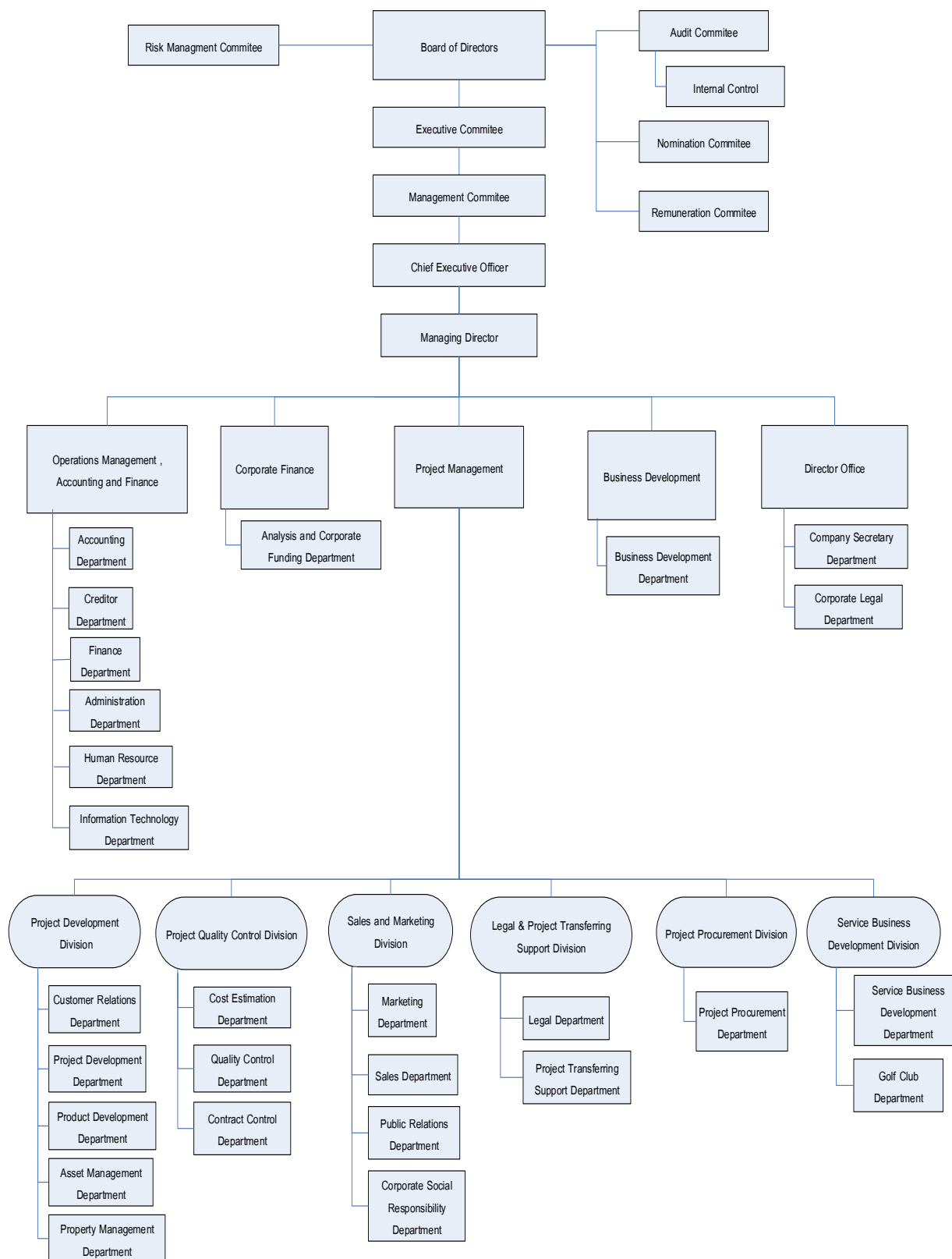
In 2017, the Board of Directors and sub-committees held the following meetings.

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

- Notes: * 1) The Company's 2017 Annual Ordinary General Meeting of Shareholders held on 25 April 2017 has resolved to elect Miss Dusadee Tancharoen as a new director in replacement of Miss Chutima Tangmatitham, a director who resigned from office during her term in 2015. The Board of Directors' meeting No. 3/2017 held on 12 May 2017 approved to appoint Miss Dusadee Tancharoen as executive director and the authorized director.
- 2) The Board of Directors' meeting No.3/2017 hold on 12 May 2017 has resolved to appoint Mr.Theraphan Jittalam as a member in Audit committee, Remuneration Committee and Nomination Committee.
- 3) Mr. Philipvira Bunnag has resigned as Director of the company effectively on 1 November 2017. The Company has not appointed a new director in his place.
- 4) The Board of Directors' meeting No.2/2018 hold on 28 February 2018 has resolved to combine Remuneration Committee and Nomination Committee as one sub-committee under the name "Nomination and Remuneration Committee".



8.2 Management structure



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



List of Executives

As at 31 December 2017, Executives consists of

Name	Position
1) Mr.Suthep Wongvorazathe	Chairman of Executive Committee
2) Mr.Vorasit Pokachaiyapat	Chief Executive Officer
3) Miss Dusadee Tancharoen	Managing Director and act for Senior Vice President of Project Managemen Department
4) Mrs. Sutida Suriyodorn	Senior Vice President of Operations Management, Accounting, and Finance Department
5) Miss Rachanee Mahatdetkul	Responsible for Corporate Finance Department
6) Miss Pornphan Yantossilp	Executive Vice President of Business Development Department and Director Office Department
7) Miss Napaporn Kamolsakdavikul	Executive Vice President of Legal & Project Transferring Support Division
8) Mr.Suthep Kitiwatcharapong	Executive Vice President of Project Development Division
9) Mr.Sakdina Manlerd	Executive Vice President of Project Procurement Division
10) Mrs.Niramon Atsawakunkamnurd	Vice President of Accounting Division
11) 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.Nuttplusthron 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 2017, the Company paid remuneration to all the directors amounting to 3,685,000 baht. Details are as follows:

		Meeting allowance for Board of Directors in year 2017(baht)				Retirement payment for directors in 2016 (baht)	Total
		Board of Directors	Audit Committee	Normination Committee	Remuneration Committee		
1) Mr. Suthep Wongvorazathe	Chairman, Chairman of Executive Director	120,000				235,000	355,000
2) Mr.Vorasit Pokachaiyapat	Chief Executive Office, Executive Director, Chairman of Risk Management Committee, Chairman of Management Committee	90,000				235,000	325,000
3) Ms.Dusadee Tancharoen	Managing Director and act for Senior Vice President of Project Managemen Department	60,000					60,000
4) Mr. Philipvira Bunnag	Director, Executive Director	50,000				235,000	285,000



		Meeting allowance for Board of Directors in year 2017(baht)				Retirement payment for directors in 2016 (baht)	Total
		Board of Directors	Audit Committee	Normination Committee	Remuneration Committee		
5) Mrs. Sutida Suriyodorn	Director, Executive Director, Risk Management Committee, Management Committee	90,000				235,000	325,000
6) Miss Rachanee Mahatdetkul	Director, Executive Director, Risk Management Committee, Management Committee	90,000				235,000	325,000
7) Mr.Att Tongyai Asavanund	Director, Independent Director, Chairman of Audit Committee, Chairman of Normination Committee, Chairman of Remuneration Committee	90,000	75,000	45,000	15,000	235,000	460,000
8) Mr.Chaiyapont Timssootheepant	Director, Independent Director, Audit Committee, Normination Committee, Remuneration Committee	90,000	50,000	30,000	10,000	235,000	415,000
9) Mrs.Malai Rachataswan	Director, Independent Director, Audit Committee, Normination Committee, Remuneration Committee	70,000	50,000	30,000	10,000	235,000	395,000
10) Mr.Theraphan Jittalam	Independent Director, Audit Committee, Normination Committee, Remuneration Committee	70,000	30,000				100,000
11) Mr. Saksri Phurthamkul	Director	90,000				235,000	325,000
12) Mr.Nuttpluthrone Nonthachit	Director	80,000				235,000	315,000
Total		990,000	205,000	105,000	35,000	2,350,000	3,685,000

Notes : (1) Directors' remuneration consists of meeting allowance and special remuneration for directors, which have been approved in the 2017 Annual General Meeting of Shareholders, held on 25 April 2017. Details of the remuneration are as follows:

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

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

2) Special remuneration for directors for the year 2016 at a rate of 235,000 baht/director, totaling 2,350,000 baht.

(2) The Board of Directors' meeting No.3/2017 hold on 12 May 2017 has resolved to appoint Mr.Theraphan Jittalam as a member in Audit committee, Remuneration Committee and Nomination Committee.

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

b) Executive Remuneration for the Year 2017

In 2017, the remuneration for 12 executive directors and executive officers includes salary, bonus, provident fund, social security contribution and the defined benefit plans expose the group to actuarial risk amounting to Baht 37,451,600.

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



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* or the Board of Directors (as the case may be) and approved by the Board of Directors, before being presented to the shareholders for final approval.



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

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

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

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 2017, the Company has made transactions between the Company and its subsidiary as additional detailed in the section 12 : Related Party Transactions.

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

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

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

In 2017, the Company urged shareholders to exercise their right by raising issues that may be relevant to the Company, to include in the agenda for the 2017 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 16 December 2016 – 16 January 2017. However, none of the shareholders submitted any topics to be included in the meeting agenda or nominated persons to be appointed as directors.



In 2017, one shareholders' meeting, i.e. the 2017 Annual General Meeting of Shareholders, was held on 25 April 2017. In the meeting, shareholders considered and voted in various matters per relevant laws. The Company sent out invitation letters, authorization letters, and documents related to the meeting no less than seven days, and in some cases up to 14 days, prior to the meeting, which gave shareholders ample time to read all the necessary information before attending the meeting. Each topic of discussion in the meeting agenda was accompanied by the opinions of the Board of Director, and the meeting agenda was sent to all the shareholders, whose names were compiled in a list per Article 225 of the Securities and Exchange Act B.E. 2535 (1992), using the methods of closure of registrar book and closure of registrar book for suspension of the transfer of debentures (as the case may be). In addition, the Company published information related to the meeting on the Company's Website, www.mk.co.th, prior to the meeting, to allow shareholders to study it before the meeting. In addition, the Company allows shareholders to submit questions related to the meeting agenda before the meeting takes place, to ensure maximization of their benefits from the meeting and protect their interest. On the day of shareholders' meeting the Company facilitates the shareholders by providing stamp duty on Proxy at free of charge for the proxy who attends the meeting.

At the 2017 Annual General Meeting of Shareholders held on 25 April 2017, all 11 members of the Board of Directors were in attendance. The shareholders, in the 2017 annual meeting, approved the payment of special remuneration for directors for the year 2016 and remuneration for members of the Board of Directors for 2017, as follows:

1. Special remuneration for directors for the year 2016 at a rate of 235,000 baht/director, totaling 2,350,000 baht.
2. The shareholders also approved remuneration for the Board of Directors for the year 2017. 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 2017. The list of auditors is as follows: 1. Miss Vipavan Pattavanvivek CPA No.4795 and/or 2. Miss Marisa Tharathornbunpakul CPA No.5752 and/or 3. Miss Patamavan Vadhanakul CPA No.9832. The shareholders also approved an audit fee of 1,510,000 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 2017 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.

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

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



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 2017

Name	Position	Number of securities held (shares)			
		31 Dec 2016	31 Dec 2017	Increased (Decreased)	Percent of common stock held (%)
1. Mr. Suthep Wongvorazathe *	Chairman and Chairman of Executive Director	177,550,000	139,542,883	(38,007,117)	14.07
2. Mr. Att Tongyai Asavanund	Independent Director and Chairman of Audit Committee	-	-	-	-
3. Mr. Chaipayont Timsootheepant	Independent Director and Audit Committee	-	-	-	-
4. Mrs. Malai Rachataswan	Independent Director and Audit Committee	-	-	-	-
5. Mr. Theraphan Jittalarn	Independent Director and Audit Committee	-	-	-	-
6. Mr. Vorasit Pokachaiyapat	Chief Executive Officer	-	-	-	-
7. Miss Dusadee Tancharoen	Managing Director and act for Senior Executive Vice President of Project Management	-	-	-	-
8. Mrs. Sutida Suriyodom	Director and Executive Director	-	500,000	500,000	0.05
9. Miss Rachanee Mahatdetkul	Director and Executive Director	-	-	-	-
10. Mr. Saksri Phurthamkul	Director	-	-	-	-
11. Mr. Nuttplusthron Nonthachit	Director	864	864	-	0.00
12. Miss Napaporn Kamonsakdavikul	Executive Vice President of Legal and Project Transferring Support Division	-	-	-	-
13. Mr. Suthep Kittiwacharapong	Executive Vice President of Project Procurement Division	103,376	103,376	-	0.01
14. Mr. Sakdina Manlerd	Executive Vice President of Project Development Division	-	-	-	-
15. Miss Pornphan Yantossilp	Executive Vice President of Business Development and the Company Secretary	-	-	-	-
16. Mrs. Niramon Atsawakunkamrurd	Vice President of Accounting Division	-	-	-	-
17. Miss Busara Rogesotorn	Vice President of Finance Division	285,252	285,252	-	0.03

Notes : Details of the 139,542,883 shares held by Mr. Suthep Wongvorazathe are as follows:

- 1) A total of 79,542,883 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.



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:	<p>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:</p> <ol style="list-style-type: none"> 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. 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. 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 2017, 2 accidents occurring at the workplace. There were also no serious workplace injuries or fatalities. 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: <p style="text-align: right;">Average per person taking part in training/seminar (Estimated)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Employee level</th> <th>Number of training hours</th> <th colspan="2">Number of attendees</th> <th rowspan="2">Goal(s) of training</th> </tr> <tr> <th>Average per employee</th> <th>Executive</th> <th>Operation-level employee</th> </tr> </thead> <tbody> <tr> <td>Executives</td> <td>6 hours</td> <td>90</td> <td>0</td> <td>To provide knowledge regarding risk management and risk control</td> </tr> <tr> <td rowspan="4">Executive-level employees/operation-level employees</td> <td rowspan="4">6 hours</td> <td>25</td> <td>65</td> <td>1. To learn to use Real Estate Management System (RMS) for future project developments</td> </tr> <tr> <td>9</td> <td>18</td> <td>2. To provide sales employees with new sales strategies and personality development</td> </tr> <tr> <td>1</td> <td>42</td> <td>5 D towards five-star services</td> </tr> <tr> <td>72</td> <td>189</td> <td>Love our organization</td> </tr> </tbody> </table>	Employee level	Number of training hours	Number of attendees		Goal(s) of training	Average per employee	Executive	Operation-level employee	Executives	6 hours	90	0	To provide knowledge regarding risk management and risk control	Executive-level employees/operation-level employees	6 hours	25	65	1. To learn to use Real Estate Management System (RMS) for future project developments	9	18	2. To provide sales employees with new sales strategies and personality development	1	42	5 D towards five-star services	72	189	Love our organization
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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.

Protecting stakeholders' rights and roles

In recognition of stakeholders' equal rights, the Company has provided channels for whistleblowing reporting, through which stakeholders can report non-compliance of the Code of Conduct, illegal acts, fraudulent acts, or misconduct by employees of the Company or its subsidiaries, or deficiencies in the internal control system. Both employees and other stakeholders may voice their concerns. The Company has also put in place mechanisms for protecting whistleblowers, by establishing a reporting procedure whereby an illegal act or failure to comply with the Code of Conduct can be reported to the Company Secretary by email, at whistleblowing@mk.co.th. The Company has put in place measures to protect the whistleblower, treat the report received in confidence, limit the number of people that are informed of the report and disclose it to relevant people only, to provide assurance and a sense of security to the whistleblower. The whistleblower may choose to remain anonymous, and if deemed necessary the Company may implement special protection measures when the whistleblower is likely or believed to



be in harm's way. The whistleblower shall be appropriately and fairly compensated by the Company or the person causing them to suffer from harm, in line with relevant operating procedures and laws.

Reporting of concerns (whistleblowing)

The Company encourages stakeholders to report or voice their concern about any suspected misconduct, illegal act, violation of the Code of Conduct, financial misreporting, or deficiency in the internal control system to the Board of Directors. They can do so through the channels provided by the Company. The Company will conduct an investigation to discover all relevant facts in with discretion and in confidence, and ensure that the whistleblower and everyone else involved are treated fairly and protected from intimidation of any kind.

Channels for raising whistleblowing concerns

A whistleblowing concern can be raised through any of the following channels:

1. Mail : Attn: Chairman of the Audit Committee
M.K. Real Estate Development Public Company Limited
719 M.K. Building, Bantadthong Road
Wangmai Subdistrict, Patumwan District, Bangkok 10330
Tel : 02-658-5577
Fax : 02-658-5578
E-mail : chairman.auditcom@mk.co.th
2. Mail : Attn: Company Secretary
M.K. Real Estate Development Public Company Limited
719 M.K. Building, Bantadthong Road
Wangmai Subdistrict, Patumwan District, Bangkok 10330
Tel : 02-216-6600 Ext. 291,485
Fax : 02-216-6666
E-mail : whistleblowing@mk.co.th

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

In 2017, 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.

Section 4 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 2017, 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.

Section 5 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 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.
Notes : * The Board of Directors' meeting No.2/2018 hold on 28 February 2018 has resolved to combine Remuneration Committee and Nomination Committee as one sub-committee under the name "Nomination and Remuneration Committee".
- 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 have not been a director participating in management role of the Company, or an employee or an officer of the Company, or an advisor of the Company which receives regular salary from the Company, and not be and have not been a person having controlling power over the Company, subsidiary or associated company, unless such an independent director has not been a person referred to above for at least two years before being appointed as independent director. Such restriction or prohibition shall not apply to an independent director who has been a governmental officer or an advisor of a government authority, which is the major shareholder of the Company or the person having controlling power over the Company.

- (3) Not be a person having relationship either through blood or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any management person, major shareholder, or any person having power to control the Company or the Company's subsidiary, or of the person being nominated to be a management person of or a person having power to control the Company or the Company's subsidiary.
- (4) Not have and have not had any business relationship with the Company, subsidiary, associated company, or major shareholder, or with the person having power to control the Company that may have conflict of interest, in the manner in which their independent discretion might be affected, and not be and have not been a substantial shareholder of or a person having power to control the person that has business relationship with the Company, subsidiary, associated company major shareholder or the person having power to control the Company unless such an independent director has not been a person referred to above for no fewer than two years prior to being appointed as independent director. Business relationships referred to in the first paragraph above shall include any ordinary course of business or trade for business engagement purpose, any lease taking or lease out of any property, any transaction relating to asset or service, any financial support or acceptance of financial support by way of either borrowing, lending, guaranteeing or collateral providing or any other manner similar thereto that could result to an obligation required to be performed by the applicant or the party thereto in an amount of three percent or more of the net tangible asset value of the applicant, or twenty million baht or more, whichever is lesser. In light of this , the method for calculating the value of related party transactions pursuant to the Capital Market Supervisory Board's Notification, Re: Regulations in respect of an Entering into a Connected Transaction shall be applied mutatis mutandis for the purpose of calculation of such amount of debt of the applicant, provided that the amount of the debt incurred during the past one year prior to the date on which such a business relationship with such a business relationships with such person exists.
- (5) Not be and have not been an auditor of the Company, subsidiary, associated company, major shareholder or any of the person having power to control the Company, and not be and have not been a substantial shareholder of, a person having power to control over, or a partner of any auditing firm or office in which the auditor of the Company, or subsidiary, or major shareholder, or the person having power to control the Company, unless such an independent director has not been a person referred to above for at least two years prior to being appointed as independent director.
- (6) Not be and have not been a professional advisor, including legal or financial advisor who obtains fee more than two million baht a year from the Company, subsidiary, associated company or major shareholder, or the person having power to control the Company, and not be and have not been a substantial shareholder of, a person having power to control over, or a partner of any of such professional service provider firm or office, unless such an independent director has not been a person referred to above for at least two years prior to being appointed as independent director.
- (7) Not be a director appointed to serve a representative to protect the interest of a director of the Company, a major shareholder, or a shareholder which is a related person of a major shareholder.
- (8) Not engage in any business the nature of which is the same as that of the Company or the Company's subsidiary and which, in any material respect, is competitive with the business of the Company or the Company's subsidiary, or not be a substantial partner in a partnership, a director participating in any management role, an employee or officer, an advisor obtaining regular salary from, or a shareholder holding more than one percent of the voting shares of a company engaging in any



business the nature of which is the same as that of the Company or the Company's subsidiary and which, in any material respect, is competitive with the business of the Company or the Company's subsidiary.

- (9) Not have any characteristics by which their independent comment or opinion on the Company's operation may be affected
 - (10) After a person having qualifications stated in (1) to (9) above is appointed as an independent director, such appointed independent director may be assigned by the Board of Directors to make decision in respect of business operation of the Company, subsidiary, associated company, major shareholder, or the person having controlling power over the Company, provided that such decision making by such appointed independent director must always be made on a collective decision basis.
- 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 Directors' responsibilities include setting the Company's vision and mission, overseeing management to ensure that it implements strategies that are in line with said vision and mission, and overseeing risk management and internal control. The duties and responsibilities of members of the Board of Directors and management are separated clearly, as are those of Chairman, Chairman of Executive Director and Chief Executive Officer and Managing Director. In addition, the Board of Directors and management must prevent conflict of interest from arising, to ensure efficient conduct of business.

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 management persons will be called to the meeting to provide explanations to the Board. The minutes of the meeting are taken and kept after being certified by the Board of Directors, for review by the Board and other relevant persons.

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

Per company regulations, at least half of the members of the Board of Directors must be present 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 2017, the Board of Directors held a total of 9 meetings, which were chaired by Chairman.

Audit Committee meetings

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

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.

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

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.

In 2017, the performance assessment form for the Board of Directors was modified according to the form prepared and disclosed by the SET

1. The overall performance assessment of the Board of Directors.
The average score of the assessment was 3.89 or 97.20 percent.
2. The performance assessment for each Member of the Board of Directors
The average score of the assessment summary was 3.92 or 97.92 percent.

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 2017, the Company had a total of 11 directors, including

- 5 executive directors
 - 6 non-executive directors, or 6 out of 11 of the Board members
 - 4 Independent directors, or 4 out of 11 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 14.07 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.

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

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 and as assigned by the Board of Directors.
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 and as assigned by the Board of Directors.
4. Executive Committee consists of at least five directors, the scope of authorities of whom is specified in the directive regarding the appointment of Executive Committee and as assigned by the Board of Directors.
5. Risk Management Committee consists of four directors and one executive. Their responsibilities are specified in the charter of Risk Management Committee and as assigned by the Board of Directors.
6. Management Committee consists of four directors and one executive, the scope of authority of whom is specified in the directive regarding the appointment of Management Committee and as assigned by the Board of Directors.



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

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

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 2017, 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.

In 2017, three directors participated in the training course of Directors Accreditation Program (DAP) and two directors participated in the training course of Directors Certification Program (DCP).

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.

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

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 2017, the Board of Directors consists of 11 members, as follows:

- | | | | |
|-----|-------------------|----------------|--|
| 1. | Mr. Suthep | Wongvorazathe | Chairman of the Board |
| 2. | Mr. Vorasit | Pokachaiyapat | Chief Executive Officer |
| 3. | Miss Dusadee | Tancharoen* | Managing Director and Executive Director |
| 4. | Mrs. Sutida | Suriyodorn | Director and Executive Director |
| 5. | Miss Rachanee | Mahatdetkul | Director and Executive Director |
| 6. | Mr. Att Tongyai | Asavanund | Independent Director and Chairman of Audit Committee |
| 7. | Mr.Chaiyapont | Timsootheepant | Independent Director and Member of Audit Committee |
| 8. | Mrs. Malai | Rachataswan | Independent Director and Member of Audit Committee |
| 9. | Mr.Theraphan | Jittalarn* | Independent Director and Member of Audit Committee |
| 10. | Mr. Saksri | Phurthamkul | Director |
| 11. | Mr. Nuttplustrone | Nonthachit | Director |

With Miss Pomphan Yantossilp as the Company's Secretary

B The Audit Committee*

As at 31 December 2017 The Board of Audit Committee consist of four independent directors:

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

With Mrs.Niramom Atsawakunkamnurd as Audit Committee's secretary



C. The Nomination Committee*

As at 31 December 2017 The Board of Nomination Committee consist of four independent directors:

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

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

D. The Remuneration Committee*

As at 31 December 2017 The Board of Remuneration Committee consist of four 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 |
| 4. | Mr. Theraphan | Jittalarn | Member of Remuneration Committee |

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

E. The Risk Management Committee

As at 31 December 2017 The Board of Risk Management Committee consist of four directors and one executive

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

With Mrs. Sutida Suriyodorn as the Board of Risk Management Committee's Secretary

F. The Executive Committee*

As at 31 December 2017 The Board of Executive Committee consists of five directors

- | | | | |
|----|---------------|---------------|--|
| 1. | Mr. Suthep | Wongvorazathe | Chairman of the Board of Executive Committee |
| 2. | Mr. Vorasit | Pokachaiyapat | Chief Executive Officer |
| 3. | Miss Dusadee | Tancharoen | Executive Director |
| 4. | Mrs. Sutida | Suriyodorn | Executive Director |
| 5. | Miss Rachanee | Mahatdetkul | Executive Director |

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

G. The Management Committee

As at 31 December 2017 the Board of Management Committee consist of four directors and one executive

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

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



- Notes: * 1) The Company's 2017 Annual Ordinary General Meeting of Shareholders held on 25 April 2017 has resolved to elect Miss Dusadee Tancharoen as a new director in replacement of Miss Chutima Tangmatitham, a director who resigned from office during her term in 2015. The Board of Directors' meeting No. 3/2017 held on 12 May 2017 approved to appoint Miss Dusadee Tancharoen as executive director and the authorized director.
- 2) The Board of Directors' meeting No.3/2017 hold on 12 May 2017 has resolved to appoint Mr.Theraphan Jittalam as a member in Audit committee, Remuneration Committee and Nomination Committee.
- 3) The Board of Directors' meeting No.2/2018 hold on 28 February 2018 has resolved to combine Remuneration Committee and Nomination Committee as one sub-committee under the name "Nomination and Remuneration Committee" and to approve the Charter of Nomination and Remuneration Committee and to appoint Mr.Vorakit Pokachaiyapat as a member in the Nomination and Remuneration Committee.

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

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

Scope of authority of the Risk Management Committee

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

Scope of authority of the Executive Committee

- 1) Conduct management in the ordinary course of business and ensure compliance with Board of Directors's policies, relevant laws, conditions, and rules, memorandums of association, and company regulations
- 2) Review annual budget allocation to present to the Board of Directors for approval
- 3) Review investment projects to present to the Board of Directors

- 4) Review and approve the purchase of land and/or other assets for the Company and its subsidiary, and register such purchase at the Department of Lands, and approve temporary investment funds for use in the development of the land and/or other assets purchased, per the scope of authority and within the financial limit given to them by the Board of Directors

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

- 5) Review and approve the sale of land and/or other assets of the Company or its subsidiary at no less than market value as at the date when the Board of Executive Committee passed a resolution approving the sale, per the scope of authority and within the financial limit given to them by the Board of Directors, and register such sale at the Department of Lands
- 6) Review and approve transactions that were not in the work plan, that did not exceed a limit of 100 million baht
- 7) Review and approve the Company's request for loan or credit from a financial institution, and use the fund obtained for the Company's ordinary course of business per the scope of authority and within the financial limit given to them by the Board of Directors
- 8) Review and approve opening and closing of an account and use of Banking services, and assign a person authorized to make payment from the Company's accounts
- 9) Review and approve legal transactions and corporate legal documents concerning asking for permission on project plan modification, method of project land allocation, land titling, subdivision and co-ownership of land, land survey, for instance, cadastral survey, subdivision in same ownership or in co-ownership, joint title deed, land allocation, and public use.
- 10) Prepare, make recommendations for, and formulate business policies and strategies and present to the Board of Directors
- 11) Review and approve marketing, advertising, and public relations plans
- 12) Evaluate the Company's operation results in terms of asset and financial management to ensure efficiency and effectiveness
- 13) Carry out other duties assigned by the Board of Directors

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

Scope of authority of the Management Committee

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



Scope of authority of Chief Executive Officer

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

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

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

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

Scope of authority of Managing Director

- 1) Set business plans, budget, and scope of authority of company departments and divisions, and present them to Chief Executive Officer for approval
- 2) Oversee company operations to ensure compliance with Chief Executive Officer policies, relevant laws, conditions, rules, and memorandums of association, and company regulations
- 3) Review and approve transactions that were not in the work plan, that did not exceed a limit of 20 million baht
- 4) Carry out other duties assigned by Chief Executive Officer

It should be noted that assignment of authority, duties, and responsibilities to Managing Director will be done in manners that will prevent Managing Director or persons assigned by them from approving transactions that may cause conflict of interest, as defined in Capital Market Supervisory Board's Notification. Exceptions are made in case



of approval of transactions made in the ordinary course of business, in line with policies and regulations issued by the Board of Directors. Managing Director will present such transactions to the Board of Directors and/or in a shareholders' meeting for approval of such transactions pursuant to laws governing securities and exchange and Capital Market Supervisory Board's Notification.

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

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

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

9.3.1 Selection of independent directors

Criteria for selection of independent directors

- 1) Must be persons selected by the Board of Nomination 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.

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

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 3,715,000 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 implement social impact projects in line with its business strategy, by fostering a sense of care towards the environment and giving back to society.

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

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 2017, 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	Number of training hours	Number of attendees		Goal(s) of training
	Average per employee	Executive	Operation-level employee	
Executives	6 hours	90	0	To provide knowledge regarding risk management and risk control
Executive-level employees/operation-level employees	6 hours	25	65	1. To learn to use Real Estate Management System (RMS) for future project developments
		9	18	2. To provide sales employees with new sales strategies and personality development
		1	42	5 D towards five-star services
		72	189	Love our organization

(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 2017, 2 accidents occurring at the workplace. There were also no serious workplace injuries or fatalities.

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.

With its commitment to conduct real estate development business and achieve sustainable growth, the Company has always recognized the importance of corporate social responsibility (CSR) activities. In 2017, the Company continued to implement policies based on Sustainability Development Roadmap for Listed Companies for 2014-2018 issued by the Securities and Exchange Commission, which encourages business entities to focus on responsibility towards the economy, society, and the environment in its main operating procedures involving both internal and external stakeholders.



Real estate development, a business in which the Company has been engaged for a long time, contributes to the country's economic development. At the same time, the Company takes environmental issues seriously, as well as giving back to society what it has gained from operating its business. In 2017, the Company focused on both internal and external stakeholders, and conducted a total of five CSR projects and activities. It placed importance on improving employees' quality of life, in terms of living conditions and health, including providing them with financial knowledge so that they achieve a certain level of financial preparedness. Regarding environmental care, the Company has introduced several innovative construction materials which reduce energy consumption to its customers. As for giving back to society, the Company sponsored a youth golf training program.

CSR projects and activities

The Company's business concept is to build and deliver quality houses at reasonable prices to customers, and it believes that the quality of products and services starts with the quality of its employees. Therefore, the Company places importance on improving its employees' quality of life, under the concept of "Improving the Quality of Living." Not only does the Company seek to deliver high quality of living to its customers, but it also recognizes the significance of stakeholders, whether directly or indirectly linked to the Company. To achieve this, the Company started by improving accommodation for its day laborers. The Chuan Chuen Flora Ville housing project in Pathum Thani province was the first place where this initiative was implemented in 2017. The Company is committed to delivering quality of living to workers under its care. These people are stakeholders that are directly responsible for the Company's success, but their living conditions are far from good.

1. Day laborers' accommodation renovation project

Improvement of the quality of living of employees that are laborers started from the renovation of daily laborers' camps in the construction site for the Chuan Chuen Flora Ville housing estate in Pathum Thani province. The target groups of this project were day laborers who were looking after the golf course and tasked with grass care and garden maintenance in the common area of the housing estate, which is more than 380 rai in size. The objective of the project was to improve the quality of living of company workers, by providing them with better housing conditions. The cost of the workers' accommodation renovation project amounted to THB 1,298,710. Construction began in October 2017, providing a total of 48 rooms for 44 day laborers. The renovation project also improved the quality of living for 89 family members of these laborers.

The day laborers' accommodation renovation project is one of the activities that put the Company's policy of improving the quality of living of employees that are laborers into practice. In addition to giving workers and their families cleaner and safer accommodation, saving them housing and commuting costs, this project also has positive impacts on the environment, as the Company stood by its commitment to create favorable living conditions for its customers and brought these conditions to the living space of its workers.

Workers' accommodation before renovation



Workers' accommodation after renovation



Toilets before renovation



Toilets after renovation



2. Mosquito control project, implemented around workers' camps

Aside from improving the quality of living of day laborers by renovating their accommodation, the Company cares about their health and wellbeing. Workers' camps are considered vulnerable as mosquito breeding grounds, as there are containers and pieces of equipment with still water in them. The roads surrounding the camps are also dotted with holes in the monsoon season, some of which may contain still water. These conditions increase the risk of mosquito breeding, which may lead to an outbreak of dengue fever, affecting the health and wellbeing of workers and nearby communities.

To prevent dengue outbreak, in 2017, the Company conducted fumigation as a mosquito control measure within the workers' camps, which was pioneered in the Chuan Chuen Flora Ville and Chuan Chuen Modus Vibhavadi housing estates. The fumigation is set to take place every six months and will be implemented at workers' camps in other housing estates of the Company. In addition to preventing the spread of dengue, which can be fatal, the project will encourage workers to consider health issues more seriously and maintain cleanliness and orderliness in their everyday life.

3. Training on saving and investment

The Company has a policy aimed at improving the quality of life and focused on wellbeing of employees at all levels. Financial discipline can lead to financial stability for employees, both during employment and upon retirement. As the Company cares about employees' financial viability, in order to equip them with knowledge about financial planning by means of saving and investment and train them to have financial discipline by managing their expenses and spending appropriately, the Company organized seminars on saving and investment. The seminars were held under two topics, "Balance and Financial Stability Plan" and "Essential Money Matters." The seminars were attended by 120 and 130 employees, respectively, out of a total 250 employees at the supervisory and operational levels.

The employees who participated in the seminars learned and understood more about the importance of financial planning. As a result, they voluntarily increased the rate of contribution to the provident fund. Moreover, the employees learned how to compare interest rates of various financial institutions and use this information to make financial plans and manage their financial obligations more efficiently.

4. Green Homes...built with wood substitutes, promoting reduced energy consumption

In its conduct of the real estate development business, including the construction of houses and delivery of these house to customers, the Company has placed importance on environmental conservation and minimizing the use of natural resources in the construction process. Since 2016, the Company has adopted the concept of Green Homes: the materials used in the construction of houses are wood substitutes to reduce the use of natural resources, and other materials that are primarily selected because they make it possible to reduce energy consumption within the household.



The use of vinyl or aluminium that has been powdered and coated without creating volatile matter or smells in the assembly of window and door frames, and the use of laminate flooring, which is durable, easy to clean, and safe as no dioxins are used in the production process to substitute real wood, is environmental friendly. The use of rubberwood, produced in rubber farms specifically for industrial use, to make ready-made stair treads and handrails instead of ironwood or hardwood is another example of using wood substitutes as construction materials.

Regarding reduced energy consumption, the Company chooses green tinted glass, with its heat-absorbing properties, which can block up to 50% of solar heat and UV rays transmitted through the glass. Aluminium foil is also placed under the roof to protect the home from heat, by reflecting it away before it is absorbed into materials and transmitted into the home. This will help reduce energy consumption when air conditioners or LED bulbs are switched on. LED bulbs are installed in every home as they are more durable and energy-efficient than other type of light bulbs, resulting in less electricity costs. In addition, they are environmental friendly as no toxic metals are used in the production process. More importantly, LED bulbs are made from 100% recyclable materials, which means carbon dioxide emission is reduced by threefold.

As yet, the Company has implemented the Green Home concept in a total of seven housing estates, comprising a total of 441 homes. The Company will continue house construction that minimizes the use of natural resources to conserve the environment.

5. Supporting and sponsoring golf training for Thai youth

In addition to housing development, the Company is also engaged in operating a standard 18-hole golf course over 380 rais in size, known as Flora Ville Golf and Country Club. And to promote and improve the quality of living of Thai youth in terms of health and wellbeing, both physical and mental, and encourage them to spend their free time productively, the Company saw an opportunity offered by its own golf course, to be used to support young Thais who are interested and talented in golf, by allowing them to train in the golf course free of charge during its operating days and hours. This initiative began in mid-2017. Up to now, a total of 12 young people, aged 12-20 years, who enjoy playing golf have trained at the Company's golf course. All these 12 have taken part in competitions and won several awards, three of whom are Thailand's national team members who have won medals in SEA Games 2017 and South East Asian Amateur 2017.

Apart from giving health benefits and encouraging these young people to make the most of their free time, the Company's support and sponsorship for golf training also instills discipline and a sense of responsibility, teaches them to become a good leader and follower, and trains them to follow rules, accept victories and defeats, and express themselves freely. All these qualities will contribute to better quality of living, and can truly be extended as a measure for human resource and social development.

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 2017, 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 areal

(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

Competitive conditions and technological changes affect the business operations of M.K. Real Estate Development Public Company Limited. The Company has foreseen the effects of these uncertainties. As a result, the Risk Management Committee approved the hiring of Rattakit Research Center Company Limited, with its expertise in providing advice on risk management and the establishment of an internal control system, to conduct an analysis and establish risk management measures together with executives and employees responsible for each mission of the Company, and analyze risk issues in a systematic manner, so that responsible employees in each line of work can understand the causes of risks. Moreover, they will assess risk levels, risk probability, risk impacts, risk mitigation measures, and come



up with measures to monitor risk management results monthly and quarterly. A report on business conditions and trends in 2017 released by the Bank of Thailand indicated that the Thai economy experienced a continuous growth in 2017. However, according to the report, domestic expenditures did not recover very well and were not evenly distributed, with purchasing power largely concentrated in middle- to high-income groups and permanent employees. What's more, household debts remained high, and commercial banks remained cautious in giving out home loans, as reflected in the rate of credit denial in several projects which stood at 40-50%, affecting the business operations of M.K. Real Estate Development Public Company Limited. In order for risk management to address the right problems and benefit the Company in practice, the Company places importance on the procedures of determining the risk management framework. Its main concern is to enable responsible personnel in every mission manage and reduce risks to an acceptable level. A number of measures can be taken to address or respond to risks and can be adjusted as deemed appropriate to changing conditions. When a risk has been assessed and strategy devised to manage it, the next thing to do is determine action or measures to eradicate or reduce that risk to an acceptable level. Moreover, a time frame must be set for each action to be taken, and the departments to be responsible for carrying out risk management plans must be specified.

Additionally, the Company requires that risk management is communicated organization-wide, that risk prevention and management measures be put in place, that efforts be made to ensure compliance with relevant laws and regulations, and that risk management reports be prepared. A risk assessment shall consider risk probability and impacts, in order to establish measures to control, prevent, and manage risks in line with international standards. The Company considers the following to be its main risks:

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

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

In addition, the Company has considered the possibility of other related risks which may affect its business, in order to establish additional control and preventive measures. In this regard, the Company has put in place a risk management policy, applicable organization-wide. Details are as follows:

Company-wide risk management policy

1. All management personnel and employees should be encouraged to become aware of operational risks; to consider these risks as collectively theirs and share the responsibility to prevent them from materializing appropriately; and to prepare to handle any situation with caution and clarity.
2. Management and employees in all divisions and departments are required to understand the Company's risk management policy and play a role in and contribute to the development of risk management plans. Support should be provided to encourage them to learn and understand their obligations relating to risk management.
3. Effective risk management processes should be put in place in every operating procedure, in line with good governance principles, to reduce uncertainties and increase the likelihood of the Company achieving its business targets.



4. Risk management should be supported so that it is successfully implemented organization-wide. Existing resources should be used efficiently in the conduct of risk assessment, and appropriate risk control and management measures should be established.
5. Risk management should be supported and promoted as part of the organizational culture, with everyone recognizing the importance of risk management to the Company's business operations.

Organization-wide risk management structure

The organization-wide risk management structure consists of directors, management, and all departments in the Company. The Committee on Organization-wide Risk Management, members of which are appointed by the Board of Directors, is responsible for ensuring that an effective and efficient risk management system is in place and everyone involved understands the risks that may have a serious effect on the Company, and for creating confidence that appropriate measures are taken to address those risks. It acts as a central body for coordinating with and supporting management and various departments relating to risk management, to ensure it is continually and effectively implemented.

Therefore, management and all employees shall be informed of and understand the risk management policy thoroughly, including procedures to take in order to manage or reduce risk probability during business operations and how to assess risks based on the criteria set by the Company. This can be achieved by inviting management and employees in each line of work to attend meetings, where they can brainstorm and discuss the risk issues arising during the course of their work.

After each department has identified its risk issues, all the information obtained shall be used to conduct a more careful risk assessment. Each risk issue should be analyzed in regards to probability and impact once it has materialized. This is because some risk issues are less likely to occur, but tend to cause serious impacts once they do. Acceptable levels of these risks should also be determined, as are the measures to manage each of them.

Summary of the overhaul of organization-wide risk management system of M.K. Real Estate Development Public Company Limited

Organization Risk Management	Control Activity	Risk Solution
<p>Manage factors and control activities and operating procedures to remove causes of risk issues that may occur and cause the Company to suffer damage, or manage risks to ensure that any future impact remains at an acceptable level, is assessable, controllable, and verifiable systematically. Always place importance on the targets set in the business strategy, compliance with regulations, the Company's financial situation and its reputation. Obtain support and encourage participation in risk management by management and employees at all levels across the Company.</p>	<ol style="list-style-type: none"> 1. Preventive Control: Control established to prevent risks and errors; 2. Detective Control: Control established to detect errors that have occurred; 3. Directive Control: Control established to support or promote success in meeting the targets; 4. Corrective Control: Control established to correct errors that have occurred, or find solutions to prevent similar errors from reoccurring 	<ol style="list-style-type: none"> 1. Risk Acceptance: Accepting the risk that has occurred as it is too costly to manage, control, or prevent it at this point; 2. Risk Reduction: Improving operating procedures or redesigning work process to reduce probability or impact to the level the Company finds acceptable; 3. Risk Sharing: Sharing or distributing the consequences of a risk to spread the responsibility for that risk among other people; 4. Risk Avoidance: Managing a high-level risk which is unacceptable to the line of work, which leads to decision to terminate that particular project/activity



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

(3) Control activities

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

The Company determined the scope of authority and the transaction limit of management personnel in each level clearly and in writing.

There is a separation of duties in each line of work, to enable checks and balances, i.e. 1. Authorization; 2. Recording accounting transactions and IT data; and 3. Asset maintenance.

Transactions with related persons that create long-term obligations for the Company are authorized, for example, sale or loan agreements and letters of guarantee. Follow-ups are conducted to ensure compliance with the terms and conditions throughout the effective period of the agreement.

There is a clear separation of duties that are conducive to corruption. Relevant laws and regulations are respected.

(4) Information and communication

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

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

(5) Monitoring activities

- The Company has improved the operating procedures to respond to changing situations and monitored the results of implementing these procedures to ensure that the goals and targets set in the Board of Directors' policies have been met.
- The Company has regularly arranged for reviews and monitoring of the results of internal control implementation.
- The Company requires that the review results be reported directly to the Audit Committee. The Audit Committee approved the hiring of Multiplus Audit and Consulting Company Limited to conduct an internal audit for the Company in 2017. The internal auditor conducted the audit and presented its findings to the Audit Committee, in the following topics.

- **Internal audit on IT general controls**

The audit team conducted an audit on 18-19 July 2017, or a total of two working days. The purpose of the audit was to ensure that the Company's IT general controls were adequate, and that outstanding issues from the previous period had been followed up on and addressed (if any). The audit team reported to the Audit Committee that, based on its audit, the Company should prepare a written policy on the control of operations regarding security and access to the IT system, and that the Company had addressed all the outstanding issues noted in 2016.

- **Internal audit on adequacy of overall system of internal controls of Yours Property Management Company Limited**

The audit team conducted an audit on 9-11 October 2017, or a total of three working days. The purpose of the audit was to ensure that Yours Property Management Company Limited's overall system of internal controls was adequate, and that outstanding issues from the previous period had been followed up on and addressed. The audit team reported that, based on its audit, Yours Property Management Company Limited should be required to assess risks that might occur. The company has established measures to address this issue and will report it to the Audit Committee on a quarterly basis.

- **Internal audit on adequacy of internal control system and following up on outstanding issues For 2017**

The audit team conducted an audit on 23-24 August 2017, 19-20 December 2017, and 5-6 February 2018, or a total of six working days. The purpose of the audit was to assess the adequacy of the internal control system at the management level and internal controls in each line of work, as well as following up on outstanding issues from the audit in 2017.

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

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

11.2 Summary of opinions of Audit Committee

Audit Committee's report

Audit Committee of M.K. Real Estate Development Public Company Limited, consists of four (4) independent directors, These include Mr. Att Tongyai Asavanund , Chairperson of the Audit Committee, Mr. Chaiyapont Timsootheepant, and Mrs. Malai Rachataswan as members of the Audit Committee. and Mr. Theraphan Jittalarn, an independent director appointed as another member of the Audit Committee in a Board of the Directors' meeting on 12 May 2017, to support the work of the Audit Committee. In addition the Audit Committee consists of at least one member who has the knowledge and experience in reviewing financial statements for reliability.

Audit Committee has carried the duties assigned by the Board of Directors and based on the charter of Audit Committee, which is in line with the Stock Exchange of Thailand regulations. In the 2017 accounting period, Audit Committee held a total of 5 Meetings. All members of Audit Committee were present in these meetings, which were also attended by management, external auditors, and internal auditors, as appropriate. These meetings can be summarized as follows:

In 2017, Audit Committee held a total of 5 meetings, which can be summarized as follows:

1. A review of financial statements of the Company and its subsidiaries before presenting them to the



Board of Directors. Having reviewed the financial statements and heard explanations by the auditors and management, Audit Committee was of an opinion and convinced that the financial statements were prepared in accordance with generally accepted accounting principles, and disclosed all the significant information accurately and completely.

2. Recommended the appointment of auditors from KPMG Phoomchai Audit Company Limited and determined the audit fees for the year, and presented to the Board of Directors, who in turn presented to the shareholders' meeting for approval. Audit Committee was of an opinion that the persons being nominated for appointment as auditors had the right qualifications and were adequately independent to conduct auditing for the Company and its subsidiaries.
3. Considered engaging Multiplus Audit and Consulting Co.,Ltd., an unrelated company, to conduct internal auditing at the Company. This company was qualified for the task, considering its work teams, personnel availability, experience, knowledge and skills, and the company's independence. The internal auditors reviewed each part of the Company's operations, based on the guidance on evaluating adequacy of the internal controls system.
4. Reviewed related party transactions, disclosed information relating to related party transactions, and acquisition and disposal of assets to ensure compliance with relevant laws and regulations.
5. Approved annual audit plans and reviewed internal controls, which were part of the Company's management policies. Approved 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 Tongyai Asavanund)

Chairperson of Audit Committee



11.3 Information of the head of internal audit

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



12. Related Party Transactions

(See: Note to financial statement # 4)

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

12.1 Related Party Transactions in 2017

Related party transactions incurred during the year 2017 reported in the audited statement for the year ended 31 December 2017 (Balance as of 31 December 2016 for comparison purpose)

1. Outstanding items

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2017 (million Bt)	Balance as of 31 December 2016 (million Bt)
(1) Other Payables (Subsidiaries)			
• Mancon Co., Ltd.	Short-term loan to related parties	-	131.90
• Bunthudthong Pattana Co., Ltd.		-	-
• MK 71 Co., Ltd.		-	-
(2) Accounts Receivable			
• Finansa Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, received property management fees	3.29	4.87
• TPARK BFTZ Co.,Ltd		7.85	-
• Munkong Living Co.,Ltd		0.13	-
(3) Accrued Expenses			
• Finansa Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, paid management fees	0.02	0.07
(4) Loans from subsidiary			
• Mancon Co., Ltd.	Loans between related parties	115.00	-
• S 71 Holding Co., Ltd.		91.50	-

2. Loan to related parties

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2017 (million Bt)	Balance as of 31 December 2016 (million Bt)
(1) Subsidiaries			
• Bunthudthong Pattana Co., Ltd.	Investment in property development projects and business for rent and services	81.30	600.0
• MK71 Co., Ltd.		-	277.5
• S 71 Holding Co., Ltd.		-	280.0
• T 77 Park Co., Ltd.		-	1,049.1
• Munkong Living Co.,Ltd	Investment in business for rent and service	1,985	-
• Prospect Development Co., Ltd.		595	1,045.0

(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

3. Other current assets

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2017 (million Bt)	Balance as of 31 December 2016 (million Bt)
- Prospect Development Co., Ltd.	Security deposit for lease of office space, Finansa PCL	0.59	-

4. Revenue and expenses items

Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of 31 December 2017 (million Bt)	Balance as of 31 December 2016 (million Bt)
(1) Revenue for providing rent and services <u>Subsidiaries</u> • Mancon Co., Ltd. • Yours Property Management Co., Ltd. <u>Associated</u> • Samakkee Cement Co., Ltd	The company received rent and services income for providing office space	Rent and Service Agreement	0.03 0.12 0.52	0.03 0.09 0.49
(2) Acquire / Sale Land / Servitude Compensation (Subsidiary) • Mancon Co., Ltd.	The company acquired / sold land The company sold servitude land The company sold servitude compensation	Market price Mutual agreed	- - 11.81 35.0	13.46 4.1 - -
(3) Dividend (Subsidiary) • Mancon Co., Ltd.	The company received dividend	Dividend as the Company paid to shareholders	5.73	5.73
(4) Interest Income (Subsidiary) • Bunthudthong Pattana Co., Ltd. • MK 71 Co., Ltd. • S 71 Holding Co., Ltd. • Prospect Development Co., Ltd. • T 77 Park Co., Ltd. • Park Court Co., Ltd. • Munkong Living Co.,Ltd	The company received interest for providing loan	Calculate from cost of debts plus margin	13.17 4.70 6.48 30.56 30.11 5.86 26.79	15.04 10.77 24.91 31.62 14.03 - -



(5) Management Fee <u>Subsidiaries</u> <ul style="list-style-type: none"> • Mancon Co., Ltd. • Bunthudthong Pattana Co., Ltd. • MK 71 Co., Ltd • S 71 Holding Co., Ltd. • Yours Property Management Co., Ltd. • Munkong Living Co.,Ltd • Park Court Co., Ltd. 	The company received management fee	Service agreement	2.16 0.36 0.24 0.36 1.80 0.92 1.60	0.63 0.11 0.11 0.11 0.53 - 0.70
(6) Management Fees and Personnel Expenses (Subsidiary) <ul style="list-style-type: none"> • Yours Property Management Co., Ltd. 	The company paid personnel expenses and management fee for some projects during set up juristic persons	Service agreement	5.90	0.89
(7) Revenue from sale of real estate <ul style="list-style-type: none"> • Director 	The Company received the money from property sale from directors.	At the same price and under the same conditions as when offering for sale to other people	40.6	-
(8) Property Management Fee <ul style="list-style-type: none"> • Finansa Pcl. / Joint director 	Prospect Development Co., Ltd., a subsidiary, received property management fees	Contractial agreement, calculating from percentage of rent and service income	18.24	19.22
(9) Management Fee <ul style="list-style-type: none"> • Finansa Pcl. / Joint director 	The Company paid back-office administrative expenses. Prospect Development Co., Ltd., a subsidiary, paid administrative fees for back office	Service agreement Service agreement	3.20 9.23	1.20 8.84
(10) Interest expense <ul style="list-style-type: none"> • Mancon Co., Ltd. • S 71 Holding Co., Ltd. 	Loans between related parties	Per the loan agreement	0.61 20.66	- -
(11) Commission Income Joint Venture <ul style="list-style-type: none"> • TPARK BFTZ Co., Ltd. 	Prospect Development Company Limited received commission for bringing in customers.	Service agreement	7.86	-

Related transaction policy

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

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

Approval Procedure

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

12.2 Audit Committee's opinion

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

12.3 Measures and procedures for approving related party transactions

The Securities and exchange Act (No. 4) B.E. 2551, effective on 31 August 2008, was 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 2017, the Company recognized income from sales and services amounting to 3,064.50 million baht, an increase of 6.74 percent compared to the previous year. It has a gross profit of 1,058.01 million baht and a gross profit margin of 34.52%, a slight decrease from 35.07% in the previous year. The core business areas of the Company and its subsidiaries are as follows.

(1) Property development

The Group's sales of property, which is its main business activity, increased by 117.77 million baht, representing an increase of 4.45%. Total property sales amounted to 2,765.32 million baht, up from 2,647.55 million baht in the previous year. The projects that generated most of the income this year included Chuan Chuen Grand Ratchapruek Rama V, Chuan Chuen Modus Vibhavadi, and Serene House Bang Na. In addition to income from the sale of horizontal property, towards the end of the year, the Group started to recognize income from the sale of some units in the Park Court Condominium. Income from part of the sales amount will be recognized in the following year, pending the transfer of ownership. However, in this year, there were sales of the projects which the Company needed to renovate to boost sales, and as a result the gross profit margin slightly decreased from that of the previous year. Nevertheless, the Group had a gross profit from property sales amounting to 904.53 million baht, up 8.4 million baht or 0.94% compared to the previous year.

(2) Property leases and related services

The Group recognized income from leases and related services amounting to 195.90 million baht in this year, increasing by 66.05 million baht from 129.85 million baht or by 50.86%. This income is primarily derived from Prospect Development Company Limited's lease of warehouse/factory building in the Bangkok Free Trade Zone and related services, which brought a gross profit from property leases and related services of 107.14 million baht to the Group, up 39.40 million baht or 58.16% from the gross profit of 67.74 million baht in the previous year. In addition, Park Court by Munkong Living Company Limited, which is a condominium both for rent and for sale, started to generate income from rent and services, part of which was recognized at the end of last year. Both projects will lead to a continuous increase in the percentage of income from leases and related services for the Group.

(3) Golf course and property management

Income from the golf course amounted to 81.27 million baht, up from 71.74 million baht in the previous year, with gross profit increasing by 7.48 million baht or 27.3%. In 2017, the Company invested by building a new club house, to enhance competitiveness for both the golf course and the restaurant. In addition to increasing the percentage of income from the golf course, it promotes the Company's image and increases the potential of its locations, of which there are many in the vicinity of the golf course. It officially opened in February 2018.

income from the golf course, it promotes the Company's image and increases the potential of its locations, of which there are many in the vicinity of the golf course. It officially opened in February 2018.

The operating of from each core business activity showed that sales in every one of the Group's business activities grew and their gross profit increased, especially that of property leases and related services which had experienced a significant growth in income. However, as 2017 was still the time for improving the real estate sector and the Group had only started income restructuring during the year to achieve stable recurring income, the Group's costs increased from the previous year. These costs consisted of:



1) Selling and administrative expenses

In 2017, the Company's selling and administrative expenses increased by 106.59 million baht or 17.89%. Selling expenses rose in line with the increase in sales. However, selling expense-to-sales ratio in 2017 increased by 0.9% compared to that in 2016 (2016: 8.2% per year; 2017: 9.1% per year), due to an increase in sales promotion expenses to boost sales in an initial period for five horizontal property projects launched in 2017 and Park Court which was launched near the end of the year.

Meanwhile, administrative expenses increased by 63.66 million baht. Administrative expense-to-sales ratio stood by 13.9%, up 1.3% from the previous year (2016: 12.6% per year; 2017: 13.9% per year). This was due to expenses relating to project and infrastructure renovation, to maintain the existing projects and preparing them before handing them over to the juristic entity of each housing estate. The Company also focused more on maintaining common property and tightening security, to enhance the quality of its after-sales services, which will promote the good image of the Company and its projects and contribute to sales in the long run. In addition, the Company recognizes the importance of personnel development and enhancing their performance, which will increase the value of its products and enable it to deliver quality products to customers. Therefore in 2017, its expenses towards training and development increased, due to an enlarged budget for training and enhancing employee skills by allowing them to work with experts from outside the Company in the fields of marketing, IT, law, accounting and risk management. It also increased the budget for IT investment, both for hardware and software, to improve the operating procedures and its employees' efficiency, prepare itself to cope with competition in the industry, and decrease operating expenses in the long run. The Company also had increased expenses relating to remuneration and employee benefits, to boost employee morale and retain quality employees, which will enable the Company to recruit qualified people to fill in various positions.

2) Financial costs

The Company has implemented a strategy for growth in the property-for-sale sector, emphasizing on increasing income from horizontal property and achieving stable growth. At the same time, it has planned to increase the percentage of income to ensure stable recurring income in the long term. In order to restructure its income and strengthen its income structure, in the past two years, the Group invested by commencing projects for leases and related services. These included an investment in Prospect Development Property Company Limited, which has warehouses and factory buildings for rent, and the Park Court project, which is a condominium for rent and sale targeting the high-end segment operated by Munkong Living Company Limited. It also invested by constructing a new club house within the golf course. As a result, the Group's financial costs increased by 222.09 million baht or 74.62% in 2017, up from 74.62 million baht in 2016.

The Annual General Meeting of Shareholders No. 1/2017 approved a dividend payment for the operating results in 2016, at the rate of 0.25 baht per share, amounting to 248 million baht. This dividend payment represented 69.23% of the net income, which is higher than stipulated in the Company's policy which requires a dividend payment of at least 30% of its net income.

Financial position

In 2017, the Company had assets amounting to 14,179.84 million baht, an increase of 672.02 million baht from 13,507.82 million baht in the previous year. Meanwhile, its liabilities increased by 697.55 million baht, due to an increase in long-term loans for use in the development of real estate projects and investment in real estate for investment. Due to the increase in liabilities, its debt-to-equity ratio increased to 1.15, an increase of 1.04 compared to that of the previous year. Meanwhile, the interest-bearing debt-to-equity ratio stood at 1.02, up from 0.93 in 2016.



Contingent Liabilities	Total	Terms of Payments			Note
	(Thousand Bt)	Less than 1 year	1-5 years	More than 5 years	
Long-term liabilities	5,795,125	88,009	5,707,115	-	In Balance sheet
Operating lease	440,591	23,396	48,715	368,480	Note to financial statement # 36
Other liabilities	791,406	448,456	342,950	-	
Total	7,027,122	559,861	6,098,780	368,480	

Investment spending

In 2017, the Company had net cash flow from operating activities of 177.16 million baht and paid income tax of 85.86 million baht. It had cash flow from investing activities of 331.21 million baht and cash flow from financing activities of 177.27 million baht. It paid a dividend amounting to 248.26 million baht, paid interest and other financial costs of 254.29 million baht. It repaid short-term loans amounting to 874.14 million baht and long-term loans that were due amounting 170 million baht. It also repaid short-term loans from unrelated entities amounting to 748.20 million baht. It had cash inflows from the issue of debentures amounting to 1,472 million baht. As a result, its cash and cash equivalents had a net increase of 23.23 million baht.

Audit Fees

1) Audit fees

The company and subsidiaries paid for audit fees as follows:

- The audit fees occurred during the year 2016 was Bt3,715,000.00

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 2017, 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 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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



*Key Audit Matters*

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

Valuation of real estate projects under development	
Refer to Notes to the financial statements 3 (d) and 8.	
The key audit matter	How the matter was addressed in the audit
<p>The Group has significant real estate projects under development which are measured at the lower of their cost and their net realisable values. The determination of the estimated net realisable values of these real estate projects under development is dependent upon the Group's expectations of future selling prices and estimated cost to complete.</p> <p>Future trends in real estate business markets may depart from known trends based on past experience. There is therefore a risk that the estimates of net realisable values are less than cost, due to changes in selling prices. Also future build costs are subject to a number of variables including market conditions in respect of materials and sub-contractor cost and construction issues.</p> <p>These inherent uncertainties require judgments which would result in the carrying value of real estate projects under development or gross profit, which my audit focused on.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - I inquired the management to understand and 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 2018



Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2017	2016	2017	2016
		(in Baht)			
Current assets					
Cash and cash equivalents	5	103,567,086	80,338,242	75,983,462	55,232,301
Current investments	6, 35	345,567,872	353,272,068	288,187,164	225,909,782
Trade accounts receivable	7	15,258,160	256,028,497	81,971	164,101
Short-term loans to related parties	4	-	1,600,000	2,661,740,000	3,251,620,000
Short-term loans to other party		95,000,000	-	95,000,000	-
Real estate projects under development	8, 9	8,799,818,970	6,901,552,902	4,649,953,814	4,733,167,188
Deposits for purchase of land		81,500,000	-	51,000,000	-
Other current assets		73,787,497	151,729,920	117,731,183	82,441,006
Total current assets		9,514,499,585	7,744,521,629	7,939,677,594	8,348,534,378
Non-current assets					
Deposits pledged as collateral	9	4,880,379	4,911,689	4,225,691	4,163,691
Investments in associates	10	64,761,632	83,888,977	-	88,781,269
Investments in subsidiaries	11	-	-	2,653,393,807	2,006,394,587
Investments in joint venture	10	140,028,630	215,570	-	-
Other long-term investments	6	10,125,670	10,125,670	9,186,120	9,186,120
Land held for development	9	1,141,411,463	2,442,356,999	529,291,509	529,291,509
Deposits for purchase of land		-	30,500,000	-	-
Investment properties	9,13	408,131,101	354,719,961	6,168,874	6,327,467
Property, plant and equipment	14	925,640,339	849,937,832	753,298,576	678,624,005
Leasehold right	9,15	1,883,978,876	1,930,984,387	5,563,258	9,994,892
Intangible assets	16	5,468,007	4,081,324	5,012,524	3,657,692
Deferred tax assets	17	35,180,644	30,219,007	12,193,173	13,617,265
Other non-current assets		45,728,671	21,354,049	24,607,181	2,327,568
Total non-current assets		4,665,335,412	5,763,295,465	4,002,940,713	3,352,366,065
Total assets		14,179,834,997	13,507,817,094	11,942,618,307	11,700,900,443

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		2017	2016	2017	2016
		(in Baht)			
Current liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	18	630,000,000	1,504,144,408	630,000,000	1,504,144,408
Trade accounts payable		98,392,778	141,598,955	91,451,748	78,787,200
Other payables-related parties	4	-	-	-	131,895,518
Current portion of long-term borrowings	18	88,009,588	228,937,545	8,559,122	228,937,545
Short-term debenture	18	129,806,256	-	129,806,256	-
Current portion of long-term debentures	18	1,325,000,000	170,000,000	1,325,000,000	170,000,000
Short-term loans from related parties	4, 18	-	-	206,499,800	-
Short-term loans from other parties	18	293,148,619	422,968,619	-	-
Current portion of finance lease liabilities	18	1,115,451	-	1,115,451	-
Income tax payable		47,007,635	37,347,587	35,315,220	31,514,718
Customers' deposits		21,574,098	28,290,266	19,760,288	28,290,266
Other current liabilities	19	283,580,519	208,323,775	181,140,845	171,953,685
Total current liabilities		2,917,634,944	2,741,611,155	2,628,648,730	2,345,523,340
Non-current liabilities					
Long-term borrowings	18	1,550,532,422	995,954,811	219,251,691	-
Long-term debentures	18	2,831,583,240	2,819,086,728	2,493,209,907	2,819,086,728
Finance lease liabilities	18	4,354,781	-	4,354,781	-
Deferred tax liabilities	17	16,500,322	16,407,809	-	-
Non-current provisions for employee benefits	20	56,891,081	59,577,938	54,198,567	56,586,325
Other non-current provisions	21	6,767,298	11,500,000	6,767,298	11,500,000
Other non-current liabilities	22	127,684,011	170,260,394	51,724,796	98,798,164
Total non-current liabilities		4,594,313,155	4,072,787,680	2,829,507,040	2,985,971,217
Total liabilities		7,511,948,099	6,814,398,835	5,458,155,770	5,331,494,557
Equity					
Share capital:	23				
Authorised share capital		992,010,177	992,010,177	992,010,177	992,010,177
Issued and paid-up share capital		992,010,177	992,010,177	992,010,177	992,010,177
Share premium on ordinary shares	24	1,484,159,623	1,484,159,623	1,484,159,623	1,484,159,623
Retained earnings					
Appropriated					
Legal reserve	24	99,201,018	99,201,018	99,201,018	99,201,018
Unappropriated		3,984,713,629	4,005,533,711	3,909,091,719	3,794,035,068
Equity attributable of the Company		6,560,084,447	6,580,904,529	6,484,462,537	6,369,405,886
Non-controlling interests	12	107,802,451	112,513,730	-	-
Total equity		6,667,886,898	6,693,418,259	6,484,462,537	6,369,405,886
Total liabilities and equity		14,179,834,997	13,507,817,094	11,942,618,307	11,700,900,443

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2017	2016	2017	2016
<i>(in Baht)</i>					
Revenues					
Revenue from sale of real estate		2,765,320,804	2,647,552,224	2,649,627,454	2,638,669,289
Revenue from rental and rendering of services		195,894,070	129,847,955	17,484,698	16,955,372
Revenue from golf services		81,267,628	71,739,675	81,267,628	71,739,675
Revenue from management of real estate		22,012,953	21,723,091	-	-
Gain on sale of investments and investments income		8,583,209	4,769,319	130,941,308	105,862,984
Other income		191,286,787	205,653,047	174,801,127	81,840,633
Total revenues		3,264,365,451	3,081,285,311	3,054,122,215	2,915,067,953
Expenses					
Cost of sale of real estate	8	1,860,791,431	1,751,421,601	1,793,527,292	1,744,998,821
Cost of rental and rendering of services		88,754,921	62,109,083	4,590,228	4,577,686
Cost of golf services		46,417,408	44,363,866	46,417,408	44,363,866
Cost of management of real estate		10,525,305	6,238,654	-	-
Distribution costs	26	277,404,212	234,477,124	246,552,339	216,057,303
Administrative expenses	27	424,832,072	361,171,099	347,863,995	332,629,831
Finance costs	30	222,087,317	147,464,240	182,688,175	114,715,893
Total expenses		2,930,812,666	2,607,245,667	2,621,639,437	2,457,343,400
Share of loss of investments in associates and joint venture	10	(18,914,285)	(13,066,280)	-	-
Profit before income tax expense		314,638,500	460,973,364	432,482,778	457,724,553
Income tax expense	31	(81,912,142)	(114,441,977)	(69,438,308)	(101,975,131)
Profit for the year		232,726,358	346,531,387	363,044,470	355,749,422
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial gains	31	-	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		232,726,358	353,946,425	363,044,470	365,061,401

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

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2017	2016	2017	2016
		<i>(in Baht)</i>			
Profit (loss) attributable to:					
Owners of the Company		233,250,816	350,794,022	363,044,470	355,749,422
Non-controlling interests	12	(524,458)	(4,262,635)	-	-
Profit for the year		<u>232,726,358</u>	<u>346,531,387</u>	<u>363,044,470</u>	<u>355,749,422</u>
Total comprehensive income attributable to:					
Owners of the Company		233,250,816	358,209,060	363,044,470	365,061,401
Non-controlling interests	12	(524,458)	(4,262,635)	-	-
Total comprehensive income for the year		<u>232,726,358</u>	<u>353,946,425</u>	<u>363,044,470</u>	<u>365,061,401</u>
Basic earnings per share	33	<u>0.24</u>	<u>0.35</u>	<u>0.37</u>	<u>0.36</u>

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



Statement of changes in equity

Consolidated financial statements

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

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 on ordinary shares	Retained earnings		Unappropriated (in Baht)	Equity attributable to owners of the Company	Non-controlling interests	Total equity
				Legal reserve	Unappropriated				
Year ended 31 December 2017									
Balance at 1 January 2017		992,010,177	1,484,159,623	99,201,018	4,005,533,711	6,580,904,529	112,513,730	6,693,418,259	
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Dividends to owners of the Company	34	-	-	-	(247,987,819)	(247,987,819)	-	(247,987,819)	
Dividends to owners of subsidiary		-	-	-	-	-	(270,000)	(270,000)	
Total distributions to owners of the Company		-	-	-	(247,987,819)	(247,987,819)	(270,000)	(248,257,819)	
<i>Change in ownership interest in subsidiary</i>									
Acquisition of non-controlling interests without a change in control	11	-	-	(6,083,079)	(6,083,079)	(6,083,079)	(3,916,821)	(9,999,900)	
Total changes in ownership interest in subsidiary		-	-	(6,083,079)	(6,083,079)	(6,083,079)	(3,916,821)	(9,999,900)	
Total transactions with owners, records directly in equity		-	-	-	(254,070,898)	(254,070,898)	(4,186,821)	(258,257,719)	
Comprehensive income for the year									
Profit for the year		-	-	-	233,250,816	233,250,816	(524,458)	232,726,358	
Total comprehensive income for the year		-	-	-	233,250,816	233,250,816	(524,458)	232,726,358	
Balance at 31 December 2017		992,010,177	1,484,159,623	99,201,018	3,984,713,629	6,560,084,447	107,802,451	6,667,886,898	

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

Statement of changes in equity

	Separate financial statements				Total equity
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve (in Baht)	Retained earnings	
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
Distributions to owners of the Company					
Dividend to owners of the Company	-	-	-	(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 for the year	-	-	-	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

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



Statement of changes in equity

Separate financial statements

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

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



Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2017	2016	2017	2016
	(in Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	232,726,358	346,531,387	363,044,470	355,749,422
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Depreciation and amortisation	135,362,840	121,112,781	31,621,246	29,134,412
Impairment losses on other current assets	6,038,351	-	-	-
Loss on disposal of investments in associates and subsidiary	-	-	7,471,789	65,297,216
Gain on disposal of property, plant and equipment	(81,661,473)	(179,292)	(81,472,649)	(234,674)
Gain on disposal of intangible assets	(621)	-	(621)	-
Compensation fee from termination of sublease agreement	-	(122,944,550)	-	-
Gain (loss) on disposal of long-term investment	-	7,298	-	(2,702)
Unrealised gain on current investments	(165,132)	(738,100)	(86,435)	(160,656)
Reversal of loss on declining in value of real estate projects under development	(993,915)	(881,945)	(993,915)	(881,945)
Realisation of deferred rental income	(887,028)	(887,028)	(887,028)	(887,028)
Interest income	(2,795,801)	(405,184)	(120,280,953)	(96,651,357)
Dividend income	(1,007,330)	(1,052,998)	(6,624,584)	(6,698,438)
Finance costs	222,087,317	147,464,240	182,688,175	114,715,893
Share of loss of investments in associates and joint venture	18,914,285	13,066,280	-	-
Income tax expense	81,912,142	114,441,977	69,438,308	101,975,131
	609,529,993	615,534,866	443,917,803	561,355,274
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	240,770,337	(3,628,352)	82,130	(164,101)
Real estate projects under development	(559,084,797)	(967,764,060)	109,575,447	(851,087,047)
Deposits for purchase of land	(51,000,000)	-	(51,000,000)	-
Other current assets	80,643,137	(138,780,680)	1,309,815	(21,488,466)
Other non-current assets	(24,374,622)	10,897,163	(22,279,612)	318,441
Trade accounts payable	(43,206,177)	(5,772,145)	12,664,548	(17,173,654)
Other payables - related parties	-	-	(131,895,518)	(758,312)
Customers' deposits	(6,716,168)	-	(8,529,978)	-
Other current liabilities	65,569,076	(69,806,233)	1,809,438	(115,796,764)
Non-current provisions for employee benefits	(2,686,857)	(6,114,215)	(2,387,758)	(6,312,052)
Other non-current provisions	(4,732,702)	-	(4,732,702)	-
Other non-current liabilities	(41,689,355)	(15,944,553)	(46,186,340)	(10,984,471)
Net cash generated from (used in) operating activities	263,021,865	(581,378,209)	302,347,273	(462,091,152)
Income tax paid	(85,860,282)	(137,942,809)	(64,213,714)	(133,700,783)
Net cash from (used in) operating activities	177,161,583	(719,321,018)	238,133,559	(595,791,935)

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

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	2,795,801	405,184	83,680,959	56,491,482
Dividends received	1,007,330	1,052,998	6,624,584	6,698,438
Increase in deposits for purchase of land	-	(30,500,000)	-	-
Decrease (Increase) in land held for development	-	(228,118,755)	-	799,901,781
Increase in investment properties	(48,251,185)	(29,360,723)	-	-
Acquisition of property, plant and equipment	(128,986,850)	(192,015,286)	(127,401,493)	(20,930,176)
Acquisition of leasehold right	(43,660,440)	(621,119,615)	-	(10,564)
Acquisition of intangible assets	(2,415,797)	(4,179,544)	(2,277,901)	(3,806,355)
Proceeds from sale of property, plant and equipment	113,402,277	929,680	113,770,661	929,680
Proceeds from sale of intangible assets	621	-	621	-
Proceeds from termination of sublease agreement	-	129,039,831	-	-
Proceeds from sale of long-term investment	-	32,702	-	32,702
Decrease (increase) in short-term loans to related parties	1,600,000	(1,600,000)	204,380,000	(2,028,620,000)
Increase in short-term loans to other party	(95,000,000)	-	(95,000,000)	-
Decrease (increase) in deposits pledged as collateral	31,310	1,530,251	(62,000)	730,156
Decrease (increase) in current investments	7,869,328	43,676,732	(62,190,947)	170,461,574
Proceeds from disposal of investments in associates	-	-	81,310,000	-
Net cash outflow on acquisition of joint venture	(139,600,000)	(400,000)	-	-
Net cash outflow on acquisition of subsidiary	-	-	(159,999,940)	(53,005,000)
Net cash from (used in) investing activities	(331,207,605)	(930,626,545)	42,834,544	(1,071,126,282)

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





Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<i>Cash flows from financing activities</i>				
Finance costs paid	(254,287,277)	(177,214,303)	(199,215,015)	(142,906,355)
Dividends paid	(248,257,819)	(248,163,757)	(247,987,819)	(247,893,757)
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions	(874,144,408)	67,535,522	(874,144,408)	973,880,522
Increase in short-term loans from a related party	-	904,363,885	115,000,000	-
Decrease in short-term loans from other party	(147,691,519)	(895,887,502)	-	-
Finance lease payments	(2,742,968)	(581,533)	(2,742,968)	(581,533)
Proceeds from long-term borrowings	970,061,691	1,283,380,751	453,778,690	277,880,751
Repayment of long-term borrowings	(557,662,934)	(946,388,809)	(454,905,422)	(916,389,406)
Proceeds from issue of debentures	1,472,000,000	1,500,000,000	1,130,000,000	1,500,000,000
Repayment of debentures	(170,000,000)	-	(170,000,000)	-
Acquisition of non-controlling interest without a change in control	(9,999,900)	(50,000,000)	(10,000,000)	-
Net cash from (used in) financing activities	177,274,866	1,437,044,254	(260,216,942)	1,443,990,222
Net increase (decrease) in cash and cash equivalents	23,228,844	(212,903,309)	20,751,161	(222,927,995)
Cash and cash equivalents at beginning of period	80,338,242	293,241,551	55,232,301	278,160,296
Cash and cash equivalents at ending of period	103,567,086	80,338,242	75,983,462	55,232,301
<i>Supplement disclosures of cash flows information</i>				
Non-cash transactions				
Acquisition of equipment under finance lease	8,213,200	-	8,213,200	-
Transfers property, plant and equipment to real estate projects under development	2,902,543	-	2,534,159	-
Transfers (to) investment properties to (from) real estate projects under development	(24,243,094)	2,023,558,158	-	-
Transfers land held for development to real estate projects under development	1,303,215,096	676,761,298	1,303,215,096	676,761,298
Acquisition of subsidiaries by issuing promissory notes	-	-	477,000,000	-
Proceed from loans to related parties by transferring promissory notes	-	-	385,500,000	-
Short-term borrowing from a related party by receiving promissory note	-	-	1,091,500,000	-
Proceed from capital reduction in investment in subsidiary by transferring promissory note	-	-	(1,000,000,000)	-

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





Notes to the financial statements

For the year ended 31 December 2017

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Notes to the financial statements

For the year ended 31 December 2017

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 2018.

1 General information

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

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

The Company’s major shareholder during the financial year was Mr. Suthep Wongvorazathe (14.07% 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 2017 and 2016 are given in notes 10 and 11.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. 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 2018 and have not been adopted in the preparation of these financial statements. 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.

(b) Basis of measurement

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

Items

Mutual fund held for trading
Defined benefit liability

Measurement bases

Fair value
Present value of the defined benefit obligation,
as explained in note 3 (k)





Notes to the financial statements

For the year ended 31 December 2017

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

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

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

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

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

- Note 13 Investment properties

3 Significant accounting policies

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

(a) Basis of consolidation

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

Business combinations

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

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

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

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





Notes to the financial statements

For the year ended 31 December 2017

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

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

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

Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP.

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.





Notes to the financial statements

For the year ended 31 December 2017

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

Transactions eliminated on consolidation

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

(b) 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.





Notes to the financial statements

For the year ended 31 December 2017

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 measured at cost less accumulated depreciation and impairment losses.

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

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

Warehouse / factory buildings	term of the lease, 23 - 30 Years
Buildings on rental land	term of the lease, 22 - 25 Years
Rental buildings	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 measured at cost less accumulated depreciation and impairment losses.

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





Notes to the financial statements

For the year ended 31 December 2017

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

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

Leased assets

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

Subsequent costs

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

Depreciation

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

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

Golf course	30	Years
Buildings, 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.





Notes to the financial statements

For the year ended 31 December 2017

Amortisation

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

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

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

Software licenses	5 Years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(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.





Notes to the financial statements

For the year ended 31 December 2017

(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.



Notes to the financial statements

For the year ended 31 December 2017

(m) *Revenues*

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

Sale of goods and services rendered

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

Real estate development projects

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

Rental income

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

Dividend income

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

Interest income

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

(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.





Notes to the financial statements

For the year ended 31 December 2017

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.





Notes to the financial statements

For the year ended 31 December 2017

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 Related parties

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

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

Name of entities	Country of incorporation/ nationality	Nature of relationships
Mr. Suthep Wongvorazathe	Thai	Major shareholder, 14.07% shareholding
Finansa Public Company Limited	Thailand	Common director
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

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

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





Notes to the financial statements

For the year ended 31 December 2017

Transactions

Project and personal management fee
Interest expense

Pricing policies

Contractual prices
2.00% - 4.00% per annum

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	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiaries				
Revenue from rental and rendering of services	-	-	149	120
Purchase of land	-	-	-	13,459
Sale of land	-	-	-	4,100
Sale of land servitude	-	-	11,807	-
Servitude compensation	-	-	35,000	-
Dividend income	-	-	5,730	5,730
Interest income	-	-	117,675	96,371
Management service income	-	-	7,440	2,170
Project and personal management fee	-	-	5,897	885
Interest expense	-	-	21,269	-
Associate				
Revenue from rental and rendering of services	521	490	521	490
Commission income	7,857	-	-	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	39,646	38,601	39,646	37,971
Post-employment benefits	1,490	1,310	1,490	1,310
Other long-term benefits	1	1	1	1
Total key management personnel compensation	41,137	39,912	41,137	39,282
Other related parties				
Revenue from sale of real estate	40,600	-	-	-
Property management income	18,257	19,221	-	-
Management fee	12,432	8,841	3,200	-





Notes to the financial statements

For the year ended 31 December 2017

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Trade accounts receivable				
Subsidiary				
Munkong Living Co., Ltd.	132	-	-	-
Joint venture				
TPark BFTZ Co., Ltd.	7,857	-	-	-
Other related parties				
Finansa Public Company Limited	3,291	4,870	-	-
Total	11,280	4,870	-	-
Other non-current assets				
Other related party				
Finansa Public Company Limited	589	-	-	-

	Interest rate		Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016	2017	2016
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loans to related parties						
Subsidiaries						
Bantudthong Pattana Co., Ltd.	4.00	2.50	-	-	81,300	600,000
MK71 Co., Ltd.	-	2.50-5.25	-	-	-	277,500
S71 Holding Co., Ltd.	-	5.25	-	-	-	280,000
Prospect Development Co., Ltd.	4.00-4.25	4.00-5.25	-	-	595,000	1,045,000
T77 Park Co., Ltd. (Formerly Phra Khanong Land Co., Ltd.)	-	4.00-4.25	-	-	-	1,049,120
Munkong Living Co., Ltd.	2.50-5.25	-	-	-	1,985,440	-
Joint venture						
TPark BFTZ Co., Ltd.	-	4.50	-	1,600	-	-
Total			-	1,600	2,661,740	3,251,620



Notes to the financial statements

For the year ended 31 December 2017

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

	Consolidated financial statements		Separate financial statements			
	2017	2016	2017	2016		
	<i>(in thousand Baht)</i>					
Short-term loans to related parties						
Subsidiaries						
At 1 January	-	-	3,251,620	1,223,000		
Increase	-	-	1,891,300	3,207,820		
Decrease	-	-	(2,481,180)	(1,179,200)		
At 31 December	-	-	2,661,740	3,251,620		
Joint venture						
At 1 January	1,600	-	-	-		
Increase	12,000	1,600	-	-		
Decrease	(13,600)	-	-	-		
At 31 December	-	1,600	-	-		
Total short-term loans to related parties						
At 1 January	1,600	-	3,251,620	1,223,000		
Increase	12,000	1,600	1,891,300	3,207,820		
Decrease	(13,600)	-	(2,481,180)	(1,179,200)		
At 31 December	-	1,600	2,661,740	3,251,620		
Other payable-related party						
Subsidiary						
Mancon Co., Ltd.	-	-	-	131,896		
Accrued expenses (included in other current liabilities)						
Other related party						
Finansa Public Company Limited	15	72	-	-		
	Interest rate		Consolidated		Separate	
	2017	2016	2017	2016	2017	2016
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loans from related parties						
Subsidiaries						
S71 Holding Co., Ltd.	4.00	-	-	-	91,500	-
Mancon Co., Ltd.	2.00	-	-	-	115,000	-
Total			-	-	206,500	-





Notes to the financial statements

For the year ended 31 December 2017

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Short-term loans from related parties				
Subsidiaries				
At 1 January	-	-	-	-
Increase	-	-	1,211,500	-
Decrease	-	-	(1,005,000)	-
At 31 December	-	-	206,500	-

Significant agreements

Property management agreements

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

Service agreement

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

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

Shareholder agreement

Under shareholder agreement, a subsidiary agreed with a joint venture to provide service in recommending new tenants to the joint venture with the commission income as the specified rate in the shareholder agreement.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Cash on hand	1,053	828	911	728
Cashier cheques	19,129	12,664	19,129	12,664
Cash at banks - current accounts	5,855	26,798	2,791	25,538
Cash at banks - savings accounts	77,525	39,846	53,153	16,302
Highly liquid short-term investments	5	202	-	-
Total	103,567	80,338	75,984	55,232





Notes to the financial statements

For the year ended 31 December 2017

6 Other investments

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Current investments</i>				
Mutual fund securities held for trading	345,568	353,272	288,187	225,910
<i>Other long-term investments</i>				
Other non-marketable equity securities	49,670	49,670	48,730	48,730
Less allowance for impairment	(39,544)	(39,544)	(39,544)	(39,544)
Net	10,126	10,126	9,186	9,186
Total	355,694	363,398	297,373	235,096

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
At 1 January	353,272	396,211	225,910	396,211
Purchases during the year	4,822,600	3,581,000	4,557,500	3,291,000
Sells during the year	(4,830,469)	(3,624,677)	(4,495,309)	(3,461,462)
Valuation adjustment	165	738	86	161
At 31 December	345,568	353,272	288,187	225,910

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 2016) Fair Value Measurement.

7 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	4	11,280	4,870	-	-
Other parties		3,978	251,158	82	164
Total		15,258	256,028	82	164
Less allowance for doubtful accounts		-	-	-	-
Net		15,258	256,028	82	164
Bad and doubtful debts expense for the year		-	-	-	-





Notes to the financial statements

For the year ended 31 December 2017

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	11,012	773	-	-
Overdue:				
Less than 3 months	268	4,097	-	-
	11,280	4,870	-	-
<i>Less allowance for doubtful accounts</i>	-	-	-	-
	11,280	4,870	-	-
Other parties				
Within credit terms	2,092	249,752	-	-
Overdue:				
Less than 3 months	1,767	1,331	15	89
3 - 6 months	14	-	-	-
6 - 12 months	50	-	12	-
Over 12 months	55	75	55	75
	3,978	251,158	82	164
<i>Less allowance for doubtful accounts</i>	-	-	-	-
	3,978	251,158	82	164
Net	15,258	256,028	82	164

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

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. The subsidiary fully received the remaining amount in full in March 2017.

8 Real estate projects under development

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Land and construction developing for sales	8,002,320	5,781,686	3,867,470	3,624,071
Houses and sample houses	798,332	1,120,770	783,447	1,109,999
Construction materials	552	1,476	422	1,476
	8,801,204	6,903,932	4,651,339	4,735,546
<i>Less allowance for impairment</i>	(1,385)	(2,379)	(1,385)	(2,379)
Net	8,799,819	6,901,553	4,649,954	4,733,167





Notes to the financial statements

For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Finance costs capitalised in real estate projects under development during the year	<u>56,313</u>	<u>46,278</u>	<u>22,824</u>	<u>39,449</u>
Capitalisations rate (% per annum)	<u>2.20-5.28</u>	<u>1.95-5.28</u>	<u>2.20-4.78</u>	<u>1.95-5.03</u>
Real estate projects under development recognised as an expense in cost of sale of real estate				
- Cost	1,861,785	1,752,304	1,794,521	1,745,881
- Reversal of write-down	(994)	(882)	(994)	(882)
Net	<u>1,860,791</u>	<u>1,751,422</u>	<u>1,793,527</u>	<u>1,744,999</u>

In 2017, the Group transferred land held for development to real estate projects under development amounting to Baht 1,303 million since the Group planned to develop such land for sale, and transferred land and constructions thereon under real estate projects under development to investment properties amounting to Baht 24 million since the land and constructions are leased to third parties.

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 on-going real estate projects as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Number of projects on hand	19	17	17	16
Sales with signed contracts (<i>in million Baht</i>)	11,385	9,734	10,871	9,276
Proportion of sales with signed contracts to total project sales (%)	62.70	70.12	73.66	69.33

9 Assets used as collateral

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Savings accounts	599	693	-	-
Fixed deposit accounts - 12 months	<u>4,281</u>	<u>4,219</u>	<u>4,226</u>	<u>4,164</u>
	4,880	4,912	4,226	4,164
Real estate projects under development	5,019,220	4,558,846	2,184,482	2,393,144
Land held for development	64,389	64,389	64,389	64,389
Investment properties	30,384	6,327	6,169	6,327
Leasehold right	<u>225,299</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>5,344,172</u>	<u>4,634,474</u>	<u>2,259,266</u>	<u>2,468,024</u>





Notes to the financial statements

For the year ended 31 December 2017

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

10 Investments in associates and joint venture

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Associates				
At 1 January	83,889	96,771	88,781	154,079
Share of net losses of associates	(19,127)	(12,882)	-	-
Disposals	-	-	(88,781)	(65,298)
At 31 December	64,762	83,889	-	88,781
Joint venture				
At 1 January	216	-	-	-
Acquisitions	139,600	400	-	-
Share of net loss of joint venture	213	(184)	-	-
At 31 December	140,029	216	-	-
Total				
At 1 January	84,105	96,771	88,781	154,079
Acquisitions	139,600	400	-	-
Share of net losses of associates and joint venture	(18,914)	(13,066)	-	-
Disposals	-	-	(88,781)	(65,298)
At 31 December	204,791	84,105	-	88,781

Acquisitions

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 4.9 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 (1.96 million ordinary shares at par value of Baht 10 per share).

On 30 March 2017, TPark BFTZ Co., Ltd., a joint venture, increased its registered share capital from Baht 50 million to Baht 350 million by issue of 30 million ordinary shares with par value of Baht 10 per share to the shareholders by existing proportion and called-up the amount of Baht 300 million (30,000,000 ordinary shares at par value of Baht 10 per share). The Group paid the share capital for a consideration of Baht 120 million (12 million ordinary shares at par value of Baht 10 per share).

Disposals

On 18 May 2017, the Company sold all of its 40.64% interest in the issued and paid-up share capital of Samakkee Cement Co., Ltd. and 36.07% interest in the issued and paid-up share capital of Subnorasing Co., Ltd., its associates, to a subsidiary, for a consideration of Baht 81.30 million and Baht 0.01 million, respectively. The Company recognised a loss of Baht 7.48 million and a gain of Baht 0.01 million, respectively, in the statement of comprehensive income for the year ended 31 December 2017. However, the consolidated statement of comprehensive income had not been affected.





Notes to the financial statements

For the year ended 31 December 2017

Investments in associates and joint venture as at 31 December 2017 and 2016, and dividend income 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	
			2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<i>Associates</i>												
Samukkee Cement Co., Ltd.	Thailand	Cement producer	40.64	40.64	235,000	235,000	154,079	154,079	64,762	83,889	-	-
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	64,762	83,889	-	-
<i>Joint venture</i>												
TPark BFTZ Co., Ltd.	Thailand	Property development for lease	40.00	40.00	350,000	1,000	140,000	400	140,029	216	-	-
					140,000	400	140,029	140,029	216	216	-	-
Total					300,572	160,972	204,791	84,105				

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



Notes to the financial statements

For the year ended 31 December 2017

	Ownership Interest (%)		Paid-up capital		Cost		Impairment		At cost-net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Associates												
Samukkee Cement Co., Ltd.	-	40.64	-	235,000	-	154,079	-	(65,298)	-	88,781	-	-
Subnorasing Co., Ltd.	-	36.07	-	18,000	-	6,493	-	(6,493)	-	-	-	-
Total												
			-	160,572	-	(71,791)	-	88,781	-	88,781	-	-

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

Notes to the financial statements

For the year ended 31 December 2017

Associates and joint venture

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

	Samukkee Cement Co., Ltd.		Subnorasing Co., Ltd.		TPark BFTZ Co., Ltd.	
	2017	2016	2017	2016	2017	2016
Revenue	18,385	13,681	80	77	19,310	-
Profit (loss) from operations	(47,065) ^a	(31,697) ^a	-	-	533 ^a	(461) ^a
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income (100%)	(47,065)	(31,697)	-	-	533	(461)
Ownership interest (%)	40.64	40.64	36.07	36.07	40.00	40.00
Total comprehensive income (Group's interest)	(19,127)	(12,882)	-	-	213	(184)
Group's share of total comprehensive income	(19,127)	(12,882)	-	-	213	(184)
Current assets	21,484 ^b	18,201 ^b	10,827 ^b	10,827 ^b	54,779 ^b	17,338 ^b
Non-current assets	438,210	465,323	12	12	537,954	342,422
Current liabilities	(262,087) ^c	(222,501) ^c	(244) ^c	(247)	(92,187) ^c	(359,221) ^c
Non-current liabilities	(38,252) ^d	(54,604) ^d	(10,983) ^d	(11,102) ^d	(150,474) ^d	-
Net assets (100%)	159,355	206,419	(388)	(510)	350,072	539
Ownership interest (%)	40.64	40.64	36.07	36.07	40.00	40.00
Group's interest in net assets of investee (Group's interest)	64,762	83,889	-	-	140,029	216
Carrying amount of interest in associates/joint venture	64,762	83,889	-	-	140,029	216



Notes to the financial statements

For the year ended 31 December 2017

	Samukkee Cement 2017	Samukkee Cement Co., Ltd. 2016	Subnorasing Co., Ltd. 2017	Subnorasing Co., Ltd. 2016	TPark BFTZ Co.,Ltd. 2017	TPark BFTZ Co.,Ltd. 2016
			<i>(in thousand baht)</i>			
	19,490	10,806	-	-	-	-
	10,425	9,173	-	-	121,935	3
	378	97	15	15	32,560	1,764
	(257,737)	(222,375)	-	-	59,007	(4,000)
	(33,535)	(49,103)	(10,983)	(11,045)	150,474	-

Remark:

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



Notes to the financial statements

For the year ended 31 December 2017

11 Investments in subsidiaries

<i>Year ended 31 December</i>	Separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
At 1 January	2,006,395	1,953,390
Acquisitions	1,746,999	53,005
Disposals	<u>(1,100,000)</u>	<u>-</u>
At 31 December	<u>2,653,394</u>	<u>2,006,395</u>

Acquisitions

On 5 June 2017, the Company invested in Park Court Co., Ltd. (formerly Onnut Development Co., Ltd., an indirect subsidiary) by purchasing of 100% of the issued shares from S71 Holding Co., Ltd. (a direct subsidiary with 90% of ownership interest), totaling Baht 1,000 million. As a result, the Group's equity interest in Park Court Co., Ltd. increased from 90% to 100%.

At the Board of Directors' Meeting of Yours Property Management Co., Ltd., a direct subsidiary, held on 7 August 2017, the Board approved to call-up its ordinary shares of Baht 20 per share, amounting to Baht 1 million. The Company paid-for a consideration to the subsidiary.

At the Extraordinary General Meeting of shareholders of Buntudthong Pattana Co., Ltd., a direct subsidiary, held on 27 September 2017, the shareholders approved to increase its registered share capital from Baht 1 million to Baht 637 million by issuing of 6.36 million ordinary shares with a par value of Baht 100 per share to the shareholders. The Company paid the share capital for a consideration of Baht 636 million.

On 29 September 2017, the Company purchased 10% of the issued and paid-up share capital of S71 Holding Co., Ltd., a direct subsidiary, from the other party in the amount of Baht 110 million. As a result, the Company's equity interest in S71 Holding Co., Ltd. increased from 90% to 100%.

Amalgamation

At the Extraordinary General Meeting of shareholders of 3 subsidiaries held on 9 June 2017, the shareholders approved amalgamation of Park Court Co., Ltd., T77 Park Co., Ltd. and MK71 Company Limited, companies under common control, to restructure the organisation and reduce costs of the subsidiaries. The 3 subsidiaries have been amalgamated and registered to the new entity namely Munkong Living Co.,Ltd. on 1 September 2017.

Disposals

On 29 September 2017, the Company sold its 10% of the issued and paid-up share capital of Munkong Living Co., Ltd., a direct subsidiary, to the other party amounting to Baht 100 million. As a result, the Company's equity interest in Munkong Living Co., Ltd. decreased from 100% to 90.02%.





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

Notes to the financial statements

For the year ended 31 December 2017

At the Extraordinary General Meeting of shareholders of S71 Holding Co., Ltd., a direct subsidiary, held on 2 October 2017, the shareholders approved the capital reduction of the authorised share capital from Baht 1,100 million to Baht 275 million by deducting 8.25 million ordinary shares with a par value of Baht 100 per share, amounting to Baht 825 million.

At the Extraordinary General Meeting of shareholders of S71 Holding Co., Ltd., a direct subsidiary, held on 9 November 2017, the shareholders approved the capital reduction of the authorised share capital from Baht 275 million to Baht 100 million by deducting 1.75 million ordinary shares with a par value of Baht 100 per share, amounting to Baht 175 million.





Notes to the financial statements

For the year ended 31 December 2017

Investments in subsidiaries as at 31 December 2017 and 2016, 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 (in thousand Baht)		At cost-net of impairment		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Direct subsidiaries												
Macon Company Limited	95.50	95.50	20,000	20,000	25,940	25,940	-	-	25,940	25,940	5,730	5,730
Buntudthong Pattana Co., Ltd.	100.00	100.00	637,000	1,000	636,999	1,000	-	-	636,999	1,000	-	-
MK71 Company Limited	-	100.00	-	1,000	-	1,000	-	-	-	1,000	-	-
S71 Holding Co., Ltd.	100.00	90.00	100,000	1,100,000	100,000	990,000	-	-	100,000	990,000	-	-
Prospect Development Co., Ltd.	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	100.00	3,000	2,000	3,000	2,000	-	-	3,000	2,000	-	-
T77 Park Co., Ltd. (Formerly Phra Khanong Land Co., Ltd.)	-	100.00	-	1,005	-	1,005	-	-	-	1,005	-	-
Munkong Living Co., Ltd	90.02	-	1,002,005	-	902,005	-	-	-	902,005	-	-	-
Total			2,653,394	2,006,395	2,653,394	2,006,395	-	-	2,653,394	2,006,395	5,730	5,730





Notes to the financial statements

For the year ended 31 December 2017

12 Non-controlling interests

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:

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





Notes to the financial statements

For the year ended 31 December 2017

	S 71 Holding Co., Ltd.	31 December 2016		Total
		Other individually immaterial subsidiaries <i>(in thousand Baht)</i>	Intra-group eliminations	
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			

13 Investment properties

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Cost					
At 1 January		374,894	2,369,091	6,644	6,644
Additions		45,981	29,361	-	-
Transfer from (to) real estate projects under development	8	24,243	(2,023,558)	-	-
At 31 December		445,118	374,894	6,644	6,644
Accumulated depreciation and impairment losses					
At 1 January		20,174	6,776	317	158
Depreciation charge for the year		16,813	13,398	158	159
At 31 December		36,987	20,174	475	317
Net book value					
At 1 January		354,720	2,362,315	6,327	6,486
At 31 December		408,131	354,720	6,169	6,327





Notes to the financial statements

For the year ended 31 December 2017

As at 31 December 2017, investment properties which have carrying amount of Baht 396.70 million (2016: Baht 314.90 million) were revalued by external, independent property valuers, at projected discount cash flows and open market values on an existing use basis. The appraised value was Baht 555.98 million (2016: Baht 383.10 million). In addition, another portion of investment properties amounting to Baht 11.43 million (2016: Baht 39.82 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 categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

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

Valuation technique

Discounted cash flows; The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods and occupancy rate. The expected net cash flows are discounted using discount rate.

Significant unobservable inputs

- Rental growth rate (7.5% every 3 years)
- Occupancy rate (between 65% - 90%)
- Discount rate (12%).
- Rental rate (170 - 200 Baht/square meter/month)



**Notes to the financial statements**

For the year ended 31 December 2017

14 Property, plant and equipment

	Consolidated financial statements							Total
	Land	Golf course constructions	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	
<i>Cost</i>								
At 1 January 2016	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
At 1 January 2017	-	-	3,941	5,324	3,884	9,344	114,707	137,200
Additions	(8,777)	-	(128,770)	(2,112)	(1,434)	(2,245)	-	(143,338)
Disposals / transfers	-	-	-	-	(2,817)	-	-	(2,817)
Write-off	-	-	-	-	-	-	-	-
At 31 December 2017	688,974	209,262	54,908	78,045	29,488	35,378	114,707	1,210,762
<i>Accumulated depreciation</i>								
At 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
At 1 January 2017	-	7,178	6,635	6,610	3,200	3,231	-	26,854
Depreciation charge for the year	-	-	(103,002)	(1,932)	(1,552)	(2,208)	-	(108,694)
Disposals / transfers	-	-	-	-	(2,817)	-	-	(2,817)
Write-off	-	-	-	-	-	-	-	-
At 31 December 2017	-	135,582	48,557	59,155	18,511	23,317	-	285,122

Notes to the financial statements

For the year ended 31 December 2017

	Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	Total
Consolidated financial statements								
<i>(in thousand Baht)</i>								
Net book value								
At 1 January 2016	528,405	88,016	35,395	19,740	4,131	7,243	-	682,930
Owned assets								
At 31 December 2016 and 1 January 2017	697,751	80,858	34,813	20,356	10,175	5,985	-	849,938
Owned assets								
At 31 December 2017	688,974	73,680	6,351	18,890	10,977	5,004	114,707	918,583
Owned assets	-	-	-	-	-	7,057	-	7,057
Financial lease	688,974	73,680	6,351	18,890	10,977	12,061	114,707	925,640





Notes to the financial statements

For the year ended 31 December 2017

	Separate financial statements <i>(in thousand Baht)</i>						Total
	Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	
Cost							
At 1 January 2016	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 and 1 January 2017	528,405	209,262	179,567	74,813	27,274	27,140	1,046,461
Additions	-	-	3,941	5,324	2,299	9,344	135,615
Disposals / transfers	(8,777)	-	(128,600)	(2,282)	(1,561)	(2,244)	(143,464)
Write-off	-	-	-	-	(2,817)	-	(2,817)
At 31 December 2017	519,628	209,262	54,908	77,855	25,195	34,240	1,035,795
Accumulated depreciation							
At 1 January 2016	-	121,246	137,865	52,288	24,880	23,320	359,599
Depreciation charge for the year	-	7,158	7,040	6,106	2,121	1,441	23,866
Disposals / transfers	-	-	-	(1,765)	-	(3,048)	(4,813)
Write-off	-	-	-	(2,171)	(8,086)	(558)	(10,815)
At 31 December 2016 and 1 January 2017	-	128,404	144,905	54,458	18,915	21,155	367,837
Depreciation charge for the year	-	7,178	6,628	6,538	2,532	3,232	26,108
Disposals / transfers	-	-	(102,976)	(1,914)	(1,534)	(2,208)	(108,632)
Write-off	-	-	-	-	(2,817)	-	(2,817)
At 31 December 2017	-	135,582	48,557	59,082	17,096	22,179	282,496

Notes to the financial statements

For the year ended 31 December 2017

	Separate financial statements (in thousand Baht)						Total
	Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	
Net book value							
At 1 January 2016							
Owned assets	528,405	88,016	35,395	19,735	3,460	7,243	682,254
At 31 December 2016 and 1 January 2017							
Owned assets	528,405	80,858	34,662	20,355	8,359	5,985	678,624
At 31 December 2017							
Owned assets	519,628	73,680	6,351	18,773	8,099	5,004	746,242
Financial lease	-	-	-	-	-	7,057	7,057
	519,628	73,680	6,351	18,773	8,099	12,061	753,299

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 2017 amounted to Baht 120.19 million and Baht 118.70 million, respectively (2016: Baht 114.86 million and Baht 113.71 million, respectively).





Notes to the financial statements

For the year ended 31 December 2017

15 Leasehold right

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
Cost		
At 1 January 2016	1,676,990	150,913
Addition	621,120	11
Disposal	(175,989)	-
At 31 December 2016 and 1 January 2017	2,122,121	150,924
Addition	43,660	-
At 31 December 2017	2,165,781	150,924
Accumulated amortisation		
At 1 January 2016	144,148	136,509
Amortisation charge for the year	82,643	4,420
Disposal	(35,655)	-
At 31 December 2016 and 1 January 2017	191,136	140,929
Amortisation charge for the year	90,666	4,432
At 31 December 2017	281,802	145,361
Net book value		
At 1 January 2016	1,532,842	14,404
At 31 December 2016 and 1 January 2017	1,930,985	9,995
At 31 December 2017	1,883,979	5,563

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 and the Group records as part of leasehold right. As at 31 December 2017, the carrying amount of land sublease compensation and building on leasehold land for the 3 land sublease agreements above were Baht 877.91 million and Baht 1,000.51 million, respectively.

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 and the Company records as part of leasehold right. As at 31 December 2017, the carrying amount of land sublease compensation and building on leasehold land were Baht 2.74 million and Baht 2.82 million, respectively.





Notes to the financial statements

For the year ended 31 December 2017

16 Intangible assets

	Consolidated financial statements	Separate financial statements
	Software licenses	Software licenses
	<i>(in thousand Baht)</i>	
Cost		
At 1 January 2016	4,444	4,314
Addition	4,180	3,806
Disposal	(2,070)	(2,070)
At 31 December 2016 and 1 January 2017	6,554	6,050
Addition	2,416	2,278
Disposal	(3)	(3)
At 31 December 2017	8,967	8,325
Accumulated amortisation		
At 1 January 2016	3,784	3,771
Amortisation charge for the year	759	691
Disposal	(2,070)	(2,070)
At 31 December 2016 and 1 January 2017	2,473	2,392
Amortisation charge for the year	1,029	924
Disposal	(3)	(3)
At 31 December 2017	3,499	3,313
Net book value		
At 1 January 2016	660	543
At 31 December 2016 and 1 January 2017	4,081	3,658
At 31 December 2017	5,468	5,012

17 Deferred tax

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

	Consolidated financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	47,374	43,836	(28,694)	(30,025)
Set off of tax	(12,193)	(13,617)	12,193	13,617
Net deferred tax assets (liabilities)	35,181	30,219	(16,501)	(16,408)
	Separate financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016

	<i>(in thousand Baht)</i>			
Total	12,193	13,617	-	-
Set off of tax	-	-	-	-
Net deferred tax assets (liabilities)	12,193	13,617	-	-





Notes to the financial statements

For the year ended 31 December 2017

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

	Separate financial statements			At 31 December 2016
	At 1 January 2016	Credited (charged) to profit or loss (Note 31) (in thousand Baht)	Credited (charged) to other comprehensive income	
Deferred tax assets				
Accrued expenses	10,532	(10,532)	-	-
Non-current provisions for employee benefits	14,908	(1,263)	(2,328)	11,317
Other non-current provisions	2,300	-	-	2,300
Total	27,740	(11,795)	(2,328)	13,617

The tax losses expire in 2022. The deductible temporary difference do not expire under current tax legislation of Baht 6.7 million. The Group had not recognised these items as deferred tax assets because it is not probable that the Group will have future taxable profit which the Group can utilise the benefits therefrom.

18 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Current				
Bank overdrafts				
Secured	-	144	-	144
Short-term borrowings from financial institutions				
Unsecured	630,000	1,504,000	630,000	1,504,000
Bank overdrafts and short-term borrowings from financial institutions	630,000	1,504,144	630,000	1,504,144





Notes to the financial statements

For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Current portion of long-term borrowings				
Secured	88,010	228,938	8,559	228,938
Short-term debenture				
Unsecured	129,806	-	129,806	-
Current portion of long-term debentures				
Unsecured	1,325,000	170,000	1,325,000	170,000
Short-term loans from related parties				
Unsecured	-	-	206,500	-
Short-term loans from other parties				
Unsecured	293,149	422,969	-	-
Current portion of finance lease Liabilities	1,115	-	1,115	-
Total current interest-bearing Liabilities	2,467,080	2,326,051	2,300,980	1,903,082
Non-current				
Long-term borrowings				
Secured	1,550,532	995,955	219,252	-
Long-term debentures				
Unsecured	2,831,583	2,819,087	2,493,210	2,819,087
Finance lease liabilities	4,355	-	4,355	-
Total non-current interest bearing liabilities	4,386,470	3,815,042	2,716,817	2,819,087

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	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Within one year	2,465,965	2,326,051	2,299,865	1,903,082
After one year but within five years	4,382,115	3,815,042	2,712,462	2,819,087
Total	6,848,080	6,141,093	5,012,327	4,722,169

As at 31 December 2017, the Group and the Company had unutilised credit facilities totaling Baht 1,868.62 million and Baht 1,170.40 million, respectively (2016: Baht 1,643.04 million and Baht 601.54 million, respectively).

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

Bank overdrafts and short-term borrowings from financial institutions bear interest at market rates at 2.20% - 7.12% per annum (2016: 1.95% - 7.12% per annum). Short-term loans from other parties bear interest at rates 4.25% - 5.00% per annum in 2017 (2016: 5.00% per annum).

In 2017, the Group carried interest on long-term borrowings from financial institutions as specified in the agreements at 3.23% - 5.28% per annum (2016: 3.23% - 5.28% per annum).





Notes to the financial statements

For the year ended 31 December 2017

Long-term loans from financial institutions - secured

The Company

During 2017, the Company entered into loan agreements with local financial institutions with credit facilities totalling Baht 1,106.49 million at MLR-1.50% and MLR-2.40% interest rate per annum. The Company mortgaged a part of land as the loan collateral. The Company has to comply with certain conditions under right and duty of borrower such as the maintenance of debt to equity ratio.

Subsidiaries

During 2016, the subsidiaries entered into loan agreements with local financial institutions with credit facilities totalling Baht 2,222 million at MLR-1% and MLR-1.25% interest rate per annum. The subsidiaries mortgaged land and construction and a part of land sublease agreement as the loan collateral. The subsidiaries has to comply with certain conditions under right and duty of borrower such as the maintenance of debt to equity ratio.

Debentures

Unsecured debentures	Number (thousand units)	Par value Per unit (in Baht)	Total value (in million Baht)	Issue date	Term	Maturity date	Coupon rate (% per annum)
Short-term debenture							
The company							
No. 1/2017 (repayment interest on maturity date)	130	1,000	130	1 August 2017	268 days	26 April 2018	2.90
Total			<u>130</u>				
Long-term debentures							
The company							
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
No. 3/2015 (repayment interest every 6 months)	325	1,000	325	12 October 2015	11 months 28 days	10 October 2018	3.23
No. 1/2016 (repayment interest every 3 months)	500	1,000	500	4 March 2016	3 years 9 months	4 December 2019	4.50
No. 2/2016 (repayment interest every 3 months)	500	1,000	500	8 April 2016	5 years	8 April 2021	4.70
No. 3/2016 (repayment interest every 3 months)	500	1,000	500	28 October 2016	5 years	28 October 2021	4.00
No. 1/2017 (repayment interest every 3 months)	1,000	1,000	1,000	18 August 2017	3 years	18 August 2020	4.30
			<u>3,825</u>				
Subsidiary							
No. 1/2017 (repayment interest every 3 months)	187	1,000	187	27 April 2017	2 years 3 months	27 July 2019	5.60
No. 2/2017 (repayment interest every 3 months)	155	1,000	155	30 August 2017	3 years 3 months	30 November 2020	5.50
Total			<u>4,167</u>				





Notes to the financial statements

For the year ended 31 December 2017

	31 December 2017	
	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
Short-term debenture	130,000	130,000
<i>Less</i> deferred expense	(194)	(194)
Unsecured short-term debenture	129,806	129,806
Long-term debentures	4,167,000	3,825,000
<i>Less</i> deferred expenses	(10,417)	(6,790)
current portion of long-term debentures	(1,325,000)	(1,325,000)
Unsecured long-term debentures - net of current portion	2,831,583	2,493,210

At the Annual General Meeting of the shareholders of the Company held on 25 April 2017, the shareholders approved the issuance and offer for sale of debenture to institutions and/or major investors not exceeding Baht 3,000 million to supporting working capital and business expansion of the Group, including land purchases for project development and debt repayments. On 1 August 2017, the Company issued an unsecured short-term debenture no.1/2017 amounting to Baht 130 million. On 18 August 2017, the Company issued an unsecured long-term debenture no.1/2017 amounting to Baht 1,000 million.

At the Board of Directors' meeting of Prospect Development Company Limited (a subsidiary) held on 21 March 2017, the Board approved the issuance and offer for sale of debenture equal to or not exceeding Baht 500 million to a private placement not exceeding 10 persons for its working capital. On 27 April 2017, the subsidiary issued an unsecured debenture no. 1/2017 amounting to Baht 187 million. On 30 August 2017, the subsidiary issued an unsecured debenture no.2/2017 amounting to Baht 155 million.

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

Finance lease liabilities

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

	Consolidated / Separate financial statements					
	2017		2016			
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	1,469	354	1,115	-	-	-
After one year but within five years	4,934	579	4,355	-	-	-
Total	6,403	933	5,470	-	-	-

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





Notes to the financial statements

For the year ended 31 December 2017

19 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Retentions	83,685	66,256	49,745	61,018
Accrued administrative expenses	94,625	79,261	43,879	63,146
Others	105,271	62,807	87,517	47,790
Total	283,581	208,324	181,141	171,954

20 Non-current provisions for employee benefits

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

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

Movements in the present value of the employee benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
At 1 January	59,578	74,961	56,586	74,538
Include in profit or loss				
Current service costs and interest	6,918	7,733	6,151	7,535
Included in other comprehensive income				
Defined benefit plan actuarial gains	-	(9,269)	-	(11,640)
Others				
Benefits paid	(9,605)	(13,847)	(8,538)	(13,847)
At 31 December	56,891	59,578	54,199	56,586

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Demographic assumptions	-	1,174	-	1,174
Financial assumptions	-	(1,275)	-	(1,275)
Experience adjustment	-	(9,168)	-	(11,539)
Total	-	(9,269)	-	(11,640)





Notes to the financial statements

For the year ended 31 December 2017

Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
			(%)	
Discount rate	2.92	2.92	2.92	2.92
Future salary growth	4.00-8.00	4.00-8.00	4.00 - 8.00	4.00 - 8.00

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

At 31 December 2017, 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 financial statements		Separate financial statements	
	<i>(in thousand Baht)</i>			
At 31 December 2017	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(4,497)	5,132	(4,017)	4,559
Future salary growth (1% movement)	5,606	(4,998)	5,016	(4,497)
At 31 December 2016				
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)

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

21 Other non-current provisions

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
At 1 January	11,500	11,500	11,500	11,500
Provisions made	(4,733)	-	(4,733)	-
At 31 December	6,767	11,500	6,767	11,500

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





Notes to the financial statements

For the year ended 31 December 2017

25 Segment information

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

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

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.





Notes to the financial statements

For the year ended 31 December 2017

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 2017, revenue from sale of land in the project from one customer of the Group's 1 segment represents approximately Baht 42.18 million of the Group's total revenues.

26 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Specific business tax	91,340	86,906	87,132	86,000
Advertising expenses	30,755	28,512	30,179	26,731
Promotion and public relation expenses	136,877	96,040	111,903	80,556
Transfer expenses	17,204	15,881	16,110	15,731
Others	1,228	7,138	1,228	7,039
Total	277,404	234,477	246,552	216,057

27 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Personnel expenses	218,563	206,733	181,596	168,531
Depreciation and amortisation	36,269	38,311	6,786	5,159
Cleaning and security expenses	18,278	13,748	17,019	13,288
Impairment loss on investment	-	-	-	65,297
Others	151,722	102,379	142,463	80,355
Total	424,832	361,171	347,864	332,630

28 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Salary	112,605	103,572	95,444	102,462
Bonus	40,619	42,284	34,441	35,344
Others	65,339	60,877	51,711	30,725
Total	218,563	206,733	181,596	168,531

Defined contribution plan

The defined contribution plan comprises provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 15% of their basic salaries and by the Group at rates ranging from 5% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.





Notes to the financial statements

For the year ended 31 December 2017

29 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Employee benefit expenses	218,563	206,733	181,596	168,531
Depreciation and amortisation	135,363	121,113	31,621	29,134
Promotion and public relation expenses	169,365	124,552	143,815	107,287
Cleaning and security expenses	18,278	13,748	17,019	13,288
Impairment loss on investment	-	-	-	65,297

30 Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Interest expense:					
Related party	4	-	-	21,269	-
Financial institutions		271,935	192,132	180,776	153,445
Total interest expense		271,935	192,132	202,045	153,445
Other finance costs		6,465	1,610	3,477	720
		278,400	193,742	205,522	154,165
<i>Less: amounts included in the cost of qualifying assets:</i>					
- Real estate projects under Development	8	56,313	46,278	22,834	39,449
		56,313	46,278	22,834	39,449
Net		222,087	147,464	182,688	114,716

31 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		86,781	92,745	68,014	90,180
Deferred tax expense					
Movements in temporary differences	17	(4,869)	21,697	1,424	11,795
Income tax expense		81,912	114,442	69,438	101,975





Notes to the financial statements

For the year ended 31 December 2017

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	Before tax	2017 Tax (benefit)	Net of tax (in thousand Baht)	Before tax	2016 Tax (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					
	Before tax	2017 Tax (benefit)	Net of tax (in thousand Baht)	Before tax	2016 Tax (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			
	Rate (%)	2017 (in thousand Baht)	Rate (%)	2016 (in thousand Baht)
Profit before income tax expense		314,639		460,973
Income tax using the Thai corporation tax rate	20	62,928	20	92,195
Income not subject to tax		(190)		(202)
Expenses with additional deduction for tax purpose		(16,892)		(17,702)
Expenses not deductible for tax purposes		23,379		28,067
Recognition of previously unrecognised tax losses		(864)		(267)
Share of loss of equity-accounted investments in associates and joint venture		3,783		2,613
Current year losses for which no deferred tax losses asset was recognised		2,401		9,738
Elimination in consolidation		7,367		-
Total	26	81,912	25	114,442

	Separate financial statements			
	Rate (%)	2017 (in thousand Baht)	Rate (%)	2016 (in thousand Baht)
Profit before income tax expense		432,483		457,725
Income tax using the Thai corporation tax rate	20	86,497	20	91,545
Income not subject to tax		(1,325)		(1,340)
Expenses with additional deduction for tax purpose		(16,717)		(17,231)
Expenses not deductible for tax purposes		983		29,001
Total	16	69,438	22	101,975





Notes to the financial statements

For the year ended 31 December 2017

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.

32 Promotional privileges

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

- 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;
- 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					
	2017			2016		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Local services	-	3,264,365	3,264,365	15,305	3,065,980	3,081,285

33 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2017 and 2016 were based on the profit for the years attributable to ordinary shareholders of the Company and the number weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the company (basic)	233,251	350,794	363,044	355,749
Number of ordinary shares outstanding	992,010	992,010	992,010	992,010
Basic earnings per share (in Baht)	0.24	0.35	0.37	0.36





Notes to the financial statements

For the year ended 31 December 2017

34 Dividends

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

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.

35 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.





Notes to the financial statements

For the year ended 31 December 2017

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 2017				
<i>Financial assets measured at fair value (Level 2)</i>				
Mutual fund securities held for trading	345,568	345,568	288,187	288,187
<i>Financial liabilities not measured at fair value</i>				
Long-term loans from financial institutions	1,690,477	1,638,542	234,929	227,811
Debentures	4,307,722	4,286,389	3,967,295	3,948,016
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 institutions	1,276,660	1,224,893	229,065	228,938
Debentures	2,978,043	2,989,087	2,978,043	2,989,087

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

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





Notes to the financial statements

For the year ended 31 December 2017

36 Commitments with non-related parties

During the year 2017, the Company entered into the land lease agreement with a third party for a period of 30 years from 1 November 2018 ending 31 October 2048. The Company agreed to pay land sublease compensation to the third party amounting to Baht 347.8 million. Under the land lease agreement, the ownership of building will be transferred to lessor at the maturity date. The commitment has been included as a part of future minimum lease payments under non-cancellable operating lease commitments as follow;

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating lease commitments</i>				
Within one year	23,396	3,892	19,000	-
After one year but within five years	48,715	15,169	31,667	-
After five years	368,480	95,406	277,133	-
Total	440,591	114,467	327,800	-
<i>Other commitments</i>				
Agreements for public utilities				
development for projects	149,217	234,099	143,976	234,099
Development and construction				
agreements	102,964	152,703	91,514	58,834
Agreements to buy and sell land	196,275	11,650	184,625	-
Bank guarantees	342,950	239,818	337,802	234,669
Total	791,406	638,270	757,917	527,602

37 Events after the reporting period

At the Executive Committee Meeting of the Group on 12 February 2018, the committee approved Buntudthong Pattana Co., Ltd., a subsidiary to sell all of its 40.64% interest in the issued and paid-up share capital of Samakkee Cement Co., Ltd. and 36.07% interest in the issued and paid-up share capital of Subnorasing Co., Ltd., its associates of the subsidiary, to S71 Holding Co., Ltd., a subsidiary, for a consideration of Baht 81.30 million and Baht 0.01 million, respectively.

At the Executive Committee Meeting of the Group on 12 February 2018, the committee approved the purchasing 9.98% of the issued and paid-up share capital of Munkong Living Co.,Ltd., a direct subsidiary, from a third party in the amount of Baht 100 million. As a result, the Company's equity interest in Munkong Living Co.,Ltd. increased from 90.02% to 100%.





Notes to the financial statements

For the year ended 31 December 2017

38 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2016 have been reclassified to conform to the presentation in the 2017 financial statements.

	2016					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in thousand Baht)</i>					
Statement of financial position						
As at 31 December 2016						
Assets						
Investments in associates and joint venture	84,105	(84,105)	-	88,781	(88,781)	-
Investments in associates	-	83,889	83,889	-	88,781	88,781
Investments in joint venture	-	216	216	-	-	-
Investment properties	754,339	(399,619)	354,720	6,327	-	6,327
Leasehold right	1,531,366	399,619	1,930,985	9,995	-	9,995
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in order to comply with the Pronouncement of the Department of Business Development Re: Determination of items in the financial statements (No.2) B.E. 2559.



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Public Company Registration No. 0107536001567