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Annual Report 2021  
56-1 One Report

M.K. Real Estate Development Public Company Limited



# Message from the Chairman



A handwritten signature in brown ink, appearing to read 'S. Wongvorazathe', located below the portrait and above the printed name.

Suthep Wongvorazathe

Chairman

Despite the socioeconomic and political upheavals of the COVID-19 pandemic, M.K. Real Estate Development Public Company Limited has conducted business uninterrupted since the first wave hit, back in 2020. With rising and falling infection rates, changing public health policies, and emerging variants, the pandemic will continue to impact the company's business operations and revenue for the foreseeable future.

Anticipating continued uncertainty and economic volatility ahead, we have modified our business plans by taking the initiatives to open new and additional income streams through the expansion of our rental properties which offer a variety of industrial warehouse services, both for sale and rent. Furthermore, we have now fully entered into a business that provides holistic medicine and wellness services under the RAKxa project - a collaboration with Bumrungrad International Hospital and Minor International Public Company Limited. Ultimately, all the above initiatives will play a major role in MK's mission to achieve its objective of a sustainable growth going forward.

Above all, we have strived to ensure that our services meet our customer's needs and maintain the highest industry standards, so that we can remain competitive and fully prepared to continue operating profitably once COVID-19 becomes just an endemic. Specifically, we have diversified our products, services, and expanded our business segments to ensure that the company does not solely rely on residential property income.

On behalf of the Board of Directors and management team at M.K. Real Estate Development Public Company Limited, I would like to extend my sincere gratitude to our shareholders, investors, financial institutions, and supporters for their continued trust and support in the company. Rest assured that all levels of our organization are committed to doing their absolute best to continue generating income and achieving sustainable and strong growth over the long term.

# Message from the Chief Executive Officer

2021 was another challenging year in terms of business operations for management and all staff members due to economic fluctuations and the ongoing outbreak of COVID-19, which causes economic, social and environmental impacts globally.

M.K. Real Estate Development Public Company Limited has adjusted and developed business strategies to address this situation. Development of residential real estate continues to be affected by negative factors brought on by the COVID-19 pandemic and economic conditions, which impact income of the Company's main customer segment. Meanwhile financial institutions are tightening lending standards and we are facing more intense competition in the industry.

Therefore, in 2022 the Company will hold off on launching new residential projects and focus instead on selling unsold units and managing inventory to ensure suitability for sale, to mitigate risk from economic uncertainty. We will implement sales promotions to provide incentives to buyers and do more online marketing communications to reach all groups of customers and meet the current lifestyle needs.

Service & recurring income has continued to grow in line with our five-year business plan that aims to expand rental and services, part of our diversification strategy. This year, the business of plants and warehouses for rent operated by Prospect Development Company Limited is growing strong and only minimally impacted by the COVID-19 situation, with six new projects launched in three strategic locations in the country. At present, areas available for rent for the purpose of operating plants and warehouses amount to approximately 400,000 square meters, with a satisfactory occupancy rate of over 90%. In addition, areas currently under development for the same purpose amount to 470,000 square meters. Furthermore, Prospect Logistics and Industrial Leasehold Real Estate Investment Trust (REIT) was successfully established in the past year. Prospect Development Company Limited received cash flows and profits from the sale of lands for development and put them in the REIT. As for our golf course business, despite the COVID-19 outbreak and related measures announced by the government to control its spread since the start of the year, the Floral Ville Golf & Country Club was able to generate satisfactory revenues. In the fourth quarter of 2021, it generated revenue of 30.83 million baht, the highest amount compared to the same quarter of previous years.

Regarding our wellness business, i.e., the RAKxa project, Asia's first fully integrated holistic wellness center, 2021 was an extremely challenging year thanks to the third and fourth waves of the COVID-19 outbreak, which forced the center to suspend operations in July and August. Positive signs started to emerge in the fourth quarter after the government announced the reopening of borders, enabling health tourism to head towards recovery. In December, the occupancy rate in the RAKxa project stood at 18% and income from foreign tourists using the center's services amounted to 19% of total revenues in the fourth quarter. However, the COVID-19 crisis was an important factor that raised consumers' interest in wellness and health consciousness; as a result, there is indeed a positive outlook for the wellness business. The Company is highly confident in the potential for growth of this business and plans to launch, in 2022, another wellness business in Suan Sam Pran. It is also currently working on expanding a healthcare business with its partner, Bumrungrad International Hospital.



Mr. Vorasit Pokachaiyapat

Chief Executive Officer

In addition to steering business through this tough time, the Company recognizes the importance of caring for society, communities and the environment. It has supported the setting up of community isolation centers, provided hospitals in need of medical supplies with ventilators to help reduce the fatality rate among COVID-19 patients, and – with the support of all staff members, both physical and mental – collected used paper boxes to make field hospital beds and plastic water bottles to be upcycled into personal protective equipment (PPE) and donated to various organizations that needed them. Moreover, the Company ensured that all of its employees are vaccinated, an essential measure that allowed the Company to continue operating in these challenging circumstances. To this end, it was allocated Sinopharm vaccines from the Chulabhorn Royal Academy, which were also offered to family members and relatives of its employees, charities, underprivileged people, partners and foreign workers.

Despite challenges on so many fronts over the past year, the Company was able to handle the situation well and achieved goals in its business plan due to its five-year sustainability development roadmap. Going forward in 2022, the Company will continue to build on the successes from this foundation that seeks to expand business segments with fixed income, with strong confidence in the support from strong operating results from Prospect Development Company Limited and positive growth signs of the RAKxa Wellness Center, which is a long-term strategy for generating recurring income. In addition, the Company plans to sell lands that are not in the short-term development plan in order to expand current businesses and create a strong and sustainable growth.

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## Part 1

### Business operation and operating result

1. Structure and Business operation
- 1.1 Policies and overview of business operations
- 1.1.1 Vision, objectives, targets, or business strategy

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



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

In addition, the Company aims to increase income percentage from the development of property for sale and the development of property for rent and related services so that both segments are roughly equal in a short period of time. This can be achieved by increasing recurring income from its golf club, manufacturing plants and warehouses for rent. The Company is ready to add new business segments, focusing on health and accommodation for well-being. For example, Wellness and Medical Retreat Center, a collaboration with a company with a national reputation for physical rehabilitation and medical retreat.

#### Vision

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

#### Mission

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

In addition to being a leading developer of residential property in Thailand that seeks to offer value for-money products and services to its clients, the Company added a vision on sustainable well-being



by setting an additional business goal in terms of marketing, to present products for sustainable well-being, under the conceptual framework of well-being, and foster an awareness in this concept among its personnel.

In 2021, the profit proportion of the real estate development for sale residential and property development for rent and service is approximately 70 and 30 percent, respectively, which is in line with the 5-year operational strategy under Sustainability Development Roadmap since 2016 with 50 and 50 percent of profits from sales and leasing and services, respectively.

### 1.1.2 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, ChorMunkong 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 “ChuanChuen Community” on PrachaChuen 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 ChuanChuen Golf Club. In 2005, it launched new single-detached houses under the ChuanChuen and Serene House brands. Up until now, it has developed more than 70 housing estates for sale throughout the Bangkok Metropolitan Region.

#### Major developments of the Company in the past three years

##### 2019

- On 28 January 2019, the Company had incorporated a new subsidiary company named “Health and Wellness Village Co., Ltd.” to operate Medical, Health and Wellness, with registered capital amount at Baht 1,000,000, divided into 10,000 ordinary shares with a par value of 100 Baht each
- On 12 March 2019, a meeting of the Board of Directors of MKH Assets Co., Ltd (“MKH Assets”), which is a subsidiary of the Company, the Board of MKH Assets approved to additional call-up for

10% of its par value of the share capital. The Company has paid the share capital amounting to Baht 10 million.

- On 25 April 2019, the Annual General Meeting (AGM) of the Company's shareholders passed the following resolutions:
  - The AGM approved the appropriation of dividends of Baht 0.11 per share, amounting to Baht 110 million with the detail as follow;
    - Payment in the form of stock dividends in the amount of approximately 99.20 million shares with a par value of Baht 1 per share to the shareholders, at the ratio of 10 existing shares to 1 new share, totalling Baht 99.20 million. In case that any shareholders have remaining shares after the allocation, the dividend shall be paid by cash in the amount of Baht 0.10 per share.
    - Payment in the form of cash in the amount of approximately Baht 0.01 per share, totalling Baht 11.02 million.

The dividend was paid in the form of stocks and cash to shareholders in May 2019.

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

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

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

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

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

of Association. The subsidiary registered the changing name and amendment of business objective with the Ministry of Commerce on 22 October 2019.

- On 29 November 2019, the Company had incorporated an indirect subsidiary company named “Prospect Reit Management Co., Ltd.” to operate REIT Manager for property investment. Prospect Development Co., Ltd., ( a 100 percent direct subsidiary of the Company) holding 100 percent with registered capital amount at Baht 10,000,000, divided into 100,000 ordinary shares with a par value of 100 Baht. Prospect Development Co., Ltd., has already paid the share capital of Prospect Reit Management Co., Ltd.
- On 19 December 2019, Health and Wellness Village Co., Ltd., (a subsidiary) increased its registered share capital from Baht 1 million to Baht 10 million by issuing of 90,000 ordinary shares with a par value of Baht 100 per share and called-up for 25% of its par value of the increased share capital. The Company paid the share capital for a consideration of Baht 2.25 million.
- On 24 December 2019, Prospect Development Co., Ltd., (a subsidiary) increased its authorised share capital from Baht 1,200 million to Baht 2,260 million by issuing of 106 million ordinary shares with a par value of Baht 10 per share. The subsidiary received the share capital for a consideration by transferring the share capital of Munkong Living Co., Ltd., a direct subsidiary, at net book value 1,002 million. As a result, Munkong Living Co., Ltd. became the Company’s indirect subsidiary. The Company recognised gain on disposal of investment in a subsidiary of Baht 58 million in the separate statement of comprehensive income. However, the consolidated financial statements had not been effected.

## 2020

- On 13 February 2020 and 3 December 2020, Prospect Development Company Limited (subsidiary company) issued the unsecured long-term debenture no. 1/2020 and no. 2/2020 for 157 million baht and 165 million baht respectively.

This debenture issuance and offering is accordance with the resolution of the board of directors of the subsidiary company on 24 January 2020.

- On 13 March 2020, 26 June 2020, 28 October 2020, and 9 December 2020, the Company issued unsecured short-term debentures no. 1/2020, no. 2/2020, no. 3/2020, and no. 4/2020 in an amount of 300 million baht, 200 million baht, 250 million baht, and 400 million baht, respectively.

These issuance and offering of debentures are in accordance with the resolution of the 2017 annual general meeting of shareholders held on 25 April 2017 and the resolution of the 2019 annual general meeting of shareholders of the Company on 25 April 2019

- On 24 March 2020, the meeting of board of directors of Health and Wellness Village Company Limited (subsidiary company) passed a resolution to call for additional payment of 75% of new ordinary share value. The Company paid for such shares of 6.75 million baht.
- On 29 April 2020, the 2020 Annual general meeting of shareholders resolved to disapprove dividend payment for the Company's 2019 operating.

Subsequently, on 29 September 2020, the Board of Directors Meeting of the Company No. 9/2020 has passed a resolution to approve the payment of interim dividend for the Company's operation 2019 based on the retained earnings shown in the Company statement of income for the year ended 31 December 2019 to the shareholders of the Company amounting to 1,091,205,066 shares at a rate of 0.11 Baht per share, totaling 120,032,557.26 Baht.

The Board of Directors' approval of the interim dividend payment is in accordance with the resolution of 2020 Annual General Meeting of Shareholders indicating that when the Company had positive cash flow, the Board of Directors would approve the payment of interim dividend to the Shareholders.

- On 14 May 2020, the extraordinary shareholders meeting of Health and Wellness Village Company Limited (subsidiary company) has resolution to increased its registered capital from 10 million baht to 50 million baht registered capital by issuing 400,000 new ordinary shares at par value of 100 baht. The subsidiary has registered with Department of Business Development, Ministry of Commerce, on 14 May 2020 and The Company has paid for shares in the amount of 40 million baht.
- On 9 July 2020, the board of directors passed a resolution to change the percentage of investment in Prospect Logistics and Industrial Leasehold Real Estate Investment Trust ("Trust") from the original investment in the proportion of not less than 15% but not more than 20% to the amount of not less than 5% but not more than 20% of the number of trust units issued and offered for initial offering, not more than 500 million baht. Subsequently, the Company invested in the trust for totaling 21,847,100 units, totaling amount of 218.12 million baht or equivalent to 8.92% of the number of trust units issued and offered. The Trust is classified as associated company of the Company because the Company has significant influence as Prospect Reit Management Company Limited (Indirect subsidiary company) has been appointed as REIT manager.
- In July and November 2020, Fraser Property BFTZ Company Limited (joint venture), its shares hold by Prospect Development Company Limited (subsidiary), called for an additional payment of 23.80 million baht and 30.15 million baht respectively.
- On 28 August 2020, the Company issued 2 series of unsecured long-term debenture no. 1/2020: Series 1 for 230.3 million baht and Series 2 for 451.5 million baht.

The issuance and offering of debentures is in accordance with the resolution of the 2017 annual general meeting of shareholders held on 25 April 2017 and the resolution of the annual general meeting of shareholders of the Company for the year 2019 on 25 April 2019.

- On 16 October 2020, the extraordinary shareholders meeting of Health and Wellness Village Company Limited (subsidiary company) has the resolution to increase its registered capital from 50 million baht to 200 million baht by issuing 1,500,000 new ordinary shares at par value of 100 baht per share and call for 25% of new ordinary shares. The subsidiary has registered increased capital with Department of Business Development, Ministry of Commerce, on 19 October 2020 and the Company paid for shares in the amount of 37.50 million baht.

Subsequently, on 1 February 2021, the Board of Directors meeting of Health and Wellness Village Company Limited passed the resolution to call up 33.50% of new ordinary shares. The Company paid for shares in the amount of 50.25 million baht.

#### 2021

- On 1 February 2021, the Board of Directors' meeting of Health and Wellness Village Co., Ltd., (a subsidiary) approved for additional call-up for 33.50% of its par value of the ordinary share capital. The Company has paid for the share amounting to Baht 50.25 million.
- On 1 April 2021, Prospect Development Co., Ltd., a subsidiary, established an entity named "BFTZ Bangpakong Co., Ltd." whose business types are developing warehouse and factory for rent including infrastructure, facilities, and other related business, with registered capital amount at Baht 500,000,000, divided into 5,000,000 ordinary shares with a par value of 100 Baht each. The subsidiary has fully paid the share capital for a consideration of Baht 250 million. The subsidiary has ownership interest in the entity at 50% of issued and paid-up share capital.
- On 5 April 2021, BFTZ Bangpakong Co., Ltd. (a joint venture) established an entity named "Bangpakong Industrial Land Co., Ltd." whose business type is developing land for sale and "Banpakong Terminal and Service Co., Ltd." whose business type is developing infrastructure and facilities (subsidiaries of a joint venture). Each entity has registered capital amount at Baht 5,000,000, divided into 50,000 ordinary shares with a par value of 100 Baht each.

BFTZ Bangpakong Co., Ltd. has fully paid the share capital of both entities for a consideration totaling Baht 10 million. BFTZ Bangpakong Co., Ltd. has ownership interest in both entities at 100% of issued and paid-up share capital.

- In April 2021, Frasers Property BFTZ Co., Ltd., a joint venture of Prospect Development Co., Ltd., a subsidiary, called for additional paid-up of shares according to the shareholding interest amounting to Baht 8.40 million.

- On 7 May 2021, Prospect Development Co., Ltd., a subsidiary, established an entity named “BFTZ Wang Noi Co., Ltd.” (a joint venture) whose business types are developing warehouse and factory for lease, with registered capital amount at Baht 5,000,000, divided into 50,000 ordinary shares with a par value of 100 Baht each. The subsidiary has fully paid the share capital for a consideration of Baht 2.5 million. The subsidiary has ownership interest in the entity at 50% of issued and paid-up share capital.
- On 10 June 2021 and 9 September 2021, the Company received return of capital from Prospect Logistics and Industrial Leasehold Real Estate Investment Trust of Baht 0.2808 per unit and Baht 0.0520 per unit, respectively, amounting to Baht 6.13 million and 1.14 million, respectively.
- On 15 August 2021, MKH assets Co., Ltd., a subsidiary entered into a land and construction lease agreement with a non-related party (“a lessor”) to operate hotel and health center, Subsequently, on 28 October 2021, the subsidiary entered into an amendment of land and construction lease agreement with the lessor. The lease agreement has the period of 21 years from 1 November 2021 to 31 October 2042, and the subsidiary agreed to pay compensation as specified in the agreement. The Company made a guarantee deposit of Bath 30 million at the registered date of land and construction lease.  
  
At the maturity date of lease agreement, the lessor promises to give an option to the lessee to extend the lease for period of 21 years from 1 November 2042 to 31 October 2063.
- On 15 October 2021, the Board of Directors' meeting of the Company approved Prospect Development Co., Ltd., a subsidiary, to purchase share capital of Free Zone Asset Company Limited amounting to 1,825,000 ordinary shares with a par value of Baht 100 per share, totaling Baht 182.50 million at a price of Baht 100 million from AQ Estate Public Company Limited of 1,824,998 ordinary shares and from other shareholders of 2 ordinary shares. The sellers are non-related parties.  
  
In additional, Free Zone Asset Company Limited operates real estate for rent and services, and has authorized share capital amounting to Baht 182.50 million of 1,825,000 ordinary shares with a par value of Baht 100 per share. The subsidiary entered into share purchase agreement and obtained the shares on 29 October 2021.
- On 16 November 2021, the Company purchased 100% of its issued and paid-up capital in Munkong Living Co., Ltd. from Prospect Development Co., Ltd., a subsidiary of the Company in the amount of Baht 1,060 million. As a result, Munkong Living Co., Ltd. become the Company's a direct subsidiary. However, the consolidated financial statements had not been affected.
- On 14 December 2021, the Company established an entity named “S71 Property Co., Ltd.” whose business types a real estate for sale developer, with registered capital amount at Baht 650,000,000, divided into 6,500,000 ordinary shares with a par value of 100 Baht each. The Company paid 100% of share capital.

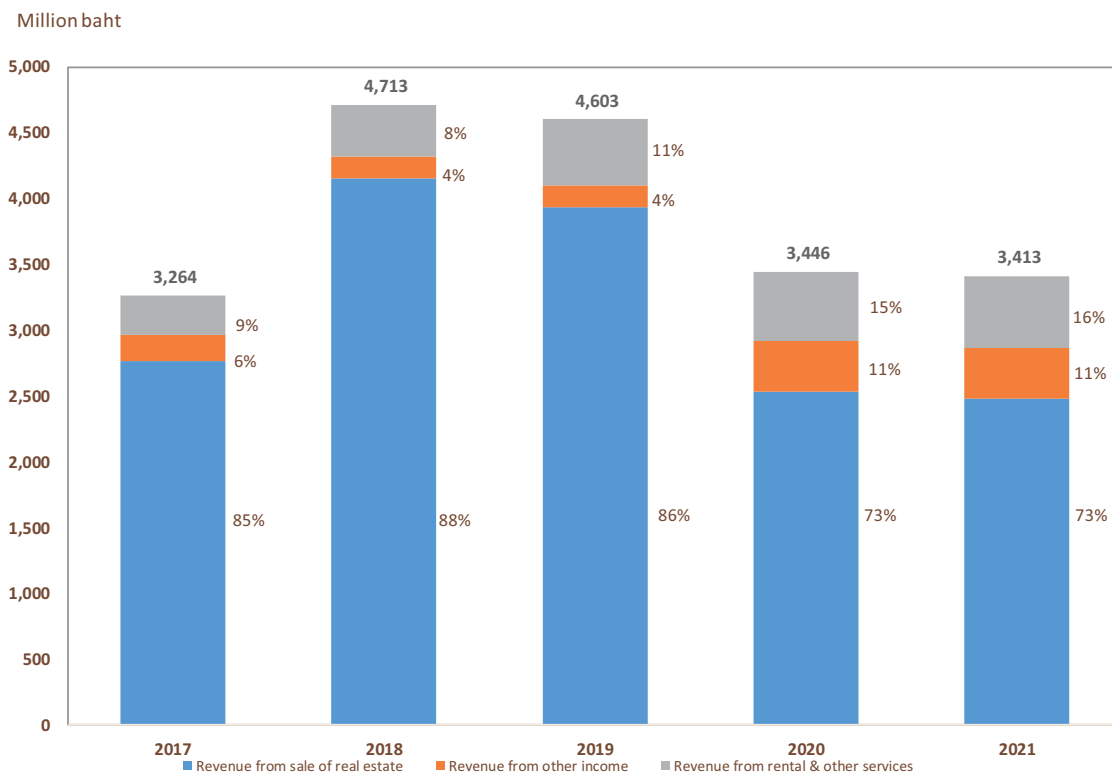


- On 23 December 2021, the Company sold all shares in Munkong Living Co., Ltd. a subsidiary, of 10,020,048 shares which comprised 10,019,998 ordinary shares and 50 preferred shares with a par value of Baht 100 per share to non-related party in totaling of Baht 1,112 million.

As of 31 December 2021, the Company has registered capital 1,117,211,195 baht which divided into ordinary shares of 1,117,211,195 shares at par value of 1.00 baht per share, Paid-up capital of 1,091,205,066.00 baht. The Company operate property development business which consist of:

- (1) Property development for sale business, which is the main business of the Company with focus on development projects for residential real estate for sale, and
- (2) Property development for rent and service business

The operating results are summarized in 2021 as follows:



### 1.1.3 Fund raising and fund using progress

The Company and its subsidiaries have used all raising funds in accordance with objectives.

### 1.1.4 Obligation to securities offering

-None-



## 1.1.5 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
<b>Headquarters</b>		
Location	:	6 <sup>th</sup> - 8 <sup>th</sup> Floor, 345 Surawong Building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500
Tel	:	02-234-8888
Fax	:	02-234-8880
Website	:	www.mk.co.th
Number of shares issued	:	1,091,205,066 ordinary shares, at par value of one baht per share

## 1.2 Nature of business

## 1.2.1 Revenue structure

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.

## Revenue structure

Unit : Thousand baht	Operated by	Shareholding proportion (Percent)	2019		2020		2021	
			Amount	Percent	Amount	Percent	Amount	Percent
Revenue from sale of real estate	MK, MC, MKL	100	3,936,766.46	85.53	2,530,402.59	73.42	2,481,141.52	72.70
Revenue from rental and rendering of services	MKL, PD	100	341,187.93	7.41	374,266.64	10.86	341,332.68	10.00
Revenue from management of real estate	PD, Yours	100	40,387.97	0.88	48,373.66	1.40	91,041.93	2.67
Revenue from golf services	MK	100	119,768.69	2.60	100,842.63	2.93	91,728.25	2.69
Revenue from health and beauty	MKF, H&W, Rx	100	-	-	3,043.95	0.09	25,821.22	0.76
Other revenues			164,574.58	3.58	389,545.47	11.30	382,001.75	11.19
<b>Total revenue</b>			<b>4,602,685.63</b>	<b>100.00</b>	<b>3,446,474.93</b>	<b>100.00</b>	<b>3,413,067.30</b>	<b>100.00</b>

Note: Other revenues is consisted of interest income, profit from sale of investment, revenue from investment, gain on bargain purchased, etc.



## Share of profit from investment

Unit : Thousand baht	Operated by	Shareholding proportion (Percent)	2019		2020		2021	
			Amount	Percent	Amount	Percent	Amount	Percent
Property development for rent	Fraiser Property BFTZ	40	1,723.22	-7.16	16,284.99	258.03	53,603.36	87.88
Trust management	PROS REIT	8.92	-	-	3,024.33	47.92	10,514.76	17.24
Property development for rent	BFTZ Bang Pakong	50	-	-	-	-	(2,710.77)	-4.44
Property development for rent	BFTZ Wang Noi	50	-	-	-	-	(410.09)	-0.67
Cement and mortar material	SMK	40.64	(25,786.82)	107.16	(12,998.04)	-205.95	-	-
Sand	SNS	36.07	-	-	-	-	-	-
Share of profit (loss) of joint ventures and associates			(24,063.59)	100.00	6,311.28	100.00	60,997.26	100.00

## 1.2.2 Product characteristics








Property Development for Sale

## (1) Product or service characteristics and business innovation development




The company's main product form is pre-built houses for sale in response of clients' needs of ready-to-move in. In 2016, the Company continued to improve its products in terms of functions and design, complemented by the concept of comprehensive well-being. For example, in terms of construction methods, it combines the use of pre-fabricated panels or prefab houses with traditional construction, introduces universal design in the design of new houses to respond to the functional needs that consistent with behavior of consumers in the New normal era, connecting perfectly between living and working in Work from home style for people groups of all ages, Ozone garden increases plants to reduce dust and purify the air, and pet zone, relaxation area with favourite pets, playgrounds that promote learning, known as education playgrounds. Wellbeing is taken into account. In addition, the Company uses eco-friendly and energy-efficient materials, green glass for light refraction, LED bulbs, and air flow innovation for keeping house temperatures down, and provides residents with peace of mind with its security system. It also takes into account the needs of surrounding communities. All in all, the Company strives to create good quality of life and a sense of relaxation, making the property suitable for long-term living and enhancing the brand's competitiveness as it remains committed to maintaining "value for money" at all product levels.

Current project for sale

In 2021, 11 residential property projects were launched. These consisted of single-detached house, duplex houses and townhouse projects under the "ChuanChuen"

Project name	Project location	Project area	Number of units/Utility space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2021)
<b>Detached house</b>					
ChuanChuen Prime Ville Bangkok-Pathumthani 	Bang Ku Wat Subdistrict, Mueang District, Pathumthani	33-0-39.4 rai (Sale started in 2018)	146 units Usable space: 143-163 sq.m./unit	712.08	100%
ChuanChuen City Watcharaphon-Ramintra 	ThaRaeng Subdistrict, Bang Khen District, Bangkok	25-2-44.5 rai (Sale started in 2018)	113 units Usable space: 143-163 sq.m./unit	757.78	89.38%
ChuanChuen Prime Village Bangna (Phase 1) 	Bangbo Subdistrict, Bangbo District, Samutprakarn	63-0-16.5 rai (Sale started in 2019)	293 units Usable space: 115 - 179 sq.m./unit	1,386.28	39.59%
<b>Duplex houses</b>					
ChuanChuen Park Pinklao-Kanchana 	Sala Klang Subdistrict, Bang Kruai District, Nonthaburi	37-3-17.94 rai (Sale started in 2020)	201 units Usable space: 143-150 sq.m./unit	942.96	25.87%
<b>Townhomes</b>					
ChuanChuen Town Kaew in-Bangyai 	SoiKaew In, Bang Mae Nang Subdistrict, Bang Yai (Bang Bua Thong) District, Nonthaburi	27-3-46.80 rai (Sale started 2017)	274 units Usable space: 140sq.m./unit	851.13	97.45%
ChuanChuen Town Ratchapruek-345 	Lum Pho Subdistrict, Bang Bua Thong District, Nonthaburi	27-1-95.6 rai (Sale started 2018)	289 units Usable space: 113-140 sq.m./unit	778.29	48.79%
ChuanChuen Town Rangsit-Khlong 1 	Rangsit-Nakhon Nayok Canal Road, Prachathipat Subdistrict, Thanyaburi District, Pathumthani	40-2-50 rai (Sale started 2018)	324 units Usable space: 140 sq.m./unit	1,047.91	82.72%



Project name	Project location	Project area	Number of units/Utility space per unit	Project value (million baht)	Sale progress (as of Dec 31, 2021)
ChuanChuen Town Chaiyapruerk- Chaengwattana 	Phimon Rat Subdistrict, Bang Bua Thong District, Nonthaburi	41-3-17.8 rai (Sale started 2019)	397 units Usable space: 113, 140 sq.m./unit	1,335.34	28.46%
ChuanChuen Town Bang Yai 	SoiPhra Non, Bang Mae Nang Subdistrict, Bang Yai District, Nonthaburi	37-2-46.9 rai (Sale started 2019)	335 units Usable space 140 sq.m./unit	939.41	44.48%
ChuanCheun Town Villege Bangna 	Bang Bo Subdistrict, Bang Bo Distrit, SamutPrakan	41-3-47.2 rai (Sale started 2019)	278 units Usable space:140 sq.m./unit	964.81	25.75%
ChuanChuen Town Rangsit - Khlong 3 	Khlong sam Subdistrict, Khlong Luang District, Pathum Thani	28-2-75.8 rai (Sale started 2020)	321 units Usable 92-120 sq.m./unit	774.09	13.08%

Due to impact of epidemic of COVID-19, resulting in unfavorable economic condition and intense competition in the low-rise housing segment, so the Company delayed the launch of new projects in this year but will focus on selling products in existing projects as much as possible.

In the pass, the Company and its subsidiaries do not have a clear policy of research and development on innovation in process, product, and service. However, to enhance the competitiveness, the Company's team has been keeping an eye on the trend changing in consumer behavior in houses buying selection. The Company and its subsidiaries continuously modify the design and layout of the projects to meet customers' needs, such as, inserting the nature into every dimension through the botanical style design, the design that allows natural wind, emphasize common area with shady trees, including using new technology and innovation to increase efficiency by semi-finished houses innovative construction and prefab house used in conjunction with traditional construction, which will shorten the construction period. The Company and its subsidiaries still have a policy to seek new innovations to apply with business operation in long-term.

(2) Marketing and Competition

(A) Marketing and Competition policy of the Company

The company's main client profile is a group of buyers with a residential purpose. Therefore, there is no risk of dependency on any particular client. A target client group is mostly those with middle income and above, working as employees in private companies or owning personal businesses. The Company also focuses more on first-time home buyers, who are a younger generation.

For sale channel, the company's sale channel is direct sale to clients, with a sale office at each project and the head office. It also strengthens the existing brands and goes with new marketing approach through online communication for better reach to new groups of clients on social media such as Facebook, Instagram, Line@, and YouTube.

(B) Industry situation and competition

Thai economy in 2021, according to forecast of the Office of the National Economic and Social Development Board (NESDB), grew better than expected at 1.2% from 0.7% due to the epidemic situation of COVID-19 in country began to unravel. People in the country have access to vaccine against the COVID-19 thoroughly. Economic activity began to return and there are tourists entering into the country in late 2021. Export has expanded in line with the expansion of the economy and world trade. It is estimated that Thai product export in 2021 will grow by 16.3%, although there will be some signs of slowdown from the COVID-19 new wave outbreak at the end of the year (Source: National Economic and Social Development Council).

For real estate market overview in 2021, it is a challenging year from spread of COVID-19 for many waves since beginning of the year which affect real estate business greatly in both developers and consumers, despite the need to buy housing but there are still some obstacles from fragile economic conditions and high household debt which is directly affecting financial liquidity causing most consumers to postpone their plans to buy housing. For the launch of new housing projects in 2021, number of new projects opening in Bangkok and its surrounding provinces is estimated to be around 41 - 48 thousand units, which is the lowest number in 18 years. Meanwhile, new housing subscription in Bangkok and its vicinities in 2021 should amount to 57 - 63 thousand units, which is continual decrease from the previous year (Source: Kasikorn Research Center). At the same time, the government has issued measures that facilitate the purchase of real estate, whether it is measure to reduce transfer and mortgage fees for housing price not more than 3 million baht, which has been announced to extend the end of measure until end of 2022 is completed. In addition, there is also an easing measure which is the LTV control measure issued by Bank of Thailand in October, both of which will help the purchasing power of home buyers.

From the condition of the housing market in 2021, deceleration of real estate market including the impact of COVID-19 epidemic situation that lasts until 2021, the company continues to focus on marketing in line with the behavior of consumers in the New Normal era, which has demand for housing with more living space due to Work From Home trend and activities in the area., living

with Social Distancing which is to reduce the risk of infecting COVID-19. Therefore, we strive to develop products and services to meet the needs of living in well-being way, for example, we pay attention to design the interior space to have functionality to meet both residential needs and work together that focus on convenience to fit perfectly with lifestyle.

It also uses the Pre-approved method, which is for customers to prepare document for applying for a loan, send to bank to consider, and approve the loan before recording reservation in the system. This is an important step that help to manage stock of ready for sale houses and backlog with quality. It make ability to assess market demand clearly and reduce risk of doing business at the same time, and increase digital marketing on online channels continuously and providing virtual reality home viewing service to create awareness which lead to decision making process in the future, including continually organizing sales promotion to reduce the burden of customers after purchasing houses.

### (3) Procurement of products and services

#### Procurement of main materials

The main materials for the development of real estate for sale include land and construction materials. The Company places importance on acquiring viable locations for its projects, taking into consideration location potential such as proximity to mass transit, availability of infrastructure, and closeness to existing projects where the Company already enjoy a solid client base. The Company is ready to expand to new neighborhoods considered to be of high potential, including Rangsit-Nakhon Nayok, through its process of land acquisition approval which required collaboration of a number of working groups from various departments. In terms of construction materials, the Company engages contractors to proceed with material procurement directly, with the exception of certain materials that are expensive or needed in large quantities, or materials that require or standard quality control, which the Company handles on its own. In so doing, the Company benefits from managing construction material costs due to economy of scale. Regarding the hiring of contractors, the Company only hires small-scale contractors with good performance, evaluated based on their past works, with whom the Company has worked with for a long time. As required by the Company's procedures, contractors are selected based on their experience, expertise, readiness to invest, and ability to deliver high quality performance and finished products within a deadline. This is one of the Company's strengths. In addition, the Company places importance on selecting the appropriate methods of construction, to ensure timeliness and efficiency in competition. At present, the Company has improved its construction methods that combine the use of prefab houses with traditional construction, which has reduced construction time considerably. It has also introduced universal design which responds to the functional needs of consumers from all age groups, and usedeco-friendly, energy-efficient materials

such as green glass for light refraction, LED bulbs, and air-flow innovation that will keep house temperatures down to deliver sustainable well-being.

#### **Process and production technology**

The Company emphasize on selection of suitable construction system for speed and competitive efficiency. At present, the company has developed a construction model by using innovative semi-finished houses or prefab house used in conjunction with traditional construction. The trend in coming year, the Company will focus on use of traditional construction to reduce cost and control product quantity in accordance with sales rate.

For contractor hiring, the Company hire outside contractors to construct the Company's projects. Most of the contractors are sub/medium-contractors. The Company has rules and procedures for selecting contractors based on skilled and experienced contractors who are ready to invest, have good performance, and have a track record of delivering work on time. In the past, the contractors who accept work from the Company are sub-contractor companies who have consistently good performance and have worked together for a long time. This group of contractors would maintain the quality of work and deliver the work on schedule, so that they can receive the work from the Company continuously and this is one of strengths of the Company.

#### **(4) Assets used in business operation**

Most of the assets used in business of real estate for sale consist of real estate development for sale and land held for development to be used for development of real estate projects for sale in the future.

As of 31 December 2021, the Company and its subsidiaries have current and fixed assets used in the business for totaling net book value of 19,040.52 million baht. The main assets used in the real estate business for sale will consist of real estate development for sale and land held for development of 4,132.80 million baht and 467.84 million baht, respectively, or 21.70% and 2.46% of total assets, respectively. Leasehold, land, building, and equipment assets which is in office, totaling of 5,785.38 million baht or 30.38% of total assets.

Details of the assets and the appraisal price are shown in Attachment 4 of this report.

The Company has a policy to invest in real estate development for rental and services, such as golf course business, office building for rental business, factory and warehouse for rental business, and health and beauty business, etc. in order to increase the proportion of recurring income in the long run, the board of directors will jointly consider the investment policy of the Company by considering necessity, suitability, and interest of the Company and shareholders, and comply with requirements of Stock Exchange of Thailand and Securities and Exchange Commission strictly.

In the part of supervision of subsidiary and associated companies for most cases, there would be an agreement with joint ventures, such as, sending a director who is the Company's personnel to supervise the subsidiary or associated companies according to the shareholding proportion, etc.

As of 31 December 2021, the Company has investments in subsidiaries in amount of 5,604.07 million baht or 35.99% of total assets (According to separate financial statement) and has investment in associates and joint venture (According to consolidated financial statement) totaling 809.69 million baht or 4.25% of total assets

(5) Undelivered work

As of 31 December 2021, the Company has an obligation to deliver products to houses and lands buyers of various projects as specified in the purchase agreement, approximate total value of 55,590,000 baht as follows:

Project name	Number of units (units)	Project value (baht)
ChuanChuen Town Rangsit-Khlong 1	1	3,950,000
ChuanChuen Park Pinklao-Kanchana	1	4,800,000
ChuanChuen Town Chaiyaphruek-Chaengwattana	1	3,450,000
ChuanChuen Prime Village Bangna	4	23,590,000
ChuanChuen Charan 3	1	12,000,000
ChuanChuen Udom Suk	1	7,800,000
<b>Total</b>	<b>9</b>	<b>55,590,000</b>

Property development for rent and services

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

Warehouses and factory buildings for rent

(1) Product or service characteristics and business innovation development

Warehouses and factory buildings for rent business is operated by Prospect Development Co.,Ltd., under the project known as "Bangkok Free Trade Zone", located on Mueang Mai Bang Phli Road, Bang Sao Thong District, SamutPrakan Province. The project is 229.41 rai in size, which is divided into (1)



public utility area within the project, which is approximately 66.20 rais in size, and (2) area for the development of property for commercial purposes, i.e. factory buildings and warehouses for rent, which is approximately 163.21 rais in size. The latter area is also divided in two following categories:

- General Zone, approximately 49.65 rais
- Free Zone, 179.76 rais

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

#### Area of operations

It is located in Bangkok Free Trade Zone, Mueng Mai Bang Phli Road, Bang Sao Thong District, SamutPrakan Province. Prospect obtained the right to sublease this area for rent from Chainan-Bang Phli Parkland Company Limited in land sublease agreements and sublease agreements for land and buildings thereon (warehouses). The term of these agreements is matured in 2040 and in 2041 respectively.

Please note that Prospect obtained the sublease rights on this area for rent from Chainan-Bang Phli Parkland Company Limited. The ownership right in this land lies with Priest Hospital Foundation, Pak Nam Temple, and MongkolNimit Temple.

#### Details of areas for rent

1. Prefabricated factories and warehouses for rent in the Free zone
2. Prefabricated factories and warehouses for rent in the General zone
3. Built to suit warehouses and factory buildings

#### Project size

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 155,946 square meters in size, with details are follows:

1. Free Trade Zone
    - Warehouse buildings 59,415 square meters
    - Factory building 60,196 square meters
  2. General Zone
    - Warehouse buildings 14,636 square meters
    - Factory buildings 21,699 square meters
- Total 155,946 square meters**

Moreover, Prospect Development Company Limited has planned to develop these following projects:

1. Bangkok Free Trade Zone 1.1 Project, under development of Freezone Asset Company Limited, subsidiary of Prospect Development Company Limited, located within Bangkok Free Trade Zone 1 Project which is located on Muang Mai road, Bang Phli, Bang Sao Thong subdistrict, Bang

- Sao Thong district, Samut Prakan province on land area of approximately 13 rai, building area of approximately 22,000 square meters, which is under project developing process
2. Bangkok Free Trade Zone 2 Project, under development of Prospect Development Company Limited, located on Theparak road, Bang Sao Thong subdistrict, Bang Sao Thong district, Samut Prakan province, on land area of approximately 42 rai, building area of approximately 30,000 square meters, which is under project developing process.
  3. Bangkok Free Trade Zone 3 Project, developed by Prospect Development Company Limited, located on Liap Khlong Suan Suvarnbumi road, Bang Pla subdistrict, Bang Phli district, Samut Prakan province, on land area of approximately 130 rai, building area of approximately 100,000 square meters, which is in project developing process
  4. Bangkok Free Trade Zone 4 Project, under development of BFTZ Bangpakong Company Limited, joint venture company between Prospect Development Company Limited and Sansiri Public Company Limited, located on Sukhumvit Sai Kao road, Tha Kham subdistrict, Bang Pakong district, Chachoengsao province, on land area of about 350 rai, building area of about 200,000 square, which is under project developing process
  5. Bangkok Free Trade Zone 5 Project, under development of BFTZ Wangnoi Company Limited, joint venture company between Prospect Development Company Limited and Finansa Public Company Limited, located on Phaholyothin road, Lam Sai subdistrict, Wang Noi district, Phra Nakhon Si Ayutthaya province, on land area of approximately 145 rai, building area of approximately 110,000 square meters, which is under project developing process

#### Important events in the past

In 2016, Prospect assigned lease area 64 rais to Fraser Property 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. Fraser Property BFTZ Co.,Ltd .At the end of December 31, 2020 the Company has registered capital of 803 million baht, paid-up capital of 631.05 Baht.

In 2020, Prospect Development Company Limited, together with Finansa Public Company Limited, have received compensation from terminating the contract and return the land and building sublease rights of some of the land and buildings in the Bangkok Free Trade Zone project to the original sub lessor to let the original sub lessor to sell such leasehold to Prospect Logistics and Industrial Leasehold Real Estate Investment Trust which consists of sublease right of land, warehouses, and factory buildings, including the area of utilities and common road areas as well as the entrance and exit of the project which has total

land area of approximately 343,155 square meters (divided into land area of Prospect Development Company Limited approximately 202,962 square meters and land area of Finansa Public Company Limited approximately 140,193 square meters), the building area for lease is approximately 219,116 square meters.

At the end of 2021, Prospect was able to lease 155,946 square meters of space to operators, representing 89% occupancy rate and average rental rate of 182 baht/sqm/month. Moreover, the Company also provides management services for Prospect Logistics and Industrial Leasehold Real Estate Investment Trust instead of rental income of land building sold.

## (2) Marketing and Competition

### (A) Marketing and Competition policy of the Company

Highlights of the Bangkok Free Trade Zone are as follows:

- Receive tax incentives from the Office of the Board of Investment or BOI, the Customs Department, and the Industrial Factory Zone, to exempt corporate income tax, import duties, and export duties for entrepreneurs who rent project areas to import raw material and produce products for sale both domestically and internationally. This is an incentive for entrepreneurs who want to rent factory buildings and warehouses in the potential locations that benefit the most to business operation.
- The location of the project is also in the area that is an industrial and logistics center on Bangna-Trad Road, close to Suvanabhumi Airport, only 17 kilometers, Bangkok Port 23 kilometers, Laem Chabang Port 90 kilometers, and takes only 60 minutes, which is suitable as a strategic point for logistics to transport and distribute products both in domestic and export to foreign countries around the world.
- The Project management has knowledge and understanding of the Bangkok Free Trade Zone project both in service building location as well as One-stop service to customers, such as obtaining the licenses necessary to start the operation for clients, etc. In addition, the Company is also the developer of the Bangkok Free Trade Zone project and has relationship with retail tenants since the beginning of the project, so they can provide services and other assistance according to customer requirement, most of these are foreign companies whose needs are more complex than general retail sub-lessees.
- The project has been designed with flexibility to accommodate different business sizes of operators. Inside of Bangkok Free Trade Zone project, there are various types of warehouse and factory buildings.

- Warehouse and factory building are well designed which take into account of quality of material used and suitability of use of each sub-tenant. The roof is made of sheet metal with insulation. There is a ventilation plate and translucent roof / wall. The building floor can support the weight of approximately 3.0 tons per square meter. There is designing area of warehouse and factory area with fence and guardhouse, well distance measurement for car parks and cargo handling area for convenience of the sub-tenants in the handling of goods. Warehouse and factory buildings have been developed according to the standard and can be adapted to suit the needs of each retail sub-lessee. In addition, in some buildings, there is extension area that the sub-tenants can expand in the future without having to adjust the structure of the building to meet the growth of the business. Thus, it can meet the needs of sub-tenants of different business size.

Most of customer groups are retail tenants with good business potential and financial stability. They also have variety of nationalities and variety of industry types. The Company places great emphasis on the process of selecting and recruiting potential retail tenants. The lease agreement will be for 3 years or more. The proportion of customers is categorized by industry type and nationality as follows:

Revenue proportion by tenants' nationality	
Thailand	33%
Europe	26%
China	15%
Japan	14%
America-Oceania	7%
Asia	5%

Revenue proportion by tenants' industry	
Electrical and Electronics	28%
Automotive and spare parts	20%
Logistics	17%
Food and beverage	12%
Equipment	8%
Steel	3%
Machine	2%
Plastic	2%
Recycle	2%
Fashion and jewelry	1%
Paper	1%
Others	5%

## (B) Industry situation and competition

Warehouse and factory building tend to be more in demand because Thailand is located in the center of Asia which is good location for investment as being a transportation hub and having good infrastructure together with current factors from growth of E-Commerce business have caused the ready-made warehouse business to growth significantly from the E-Commerce business, which has a large demand for prefabricated warehouse space for storage, sorting, and forwarding various products to both domestic and international consumers. In addition, there are significant supporting factors from accelerating the implementation of government infrastructure development projects, including roads, railways, ports, and airports, including the announcement of the special promotion zone which is the benefit to investors who invest in the target business focusing on the use of advanced technology and modern innovation.

## (3) Procurement of products and services

For warehouse building and factory building for rent business, the Company will provide services since construction of prefabricated factory and warehouse in various forms to meet the needs of each type of customer as well as the necessary infrastructure, including common area road, utilities system, security system, cleaning, fire extinguishing systems, sewage and waste disposal systems and other systems, including regular maintenance. The Company will employ both internal and external teams and supervise them to ensure the smoothness of the service and the greatest benefit to the customers.

## (4) Assets used in business operation

Most assets consist of land leasehold right, factory building and warehouse building, common area, and various infrastructures in the project

As of 31 December 2021, Prospect Development Company Limited has main fixed assets used in the business of factory and warehouse building for rent. The net book value is 4,632.46 million baht, which main assets used in business operations consist of land, land leasehold right, factory building and warehouse, common area, and infrastructure developed and under development for rent, worth 3,133.71 million baht and 1,498.75 million baht, or 47.78% and 22.85% of total assets, respectively.

Wellness business

## (1) Product or service characteristics and business innovation development

The health and beauty business is another business of the Company's group as the Company sees an opportunity for the expansion of medical and wellness tourism in Thailand, according to the Medical Wellness Institute's study, it ranks Thailand as 13th in the world in health tourism, together with the government's policy to develop Thailand as an international medical hub. The Company collaborated with Bumrungrad Hospital and Minor International Public Company Limited to develop the first integrated health and holistic medicine center in Asia under "RAKxa" project.

The main target customers of the project are expatriates and Thais who wish to have superior experience designed specifically for health and beauty care. Holistic health care package selling are available in variety of different health goals. There is period of service from 1 days to 14 days, covering various services as follows:

- Analyze health with modern medicine technology to match the genetics, hormones, and lifestyle of particular person.
- Provide a merge service in many fields, such as traditional Chinese medicine, Thai traditional medicine, water bath, steam bath, etc.
- Provide a medical fitness center with physical therapists and sport scientists providing advice on solving individual problems.
- Provide health food services by chefs and nutritionists to prepare food for the patient, including providing customers with food that is known to the source as Farm-to-Table, non-toxic, and good for health.
- Provide accommodation while receiving health care services which is designed to make users feel relaxed and have privacy in the midst of atmosphere surrounded by nature. The position and distance of various furniture placement is designed by team of doctors and physical therapists, not to hinder the elderly and those who need a wheelchair.

## (2) Marketing and competition

### (A) Marketing and Competition policy of the Company

The project will focus on the main customers who are foreigners and Thai people who are ready to invest in sustainable good health. These customers do not only want to see changes and tangible result but still need service and atmosphere that make them feel like they are at five-star resort. The customer base are from both Vitallife scientific wellness center at Bumrungrad Hospital and customers of Minor Group. The project has prominent point of upgrading holistic preventive medical services that cover every science, dimension, combining modern medical science that meet international standard with holistic medical science under supervision of team of doctors and health professionals, including landscape design under the concept of "Botanical Wellness Journey" that is plenty in plant species to achieve physical and mental aesthetics, emphasis on natural therapy by creating a green area with more than 4,000 trees within the project. In addition to complete health care, food as well as living are another important thing. The food served will have team of nutritionists to advise to make food to improve health or prevent inflammation of body. Moreover, there are also many interesting workshops and activities for holistic wellness.

### (B) Industry situation and competition

Thailand's healthcare and hospital business has been supported by government policies that aimed to promote Thailand to be Medical Hub since 2003, as well as global trends based on data

from the Global Wellness Institute (GWI), which do global health market research and reveal that value of health industry in 2018 was as high as 4.5 trillion USD or 141.6 trillion baht, growing from 4.2 trillion dollars or 132.1 trillion baht in 2017. Moreover, it achieved an average annual growth rate of 6.4% during 2015-2017, almost twice the rate of global GDP, with global GDP growing only 3.6% per year according to IMF figures. Health service business with high market share are: Beauty and anti-aging business, preventive medicine business, etc. In wellness tourism, it is considered a high-value market with continuous growth. In 2017, data from Global Wellness Institute (GWI) found that the number of tourists in this market reached 12.5 million persons-times (meaning one person may travel to several provinces or several times in a year), generating over 400,000 million baht in revenue. Meanwhile in Thailand, the Medical Tourism has a number of tourists of 3.6 million persons-times, generating revenue of 41 billion baht (2019 data by Kasikorn Research Center). As a result, Thai private hospitals and health service businesses are rapidly adapting and are recognized internationally as one of the world's medical tourism destinations with availability of natural attractions suitable for the recuperation period and there are 66 hospitals that have been certified according to international standard "JCI" (Joint Commission International Accreditation), higher than competitors in the region. International Healthcare Research Center (IHRC) ranked Thailand's health tourism industry 6th in the world in 2019 and accounted for the most medical tourists, accounting for 38% of Asia. Thailand is one of the world's 5 best medical institutions for health tourism.

However, during 2021, despite the impact of COVID-19 epidemic crisis, travel in and out of the country was restricted, global healthcare tourism market is growing at slower pace than expected but in the same time, this situation is important factor in healthcare trend aroused the interest of more domestic consumers. As a result, business related to health care, whether prevention or treatment, become the star business of 2021. According to the Ministry of Commerce data, the number of new health and medical businesses establishment have grown steadily from 2018-2020 by thousands of enterprises, forcing all business to adapt and tap into more domestic customers, for example, modifying the program characteristics to meet the needs of top-level customers in the country, etc.

### (3) Procurement of products and services

For this project, the Company invest in land and has partnerd with Bumrungrad's VitalLife Center to provide medical management since personnel, drugs, medical supplies, and equipment, as well as, Minor International Public Company Limited has been involved in the management for rooms, meals, and services for customer.

(4) Assets used in business operation

The project was built in Bang Kachao area, Bang Nam Phueng subdistrict, PhraPradaeng district, SamutPrakan province, on an area over 180 rai with most of the assets comprised of land, building, structures and equipment.

Office building for rent

The Company provides space rental services at 345 Surawong building, a 7-storey office building on Surawong Road and Charoenkrung Road for non-used area for the Company, including parking service since moving into this building on 20 September 2019. Currently, there are tenants, such as Kanom Cafe Company Limited, Finansia Public Company Limited, Yours Property Management Company Limited, Prospect Development Company Limited, Prospect Reit Management Company Limited.

Golf course

Flora Ville Golf and Country Club which is operated by the Company changed its name from ChuanChuen Golf Club, with approximately total of 400 rais, consist of 18 holes. It is located on Bangkok-Pathum Thani road. The Company has renovated the new clubhouse building to be more modern style. There is a spacious entrance hall, able to see golf course view. The inside of building was designed and meticulously decorate, emphasize on earth tones colour to feel relax, equip with various facilities, such as, meeting rooms, restaurant, pro shops, and locker rooms. The golf course has been renovated and maintained to be perfect and beauty. Some holes have been adjusted their layout to make golf players play more fun but still retain its charm and original identity under concept of " Exclusive Golf " to feel relax but mix with variety to challenge golf players' ability. Currently, this golf course is one of the most popular in Bangkok and its vicinity which is guaranteed by number of golf players who come and frequent amateur golf tournaments.

Property management business

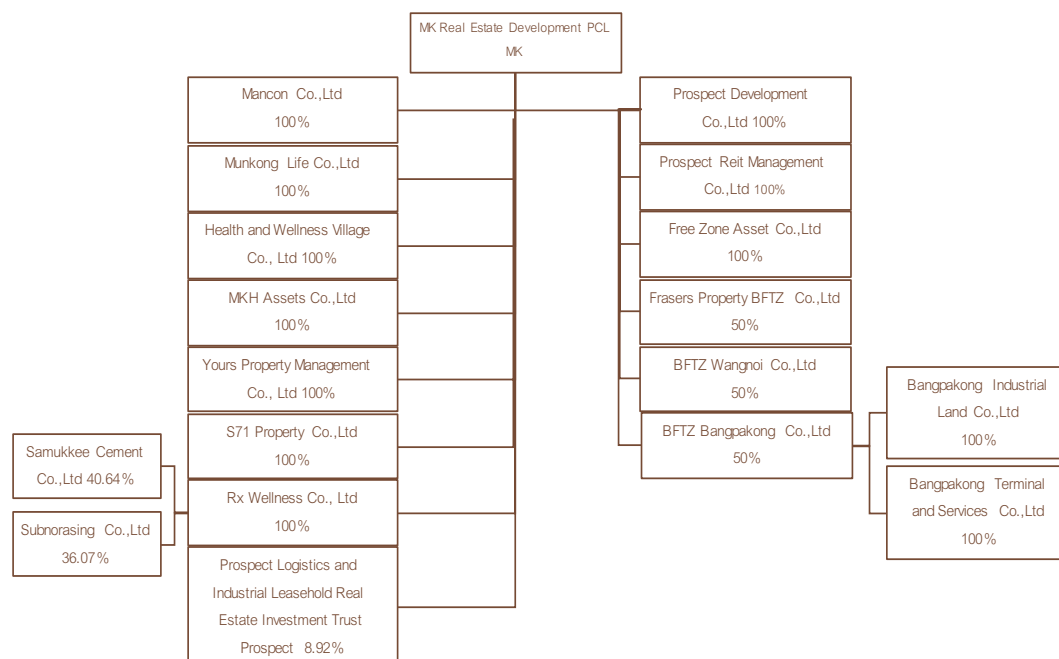
The Company earns income from real estate management from Prospect Development Company Limited and Yours Property Management Company Limited to provide building management service.

**1.3 Group companies shareholding structure**

**1.3.1 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 2021, are as follows:





- Subsidiary companies consist of the following:
  1. Mancon Co.,Ltd., engaged in construction contracts and property development for small projects.
  2. Munkong Life Co.,Ltd., engaged in property development and rehabilitation for rent.
  3. MKH Assets Co.,Ltd., engaged in property development.
  4. Health and Wellness Village Co., Ltd., engaged in medical, health and wellness.
  5. Yours Property Management Co., Ltd., engaged in providing building and property management services.
  6. S71 Property Co.,Ltd. engaged in property development.
  7. Rx Wellness Co., Ltd. (formerly S71 Holding Co.,Ltd.) engaged in property development, health and wellness.
  8. Prospect Development Co.,Ltd., engaged in development of factory buildings and warehouses and storage for rent.
- Indirectly subsidiary companies consist of the following:
  1. Prospect Reit Management Co.,Ltd., engaged in reit manager for property investment (a subsidiary company of Prospect Development Co.,Ltd.)
  2. Free Zone Asset Co.,Ltd., engaged in real estate for rent and services (a subsidiary company of Prospect Development Co.,Ltd.)
- Associated companies consist of the following:
  1. Prospect Logistics and Industrial Leasehold Real Estate Investment Trust (Trust), the Trust is classified as associated company of the Company as Prospect Reit Management Company Limited (indirect subsidiary) has been appointed as REIT manager. (share holding by Finansa Public Company Limited for 22.99%, M.K. Real Estate Public Company Limited for 8.92%, and other shareholders for 68.09%)



- Indirectly Associated companies consist of the following:
  1. Samukkee Cement Co.,Ltd., engaged in the manufacture of cement and ready-mixed concrete (an associated company of Rx Wellness Co., Ltd.) (shares holding by Rx Wellness Company Limited for 40.64%, Tangmatitham family for 20.96%, and other shareholders for 38.40%)
  2. Subnorasing Co.,Ltd., engaged in the production of manufactured sand (an associated company of Rx Wellness Co., Ltd.) (shares holding by Rx Wellness Company Limited for 36.07%, Mr.Chuan Tangmatitham for 13.90%, Mr.Chimchai Setapram for 13.90%, and Mr.Vicharn Wattanacheeranon for 13.90%)
  
- The Company's joint ventures consist of the following:
  1. Frasers Property BFTZ Co.,Ltd., engaged in provision of warehouses for rent with the investment from Prospect Development Co.,Ltd. (shares holding by Prospect Development Company Limited for 40.00% and Fraser Property Industrial (Thailand) Comany Limited for 60.00%)
  2. BFTZ Wangnoi Co.,Ltd., engaged in developing factory building and warehouse for rent with the investment from Prospect Development Co.,Ltd. (shares holding by Prospect Development Company Limited for 50.00% and Finansa Public Company Limited for 50.00%)
  3. BFTZ Bangpakong Co.,Ltd., engaged in developing warehouse and factory for rent including infrastructure, facilities and other related business with the investment from Prospect Development Co.,Ltd. (shares holding by Prospect Development Company Limited for 50.00% and Sansiri Public Company Limited for 50.00%)
  
- Subsidiary of Joint Venture Company consist of the following:
  1. Bangpakong Industrial Land Co.,Ltd., engaged in developing Land for sale (a subsidiary company of BFTZ Bangpakong Co.,Ltd.)
  2. Bangpakong Terminal and Services Co.,Ltd., engaged in developing facilities and utilities system (a subsidiary company of BFTZ Bangpakong Co.,Ltd.)

General information of companies holding more than 10% of shares, as at 31 December 2021

No.	Company name	Office location	Percent of share held by the Company	Paid-up share capital	Registered capital	Number of shares issued	Par value
Property development and related businesses							
1	Mancon Co.,Ltd. Engaged in construction contracts and property development for small projects	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500  Tel 02-234-8888 Fax02-234-8880	100%	20,000,000	20,000,000	2,000,000	10

No.	Company name	Office location	Percent of share held by the Company	Paid-up share capital	Registered capital	Number of shares issued	Par value
2	Munkong Life Co.,Ltd. Engaged in property development and rehabilitation for rent	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax02-234-8880	100%	2,600,000,000	2,600,000,000	26,000,000	100
3	MKH Assets Co.,Ltd. Engaged in property development	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax02-234-8880	100%	35,000,000	100,000,000	1,000,000	100
4	S71 Property Co.,Ltd. Engaged in property development	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax 02-234-8880	100%	650,000,000	650,000,000	6,500,000	100
5	Bangpakong Industrial Land Co.,Ltd. <sup>1)</sup> Engaged in developing Land for sale	5 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-697-3788 Fax 02-697-3794	50%	5,000,000	5,000,000	50,000	100
6	Samakkee Cement Co.,Ltd. <sup>2)</sup> Engaged in manufacture of cement and ready mixed concrete	719/3 Soi Chula 10, Rama VI Road, Wangmai, Patumwan, Bangkok	40.64%	235,000,000	235,000,000	47,000,000	5
7	Subnorasing Co.,Ltd. <sup>2)</sup> Engaged in industrial sand production	11 Soi Nonthaburi 8 Yeak 7, Nonthaburi Road, Tambon Bangkrasor, Amphur Muang Nonthaburi, Nonthaburi	36.07%	18,000,000	18,000,000	180,000	100
Property for rent and related services							
8	Prospect Development Co.,Ltd. Engaged in development of factory buildings and warehouses for rent	5 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-697-3788 Fax 02-697-3794	100%	2,260,000,000	2,260,000,000	226,000,000	10



No.	Company name	Office location	Percent of share held by the Company	Paid-up share capital	Registered capital	Number of shares issued	Par value
9	Rx Wellness Co.,Ltd. Engaged in property development, health and wellness	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax02-234-8880	100%	100,000,000	100,000,000	1,000,000	100
10	Yours Property Management Co.,Ltd. Engaged in building and property management service	6 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax02-234-8880	100%	3,000,000	5,000,000	50,000	100
11	Health and Wellness Village Co.,Ltd. Engaged in medical health and wellness	8 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-234-8888 Fax02-234-8880	100%	137,750,000	200,000,000	2,000,000	100
12	Prospect Reit Management Co.,Ltd. <sup>3)</sup> Engaged in investment in reit manager for property investment	5 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-697-3788 Fax 02-697-3794	100%	10,000,000	10,000,000	100,000	100
13	Free Zone Asset Co.,Ltd. <sup>3)</sup> Engaged in real estate for rent and services	5 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-697-3788 Fax 02-697-3794	100%	182,500,000	182,500,000	1,825,000	100
14	BFTZ Wangnoi Co.,Ltd. Engaged in developing factory building and warehouse for rent	5 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-697-3788 Fax 02-697-3794	50%	5,000,000	5,000,000	50,000	100
15	BFTZ Bangpakong Co.,Ltd. Engaged in developing warehouse and factory for rent including infrastructure, facilities and other related business	5 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500 Tel 02-697-3788 Fax 02-697-3794	50%	500,000,000	500,000,000	5,000,000	100

No.	Company name	Office location	Percent of share held by the Company	Paid-up share capital	Registered capital	Number of shares issued	Par value
16	Bangpakong Terminal and Services Co.,Ltd. <sup>1)</sup> Engaged in developing facilities and utilities system	5 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500  Tel 02-697-3788  Fax 02-697-3794	50%	5,000,000	5,000,000	50,000	100
17	Frasers Property BFTZ Co.,Ltd. Engaged in provision of warehouses for rent	944 Mitrtown Office Tower, 22 <sup>nd</sup> – 23 <sup>rd</sup> Floor, Rama IV Road, Kwaeng Wangmai, Khet Pathumwan, Bangkok 10330  Tel 02-679-6565  Fax 02-287-3153	40%	765,920,000	803,000,000	80,300,000	10
18	Prospect Logistics And Industrial Leasehold Real Estate Investment Trust <sup>4)</sup> Engaged in investment in leasehold land with warehouse and factory building for some part of Bangkok Free Trade Zone project	5 <sup>th</sup> Floor, 345 Surawong building, No. 345, Surawong Road, Kwaeng Suriyawong, Khet Bang Rak, Bangkok 10500  Tel 02-697-3788  Fax 02-697-3794	8.92%	2,368,464,000	2,368,464,000	245,000,000	9.6672

Remarks: 1) Bangpakong Industrial Land Co.,Ltd.and Bangpakong Terminal and Services Co.,Ltd. were subsidiaries of joint venture company. (subsidiary companies of BFTZ Bangpakong Co.,Ltd.)

2) Samakkee Cement Co.,Ltd. and Subnorasing Co.,Ltd. were indirectly associated companies. (associated companies of Rx Wellness Co., Ltd)

3) Prospect Reit Management Co.,Ltd. and Free Zone Asset Co.,Ltd. were Indirectly subsidiary companies. (subsidiary companies of Prospect Development Co.,Ltd.)

4) The Company invests in Prospect Logistics And Industrial Leasehold Real Estate Investment Trust (Trust), accounting for 8.92% of the number of trust units issued and offered. The Trust is classified as an associated company of the Company due to the significant influence of the Company as Prospect Reit Managemet Company Limited (indirect subsidiary) has been appointed as REIT manager.

In addition, on 10 June 2021 and 9 September 2021, the Company received return of capital from Prospect Logistics and Industrial Leasehold Real Estate Investment Trust of Baht 0.2808 per unit and Baht 0.0520 per unit, respectively, amounting to Baht 6.13 million and 1.14 million, respectively.

### 1.3.2 Shareholding in subsidiaries or associates of persons who may have conflicts

-None-

### 1.3.3 Relationship with business group of major shareholders

-None-

### 1.3.4 Shareholders

The list of top 10 shareholders as at 30 December 2021, which was the most recent book closing date (XO), is as follows.

<u>Shareholders</u>	<u>Number of shares held</u>	<u>Percent of paid-up capital</u>
1. Finansa Public Company Limited	343,834,202	31.510
2. Mr. Prateep Tangmatitham	137,413,882	12.593
3. Supalai Property Management Co.,Ltd.	94,952,220	8.702
4. CPD Holding Co.,Ltd.	60,492,171	5.544
5. WISDOM LEADER VENTURES LIMITED	52,171,368	4.781
6. Mr. Urchart Karnchanapitak	30,764,140	2.819
7. BCH Property Co.,Ltd.	26,829,270	2.459
8. Miss Piyasri Tantiwatna	24,415,020	2.237
9. Miss Chutima Tangmatitham	17,331,015	1.588
10. Mrs. Anchan Tangmatitham	15,960,446	1.463
Total of shares held by top 10 shareholders	804,163,734	73.695
Other shareholders	<u>287,041,332</u>	<u>26.305</u>
<b>Total</b>	<b><u>1,091,205,066</u></b>	<b><u>100.000</u></b>

#### 1.4 Number of registered and paid-up shares

As of 31 December 2021, the Company has registered capital of 1,117,211,195 Baht, paid-up Capital of 1,091,205,066 Baht, consisting of 1,117,211,195 shares of common stock at par value of 1 Baht.

#### 1.5 Other securities

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

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

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

Type of Warrant : Ordinary share-purchase warrant, specified name of the holder type, non-transferable, except under the conditions of inheritance transfer or transferring to heir or legal representative, or any other events that Board of Directors may deem appropriate.

Type of Warrant to be issued and allotted	:	Not exceed 26,000,000 units
Par Value Per Unit	:	0 Baht per unit
Offering Price Per Unit	:	0 Baht
The Allocation	:	<p>These ordinary shares, allocated by means of offering warrants, will be allocated to the directors and employees of the Company and its subsidiaries based on the position, duty, and responsibility towards the company and its subsidiaries, past experience, working proficiency, performance contributed to company and its subsidiaries, as well as potential interest provided to the Company. The Company's Directors assigned the Chief Executive Officer to allocate the shares based on the discretion. For more than 5% of newly issued and offered shares allocated to any director/ employee, the Board of Directors is in charge of proposing the agenda for shareholders' meeting according to rules and conditions under the Notification of the Capital Market Supervisory Board.</p> <p>The details of warrant allocation are shown below:</p> <ul style="list-style-type: none"> <li>a) Not exceeding 41.92% of Ordinary Share-Purchase Warrants shall be allocated to the directors and executives of the Company and its subsidiaries.</li> <li>b) Not exceeding 58.08% of Ordinary Share-Purchase Warrants shall be allocated to employees of the Company and its subsidiaries.</li> </ul>
Exercise Ratio	:	1 unit of Warrant (MK-WA) will be entitled to purchase 1 ordinary share. The Exercise Ratio may be changed thereafter in case of an adjustment of rights.
Exercising Price (Per Share)	:	<p>4.00 Baht<sup>1/</sup> (Four Baht), the Exercise Price may be changed thereafter in case of an adjustment of rights</p> <p>Remarks: <sup>1/</sup>The exercise prices are not considered the discount price as specified in the notification of the Capital Market Supervisory Board. The volume weighted average of the closing price of the Company ordinary shares during 15 days before the date of the Board of Directors' meeting on March 12, 2019 equals to 3.77 Baht per share.</p>
Maturity	:	<p>Not exceeding 5 years from the warrant issuance and offering date. ( The Issue date of Warrants is on 17 June 2020, expiration date is on 16 June 2024)</p>



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



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

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

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

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

As of 31 December 2021, there is no exercising from warrant holder yet. There are the remaining MK-WA of 26,000,000 units.

## 1.5.2 Debenture

### Short-term debentures

- Issued by M.K. Real Estate Development Public Company Limited

No.	Quantity (thousand units)	Par value per unit (baht)	Total value (million baht)	Issue date	Age of debenture	Maturity date	Interest rate (% per year)
No.1/2021 (Repayment interest on maturity date)	330.6	1,000.0	330.6	29 April 2021	270 days	24 January 2022	3.9
No.2/2021 (Repayment interest on maturity date)	300.0	1,000.0	300.0	26 August 2021	180 days	22 February 2022	3.7
No.3/2021 (Repayment interest on maturity date)	500.0	1,000.0	500.0	19 October 2021	269 days	15 July 2022	3.9
No.4/2021 (Repayment interest on maturity date)	175.0	1,000.0	175.0	24 November 2021	268 days	19 August 2022	3.9
No.5/2021 (Repayment interest on maturity date)	400.0	1,000.0	400.0	24 December 2021	90 days	24 March 2022	3.5
Total			1,705.6				



Long-term Debentures

- Issued by M.K. Real Estate Development Public Company Limited

No.	Quantity (thousand units)	Par value per unit (baht)	Total value (million baht)	Issue date	Age of debenture	Maturity date	Interest rate (% per year)
No. 1/2019 (repayment interest every 3 months)	687.5	1,000	687.5	11 June 2019	3 years	11 June 2022	5
No. 2/2019 (repayment interest every 3 months)	1,565	1,000	1,565	12 December 2019	3 years 11 months 19days	1 December 2023	5.75
No.1/2020 Set 1(repayment interest every 3 months)	230.3	1,000	230.3	28 August 2020	1 years 5 months 18days	15 February 2022	4.8
No.1/2020 Set 2(repayment interest every 3 months)	451.5	1,000	451.5	28 August 2020	2 years 6 months	28 February 2023	5.6
No. 1/2021 (repayment interest every 3 months)	500	1,000	500	29 April 2021	2 years	29 April 2023	5.25
No. 2/2021 (repayment interest every 3 months)	656.4	1,000	636.4	28 May 2021	2 years 10 months	28 March 2024	5.6
<b>Total</b>			<b>4,070.7</b>				

- Issued by Prospect Development Company Limited

No.	Quantity (thousand units)	Par value per unit (baht)	Total value (million baht)	Issue date	Age of debenture	Maturity date	Interest rate (% per year)
No.1/2019 (repayment interest every 3 months)	198	1,000	198	2 August 2019	2 years 6 months	2 February 2022	6.25
No. 1/2020 (repayment interest every 3 months)	157	1,000	157	13 February 2020	2 years 6 months	13 August 2022	6.25
No. 2/2020 (repayment interest every 3 months)	165	1,000	165	3 December 2020	2 years	3 December 2022	6.25
No. 1/2021 (repayment interest every 3 months)	300	1,000	300	14 May 2021	2 years	14 May 2023	6.25
<b>Total</b>			<b>820</b>				

1.6 Dividend policy

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

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

Detail of dividend payments	2018	2019 <sup>*</sup>	2020
1. Profit - Owners of the Company (Baht) (base on consolidated financial statement)	305,924,724	177,446,766	The omission of dividend payment
2. Profit - Owners of the Company (Baht) (based on separate financial statement)	302,172,711	372,773,547	
3. Number of shares (shares)	992,010,177	1,091,205,066	
4. Par Value (Baht:Share)	1.00	1.00	
5. Dividend paid per share			
5.1 Stock Dividend (baht:share)	0.100000	-	
5.2 Cash Dividend (baht:share)	<u>0.011112</u>	<u>0.11</u>	
5.3 Total Dividend (baht:share)	<u>0.111112</u>	<u>0.11</u>	
6. Total dividend payment (baht)	110,224,235.09	120,032,557.26	
7. Dividend payout ratio (%)	36.48	32.20	

Remark: <sup>\*</sup> The Board of Directors Meeting of the Company No. 9/2020 held on September 29, 2020 has passed a resolution to approve the payment of interim dividend for the Company's operation 2019 based on the retained earnings shown in the Company statement of income for the year ended 31 December 2019 to the shareholders of the Company amounting to 1,091,205,066 shares at a rate of 0.11 Baht per share, totaling 120,032,557.26 Baht.

The Board of Directors' approval of the interim dividend payment is in accordance with the resolution of 2020 Annual General Meeting of Shareholders indicating that when the Company had positive cash flow, the Board of Directors would approve the payment of interim dividend to the Shareholders.

## 2. Risk management

In the past, the Company had experience in dealing with various risks, such as risks related to government policies and commercial bank lending policies with clear management approach, have measures to support customers to get credit quickly, experienced in dealing with risks related to construction and labor shortages at some point as well as manage risk arising from impact of laws and government supervision. The Company has complied with the legal requirements accurately and transparently.

For 2021, the Company has prepared to manage risks due to economic contraction which is affected by the epidemic situation of COVID-19 which affects all businesses. The epidemic has forced entrepreneurs to adapt quickly and make decisions. The Company has given importance to internal control risk management which is an important mechanism that will help business to achieve its goals. The Company has monitored and analyzed the risks that occur by using important guidelines which

are diversifying risk by earning income from multiple businesses from real estate business for residential, real estate business for service industry, health business, and golf course business to prevent the Company from being severely affected by relying on income from single business, along with preventing and mitigating the effects of risks that may occur in the future. All risk transaction has been discussed, monitored, and assessed by risk management expert team from the Company from Government Research Center Company Limited. For the year 2021, the risks and risk management guidelines are as follows:

## 2.1 Risk management plan and policy

The Company attaches the importance to monitoring and managing risks by focusing on the diversification of business risks, including considering the risks in each dimension in every aspect. The main policy for risk management is to focus on risks and factors affecting business operations as well as factors affecting customer expectations as well as prepare measures to support each risk issue, develop plan to support each risk, and allow all departments to take responsibility under the policy and risk management plan as follows:

- Diversification of business risks
- Preparation of measures to support for new risks
- Review of measures to manage existing risks
- Establishing standard processes to increase confidence and reduce risks in business operations
- Monitoring the impact of risks on operating results

In 2021, the Company has adjusted by diversification to reduce dependence on income from specific industry. The past crisis shows that an organization with particular business can face serious problems. There should be diversification of risk of products and services and have opportunity to earn money in different situations which the Company has applied the principle of risk diversification by continuously building business in other industries, resulting in real estate development business for rental and industrial services and health service business in addition to the existing core business and reflect the preparation and prevention potential risks of the Company.

In addition, the Company also consider possibility of other related risks which may have impact on business to establish control measure, prevent, amendment. The Company has established the risk management policy for the entire organization and the risk management structure as follows:

### Organization-wide risk management policy

1. Push the management and all employees to be aware of operational risk, encourage everyone to take ownership of risks, have duty to properly protect the potential risks, provide opportunities for every one to participate in risk management measures with clear preparation for various situations.

2. Define the management and employees in the department and other units must have understanding of the corporate risk management policy. They must have a role and participate in development of the organization's risk management and has been promote to knowledge and understand the duties and responsibilities related in risk management.
3. Establish the effective risk management process at all stages of the operation in accordance with good corporate governance principles to reduce uncertainty and increase the success in achieving the Company's business objectives.
4. Implement and support successful risk management throughout the organization by effectively utilizing the available resources for assessment and set the appropriate measures to control and manage risks.
5. Promote and encourage risk management as an organizational culture by making everyone realize the importance of risk management as an important thing in business operation of the organization.

#### Organization-wide risk management structure

The organization-wide risk management structure consists of directors, management and all departments in the organization with the risk management committee throughout the organization appointed by the Board of Directors to oversee the effective and efficient risk management system in the organization, make stakeholders understand the risks that could have severe impact to the organization and ensure that appropriate action is taken to manage them, and has central agency to coordinate and support management and various departments to continuously implement the risk management process.

## **2.2 Risk factor to business operation of the Company**

The Company takes into account the risk from impact of various environmental factors. Risk factors for each business are considered with risk management specialists to determine risk issues, risk management framework to be prepared to manage, including the preparation of standard processes for proper operation to the Company's business operations. The list of risks for each key issues are summarized as follows:

### **2.2.1 Strategic risk**

Risk directly affects business strategy and operating results, such as changes in laws affecting the development of residential real estate projects, city planning, land use regulations, taxes, special government policies, such as the first home policy, LTV policy, which affect the consumer behavior, including the flood situation may affect the purchase decision. In present, although there is policy to relax LTV measures but the Company's customers is group of customers who buy for real living. Therefore, it has not received much positive effect from the easing of measures, and beside the easing of LTV measure, the government has issued measure to reduce transfer and mortgage fee for

housing price not exceeding 3 million baht, which can help stimulate the market only partially due to decrease in customer income, financial institutions must be cautious in approving loans for long-term asset purchases. The Company has studied and followed up on changes in regulations that may occur continuously to prepare for the adjustment of residential real estate project development plans in accordance with the changes that may occur, along with regular study of market conditions to carefully develop existing projects.

For golf course business, the Company has highly experienced employees and executives who have good relationship with customers, so the business can be operated continuously. However, the revenue of golf course business depends on quality of service, cost, popularity, tee times, location, economic, and social conditions, so the impact of the epidemic affects the use of golf business service. There is also risk of operating cost to maintain the condition of course to be ready, beautiful, and meet standard, so it is necessary to hire staff and use the budget to maintain, purchase necessary supply and fertilizers, some of which cost higher. Therefore, it is necessary to prepare careful risk management plan while ensuring the safety and hygiene of the customers in using the service.

For health service, there are strategic risk related to government policies, such as country opening for tourists policy that directly affect health care businesses. The Company has dealt with such risks by focusing more on domestic customers to compensate for expected income from foreign tourists. For real estate development business for rent and service related to warehousing has diversified the risk by providing services to customers in variety of businesses and found that they were not affected by the aforementioned situation with the rental rate and occupancy rate at high level. There is continually use from previous customers as well as adding new customers from domestic customer base. As a result, real estate for rent and service business and overall business of the Company is not affected much.

### 2.2.2 Financial risk

The Company's business operation, especially residential real estate development, is business that require large investments, so interest expense is an important factor that affects the cost to entrepreneurs and buyers, including investors who are ready to invest as well. Therefore, risk management is necessary to anticipate the trend of interest, along with business design, project design to be able to cope with fluctuating interest rates. The company has experience and has been in business for a long time, reliable to the financial institutions, the company has always received a good source of funds from the bank. In addition, the company has established business alliances with many commercial banks to compare the offers with the most suitable cost. The company has diversified into other businesses. This makes it able to cope well with financial volatility.

### 2.2.3 Demand risk

Buyer's demand change according to the economic situation and location which is the most important factor of residential real estate. The purchasing power of consumers depends on the potential of the business. After the COVID-19 epidemic, many businesses may not be able to recover to their former abilities. Some locations may have different demands from before. Most people do not have spending plans on high-value durable goods, such as homes and cars in the short term, as income tends to be slow to recover, coupled with the sluggish consumer confidence, including the foreign travel demand more slowly than the demand for domestic services as international travel restrictions and long-distance travel confidence are key risk factors for healthcare businesses.

For the industrial real estate business, demand will vary in each industry, each offer, and each operator. However, for the Company's industrial real estate business can generate continuous income even if affected by the country's shutdown but it still has a positive effect from some businesses that need to rent space for industrial purposes. For the golf business, it has clearly reduced foreign customers or tourists, so it need to focus more on customers in the country

### 2.2.4 Liquidity and inventory risk

The trading liquidity of residential real estate is relatively low even they are value-added assets in long-term. But business need to have cash flowing, so it cannot wait for the long-term increase in asset value. The Company's project development are necessary to ensure that they are able to respond to consumers as quickly as possible. For industrial real estate development business, there is a fairly clear rental time frame. In the healthcare business, cash inflows are expected to be more consistent. with a sales model that recognizes revenue faster than other businesses.

In risk management, the company will determine the amount to be built in each project according to the volume of bookings and sales through tracking market conditions, attention and readiness of consumers. During the epidemic crisis, the Company focused on selling low-rise housing, which is more popular than high-rise urban housing. In addition, promotional campaigns are also organized in line with the needs of customers to encourage purchasing and transfer decisions.

### 2.2.5 Business competitors risk

Each business of the Company has different competitors. One of the Company's core business in residential real estate is one of the most competitive business, especially in Bangkok and its vicinity. There are various and many operators, large, medium, small, new entrepreneurs who are just entering the real estate business. However, the Company is confident that the products are good quality and can meet the needs of consumers. It is a key factor that is important to compete in the industry as

well. The company places importance on developing projects that can meet the needs of residents in that location with quality and attractive prices, along with the development of unique housing styles and different from neighboring competitors in the same neighborhood including choosing the location of the project in a potential location. As a result, the Company is confident that the Company will be able to compete with other operators in the same industry.

In the industrial real estate business, the company has prominent point in its location along with outstanding services that are well accepted by customers, located in location that is beneficial to business operations. There is maintenance to the area and the common area that is superior than many competitors. Despite charging higher costs than some competitors but the benefits that customers receive are much higher. Therefore, it gain trust and is able to create continuous use. In the healthcare business, it is targeted towards high purchasing power customers. The major competitors in the country are still relatively few. and does not offer services that are directly competitors. Moreover, the location of RAKxa Wellness & Medical Retreat is close to Bangkok and main airports than competitors. Travelling is more convenient. There is a freshness of service that is clearly superior to competitors. For the competitors of the golf course business, they remain the same and have been affected by a similar epidemic. According to the studying, any new competitors are not found. Therefore, competitive conditions are not significantly different from the past.

### 3. Driving business for sustainability

#### 3.1 Policy and goal of sustainability management

In the past, the Company and its subsidiaries operated business under the concept " We Build A Place Of Family Togetherness ". Then, for more coverage, this concept extends to " Well-Being " which means staying physically fit, good mental health, and healthy environment and good society for sustainable happy living to stakeholders with beginning from inside organization that treat employees like family members, has good working environment and pass on this idea to consumers though process of determination to develop the Company's products and services continuously.

In addition, the Company and its subsidiaries realize the importance and responsibilities to society and community, including continuous care for the environment focusing on building good relationship and taking into account the impacts that may have on shareholders, employees, communities, customers, business partners, government agencies, as well as society and the nation. The attitude and corporate culture are cultivated in order for employees to have social responsibility that coexist as main mission to create projects and activities that are beneficial o development of society and communities. Thus, the Company establish sustainable business policy to promote Environment, Social, and Governance (ESG)



The Company and its subsidiaries have been real estate development company for sales, rent and service and remain committed to operating the business for sustainable growth as a leading property developer with the goal of operating business that create social, economic, and environmental value under corporate governance and good governance at the same time with being a part to drive the Sustainable Development Goals (SDGs) in national and international level.



In the year 2020, the Company has established Sustainability department to conduct review of practical guidance for issues related to sustainable development under the slogan " Sustainability is our DNA " in operating business in accordance with the specified goals and core mission of the Company operation which is the Sustainable Development Goals (SDGs) of 17 topics set by the United Nations. The Company foresees that it can participate in driving various issues as follows:

Sustainability	Guidances	SDGs
Environment	<p>Regulation compliance</p> <ul style="list-style-type: none"> <li>Comply strictly with regulations related to environment</li> </ul> <p>Resource utilization</p> <ul style="list-style-type: none"> <li>Design the project to use energy efficiently</li> <li>Plan to use resource efficient in construction</li> <li>Use energy saving material and equipment</li> <li>Support clean energy using</li> </ul> <p>Environment impact protection</p> <ul style="list-style-type: none"> <li>Choose to develop projects on non-destroy environment area</li> <li>Study and assess impact to environment before construction</li> </ul>	

	<ul style="list-style-type: none"> <li>● Develop projects with concept of ecosystem protecting and restoring</li> <li>● Manage waste correctly that does not destroy environment</li> </ul> <p><b>Development and improvement environmental management</b></p> <ul style="list-style-type: none"> <li>● Choose environment friendly building material</li> <li>● Develop and select environmental friendly construction process</li> </ul> <p><b>Supporting environmental activities</b></p> <ul style="list-style-type: none"> <li>● Organize activities and public relation to motivate environmental awareness</li> <li>● Cultivate environmental awareness to employees and communities</li> <li>● Cooperate with government agency or other agency in promoting environmental conservation</li> </ul> <p><b>Monitoring and evaluation</b></p> <ul style="list-style-type: none"> <li>● Study and follow up the environmental measure result</li> <li>● Analyze data to find the root cause and solve directly</li> <li>● Listen to complaints and ready for improvement urgently</li> </ul>	
<p><b>Social</b></p>	<p><b>Treatment of employees and workers</b></p> <ul style="list-style-type: none"> <li>● Provide employees and workers with appropriate and adequate social protection for their living fairly without discrimination</li> <li>● Arrange negotiation and independent opinion with consideration for common interest</li> <li>● Build work environment that take into account of health, safety, and occupational health in workplace</li> <li>● Develop employees and workers to have skill and career path growth equality and fairly</li> </ul> <p><b>Treatment of customers</b></p> <ul style="list-style-type: none"> <li>● Design project to promote good health physically and mentally for residents</li> <li>● Design project by taking into account all groups of residents, including children, the elderly, and the disabled</li> <li>● Develop project for people to access to quality housing at reasonable prices</li> <li>● Listen to customer feedback and ready to improve quickly and efficiently</li> </ul> <p><b>Treatment of communities and society</b></p> <ul style="list-style-type: none"> <li>● Strengthen participation for community development in accordance with community context, economic, social, environmental, and culture</li> </ul>	

	<ul style="list-style-type: none"> <li>● Strengthen community in promoting education, community culture and good health in the community</li> <li>● Build safe and livable community and society</li> <li>● Provide accurate information, build understanding, and listen to the problem</li> </ul>	
Economic	<p><b>Promoting economic security</b></p> <ul style="list-style-type: none"> <li>● Operate the business for sustainable growth</li> <li>● Distribute income and employment to society</li> <li>● Promote career advancement</li> <li>● Set appropriate goals for the Company and subsidiaries</li> <li>● Pay taxes correctly and completely</li> </ul> <p><b>Innovation and sustainable development</b></p> <ul style="list-style-type: none"> <li>● Support research and development of product and service to be up to date</li> <li>● Manage business according to changing trend of industry</li> <li>● Support research to improve the construction process</li> <li>● Promote use of technology and knowledge in operation</li> </ul>	

Sustainability Development Roadmap for period of 5 years, which started in 2016 by increasing profit proportion between property development for sale and property development for rent and service to 50:50 from investment to new businesses, such as factory and warehouse for rent, golf course business, office for rent, including wellness business. The plan is expected to be successful in 2021 but due to the impact of COVID-19 epidemic that continues to be severe throughout the past year with economic sluggish, the plan has to be moved to 2022. The Company plans to increase the proportion of recurring income even more to 30:70 in the next 5 years continuously with expansion of factory and warehouse business for rent and create new business of integrated wellness to generate revenue and sustainable growth to business.

Including in the year 2021, the Company also brings the concept "Well-Being" to apply to business operation to promote Environment, Social, and Governance (ESG). The Company is in process of studying the measures of environmental and social sustain in numerical, concrete, and tangible result for using in analyzing problems and being able to solve them more precisely. The Company also hire an expert in environmental impact assessment, especially the amount of greenhouse gas emission, to convert the result into strategy and integrate them into business plan. However, due to the economic slowdown and epidemic of COVID-19, the Company needs to focus on effective management of its core businesses, resulting in the 2021 sustainability measurement plan to be postponed. If the business situation returns to normal, the company will definitely consider implementing this plan for long-term sustainability.

## 3.2 Stakeholder impact management in business value chain

### 3.2.1 Business value chain

To create long-term competitiveness, the Company and its subsidiaries are committed to create value for products and services in order to meet the expectation of key stakeholders involved in business operation from upstream to downstream which can be identified as the Value Chain as follows:

#### 1) Primary activities

The main activities which are operation from land acquisition, construction design until the delivery of products and services to customers consist of 5 activities as follows:

##### (1) Inbound logistics

- Potential land procurement

The Company begins by considering the potential land in which the location on the route close to public mass transit, has public utilities support, near the old projects where the Company has customer base, and expand into new locations with high potential, such as Rangsit-Nakhon Nayok. In each land acquisition, it must be approved on land purchase from various departments in careful consideration before investing to get land at reasonable price and quality.

- Project feasibility study

After the Company has received the information of potential land, the Company has to study the feasibility of every project, including engineering, layout, targeting, competitor analysis, value of investment, return and risk, financing, as well as related legal and regulation to make investment in every project to receive return according to the Company's goal. The Company also has full of personnel with experience and expertise in every field.

- Contractor and construction material selection

The Company selects contractors through regulations and procedures by considering skilled contractors who are experienced and ready to invest. Most of them are sub-contractors who have consistently good performance and have work together for a long time. This makes it possible to maintain quality work and deliver it on schedule, which is one of the Company's strength.

For building material used in the project, the Company has assigned the project contractor to do the procurement directly for flexibility and efficiency in work, except some building material that are expensive or need to be used in large quantities or to control the quality and style to meet the standard required by the Company, the Company will do by itself. This give the Company advantage in cost management of building material from large purchase.

- Appropriate financing preparation

In order to achieve the worthy return, appropriate financing is essential. The Company has policy to use various fund from internal cash flow, bank loan, and issuing debt as funds for various projects in proper proportion to achieve the lowest finance cost at controllable risk level. From gradual management policy, the management has policy to maintain debt to equity ratio (D/E Ratio) not to be too high in handling crisis.

(2) Operations

- Construction quality controlling and inspection

The Company pays attention to the quality control and inspection during construction and after construction complete. It makes the quality and duration of the project as planned and it is effective project cost management, and also able to deliver work to customers without problems until being accepted by customers for a long time. At present, the Company has developed construction model by using innovative semi-prefabricated houses or prefab houses used in conjunction with traditional construction, which will greatly shorten the construction time.

In the meantime, the Company also pays attention to reducing the impact on the enviromnet, increase safety to personnel and communities, comply the law and various related licenses applying strictly, including taking care and promoting activities with communities nearby the project in accordance with sustainability policy.

(3) Outbound logistics

The Company will start the sales process from the grand opening of the project in order to open sales reservation and start contracting before actual construction to explore the market and initial demand and it is an opportunity for those who are interested to buy houses at lower price than the price after construction completed. Salesman will take care and answer any queries to the customer throughout the period before ownership transfer.

After the construction is completed if there is any damage, the Company will be responsible for any fix and repair before delivering.

(4) Marketing and Sales

The Company uses direct sales to customers by selling through the sales office of each units and head office, including digital marketing to increase the reach of new customers on various social media, such as facebookfanpage, instagram, line @, youtube, etc.

(5) Customer services

The Company's business is not just covered by ownership transfer but the Company also continues to expand its services including organizing customer relation activities or Munkong Family Club via mobile application channels for both IOS and Android systems, with the emphasis on the villagers in organizing after sale activities under concept "Munkong Family" to build relationship in the cohabit of family and impressive community which will be built to be strong customer base of the Company in the future.

2) **Support activities**

In order to run business smoothly, it is imperative that the Company must have effective support system, including procurement, technology development, human resource management, and infrastructure that will enable the main activities to operate smoothly. Currently, the Company has given great importance to it. There is continuous investment and technology that play key role in operation in all sections which help to save cost, reduce working time, and more productive work.

3.2.2 **Stakeholder analysis of business value chain**

The Company gives importance to all groups of stakeholders, whether internal or external. The policy is to meet the expectations of the stakeholders as follows:

Stakeholder	Stakeholder expectation	Stakeholder expectation responsiveness
<b>Stakeholders inside the organization</b>		
Shareholders	<ul style="list-style-type: none"> <li>• Sustained growth performance</li> <li>• Receive adequate and timely information</li> <li>• Operate by corporate governance principles</li> </ul>	<ul style="list-style-type: none"> <li>• Full, transparent, and equitable disclosure of business information</li> <li>• Manage Company's resoures prudently and worthwhile</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Quality life of employees</li> <li>• Stability and growth in career</li> <li>• Fairness in operation</li> <li>• Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Create good working environment</li> <li>• Support potential, stability, and growth in career with growth of organization sustainably</li> <li>• Treat equally and fairly</li> </ul>
<b>Stakeholders outside the organization</b>		
Customers	<ul style="list-style-type: none"> <li>• Receive quality product and good service</li> <li>• Fast and attentive after-sales service</li> <li>• Quality complaint management</li> </ul>	<ul style="list-style-type: none"> <li>• Continuously develop products and services to be high quality and up to date</li> <li>• Keep customers confidential</li> <li>• Manage issues quickly and efficiently</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Fair and transparent procurement</li> <li>• Comply with contract agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Follow framework for purchasing goods and services honestly</li> <li>• Treat suppliers in accordance with good corporate governance principles</li> <li>• Evaluate fairly</li> </ul>
Community	<ul style="list-style-type: none"> <li>• There are safety measures</li> <li>• There are pollution prevent measures</li> <li>• Good quality of life of surrounding communities</li> </ul>	<ul style="list-style-type: none"> <li>• Build good relationship with community</li> <li>• Promote development of better quality of life in commnity</li> <li>• Comply with social and environmental laws</li> </ul>

Stakeholder	Stakeholder expectation	Stakeholder expectation responsiveness
	<ul style="list-style-type: none"> <li>Responsible to society and environment</li> </ul>	
Government agency	<ul style="list-style-type: none"> <li>Comply the law</li> <li>Cooperate in information delivery</li> <li>Transparent and verifiable information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption</li> <li>Good corporate governance</li> <li>Compliance with related laws and regulations</li> </ul>

### 3.3 Sustainability management in environmental dimension

#### 3.3.1 Environmental policies and practices

The Company and its subsidiaries realize the importance and responsibility toward the environment and take into account the impact that may have on shareholders, employees, communities, customers, suppliers, government agency, as well as society and the nation. The attitude and corporate culture are cultivated to make employees responsible for the environment until it is considered as the main mission to create projects and activities that are beneficial in development of environment.

The Company and its subsidiaries have clear environmental policy and strict practices, such as measures to reduce environmental impact in all activities to preserve the ecosystem and environment of communities where the Company operates, including the creation of corporate culture and cultivating the consciousness of employees to move toward the green culture and sustainable green network, taking into account the impact on natural resources, environmental conditions, and public benefit. No cost saving without considering well-being of the whole society and participate in projects that help uplift the communities where the Company operates.

The environmental measures that the Company has implemented are as follows:

The rules compliance	:	The Company strictly complies with all environmental laws and regulations in every process, both at office and Company's projects, including control and monitoring of impacts that occur from the beginning construction until after the construction is completed.
Resource use	:	The Company started by designing projects in form of supporting energy reduction and promoting the use of renewable energy and committed to campaigning for employees and workers to use water and electricity economically, use standard equipment, save energy, long use life, including promoting the use of clean energy.
Environmental impact protection	:	The Company have measures since before the construction by designing construction plan which is environmental friendly, build the dam in front of project near river and canal to prevent soil erosion, spraying water to reduce dust, inspecting machine regularly to reduce soot, noise, and vibration,

		controlling construction hours not to interfere the rest period of community, managing waste and waste water efficiently which does not cause bad odor and reservoir for germs.
Environmental management development and improvement	:	The Company is committed to develop, improve, and enhance environmental management through various processes of business whether study and choose material that do not destroy the environment, developing, and selecting environmental friendly construction process.
Environmental activities promotion	:	The Company has policy to instill awareness among employees in the organization, including community, to understand and see the importance of environment protection through organizing activities in various forms for sustainable long-term living with environment.
Monitoring and evaluation	:	The Company will monitor and evaluate the results of environmental measures and measure the results both in term of quality and quantity to use such results to analyze the root cause of the problem and solve it accurately.

In 2021, the company has operated its business with more environmental considerations. The contract was signed for renewable energy from the installation of solar panels with the Provincial Electricity Authority which has been initiated at the Flora Ville Golf and Country Club project. It is the first place and it is studying the installation of solar panels in the company's area, including the headquarters building and other projects of the company. It also has a policy to start collecting data related to energy use, water usage, amount of garbage and waste. Start installing dust, noise and vibration detectors. The Company also plans to organize activities to promote environmental conservation in order to make the community and society aware of the importance of the environment.

### 3.3.2 Environmental implementation result

From various measures that the Company and its subsidiaries have implemented in the past, the environmental result can be summarized as follows:

#### 1) Energy management

On March 30, 2021, M.K. Real Estate Development Public Company Limited has signed a contract with the Provincial Electricity Authority to provide services. Project to manage electric power from solar rooftop at the Floraville Golf project and Country Club. The installation of solar panels was completed in the fourth quarter of 2021 on a total roof area of 930 square meters to create renewable energy sources and not harm the environment. Over the course of the 20-year contract, it will generate more than 5 million units (kWh) of electricity, valued at nearly 20 million baht, and can also help reduce the Carbon Footprint by more than 3 million kgCO<sub>2</sub>e.





The Company is aware of the use of renewable energy for environmental friendliness according to the Company's sustainability policy and it also helps to reduce energy costs. Starting with the installation of solar street lamps in the Chuan Chuen Prime Ville project. Bangkok - Pathum Thani. In addition, the Company is studying the production of electricity from renewable energy more. It is expected that solar panels will be installed to use solar energy to generate electricity for use in the organization in additional locations, depending on the appropriate area and installation readiness.

In addition, the Company has also implemented energy-saving actions within the head office, such as turning lights and electrical equipment on and off for a period of time, using LED bulbs instead of conventional light bulbs, choosing a standard and energy-saving electrical appliance.

In the past, the Company does not have measures to record and track the energy consumption according to its various projects and the office has been moved during the year 2019. Therefore, the Company is unable to analyze the results concretely. However, in order to manage energy efficiently. The company plans to begin collecting and tracking data more systematically in the coming year.

## 2) Water management

The Company choose, install, and use the standard water supply system, including choosing to purchase sanitary ware that has " Green label " for use in head office and the Company's projects to ensure the use of water economically and efficiently.

In the past, the Company have not had measure to record and monitor water usage information in various projects and office was relocated during 2019, so the Company has no clear comparative data for analysis of water consumption. However, the Company plans to start measure to collect and monitor the water usage, including analysis of ways to save water in the future.

## 3) Waste and pollution management

The Company has systematic management of waste in business operation as required by law. They also constantly monitor construction pollution from garbage, waste water, dust, smell, noise, light, and vibration. Various complaints came and the Company take corrective action in timely manner which make residents and surrounding communities satisfied.

In addition, in organization, the Company has waste management program with 1A3R strategy consisting of Avoid, Reduce, Reuse, and Recycle which is implemented by MK Waste Free Project in collaboration with Trash Lucky, organization for waste management properly. This program is to promote knowledge about correctly recycling waste classification for employees and use the waste in the Company to generate the highest benefit which emphasize on the waste material separation from consumption since the upsteam into proper recycling process, along with continually organizing campaign activities to encourage waste separation habits. The project begins from June - October 2020 until present with total of 1,064 kg of properly sorted recyclable waste, and these waste will be sent to the factory to go into recycling process to produce various material or products for reuse again.

However, in the past, the Company have not have measures to record and monitor information about the amount of waste and pollution. However, the Company plans to start collecting and installing equipment to verify the data and analyze the result of such pollution management in the future.

#### 4) Greenhouse gas reduction management

At present, the Company does not have policy to prepare data on greenhouse gas emission. However, the Company is in beginning of such data preparation which may hire the expert in review and certification that are reliable enough for using in analyze and look for measures to reduce greenhouse gas problem and conserve the environment.

##### Other environmental sustainability activities

Moreover, the Company also participate in promoting environmental conservation. In 2021, the Company has promoted environmental conservation activities as follows:

##### (1) Waste management from environment project

The Company has cooperated with the Department of Marine and Coastal Resources (TSC), Chak Daeng Temple and Bang Nam Phueng Subdistrict Administrative Organization to do floating waste management project with garbage traps to prevent waste from flowing into the sea which has a wide environmental impact and collect waste in the river for proper management, which has been carried out since January 2021 and stopped during April-October 2021 due to the epidemic situation. However, the total amount of river waste collected until the end of 2021 is 910 kilograms, categorized as organic waste, plastic waste, foam, building materials, and others.



(2) Munkong joining force to fight COVID

Due to the epidemic situation of the Covid-19 virus, the number of infected people has continued to increase, causing the government sector to set up field hospitals to accommodate patients to receive appropriate treatment. which requires a lot of beds for building field hospital. The company initiated "Munkong Joining forces to fight COVID-19 project" together with SCGP and other 62 organizations to change "paper crates" to "courtyard beds" made from 100% recycled paper, weighing only 14 kilograms, easy to assemble and install, can support horizontal weight of 100 kilograms. Accepting donations of boxes and cartons left between April 28 and May 31, 2021 to be recycled to produce paper field beds for delivery to field hospitals across the country. More than 400 tons of boxes and cartons that were donated across the country were collected, which could produce more than 26,000 field beds.



(3) Bottle separation to fight COVID project

The Company and its affiliates have joined with Chak Daeng Temple, Phra Pradaeng District, Samut Prakan Province launched a project "Bottle separation to fight COVID-19" in order to recycle plastic bottles to make PPE suit to donate to agencies that care for COVID-19 patients across the country who are in need and need PPE suit to promote good health and jointly build a protective

shield for society, including 128 temples that work as waiting centers or community isolation, temples that accept religious services for those who died from COVID-19, or temples that show Willingness requires PPE suit and garbage collectors or salengs to reduce the risk of exposure to infectious waste by campaigning for employees in the organization and residents to donate plastic bottles left to be sent to Wat Chak Daeng leading to the production and donation process. The project has a total duration of 2 months. A total of 3,295 plastic bottles can be collected and recycled, producing 165 PPE suit.

อาคาร	Flora Ville Golf & Country Club	RAKxa	YOURS (ร่วมกับลูกบ้าน)	
345 สุรวงศ์				
424 ขวด	1,370 ขวด	691 ขวด	810 ขวด	= 165 ชุด



### 3.4 Sustainability management in social dimension

#### 3.4.1 Social policies and practices

The Company and its subsidiary realize the importance and responsibility that they have to society and community continuously, focus on building good relationship and taking into account the impact that may have on stakeholders inside and outside the organization. The attitude and corporate culture are cultivated in order for employees to have social responsibility that coexists. It is regarded as the main mission to create projects and activities that are beneficial to the development of society and community.

The Company has the policies to operate business with social responsibility as follows:

Treatment of employees and workers	:	The Company places the importance to basic human right, no discrimination, promote equality, no discriminate in gender and classes, develop human resources for sustainable growth, have career
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		advancement, since creation of working value from cultivating the employees with concept of growth mindset, creating work environment that stimulates creativity, training employees to be professional, including regular survey from employees, have measures for safety from accidents and strict about sanitation in order to prevent the formation and spread of diseases.
Treatment of customers	:	The Company is committed to develop quality products at reasonable prices and promote the livelihood of the residents in physical and mental health for all groups residents, and also open to listen opinions of customers with service to resolve problems with speed that customers satisfy.
Treatment of the community and society	:	The Company will consider the needs of the community, promote personnel to learn together, partner with local stakeholders around the Company in development of education, culture, society, and contributing to improvement of the quality of life in community, along with promoting and encourage employees to participate in volunteer work and public benefit activities with the community.

In 2021, the Company continues to focus on operating business along with development of society for employees, customers, society, and communities. The Company still support equality, personnel development, safety, and physical and mental health. The Company plans to improve the assessment of satisfaction and complaints of society in all sectors to be more comprehensive in all dimensions to analyze, solve problems, and develop society effectively. In addition, the Company also has the policy to organize activities to promote good health for society and communities.

### 3.4.2 Social implementation result

#### (1) Employees and workers

The Company adheres to the principles of human rights from hiring to taking care of employees and personnel in order to make all employees and personnel feel like a family with organization. In 2021, the Company has implemented about employees as follows:

#### Employment

The Company places great importance to basic human rights, promote equality, no discrimination by providing opportunities for people in all genders and ages to be able to work in the Company according to their abilities and suitable for nature of work without any hindrance. In 2021, the Company has similar proportion of male and female employees as follows:



Detail	Number of employees (persons)	
	Male	Female
Permanent employee	233	265
Yearly employment contract	102	85
<b>Total</b>	<b>335</b>	<b>350</b>

In addition, the Company provides opportunities for 7 persons with disabilities and 4 elderly persons to be employees of the Company. The Company has practiced and provided welfare as equal as normal employees in all respects.

Considering the age range of employees in the Company in 2021, it can be seen that the proportion of employees in each phase is similar as follows:

Age range	Quantity (persons)
Lower than 29 years	155
30 - 39 years	224
40 - 49 years	181
More than 50 years	125
<b>Total</b>	<b>685</b>

#### Employee training

Due to the situation of the Covid 19 epidemic in 2021, it has been severe and spread widely. As a result, training both inside and outside the organization had to be stopped for a long time. The number of employees who have been trained to improve their skills is also small. During November, the situation is getting better. Therefore, the company has trained within the organization again. When various training institutes start to organize training, the company has sent employees to train as well. An employees's average training hour in 2021 is 6 hours/person /year. The details are as follows.

No.	Course name	Participants (persons)
<b>Internal courses</b>		
1	OKR : Key to Organizational Dynamics	34
2	Construction Management for Construction Business, Purchase Requisition (PR)	66
3	Excellent Service	44
<b>External courses</b>		
1	Financial Statement Analysis for Business Decision and Planning	2
2	TFRS16 Lease Agreement and Issue on Deferred Tax	1
3	Practice for Standard Accounting and Measures for Important Financial Report	1
4	Sustainable and Ethical Business with Trade Competition Law	1

No.	Course name	Participants (persons)
5	Issues on Withholding Tax	2
6	Cash Budgeting for Executives in Management Decision and Planning	2
7	Guidelines for Institutional Investor for Investment in ESG Integration	1
8	Economic update for CFO	1
9	The modern CFO : Driving Digital Transformation of the Finance and Accounting	1
10	Security Supervisor	5

#### Safety, occupational health, and working environment

In 2021, the Company did not find any work-related injuries due to the Company's measures to prevent accidents from working in the construction area and strict enforcement. In addition, due to the epidemic of COVID-19 in 2021, the Company has issued measures to prevent contagious from COVID-19 to make all employees safe. The company realizes the importance of receiving 2 dozes of basic COVID vaccine. Therefore, the Company has provided vaccines for all employees.

#### **Safety measures in construction sites**

The Company has set rules and regulations in the construction area to reduce the risk of accidents, such as:

- Do not bring or carry weapons into the construction area
- Do not bring liquor and drugs into the construction area
- Do not allow people who are inebriated or in state of imprisonment to work in the construction area
- Must dress properly, correctly, according to requirement of work clothes with personal safety device in every work
- High risk work, such as works that generate heat and spart, confined space work, high altitude work, the permission is required before every work
- Heat and spark generating work must have fire extinguishers in working area every time
- Do not work in area with insufficient lighting
- Must enter-exit through the entrance-exit door provided only

#### **Prevention measures of COVID-19**

During the epidemic situation, the Company places importance to safety of its employees. The Company has established policies and various measure to prevent such spreading, such as:

- Educate employees through video clips and other media about virus and how to cope it
- Limit external people in allocated area without entering to the office
- Wear surgical mask and wash hand with alcohol gel before going up to the office building

- Check the temperature before go up to building, if the temperature is higher than 38 degrees, it is not allowed to enter the building
- Prepare alcohol gel and alcohol spray at various places
- Regularly clean common points of contact, such as passenger lifts, door handles, with alcohol
- Regularly clean interior and exterior of building, including regular passenger cars
- Employees who have fever, cough, sore throat, runny nose, difficulty breathing must stop working and must obtain medical certificate before returning to work
- Install air purifiers at various points
- Let employees work from home
- Allow employees to finish work earlier to reduce congestion on the way back to the accommodation by public transport.
- All employees are required to take test by the Antigen Test Kit (ATK) every week.
- Allow employees to overlap their lunch breaks according to time intervals for spacing and reducing staff density on each floor

#### Activities for employees to take test by Antigen Test Kit (ATK)

Due to the ongoing situation with the spread of the COVID-19 virus and the proportion of people who have been vaccinated has increased, including various measures of the government sector began to relax more. Therefore, the company requires employees to undergo the Antigen Test Kit (ATK) testing by professional nurses before going to work at the office building every week.





In 2021, the situation of the Covid-19 epidemic has become severe and spread widely since January, causing all related activities to be suspended for the safety of all employees. The company allows employees to work at home according to the BCP plan and set various measures.

However, in the past, the Company has not yet assessed employee satisfaction or opinion toward the Company. However, in order to create a good working environment and retain competent employees, the Company will begin to develop a plan to assess employee satisfaction to use such information to develop the Company personnel policy in the future.

(2) Customers

At present, the Company does not have customer satisfaction assessment. However, the Company will start conducting customer satisfaction assessment to understand the needs of customers and use those information to develop better products and services of the Company.

(3) Community and society

The Company operates its business with responsibility toward the community and society by focusing on reducing environmental impact and avoiding activities that may have negative impact on the quality of life in communities surrounding the office and projects. In 2021, no complaints from the community were found on social or environmental issues.

In addition, the Company also takes part in improving the quality of life and promoting participation with employees and community. In 2021, the Company has activities as follows:

1. **Activity of giving ventilators and support the opening of patient waiting center**

With the COVID-19 situation at present, there are many patients and also patients with severe symptoms which is necessary to use a ventilator. Prospect Development Company Limited, an affiliated company, the developer and operator of factories and warehouses for rent in the Bangkok Free Trade Zone (BFTZ) project, delivered volume and pressure controlled breathing apparatus to hospitals that lack medical equipment to reduce the rate of loss for infected people during the COVID-19 situation to contribute to the promotion of quality of life or well-being to society, especially with many COVID-19 patients to be able to access the medical device thoroughly for 1 device. Samut Prakan Hospital is the person who receive it for use in the treatment of patients infected with the COVID-19.

In addition, Prospect Development Company Limited has supported expenses and necessary things for the Bang Sao Thong Subdistrict Municipality for setting up a waiting center for those who have been diagnosed with COVID-19 to support green patients before being referred to a suitable hospital. Waiting center of Bang Sao Thong Subdistrict Municipality is located in the Bang Phli Housing Project 3, which can accommodate approximately 200 beds.



2. Occupational promotion activity to increase income for the community "Promoting organic farming"

The Company has encouraged farmers in the Khung Bang Kachao area to do organic farming which is sustainable agricultural development by using the PGS (Participatory Guarantee System) system to support product standards and encourage farmers to establish the Khung Bang Kachao group. So that members can set up agreements that are appropriate for the area and regularly monitor the production process in order for consumers to be confident in their safety in purchasing products for their consumption. The Company also provides a market for organic agricultural products for farmers in order to have more stable income as well. The Company has supported and generated income for farmers in the total amount of 120,000 baht. Throughout the project, we have received cooperation from all farmers in 6 sub-districts, totaling 20 people, agricultural areas of 153 rai. The Company has joined with Sampran Model, Agricultural University, National Research Office, Phra Pradaeng District, to jointly drive organic farming and tourism in the Khung Bang Kachao area.



#### 4. Management Discussion and Analysis (MD&A)

##### 4.1 Operations and financial status

###### (1) Overview

The Company group still continues to restructure the Company group's revenue to reduce the risk of running the business and generate consistent income in the long run. During the income restructuring period, the Company group has to use investment capital to create new business and also have to maintain the growth rate of real estate development business which is still the core business of the Company group, causing sales and administrative expenses, including higher financial expenses. As a result, the operation in 2021, the Company group has net loss from operation of 185.31 million baht, due to the epidemic crisis affecting the economy like never before. It can be seen that the revenue restructuring plan of the Company group has been carried out for a while before. This made the impact of negative factors of the economic situation significantly reduced. The proportion of gross profit from businesses with consistent income and income from services to income from operations in all businesses (excluding income from sales of vacant land) at the end of 2021, accounted for 27.5 percent, an increase from 4.5 percent at the end of 2015.

In 2021, the Company's operating results were adversely affected by the slowdown in real estate market, as well as the impact of COVID-19 epidemic, which led the Company to reduce the launch of new projects and has adjusted the marketing strategy to be consistent with the behavior of consumers in the New Normal era, while still moving forward with plans to increase the proportion of income of real estate for rent and services to strengthen long-term stability.

###### (2) Operating performance and profitability

In 2021, the Company recognized total sales and service income of 3,031.07 million baht, a decrease of 25.86 million baht or 0.85 % compared to the previous year. The Company had gross profit of 601.96 million baht or 19.86 % gross profit margin, decrease from last year of 28.66 % gross profit. The main businesses operated by the Company and subsidiaries consisted of :

###### A. Property development business

For the year 2021, sales from the real estate business were Baht 2,481.14 million, a decrease of Baht 49.26 million or -1.95% when comparing to the previous year of which Baht 2,140.84 were sales from residential units, a decrease of Baht 318.12 or -13.0%. The declined in residential unit sales was mainly due to the impact of COVID-19 throughout the year 2021, which affected the income of target customers for housing unit price between Baht 2-3 Million Baht. In addition, financial institutions adopted more stringent housing loan approval policies, which resulted in the housing loan approval rate being relatively low. Under the circumstances of tight liquidity and intense competition, the Company gave its priority to the management of housing inventory and financial liquidity. As a result, the Company sold undeveloped land for the amount of Baht 340.3

million to improve its liquidity. Going forward into 2022, with the COVID-19 situation becomes less intense together and the continuation of Government measures to help the real estate sector, such as the reduction in the transfer fee to 0.01% for residential housing with a value below Baht 3.0 million, these should encourage consumers in their buying decisions, which will result in higher housing revenue for the company in 2022.

#### **B. Rental and service business and property management business**

MK Group generated revenue from rent and service and Property Management in 2021 for a total amount of Baht 432.38 million, an increase of Baht 9.73 million or 2.30% of which Baht 341.33 was rental revenue which decreased by Baht 32.93 million or 8.8% from Baht 374.27 million reported in 2020. The decline in rental revenue came mainly from the decrease in the available rental space in the Bangkok Free Trade Zone project held under Prospect Development Co., Ltd.'s ("Prospect"), as 130,092 sq.m. of warehouse / factory area was sold to Prospect Logistics and Industrial Leasehold Real Estate Investment Trust ("Prospect REIT") during 3Q20 which made the available for rent space to decrease to 120,662 sq.m at the end of 2020. However, during 2021, more space has been developed which brought the total available space for rent to 162,612 sq.m by the end of 2021. As a result of decreased available rental space at the beginning of the year, the company reported just Baht 57.44 million of rental revenue for 1Q21. However, as more space was added during the year, the company closed the year 2021 with Baht 275.76 million of total rental revenue which was close to the level of the year before.

For 2021, in addition to the ongoing projects under development, Prospect set up BFTZ Bangpakong Co., Ltd. which is a 50:50 joint venture company with Sansiri Plc. to develop warehouse and factory for rent in Bangpakong Chachoengsao Province. Moreover, BFTZ Wangnoi Co, Ltd. which is a 50:50 joint venture with Finansa Plc. was established to develop warehouse and factory for rent in Wang Noi district, Phra Nakhon Si Ayutthaya province. In addition, Prospect bought all common shares of Freezone Asset Co., Ltd. which holds the right to rent 20,243 sq.m of warehouse and factories in Bangkok Free Trade Zone project. Altogether, an additional 100,000 sq.m of rental space was added in 2022. When the rental space has been fully developed and rented out, it will be sold to the REIT to realize profit and to raise cash to further develop more space for rent. In addition, MK Group reported a rental revenue of Baht 55.4 million from Park Court Project which was held and managed by Munkong Living Co., Ltd ("Munkong Living"). However, the decision was made in 4Q21 to sell all shares of Munkong Living to a third party for a realized gain of Baht 272.1 million. In addition to raising more cash, the Group wants to focus more on the warehousing business for industrial clients, which offers a better margin and stable growth rate. The warehousing business has also proved less vulnerable to the effects of COVID-19.

In addition to rental and service revenue, Prospect also has revenue from its property management business where the company manages industrial real estate for Prospect REIT together with a management fee generated by Prospect REIT Management Co., Ltd., MK reported property management revenue of Baht 91.04 million for year 2021, an increase of Baht 48.37 million or 88.21% from the same period last year. The gross profit increased by Baht 29.45 million in 2021. The gross profit margin for this business was relatively high at 60% of total revenue. The property management business has been growing steadily and has been less affected by COVID-19.

#### C. Golf course business

Due to the COVID-19 situation during 2021 and the lock-down measures imposed by the government, the golf course was temporarily closed for 40 days. During the shutdown, MK took this opportunity to perform the necessary maintenance of the golf course to maintain high standards. In addition, to gain more customer confidence, all staff members including caddies were vaccinated with 2 doses of vaccine. ATK tests were also performed on a weekly basis. As a result, the golf course was awarded with The Best of SHA 3-Stars Award in 2021 together with the Amazing Thailand Safety and Health Administration – (SHA) which was subsequently raised to the SHA Plus level by the Ministry of Tourism & Sports. The abovementioned measures gained the golfers' confidence and made the 4Q04 revenue to an all-time high of Baht 30.85 million. For 2021, The company reported total revenue of Baht 91.73 million, a slight decrease by Baht 9.11 million or -9.0% compared to the same period last year, while the gross margin was relatively unchanged.

#### D. Health and Wellness Business

Aside from the businesses mentioned above, the Company continued to follow the business strategy focused on the addressing the balance of net profit derived from sales of residential units and recurring income. The Company's long term plan is to grow the contribution from recurring income. To this end, the Company Group reached an agreement with Vitalife (owned by Bumrungrad Hospital) to develop the RAKxa Wellness & Medical Retreat to be a fully integrative wellness & medical retreat. The Project covers a total of 180 rais of land located at Bang Krachao, Samutprakarn Province with a total investment cost of over Baht 2,000 million. For the first phase, developed 27 villas on 60 rais of land. The retreat was officially launched in December 2020. Due to the outbreak of COVID-19, the project was delayed from its original plan and had to be shut down for almost 2 months under the lock-down measure imposed by the government. One consequence of the Covid crisis is that the Group is now more confident that the health and wellness business will see higher demand. This health and wellness business is one of the businesses that is aligned with The National Economic & Social Development Plan (Year 2017-2026) to promote Thailand to be a Medical Hub and promote Medical and Wellness Tourism.

Nevertheless, while Thailand was still locked down and foreigners could not travel to Thailand, the Company revised the business strategy to focus on local customers and the outcome was satisfactory. The Company realized revenue for an amount of Baht 25.82 million and together with the treatment fees received via Vitalife, the total revenue for the RAKxa project was Baht 50.0 million in 2021. More than 60% of revenue in 2021 came from the membership program where RAKxa had 100 members at the end of the year with a combined membership fee of Bt. 66 million. Nevertheless, for 2021, RAKxa reported a loss of Baht 107.17 million due mostly to the depreciation of fixed assets which is an accounting rather than cash loss. In addition, the staff cost was relatively high as RAKxa had to train more staff to be ready once the project is in full operation post the COVID-19 crisis.

In addition to the financial results of the main businesses, the Group realized a gain from investment in Frasers Property BFTZ Co., Ltd., a joint venture company, and in Prospect REIT for total amount of Baht 61 million. While the economic slowdown due to COVID-19 negatively affected the earnings of the group, the Group was able to control selling and administrative expenses in 2021 at an appropriate level. The selling and administrative expenses were Baht 840.6 million, decreased by Baht 62.79 million or -6.95% when comparing to the previous year. Financing costs increased by Baht 98.90 million or 26.13% when comparing to the previous year due to additional capital requirement to invest in the health and wellness business. MK Group is still confident that post the COVID-19 crisis, consumer behavior will change toward greater health consciousness which will create higher demand for the wellness business. Together with the development of rental space for industrial clients which has a relatively strong demand, management anticipates an improvement in the Group's earnings going forward. MK Group will also continue to focus on maintaining its liquidity to mitigating risk resulting from economic fluctuations rather than focus on debt reduction.

While the COVID-19 pandemic has had a negative impact on the economy, it also highlights that the progress pre-pandemic in restructuring the Company's business towards businesses that can deliver sustainable earnings has helped and will help reduce the negative impact from unexpected social and economic shocks. To put this into perspective, of the total gross profit (excluding sale of vacant land), the proportion contributed by rental and service businesses increased from 4.5% at the end of 2015 to 28.9% at the end of 2021.

#### *Selling and Administrative expenses*

In addition, the Company group was able to control the selling and administrative expenses of this year appropriately. with the amount of 840.60 million baht, a decrease of 62.79 million baht, or a decrease of 6.95%.

### Finance cost

Finance costs increased by 98.90 million baht or increase of 26.13% compared to the previous year due to the current situation of it requires investment to develop a health business. The Company group believes that if the situation of the Covid-19 virus is passed, there will be a change in consumer behavior. There will be a tendency to take more preventive health care. As a result, health service businesses will be in greater demand, including investment in industrial real estate development business which has a satisfactory growth rate. In addition, the Company group emphasizes on maintaining liquid assets to hedge against economic volatility rather than reducing debt by a ratio. Interest bearing debt ratio to remain at an appropriate level with the ratio of 1.68 at the end of the year.

### (3) Assets management ability

In 2021, the Company's assets were equal to baht 19,040.52 million, an increase of baht 1,055.28 million compared to the previous year from baht 17,985.25 million. Most of the assets consist of real estate projects under development and land pending for development to be used for the development of real estate projects for sale in the future, worth 4,132.80 million baht and 467.84 million baht, respectively or 21.71% and 2.64 % of total assets respectively. Investment properties of 5,193.96 million baht or 27.28% of total assets, land, buildings and equipment, valued at 5,785.38 million baht or 30.38 percent of total assets.

### Trade receivables

Detail of current project payments as of 31 December 2021

(Unit : million baht)

	Project and location	Size (rai)	Quantity (units)	Type	Price per unit	Project value
1	ChuanChuen Golf Avenue Bangkok-Pathumthani Road, Mueang District, Pathum Thani Province	330	377	Vacant land	1.6 - 5.4	1,200
2	ChuanChuen City Prime Park, Watcharaphon Road, Bangkok	30	139	Detached house	5.0 -7.0	771
3	ChuanChuen Town Kaewin-Bang Yai, SoiKaewin, Bang Mae Nang Subdistrict, Bang Yai District (Bang Bua Thong), Nonthaburi Province	27	274	Townhome	2.89 - 4.85	867
4	ChuanChuen Town Ratchapruet -345, Lampo Subdistrict, Bang Bua Thong District, Nonthaburi Province	27	289	Townhome	2.35 - 3.7	798
5	ChuanChuen Town Rangsit-Klong 1, Liab Klong Rangsit-Nakhon Nayok RoadPrachathipat Subdistrict, Thanyaburi District, Pathum Thani Province	40	324	Townhome	2.49 - 4.65	994



Detail of current project payments as of 31 December 2021

(Unit : million baht)

	Project and location	Size (rai)	Quantity (units)	Type	Price per unit	Project value
6	ChuanChuen City Watcharaphon-Ramindra, Tharang Subdistrict, Bang Khen District, Bangkok	25	113	Detached house	6.15 - 8.6	772
7	ChuanChuen Prime Village Bang Na,SoiKiatPhiphatthani, Bang Na-Trad Rd., Km 29.5, Bang Bo, SamutPrakan Province	63	293	Detached house	4.37 - 7.92	1,351
8	ChuanChuen Town Village Bang Na,SoiKiatPhiphatthani, Bang Na-Trad Rd., Km 29.5, Bang Bo, SamutPrakan Province	41	299	Townhome	3.29 - 6	941
9	ChuanChuen Town ChaiyapruerkChaengwattana, Phimon Rat Subdistrict, Bang Bua Thong District, Nonthaburi	41	397	Townhome	3.3 - 6	1,362
10	ChuanChuen Town Bang Yai, SoiPhra Non, Bang Mae Nang Subdistrict, Bang Yai District (Bang Bua Thong), Nonthaburi Province	37	335	Townhome	2.79 - 4.5	911
11	ChuanChuen Park Pinklao Kanchana, Sala Klang Subdistrict, Bang Kruai District, Nonthaburi Province	21	201	Semi-detached house	3.89-9	936
12	ChuanChuen Town Rangsit Klong 3, Khlong Sam Subdistrict, Khlong Luang District, Pathum Thani Province	14	321	Townhome	2.39-3.7	744



Detail of accumulated payment as of 31 December 2021

	Project name	Sold value (million baht) ( 1 )	Accumulated due amount ( 2 )		Accumulated paid amount ( 3 )		Accumulated unpaid amount ( 2 ) - ( 3 )		Remaining undue amount ( 1 ) - ( 2 )	
			Million baht	Percent of sold value	Million baht	Percent of accumulated due amount	Million baht	Percent of accumulated due amount	Million baht	Percent of sold value
1	ChuanChuen Fiora Ville	1,222.63	1,222.63	100.00	1,222.63	100.00	-	-	-	-
2	ChuanChuen Golf Avenue	1,082.63	1,082.63	100.00	1,082.63	100.00	-	-	-	-
3	ChuanChuen Udomsuk	27.69	19.34	69.84	19.34	100.00	-	-	8.35	30.16
4	ChuanChuen Town Kaew In Bangyai	820.07	820.07	100.00	820.07	100.00	-	-	-	-
5	ChuanChuen Town Rangsit Klong 1	856.41	852.46	99.54	852.46	100.00	-	-	3.95	0.46
6	ChuanChuen Town Ratchapruek 345	382.37	382.37	100.00	382.37	100.00	-	-	-	-
7	ChuanChuen City Wacharaphon Ramintra	669.34	669.34	100.00	669.34	100.00	-	-	-	-
8	ChuanChuen Town Bangyai	400.06	400.06	100.00	400.06	100.00	-	-	-	-
9	ChuanChuen Town Chaayapruerk-Chaengwattana	356.83	352.85	98.88	352.85	100.00	-	-	3.98	1.12
10	ChuanChuen Prime Village Bangna	531.53	506.67	95.32	506.67	100.00	-	-	24.86	4.68
11	ChuanChuen Town Village Bangna	224.06	224.06	100.00	224.06	100.00	-	-	-	-
12	ChuanChuen Park Pinklao Kanchana	218.62	213.29	97.56	213.29	100.00	-	-	5.33	2.44
13	ChuanChuen Town Rangsit Khlong 3	93.17	93.17	100.00	93.17	100.00	-	-	-	-
	Total	6,885.41	6,838.94	99.33	6,838.94	100.00	-	-	46.47	0.67



<i>Trade receivables</i>	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand baht)</i>			
Within credit terms	27,508	65,738	-	-
Overdue:				
Less than 3 months	15,789	9,837	8	-
3 – 6 months	42,171	2,296	2	-
6 – 12 months	2,677	520	-	-
Over 12 months	735	-	-	-
Total	<u>88,880</u>	<u>78,391</u>	<u>10</u>	<u>-</u>
Less allowance for expected credit loss	-	-	-	-
Net	<u>88,880</u>	<u>78,391</u>	<u>10</u>	<u>-</u>

#### Real estate project under development

In 2021, there are 11 residential projects in operation, including single detached houses, twin houses, townhouses under the name "Chuan Chuen". Due to the economic slowdown and the purchasing power of consumers declined, the Company has delayed the launch of new projects.

#### Investment

- On 1 February 2021, the Board of Directors' meeting of Health and Wellness Village Co., Ltd., (a subsidiary) approved for additional call-up for 33.50% of its par value of the ordinary share capital. The Company has paid for the share amounting to Baht 50.25 million.
- On 1 April 2021, Prospect Development Co., Ltd., a subsidiary, established an entity named "BFTZ Bangpakong Co., Ltd." whose business types are developing warehouse and factory for rent including infrastructure, facilities, and other related business, with registered capital amount at Baht 500,000,000, divided into 5,000,000 ordinary shares with a par value of 100 Baht each. The subsidiary has fully paid the share capital for a consideration of Baht 250 million. The subsidiary has ownership interest in the entity at 50% of issued and paid-up share capital.
- On 5 April 2021, BFTZ Bangpakong Co., Ltd. (a joint venture) established an entity named "Bangpakong Industrial Land Co., Ltd." whose business type is developing land for sale and "Banpakong Terminal and Service Co., Ltd." whose business type is developing infrastructure and

facilities (subsidiaries of a joint venture). Each entity has registered capital amount at Baht 5,000,000, divided into 50,000 ordinary shares with a par value of 100 Baht each.

BFTZ Bangpakong Co., Ltd. has fully paid the share capital of both entities for a consideration totaling Baht 10 million. BFTZ Bangpakong Co., Ltd. has ownership interest in both entities at 100% of issued and paid-up share capital.

- In April 2021, Frasers Property BFTZ Co., Ltd., a joint venture of Prospect Development Co., Ltd., a subsidiary, called for additional paid-up of shares according to the shareholding interest amounting to Baht 8.40 million.
- On 7 May 2021, Prospect Development Co., Ltd., a subsidiary, established an entity named “BFTZ Wang Noi Co., Ltd.” (a joint venture) whose business types are developing warehouse and factory for lease, with registered capital amount at Baht 5,000,000, divided into 50,000 ordinary shares with a par value of 100 Baht each. The subsidiary has fully paid the share capital for a consideration of Baht 2.5 million. The subsidiary has ownership interest in the entity at 50% of issued and paid-up share capital.
- On 16 November 2021, the Company purchased 100% of its issued and paid-up capital in Munkong Living Co., Ltd. from Prospect Development Co., Ltd., a subsidiary of the Company in the amount of Baht 1,060 million. As a result, Munkong Living Co., Ltd. become the Company’s a direct subsidiary. However, the consolidated financial statements had not been affected.
- On 14 December 2021, the Company established an entity named “S71 Property Co., Ltd.” whose business types a real estate for sale developer, with registered capital amount at Baht 650,000,000, divided into 6,500,000 ordinary shares with a par value of 100 Baht each. The Company paid 100% of share capital.

#### **(4) Liquidity and capital adequacy of the Company**

In 2021, the company's liabilities increased by 1,227.82 million baht. The increase in liabilities was a result of creditors for the purchase of land in the amount of 647 million baht from Prospect Development Co., Ltd. to prepare a business expansion plan in the project for 2 more new locations and issuing debentures to invest in investment properties and real estate development projects. Due to the current situation, the Company group focuses on maintaining assets and liquidity to hedge against economic volatility rather than reducing liabilities. The interest bearing debt ratio to remain at an appropriate level at the end of the year was 1.68.



### Source and use of funds

With the increase in debt, the debt to equity ratio (D/E) rose to 1.94 times, a year-on-year increase to 1.71 times. The interest-bearing debt to equity ratio was 1.68 times, a year-on-year increase. with the year 2020 at 1.45 times.

### Capital expenditure

In the last year, the Company has net cash flow from operations of 1,419.11 million baht, income tax expenses of 65.81 million baht, cash flow used in investing activities of 2,118.30 million baht, cash flow from financing activities of 707.35 million baht, used to pay interest and other finance costs of 488.58 million baht, with repayment of long-term loans of 1,881.13 million baht and repayment of long-term debentures due in the amount of 2,371 million baht, with cash inflow from issuing debentures of 3,142 million baht. As a result, cash and cash equivalents increase 8.17 million baht

### Adequacy of liquidity

As of December 31, 2021, the Company group has undrawn credit lines from various domestic financial institutions totaling Baht 4,463.28 million and Baht 2,569.50 million, respectively (2020 : Baht 4,686.40 million and Baht 2,640 million, respectively). The real estate for sale business has a credit line to support the construction cost and will repay the loan only when it is sold to the customer. The portion of business that generates recurring income has a fixed loan repayment period. The business's operating income will be able to pay off debts that are due. When the company needs short-term funding sources or when it is necessary, the Company has a certain amount of credit limit for issuing debt instruments.

### Ability to acquire additional funding source

The Company has assets which is land that have no plan to develop in near term. They can be converted to working capital. The Company group also has factories and warehouses and when their construction are complete and lease for a period, they will be offered to Trust for sale as an alternative way to raise fund. For real estate projects for sales, the Company has policy to use long-term loans from financial institutions which have the loan term of approximately 2-5 years.

### Factors that may affect credit rating

Business diversification by expanding into business that generates recurring income. It may result in change in the credit rating and/or credit rating outlook. This due to the higher debt burden from investing in businesses that generate recurring income. If the Company can reduce leverage and manage liquidity appropriately.

### Debt servicing ability and fulfillment of borrowing covenant and significant obligations

The Company has to comply with the terms of financial terms by maintaining net interest-bearing debt to equity ratio of not more than 2 times and debt-to-equity ratio of not more than 2 times. As of December 2021, the Company has such ratios of approximately 1.68 times and 1.94 times respectively.

### (5) Contractual Obligations and Off-Balance Sheet Arrangements

The following table are the remaining contractual maturities of financial liabilities at the 31 December 2021. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

	Consolidated financial statements					
	Carrying amount	1 year or less	Contractual cash flows			Total
More than 1 year but less than 2 years			More than 2 years but less than 5 years	More than 5 years		
<i>At 31 December 2021</i>	<i>(in thousand Baht)</i>					
<b>Financial liabilities</b>						
Trade and other current payables	449,732	449,732	-	-	-	449,732
Payables for purchase of land	647,000	647,000	-	-	-	647,000
Short-term borrowings from						
financial institutions	1,142,137	1,150,000	-	-	-	1,150,000
Short-term debentures	1,701,986	1,743,446	-	-	-	1,743,446
Short-term loans from other parties	227,473	230,000	-	-	-	230,000
Long-term loans	2,201,052	377,846	643,210	1,631,394	316,510	2,968,960
Long-term debentures	4,873,233	1,496,854	3,074,057	719,491	-	5,290,402
Lease liabilities	700,355	37,398	59,507	150,861	1,078,435	1,326,201
	<b>11,942,968</b>	<b>6,132,276</b>	<b>3,776,774</b>	<b>2,501,746</b>	<b>1,394,945</b>	<b>13,805,741</b>
<i>At 31 December 2020</i>						
<b>Financial liabilities</b>						
Trade and other current payables	427,062	427,062	-	-	-	427,062
Payables for purchase of land	647,000	-	647,000	-	-	647,000
Short-term borrowings from						
financial institutions	873,196	880,000	-	-	-	880,000
Short-term debentures	647,628	659,682	-	-	-	659,682
Short-term loans from other parties	667,775	680,000	-	-	-	680,000
Long-term loans	1,971,326	358,929	232,218	1,446,660	172,871	2,210,678
Long-term debentures	5,155,540	1,753,760	1,549,069	2,333,721	-	5,636,550
Lease liabilities	304,528	18,329	18,349	54,560	546,734	637,972
	<b>10,694,055</b>	<b>4,777,762</b>	<b>2,446,636</b>	<b>3,834,941</b>	<b>719,605</b>	<b>11,778,944</b>



	Carrying amount	1 year or less	Separate financial statements			Total
			Contractual cash flows			
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
<i>At 31 December 2021</i>						
<i>Financial liabilities</i>						
Trade and other current payables	47,598	47,598	-	-	-	47,598
Short-term borrowings from						
financial institutions	1,092,137	1,100,000	-	-	-	1,100,000
Short-term debentures	1,701,986	1,743,446	-	-	-	1,743,446
Short-term loans from related parties	20,000	20,000	-	-	-	20,000
Short-term loans from other parties	69,396	70,000	-	-	-	70,000
Long-term loans	790,086	58,982	-	854,254	-	913,236
Long-term debentures	4,056,652	937,333	2,764,759	719,491	-	4,421,583
Lease liabilities	157,721	9,582	9,664	28,444	316,900	364,590
	<u>7,935,576</u>	<u>3,986,941</u>	<u>2,774,423</u>	<u>1,602,189</u>	<u>316,900</u>	<u>8,680,453</u>
<i>At 31 December 2020</i>						
<i>Financial liabilities</i>						
Trade and other current payables	184,043	184,043	-	-	-	184,043
Short-term borrowings from						
financial institutions	873,196	880,000	-	-	-	880,000
Short-term debentures	647,628	659,682	-	-	-	659,682
Short-term loans from related parties	21,000	21,000	-	-	-	21,000
Short-term loans from other parties	139,359	140,000	-	-	-	140,000
Long-term loans	1,156,946	230,279	96,907	947,688	-	1,274,874
Long-term debentures	4,502,143	1,615,790	979,880	2,333,721	-	4,929,391
Lease liabilities	158,880	9,899	9,982	28,808	325,800	374,489
	<u>7,683,195</u>	<u>3,740,693</u>	<u>1,086,769</u>	<u>3,310,217</u>	<u>325,800</u>	<u>8,463,479</u>

#### 4.2 Factors or events that may significantly affect the financial status or operations in the future (forward looking)

External factors that affect the performance of the Company may cause the operating results to not meet the target set or change significantly, including the economic situation that is still highly uncertain. Situation of the spread of COVID-19, as well as financial institutions have increased their caution in approving credit are external factors that may have such impact.

#### 4.3 Key financial statement and financial ratio

##### Key financial information

##### 1. Financial statement

A.Summary of the audit report for the past 3 years

Financial statement 2019 - 2021 KPMG Phoomchai Audit Company Limited

Auditor: MissCharinrat Noprampa CPA No. 10448

##### Summary of the auditor's report for the year 2019 – 2021

For the financial statements of the year 2019 - 2021, the auditor's report is summarized as a type of Unconditional

B.Summary table of financial statements and consolidated financial statements

##### Annual statement of financial position comparing the past 3 years (asset side)

( Unit : thousand baht )

Items	Consolidated financial statement					
	31 December					
	2019	%	2020	%	2021	%
Cash and cash equivalents	107,418	0.64	164,020	0.91	172,187	0.90
Other current financial assets	934,768	5.60	191,063	1.06	318,008	1.67
Trade and other current receivables	20,641	0.12	78,391	0.44	88,880	0.47
Short-term loans to related parties	-	-	-	-	570,000	2.99
Short-term loans to other parties	100,000	0.60	105,000	0.58	110,000	0.58
Real estate development for sale	5,638,900	33.75	5,665,618	31.50	4,132,798	21.71
Inventories	-	-	3,504	0.02	4,691	0.02
Deposits for purchase of land	33,561	0.20	-	-	-	-
Other current assets	71,772	0.43	113,575	0.63	148,864	0.78
<b>Total current assets</b>	<b>6,907,059</b>	<b>41.34</b>	<b>6,321,172</b>	<b>35.15</b>	<b>5,545,427</b>	<b>29.12</b>
Deposits pledged as collateral	4,650	0.03	4,650	0.03	21,504	0.11
Investments in associates	12,998	0.08	218,461	1.21	204,151	1.07
Investments in joint ventures	256,246	1.53	326,479	1.82	605,542	3.18
Other non-current financial assets	42,143	0.25	10,126	0.06	10,126	0.05
Land held for development	525,416	3.14	477,054	2.65	467,837	2.46
Investment properties	2,119,111	12.68	5,403,932	30.05	5,193,963	27.28
Property, plant and equipment	4,291,729	25.69	4,994,165	27.77	5,785,384	30.38
Leasehold right	2,368,871	14.18	-	-	-	-
Intangible assets	14,364	0.09	18,122	0.10	21,074	0.11
Deferred tax assets	-	-	75,632	0.42	160,966	0.85
Deposits	30,933	0.19	-	-	120,000	0.63
Other non-current receiveables	-	-	-	-	781,500	4.10
Other non-current assets	133,331	0.80	135,455	0.75	123,049	0.65
<b>Total non-current assets</b>	<b>9,799,792</b>	<b>58.66</b>	<b>11,664,075</b>	<b>64.85</b>	<b>13,495,097</b>	<b>70.88</b>
<b>Total assets</b>	<b>16,706,852</b>	<b>100.00</b>	<b>17,985,247</b>	<b>100.00</b>	<b>19,040,523</b>	<b>100.00</b>



## Annual statement of financial position comparing the past 3 years (liabilities and shareholders' equity side)

( unit : thousand )

Items	Consolidated financial statement					
	31 December					
	2019	%	2020	%	2021	%
Short-term borrowings from financial institutions	736,163	4.41	873,196	4.86	1,142,137	6.00
Trade and other current payables	322,007	1.93	427,062	2.37	449,732	2.36
Current portion of payables for purchase of land	-	-	-	-	647,000	3.40
Current portion of long-term borrowings	146,351	0.88	290,343	1.61	284,357	1.49
Short-term debentures	249,814	1.50	647,628	3.60	1,701,986	8.94
Current portion of long-term debentures	1,153,528	6.90	1,720,307	9.57	1,435,817	7.54
Short-term loans from other parties	638,715	3.82	667,775	3.71	227,473	1.19
Current portion of lease liabilities	1,511	0.01	2,996	0.02	23,023	0.12
Current income tax payable	1,627	0.01	18,646	0.10	-	-
Customers' deposits	9,092	0.05	19,244	0.11	29,114	0.15
Other current liabilities	294,781	1.76	363,051	2.02	351,846	1.85
<b>Total current liabilities</b>	<b>3,553,588</b>	<b>21.27</b>	<b>5,030,249</b>	<b>27.97</b>	<b>6,292,484</b>	<b>33.05</b>
Payables for purchase of land	-	-	647,000	3.60	-	-
Long-term borrowings	1,887,500	11.30	1,680,983	9.35	1,916,695	10.07
Long-term debentures	4,150,958	24.85	3,435,233	19.10	3,437,416	18.05
Lease liabilities	5,239	0.03	301,533	1.68	677,332	3.56
Deferred tax liabilities	10,116	0.06	-	-	-	-
Non-current provisions for employee benefits	78,532	0.47	92,496	0.51	67,495	0.35
Other non-current liabilities	225,994	1.35	156,778	0.87	180,667	0.95
<b>Total non-current liabilities</b>	<b>6,358,339</b>	<b>38.06</b>	<b>6,314,022</b>	<b>35.11</b>	<b>6,279,604</b>	<b>32.98</b>
<b>Total liabilities</b>	<b>9,911,927</b>	<b>59.33</b>	<b>11,344,270</b>	<b>63.08</b>	<b>12,572,088</b>	<b>66.03</b>
Share capital:						
Authorised share capital (1,117,211,195 ordinary shares, par value at Baht 1 per share)	1,117,211		1,117,211		1,117,211	
Issued and paid-up share capital (1,091,205,066 ordinary shares, par value at Baht 1 per share)	1,091,205	6.53	1,091,205	6.07	1,091,205	5.73
Share premium on ordinary shares	1,484,160	8.88	1,484,160	8.25	1,484,160	7.79
Warrants	1,375	0.01	3,280	0.02	4,294	0.02
Retained earnings						
Appropriated						
Legal reserve	111,721	0.67	111,721	0.62	111,721	0.59
Unappropriated	4,106,463	24.58	3,976,225	22.11	3,802,669	19.97
Other components of equity	-	-	(25,614)	0.14	(25,614)	(0.13)
<b>Equity attributable to owners of the parent</b>	<b>6,794,925</b>	<b>40.67</b>	<b>6,640,977</b>	<b>36.92</b>	<b>6,468,435</b>	<b>33.97</b>
Non-controlling interests	-	-	-	-	-	-
<b>Total equity</b>	<b>6,794,925</b>	<b>40.67</b>	<b>6,640,977</b>	<b>36.92</b>	<b>6,468,435</b>	<b>33.97</b>
<b>Total liabilities and equity</b>	<b>16,706,852</b>	<b>100.00</b>	<b>17,985,247</b>	<b>100.00</b>	<b>19,040,523</b>	<b>100.00</b>



## Annual income statement comparing the past 3 years

( Unit : thousand baht )

Items	Consolidated financial statement					
			31 December			
	2019	%	2020	%	2021	%
Revenue from sale of real estate	3,936,766	85.53	2,530,403	73.42	2,481,142	72.70
Revenue from rental and rendering of services	341,188	7.41	374,267	10.86	341,333	10.00
Revenue from golf services and sport club	119,769	2.60	100,843	2.93	91,728	2.69
Revenue from management of real estate	40,388	0.88	48,374	1.40	91,042	2.67
Revenue from health and wellness	-	0.00	3,044	0.09	25,821	0.76
Gain on disposal of investments and investments income	11,174	0.24	10,729	0.31	297,327	8.71
Gain on disposal of investment properties	79,610	1.73	263,293	7.64	-	0.00
Other income	73,791	1.60	115,523	3.35	84,675	2.48
<b>Total revenues</b>	<b>4,602,686</b>	<b>100.00</b>	<b>3,446,475</b>	<b>100.00</b>	<b>3,413,067</b>	<b>100.00</b>
Cost of sale of real estate	2,754,087	59.84	1,904,880	55.27	2,035,485	59.64
Cost of rental and rendering of services	154,837	3.36	181,491	5.27	167,574	4.91
Cost of golf services and sport club	71,252	1.55	63,540	1.84	58,029	1.70
Cost of management of real estate	24,353	0.53	21,811	0.63	35,029	1.03
Cost of health and wellness	-	0.00	8,962	0.26	132,988	3.90
Distribution costs	332,217	7.22	242,394	7.03	232,522	6.81
Administrative expenses	678,549	14.74	660,987	19.18	608,074	17.82
<b>Total expenses</b>	<b>4,015,294</b>	<b>87.24</b>	<b>3,084,065</b>	<b>89.48</b>	<b>3,269,701</b>	<b>95.80</b>
Finance costs	(328,307)	(7.13)	(378,561)	(10.98)	(477,465)	(13.99)
Share of profit of joint ventures and associates accounted for using equity method	(24,064)	(0.52)	6,311	0.18	60,997	1.79
Loss before income tax expense	235,021	5.11	(9,839)	(0.29)	(273,101)	(8.00)
Tax income	(57,574)	(1.25)	6,419	0.19	87,790	2.57
Loss for the year	177,447	3.86	(3,421)	(0.10)	(185,311)	(5.43)
Other comprehensive income						
Loss on investments in equity instruments designated at <i>Fair value through other comprehensive income</i>	0	0.00	(25,614)	(0.74)	0	0.00
Loss on remeasurements of defined benefit plans	(18,895)	(0.41)	(6,791)	(0.20)	11,756	0.34
Other comprehensive income for the year, net of tax	(18,895)	(0.41)	(32,405)	(0.94)	11,756	0.34
Total comprehensive income for the year	158,551	3.44	(35,826)	(1.04)	(173,555)	(5.09)
Profit (loss) attributable to:						
Owners of the parent	177,447	4	(3,421)	(0.10)	(185,311)	(5)
Non-controlling interests	0	0	0	0.00	0	0
Profit for the year	177,447	4	(3,421)	(0.10)	(185,311)	(5)
Total comprehensive income attributable to:						
Owners of the parent	158,551	3.44	(35,826)	(1.04)	(173,555)	(5.09)
Non-controlling interests	0	0.00	0	0.00	0	0.00
Total comprehensive income for the year	158,551	3.44	(35,826)	(1.04)	(173,555)	(5.09)
Basic earnings per share	0.1626		(0.0031)		(0.1698)	



Annual financial statements comparing the past 3 years

( Unit : baht )

Items	Consolidated financial statement		
	31 December		
	2019	2020	2021
Current assets	6,907,059,456	6,321,171,814	5,545,426,634
Total assets	16,706,851,840	17,985,247,059	19,040,523,293
Current liabilities	3,553,588,347	5,030,248,549	6,292,484,274
Total liabilities	9,911,927,308	11,344,270,396	12,572,088,123
Shareholders' equity	6,794,924,532	6,640,976,663	6,468,435,170
Book value	6.23	6.09	5.93
Total revenue	4,602,685,630	3,446,474,927	3,413,067,351
Costs and expenses	4,401,175,271	3,456,206,819	3,659,375,805
Net profit for the Company	177,446,766	(3,420,608)	(185,311,194)
Earnings (loss) per share	0.16	(0.003)	(0.17)
Number of shares	1,117,211,195	1,117,211,195	1,117,211,195

C. Key financial ratio

Financial ratio comparing the past 3 years

( Unit : thousand )

Items	Consolidated financial statement			
	2019	2020	2021	Change
Operating results				
Revenue from sales and services	4,438,111	3,056,929	3,031,066	(0.85%)
Total revenues	4,602,686	3,446,475	3,413,067	(0.97%)
Costs and expenses	4,072,869	3,077,646	3,181,911	3.39%
Gross profit (loss)	1,433,583	885,207	734,949	(16.97%)
Net profit for the Company	177,447	(3,421)	(185,311)	5,317.49%
Financial position				
Total assets	16,706,852	17,985,247	19,040,523	5.87%
Total liabilities	9,911,927	11,344,270	12,572,088	10.82%
Total shareholders' equity	6,794,925	6,640,977	6,468,435	(2.60%)
Inventories	6,164,316	6,142,671	4,600,635	(25.10%)
Information per share (baht)				
Earnings (loss) per share	0.1626	(0.0031)	(0.1698)	
Dividend per share	0.11	0.11	-	(100.00%)
Book value	6.23	6.09	5.93	(2.63%)

	2019	2020	2021	
<b>Liquidity Ratio</b>				
Liquidity ratio (times)	1.94	1.26	0.88	
Quick ratio (times)	0.30	0.09	0.09	
Cash flow liquidity ratio (times)	0.10	0.05	0.12	
Trade receivables turnover ratio (times)	268.98	61.74	36.24	
Average collection period (days)	1	6	10	
Inventories turnover ratio (times)	1.78	1.59	2.47	
Average product sales period (days)	203	229	148	
Trade payables turnover ratio (times)	10.92	5.82	5.54	
Average repayment period (days)	33	63	66	
<b>Cash Cycle</b>	<b>171</b>	<b>172</b>	<b>92</b>	
<b>PROFITABILITY RATIO</b>				
Gross margin (%)	32.30	28.96	24.25	(4.71)
Operating profit margin (%)	0.13	0.12	0.07	(0.05)
Other revenues to total revenues ratio (%)	-	-	-	-
Cash-to-profit ratio (%)	1.72	1.33	6.94	5.61
Net profit margin (%)	3.86	(0.10)	(5.43)	(5.33)
Return on equity (%)	2.64	(0.05)	(2.83)	(2.78)
<b>EFFICIENCY RATIO</b>				
Return on assets (%)	1.09	(0.02)	(1.00)	(0.98)
Return on fixed assets (%)	0.09	0.05	0.01	(0.98)
Asset turnover (times)	0.28	0.20	0.18	(0.98)
<b>FINANCIAL POLICY RATIO</b>				
Debt to equity ratio (times)	1.46	1.71	1.94	
Interest coverage ratio (times)	2.37	1.65	1.05	
Interest bearing debt to equity ratio (times)	1.32	1.45	1.68	
Obligation coverage ratio (times)	0.26	0.15	0.10	
Dividend payout ratio (%)	36.48%	32.20%	0.00%	



5. General information and other significant information

5.1 General information

Auditors of 2021 financial statement

Auditors : Miss Charinrat Noprampa CPA No.10448 and/or Miss Nawarat Nitikeatipong CPA No.7789 and/or Miss Chanarat Chanwa CPA 9052

Audit company : KPMG Phoomchai Audit Company Limited

Location : 1 Empire Tower, Fl 50, South Sathorn Road, Yan Nawa, Sathorn District, Bangkok 10120

Telephone : 02-677-2000

Fax : 02-677-2222

5.2 Other significant information

-None-

5.3 Legal dispute

As of 31 December 2021, the Company and its subsidiaries have no lawsuits that may have negative impact on the assets of the Company and its subsidiaries that amount is more than 5% of shareholders' equity at the end of 2021.

5.4 Secondary market

-None-

5.5 Regularly contact financial institution

In issuing debt instrument, the Company has Bank of Ayudhya Public Company Limited as institution that always provide services to the Company.

## Part 2

## Corporate Governance

6. Corporate governance policy

## 6.1 Overview of management and business practice

The Board of Directors of M.K. Real Estate Development Public Company Limited has recognized the importance of good corporate governance, viewing it as crucial to the efficient conduct of business, the continuous and steady growth of the Company, and the maintenance of its competitiveness, all of which create confidence among shareholders, investors, and other relevant parties, and maximum benefits for the Company in the long run.

The Company has therefore implemented a policy enabling it to conduct business efficiently and with good corporate governance and good management, by emphasizing on the maximization of benefits for shareholders and stakeholders, committing itself to moral principles and code of conduct, and disclosing accurate and complete information in transparent and accountable manners. The company has formulated a good corporate governance policy, in compliance with corporate governance principles for listed companies set by the Stock Exchange of Thailand, to make sure the Company has good corporate governance and serve as a guideline for the Board of Directors, executives, and employees. The Board of Directors has made the policy known to Directors, Executive and employees of all levels and make sure they comply with it, with details as follows:

- All shareholders and stakeholders will be treated equally and fairly.
- The Board of Directors are committed to increasing the value of the Company in the long term, managing the Company with caution and vigilance, carrying out their duties and responsibilities with sufficient competency and efficiency with the aim of creating maximum benefits for shareholders, ensuring that no conflict of interest arises, and taking responsibility for their decisions and actions.
- The Company shall conduct business with transparency, fairness, and accountability. The company shall disclose sufficient and credible information, financial and otherwise, in a timely manner, in order that the Company's shareholders and stakeholders have equal access to significant information. The company also has a department responsible for providing information to investors and the general public.
- The Company shall conduct business with caution, especially in regards to risk management. It shall conduct risk assessments, prepare strategies for remedial action, and follow up on risk management appropriately and on a regular basis.

- The Board of Directors has laid out principles regarding the duties and responsibilities and code of conduct for management and employees. All directors, executive officers, and employees must strictly adhere to these principles. In particular, they must take customers' needs into consideration, deliver quality products and pleasant after-sales service, and treat customers with honesty and fairness. In addition, in compliance with the Stock Exchange of Thailand's guidance, the Company has put in place a good corporate governance policy that emphasizes internal control and audit, to ensure that management carries out company policies with efficiency, in order to ensure long-term benefits for shareholders in accordance with legal requirements and code of conduct.
- The Company encourages all directors and members of management to undertake relevant trainings at the Thai Institute of Directors Association (IOD) and other institutes, in order to increase knowledge in various areas relating to the duties and responsibilities of directors and management.

The corporate governance policy has continuously been implemented in accordance with the guidelines set by the Thailand Stock of Exchange, including Good Governance Code for Listed Companies 2002, Good Governance Code for Listed Companies 2006, Good Governance Code for Listed Companies 2012, and most recently the policy has been revised to align with Corporate Governance Code for Listed Companies 2017. The policy consists of the following eight main principles for the Board of Directors:

Principle 1	Establish Clear Leadership Role and Responsibilities of the Board
Principle 2	Define Objectives that Promote Sustainable Value Creation
Principle 3	Strengthen Board Effectiveness
Principle 4	Ensure Effective CEO and People Management
Principle 5	Nurture Innovation and Responsible Business
Principle 6	Strengthen Effective Risk Management and Internal Control
Principle 7	Ensure Disclosure and Financial Integrity
Principle 8	Ensure Engagement and Communication with Shareholders

The company has disclosed various policies, including the Code of Conduct on the Company's website. (<http://www.mk.co.th>) to communicate to personnel at all level of the Company to be able to thoroughly study in detail with the important objective in communicating to employees, shareholders and other stakeholders regarding the determination of the Board of Directors to comply with the main characteristics of the good corporate governance process. The Board of Directors has followed up on the good corporate governance principles and reviewed such policy annually.

### 6.1.1 Policy and guideline related to the Board of Directors

The Board of Directors consists of persons with knowledge and capability who plays an important role in setting company policies and organization overview. as well as play a key role in independently supervising, auditing, and evaluating the Company's operating results to be in accordance with the plans.

#### *Board of Directors*

The number of members of the Board of Directors shall be as determined in the shareholders' meeting. The Board shall consist of no fewer than five (5) members per company regulations, and no less than half of which shall reside within the country. At least one out of three, but not fewer than three, shall be independent directors. Each director shall have suitability in terms of age, qualifications, capability, experience, and expertise and possess the attributes as specified in Article 68 of the Limited Public Company Act B.E. 2535 (1992) and other relevant laws. The Nomination and Remuneration Committee shall nominate and consider persons with specific skills, experience, profession, and qualifications as deemed vital to the Company's business and present them in the Board's meeting where members shall consider to elect them as directors. Then they will be presented in a shareholders' meeting for approval.

For the balancing and reviewing of the management, the company requires at least one third or at least three independent directors. these 3 independent directors hold the position of audit committee which meet all the qualifications according to the notification of the Stock Exchange of Thailand regarding qualifications and scope of work of the Audit Committee in order to perform auditing and balancing the Company's various affairs to ensure accuracy and fairness. Although the Chairman of the Board and the Chairman of the Executive Committee are the same person but the structure of the entire board of directors, consisting of at least one-third of the entire committee, or at least three of them, it also create the balance and review of management. In addition, the Chairman of the Board of Directors is not the same person as the Chief Executive Officer and the company has clearly separated roles, duties and responsibilities between the chairman of the board and Chief Executive Officer clearly separated. Therefore, it helps to create a balance and review of the management in another way.

As of 31 December 2021, the Company had a total of 8 directors, including

- 5 executive directors
- 3 non-executive directors, or 3 out of 8 of the Board members
- 3 Independent directors, or 3 out of 8 of the Board members

All Independent directors have the qualifications set out in the Stock Exchange of Thailand announcement regarding qualifications and scope of work of Audit Committee as follows:



- (1) Hold no more than one percent of the total voting shares of the Company, its parent company, subsidiary, associated companies, major shareholders, any person having controlling power over the Company. The number of shares held by any related person of such an independent director must also be counted.
- (2) Not be and have not been a director participating in management role of the Company, or an employee or an officer of the Company, or an advisor of the Company which receives regular salary from the Company, and not be and have not been a person having controlling power over the Company, subsidiary or associated company, unless such an independent director has not been a person referred to above for at least two years before being appointed as independent director. Such restriction or prohibition shall not apply to an independent director who has been a governmental officer or an advisor of a government authority, which is the major shareholder of the Company or the person having controlling power over the Company.
- (3) Not be a person having relationship either through blood or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any management person, major shareholder, or any person having power to control the Company or the Company's subsidiary, or of the person being nominated to be a management person of or a person having power to control the Company or the Company's subsidiary.
- (4) Not have and have not had any business relationship with the Company, subsidiary, associated company, or major shareholder, or with the person having power to control the Company that may have conflict of interest, in the manner in which their independent discretion might be affected, and not be and have not been a substantial shareholder of or a person having power to control the person that has business relationship with the Company, subsidiary, associated company major shareholder or the person having power to control the Company unless such an independent director has not been a person referred to above for no fewer than two years prior to being appointed as independent director. Business relationships referred to in the first paragraph above shall include any ordinary course of business or trade for business engagement purpose, any lease taking or lease out of any property, any transaction relating to asset or service, any financial support or acceptance of financial support by way of either borrowing, lending, guaranteeing or collateral providing or any other manner similar thereto that could result to an obligation required to be performed by the applicant or the party thereto in an amount of three percent or more of the net tangible asset value of the applicant, or twenty million baht or more, whichever is lesser. In light of this, the method for calculating the value of related party transactions pursuant to the Capital Market Supervisory Board's Notification, Re: Regulations in respect of an Entering into a Connected Transaction shall be applied mutatis mutandis for the purpose of calculation of such amount of debt of the applicant, provided that the amount of the debt incurred



during the past one year prior to the date on which such a business relationship with such a business relationships with such person exists.

- (5) Not be and have not been an auditor of the Company, subsidiary, associated company, major shareholder or any of the person having power to control the Company, and not be and have not been a substantial shareholder of, a person having power to control over, or a partner of any auditing firm or office in which the auditor of the Company, or subsidiary, or major shareholder, or the person having power to control the Company, unless such an independent director has not been a person referred to above for at least two years prior to being appointed as independent director.
- (6) Not be and have not been a professional advisor, including legal or financial advisor who obtains fee more than two million baht a year from the Company, subsidiary, associated company or major shareholder, or the person having power to control the Company, and not be and have not been a substantial shareholder of, a person having power to control over, or a partner of any of such professional service provider firm or office, unless such an independent director has not been a person referred to above for at least two years prior to being appointed as independent director.
- (7) Not be a director appointed to serve a representative to protect the interest of a director of the Company, a major shareholder, or a shareholder which is a related person of a major shareholder.
- (8) Not engage in any business the nature of which is the same as that of the Company or the Company's subsidiary and which, in any material respect, is competitive with the business of the Company or the Company's subsidiary, or not be a substantial partner in a partnership, a director participating in any management role, an employee or officer, an advisor obtaining regular salary from, or a shareholder holding more than one percent of the voting shares of a company engaging in any business the nature of which is the same as that of the Company or the Company's subsidiary and which, in any material respect, is competitive with the business of the Company or the Company's subsidiary.
- (9) Not have any characteristics by which their independent comment or opinion on the Company's operation may be affected

After a person having qualifications stated in (1) to (9) above is appointed as an independent director, such appointed independent director may be assigned by the Board of Directors to make decision in respect of business operation of the Company, subsidiary, associated company, major shareholder, or the person having controlling power over the Company, provided that such decision making by such appointed independent director must always be made on a collective decision basis.

For determining the term of position holding of the directors, the Company has set the term of the director's position by stating in the Articles of Association of the Company which defines that at every annual general meeting of shareholders, one third of the directors shall vacate their positions. The

director who must retire in the first year of registration shall be the first director who has been in position for the longest term. In the following years, the directors who has been in position for the next longest shall retire. The director who vacates under this article may be re-elected by allowing the retiring directors to carry on the business of the Company for a while as necessary until the director is newly appointed.

The Board of Directors has appointed the Nomination and Remuneration Committee, chaired by an independent director and consisting predominantly of independent directors. The Nomination and Remuneration Committee shall consider criteria and methods for nomination of individuals with the right qualifications, review their background, and present their opinions to the Board of Directors before nominating them in a shareholders' meeting where they can be named directors. The Nomination and Remuneration Committee shall conduct their assigned duties in accordance with the Charter for Nomination and Remuneration Committee.

The Nomination and Remuneration Committee shall review criteria and methods of director nomination and present their opinions to the Board of Directors before setting out to nominate someone to replace a director nearing the end of their term. In this regard, the Committee is able to nominate the same director, based on the director's performance. In case where the Committee has appointed an advisor to the Committee, the advisor's information shall be disclosed in the Annual Registration Statement, including in regard to their independence and confirmation of no conflict of interest.

#### Criteria for selection of independent directors

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

#### Selection process

The Board of Nomination and Remuneration Committee will consider the list of external persons with qualifications that are widely accepted in the business and academic circles to present in a Board of

Directors' meeting for their consideration, or in a shareholders' meeting for appointment, as the case may be. In line with the regulations announced by The Securities and Exchange Commission, Thailand and The Stock Exchange of Thailand.

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

#### Selection of directors and members of the management committee

The Board of Nomination and Remuneration Committee will select persons with the appropriate qualifications to be proposed for appointment as directors, in case where a position becomes vacant or an incumbent is about to end his tenure. The Board of Nomination Committee will select Chairman of Board of Director, Chairman of the Executive Director and Chief Executive Officer, to present in a Board of Directors' meeting for their consideration. The Board of Directors may appoint directors, or present them in a shareholders' meeting for appointment, as the case may be. The Board of Directors consists of no less than five members, all of whom are selected in a shareholders' meeting to manage the Company. No fewer than half of the Board of Directors must reside in the Kingdom of Thailand, and have the qualifications required by the law. A shareholders' meeting selects directors using the following criteria and methods:

- 1) Each shareholder shall have a number of votes equal to the number of shares held by them.
- 2) In the election of directors, the shareholders may cast votes for individual or several directors simultaneously for the full number of all directors to be elected in that occasion as deemed appropriate by the shareholders meeting. In the voting whether for individual or several directors aforesaid each candidate shall receive the votes in accordance with the number of all shares held by such shareholder under (1) whereby such shareholder may not allocate his/her votes to any candidate for whatever amount of votes.
- 3) The candidates, ranking in order descending from the highest number of votes received to the lowest, shall be appointed as directors for the number of the directors eligible in that occasion. In case there is a tie of the votes for candidates in descending order in excess of the number of the eligible directors, the Chairman of the meeting shall have a casting vote.

In every annual general meeting of shareholders, one third of the directors shall vacate their positions. If the number of directors cannot be divided into three parts, then the directors shall vacate by the closest number to one-third.

The director who must retire in the first year of registration shall be the first director who has been in position for the longest term. In the following years, the directors who has been in position for the next longest shall retire. The director who vacates under this article may be re-elected by allowing the retiring directors to carry on the business of the Company for a while as necessary until the director is newly appointed.

#### Directors' remuneration

Proposal of Directors' remuneration to the shareholders for approval. The board considers the structure and remuneration to be suitable for their responsibilities and motivates the board to lead the organization to achieve both short-term and long-term goals. The determination of remuneration for the Company's directors is in accordance with the resolution approved by the shareholders' meeting. Thus, the determination of remuneration for directors will be considered by the Nomination and Remuneration Committee to be jointly considered for the appropriateness of the remuneration in each year It is compared with other companies' compensation standards in the same business before presenting to the Board of Directors and the Company's shareholders for approval.

The directors' remuneration is in the form of meeting allowances and annual gratuity. The remuneration of the Company's management is in the form of salaries and bonuses, depending on the performance of the Company and the performance of each executive. The Company has shown the amount of remuneration for directors and senior management received in the annual report and the annual registration statement for every year

The Board of Directors the importance of the role and duties of the Company Secretary. Therefore, an appropriate permanent employee of the company has been appointed to act as the company secretary of the company in order to ensure that the Company's management can operate in the most efficient manner in accordance with good corporate governance principles. With the main duties and responsibilities as follows

- (A) provide legal advice And various rules That the board must know and act
- (B) supervising activities Of the board
- (C) Coordinate to ensure efficient implementation of the Board of Directors' resolutions.
- (D) Prepare and maintain the following documents:
  - Director registration
  - Board meeting invitation letter And minutes of the board
  - Invitation letter to shareholders' meeting And minutes of the shareholders' meeting
  - Maintain reports of interest reported by directors or executives.
- (E) Perform other acts as specified by the Board of Directors

The Company Secretary has passed the Company Secretary Program (CSP) training from the Thai Institute of Directors Association.

### Board of Directors

As at 31 December 2021, the Board of Directors consists of 8 following members

- |    |                 |                |  |
|----|-----------------|----------------|--|
| 1) | Mr. Suthep      | Wongvorazathe  | Chairman   |
| 2) | Mr. Vorasit     | Pokachaiyapat  | Chief Executive Officer                              |
| 3) | Miss Dusadee    | Tancharoen     | 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) | Mr. Theraphan   | Jittalarn      | Independent Director and Audit Committee             |

With Miss Pornphan Yantossilp as a Company's secretary

### Scope of Duties of Company Directors

The Board of Directors has the power and duty to define policies and operating directions to comply with the prescribed policy with efficiency and effectiveness, with emphasis on increasing economic value for the business and maintaining the best interests of the shareholders. They must perform their duties in accordance with the law, objectives and the Articles of Association of the Company as well as in accordance with the resolutions of the shareholders' meeting with honesty.

### 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.

#### *Sub-committee*

The Board of Directors has appointed Sub-committees to oversee the Company's operations, in order to increase efficiency and achieve investors' confidence in its careful operations. There are six of them, namely 1) Audit Committee 2) Nomination and Remuneration Committee 3) Corporate Governance Committee 4) Executive Committee 5) Risk Management Committee and 6) Management Committee

- 1) Audit Committee consist of at least three independent directors, whose responsibilities are specified in the charter of Audit Committee.
- 2) The Nomination and Remuneration Committee consist of at least three (3) company directors who are not Chairman of the Board of Directors shall constitute the Nomination and Remuneration Committee of which at least two (2) of the members shall be independent directors. In addition, more than half of the members of the Nomination and Remuneration Committee shall be independent directors. Their responsibilities are specified in the charter of The Nomination and Remuneration Committee and as assigned by the Board of Directors.
- 3) The Corporate Governance Committee shall consist of at least three (3) company directors. More than half of the Corporate Governance Committee shall be independent directors, to ensure that they conduct their work with transparency and independence. Their responsibilities are specified in the charter of The Corporate Governance Committee and as assigned by the Board of Directors.
- 4) Executive Committee consists of at least five directors, the scope of authorities of whom is specified in the directive regarding the appointment of Executive Committee and as assigned by the Board of Directors.
- 5) Risk Management Committee consists of four directors and one executive. Their responsibilities are specified in the charter of Risk Management Committee and as assigned by the Board of Directors.
- 6) Management Committee consists of four directors and one executive, the scope of authority of whom is specified in the directive regarding the appointment of Management Committee and as assigned by the Board of Directors.

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

#### 1. Audit Committee

As at 31 December 2021, Audit Committee consists of three independent directors.

- 1) Mr. Att Tongyai      Asavanund      Chairman of Audit Committee

- 2) Mr. Chaiyapont Timsootheepant Audit Committee Member
- 3) Mr. Theraphan Jittalarn Audit Committee Member

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

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, dismissal of the auditor and hold a meeting with the auditor, in which no members of management attend, at least once a year
- 5) Review related party transactions, or transactions that may lead to conflict of interests, to ensure that they are in compliance with the laws and Stock Exchange of Thailand regulations, reasonable and for the highest benefits of the company
- 6) Prepare, and disclose in the Company's Annual Report, an the Board of Audit Committee report which must be signed by chairman of the Board of Audit Committee and include at least the following information
  - (A) An opinion on the accuracy, completeness and creditability of the Company's financial reports
  - (B) An opinion on the adequacy of the Company's internal control system
  - (C) An opinion on compliance with the law on securities and exchange, the Stock Exchange of Thailand regulations, or the laws relating to the Company's business
  - (D) An opinion on the suitability of the auditor
  - (E) An opinion on the transactions that may lead to conflict of interests
  - (F) The number of the Board of Audit Committee's meetings, and attendance in such meetings by each committee member,
  - (G) An overall opinion or comment about Audit Committee's implementation of its duties in accordance with the charter

- (H) Other transactions which should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors
- 7) Perform any other act as assigned by the Company's Board of Directors, with the approval of the Board of Audit Committee

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

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

## 2. Nomination and Reuneration Committee

As at 31 December 2021, Nomination and Reuneration Committee consists of three independent directors and one director

- |    |                               |  |
|----|-------------------------------|--|
| 1) | Mr. Att Tongyai Asavanund     | Chairman of Nomination and Remuneration Committee and independent director |
| 2) | Mr. Vorasit Pokachaiyapat     | Normination and Remuneration Committee Member and director                 |
| 3) | Mr. Theraphan Jittalarn       | Normination and Remuneration Committee Member and independent director     |
| 4) | Mr. Chaiyapont Timsootheepant | Nomination and Remuneration Committee Member and independent director      |

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

### Scope of authority of the Nomination and Remuneration Committee

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

- 1) Determine criteria and principles for the selection of company directors, and nominate suitably qualified persons and present them to the Board of Directors for appointment, or to a shareholders' meeting for election, as company directors, as the case may be.
- 2) Consider criteria and procedures for paying remuneration to company directors and subcommittee members, and present to the Board of Directors and then in a shareholders' meeting for approval.



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

### 3. Corporate Governance Committee

As at 31 December 2021, Corporate Governance Committee consists of three independent directors.

- |    |                 |                |  |
|----|-----------------|----------------|--|
| 1) | Mr. Att Tongyai | Asavanund      | Chairman of Corporate Governance Committee |
| 2) | Mr. Chaiyapont  | Timsootheepant | Corporate Governance Committee             |
| 3) | Mr. Theraphan   | Jittalam       | Corporate Governance Committee             |

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

#### Scope of authority of the Corporate Governance Committee

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

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

- 4) When formulating, making changes to, revising, or reviewing the corporate governance policy, present it to the Board of Directors to consider.
- 5) Carry out any other responsibilities as assigned by the Board of Directors

#### 4. The Risk Management Committee

As at 31 December 2021, 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

#### Scope of authority of the Risk Management Committee

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

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

#### 5. The Executive Committee

As at 31 December 2021, The Executive Committee consists of five directors

- |                |               |                                     |
|----------------|---------------|-------------------------------------|
| 1) Mr. Suthep  | Wongvorazathe | Chairman of the 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 an Executive Committee's secretary

Scope of authority of the Executive Committee

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

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

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

- 5) Review and approve the sale of land and/or other assets of the Company or its subsidiary at no less than market value as at the date when the Board of Executive Committee passed a resolution approving the sale, per the scope of authority and within the financial limit given to them by the Board of Directors, and register such sale at the Department of Lands
- 6) Review and approve transactions that were not in the work plan, that did not exceed a limit of 100 million baht
- 7) Review and approve the Company's request for loan or credit from a financial institution, and use the fund obtained for the Company's ordinary course of business per the scope of authority and within the financial limit given to them by the Board of Directors
- 8) Review and approve opening and closing of an account and use of Banking services, and assign a person authorized to make payment from the Company's accounts
- 9) Review and approve legal transactions and corporate legal documents concerning asking for permission on project plan modification, method of project land allocation, land titling, subdivision

and co-ownership of land, land survey, for instance, cadastral survey, subdivision in same ownership or in co-ownership, joint title deed, land allocation, and public use.

- 10) Prepare, make recommendations for, and formulate business policies and strategies and present to the Board of Directors
- 11) Review and approve marketing, advertising, and public relations plans
- 12) Evaluate the Company's operation results in terms of asset and financial management to ensure efficiency and effectiveness
- 13) Carry out other duties assigned by the Board of Directors

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

#### 6. Management Committee

As at 31 December 2021, 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   | Suriyodom     | 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

#### Scope of authority of the Management Committee

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

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

### 6.1.2 Policy and guidelines related to shareholders And stakeholders

The company gives importance to the rights and equal treatment to various stakeholders related to the operations of the company, employees or executives of the company, customers, business partners, creditors, government sector and various agencies. This is because these groups of people will support the company to compete and generate profit until it is successful in the long term. The Board of Directors is well aware of the rights of stakeholders and treat stakeholders in accordance with the rights, conditions, laws and regulations In order for stakeholders to be looked after and treated with good care as follows

<b>Shareholders:</b>
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.
<b>Employee:</b>
<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"> <li>1. The Company has put in place a policy and guiding principles regarding employee remuneration and benefits. The Company pays appropriate remuneration to its employees, in line with the remuneration within the same industry. It also provides various benefits for its employees, such as annual physical exam, activities, sports game, company outing, year-end party, etc. It also emphasizes long-term personnel development by creating learning opportunities and promoting training and development.</li> </ol> <p>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.</p> <ol style="list-style-type: none"> <li>2. The Company resolves to protect human dignity, human rights, and freedom, by ensuring that the Company's operations does not violate human rights, that personal data and information and employees' privacy are protected, and that all employees are treated equally. It also allows employees to file written complaints with their superiors.</li> <li>3. The Company has put in place a policy and guiding principles regarding safety and health in the workplace. It discloses accidents at work statistics, the rate of taken leave, and the rate of</li> </ol>



occupational illnesses. It aims to achieve zero accidents in all departments, which is one of the Company's goals.

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

**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.

**Customer:**

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

<p>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."</p>
<p><b><u>Environment:</u></b></p>
<p>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.</p>
<p><b><u>Community/society:</u></b></p>
<p>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.</p>
<p><b><u>Public agencies and other supervisory organizations:</u></b></p>
<p>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.</p>

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

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

### Conflict of interest

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

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

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

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

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



Company or its subsidiary and a director, executive officer, or other related person, as it sees appropriate.

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

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

## 6.2 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

1. Rule of law
2. Transparency
3. Fairness and justice
4. Focus on customers
5. Responsibility towards society
6. Non-involvement in politics

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

Towards the Company

- Management is responsible for the declaration of code of conduct and must ensure that all employees are informed of and understand the code of conduct.
- Management is responsible for compliance with the Company's code of conduct
- Management pays attention to the necessary procedures for employees' compliance with the code of conduct

Management, including the Board of Directors and directors that are not members of the Board of Directors, conducts the Company's business

Towards owners or shareholders

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

Towards customers

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

- Management has a responsibility for customers in terms of product quality: by setting and maintaining product standard
  - Set minimum standard that can be accepted for products and ensure that it is met.
  - Make it known that a higher standard than 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

### 6.3 Changes and Developments of Policy, Practices and Corporate Governance System in the past year

6.3.1 The Corporate Governance Committee gives importance to the review of the Company's good corporate governance policy, and ethics and business ethics of the company over the past year to enhance the efficiency of governance and show that the corporate governance standard of the company has been raised in accordance with good corporate governance principles for listed companies in 2017 (CG Code) at least once a year

6.3.2 The Corporate Governance Committee and Board of director has determined the sustainability policy of the Company as part of the sustainable business concept (Sustainability) to promote the environment, society and good governance (ESG: Environmental, Social and Governance) including the vision or mission of the company to have social and environmental responsibility as an important factor for the sustainable business operation of the company. By operating the Company's business based on environmental, social and governance (ESG) principles, it will help to create sustainable growth and good long-term returns for the Company. It also helps to create shared good values between the company, employees and stakeholders. Cultivating an attitude and creating an organizational culture in order for employees to have social responsibility that coexist until it is considered as the main mission to create projects and activities that benefit society and community development and realize the importance of responsibility to society and community as well as continuing to care for the environment. Building good relationships and taking into account the impacts that may have on shareholders, employees, communities, customers, business partners, government

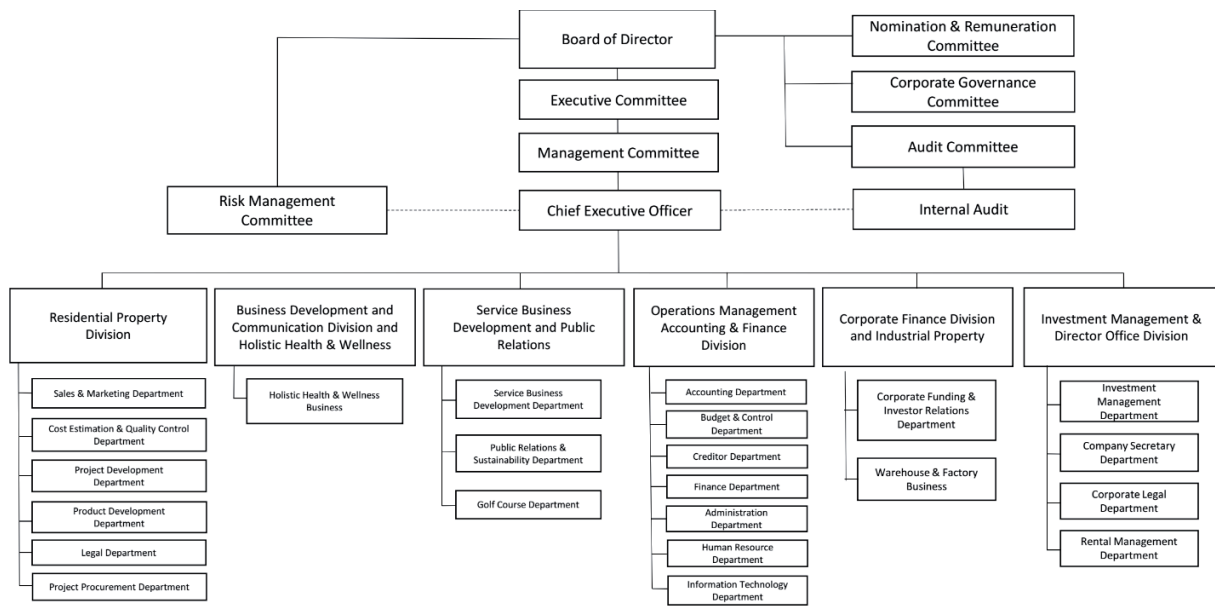
agencies, as well as society and the nation, and in line with the sustainable development goals nationally and internationally (Sustainable Development Goals (SDGs))

6.3.3 In addition, the Company participated in the Corporate Governance Survey of Thai Listed Companies for the year 2021, where the Company received an overall average score of 85%, which is higher than the overall average of listed companies.

7. Coperate governance structure and board of director information, sub-committee, magament, employee and other

7.1 Board of director structure

Board of director structure contains with board of director, audit committee, executive committee, nomination and remuneration committee, corporate governance committee, the risk management committee and management as chart below;



Note : Board of Directors' Meeting No.1/2022 on 28 February 2022 resolved to restructure the organization chart and to cancel the position of Managing Director of the Company in order to be in line with the Company's business structure and operation.

7.2 Board of director information

7.2.1 Board of director component

As of 31 December 2021, board of director are 8 persons, with executive committee of 5 persons and non-executive committee, independent directors of 3 persons

## 7.2.2 List of director and controlling person of the Company

### Borad of director

- |    |                 |                |  |
|----|-----------------|----------------|--|
| 1) | Mr.Suthep       | Wongvorazathe  | Chairman of Executive Committee                      |
| 2) | Mr.Vorasit      | Pokachaiyapat  | Chief Executive Officer                              |
| 3) | Miss Dusadee    | Tancharoen     | 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) | Mr.Theraphan    | Jittalarn      | Independent Director and Audit Committee             |

with Miss Pornphan Yantossilp as a Company's secretary

## 7.2.3 Roles of Borad of Director of the Company

### Scope of Duties of Company Directors

Borad of director has the power and duty to set policies and operating directions. To comply with the prescribed policies with efficiency and effectiveness By emphasizing on increasing economic value to the business and preserving the best interests of the shareholders. Which must perform their duties in accordance with the law, objectives and regulations of the company. And to comply with the resolutions of the shareholders' meeting with honesty

### Directors authorized to sign documents on behalf of the Company

As at 31 December 2021, the directors authorized to sign documents that will be binding on the Company consist of Mr. Suthep Wongvorazathe, Mrs. Sutida Suriyodorn, Mr.Vorasit Pokachaiyapat, Miss Rachanee Mahatdetkul and Miss Dusadee Tancharoen any two of these five directors can sign jointly and affixing the Company seal, except for in cases of the applications for installation of meters of pipe water, electricity and telephone, the applications for assignment and accepting assignment of rights to use electricity, pipe water and telephone, the applications for assignment, accepting assignment and refund of deposit guarantee for using of electricity, pipe water and telephone, or the application for construction permit, or the application for house registration number and the applications for licenses of road and drain connection, Mr. Suthep Wongvorazathe or Mrs. Sutida Suriyodorn or Mr. Vorasit Pokachaiyapat or Miss Rachanee Mahatdetkul or Miss Dusadee Tancharoen can sign singly and affixing the Company seal.

## 7.3 Sub Committees

### 7.3.1 Sub Committees of the Company

Sub committees consist of 6 committees which are Audit Committee, The Executive Committee, Nomination and Reuneration Committee, Corporate Governance Committee, The Risk Management Committee and management as detail below;

### 7.3.2 Sub Committee Information

#### A) Audit Committee

As of 31 December 2021, consists of four independent directors

- 1) Mr. Att Tongyai Asavanund Chairman of Audit Committee
- 2) Mr. Chaiyapont Timsootheepant Audit Committee Member
- 3) Mr. Theraphan Jittalarn Audit Committee Member

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

From total audit committee of 3 persons, there is Mr. Att Tongyai Asavanund who have knowledge and experience in reviewing financial statements of the company

#### B) Nomination and Remuneration Committee

As of 31 December 2021, Nomination and Remuneration Committee Consists of three independent directors and one director

- 1) Mr. Att Tongyai Asavanund Chairman of Nomination and Remuneration Committee and independent director
- 2) Mr. Vorasit Pokachaiyapat Normination and Remuneration Committee Member and director
- 4) Mr. Theraphan Jittalarn Normination and Remuneration Committee Member and independent director
- 5) Mr. Chaiyapont Timsootheepant Nomination and Remuneration Committee Member and independent director

with Miss Pornphan Yantossilpas a Nomination and Remuneration Committee's secretary

#### C) Corporate Governance Committee

As of 31 December 2021, Corporate Governance Committee consists of three independent directors

- 1) Mr. Att Tongyai Asavanund Chairman of Corporate Governance Committee
- 2) Mr. Chaiyapont Timsootheepant Corporate Governance Committee
- 3) Mr. Theraphan Jittalarn Corporate Governance Committee

With Miss Pornphan Yantossilpas a Corporate Governance Committee's secretary

#### D) The Risk Management Committee

As of 31 December 2021, The Risk Mangement Committee consists of three 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

#### E) The Executive Committee

As of 31 December 2021, 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

#### F) Management Committee

As of 31 December 2021, Management Committee consists of four directors and one executive

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

With Miss Pornphan Yantossilp as a Management Committee's secretary

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

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



Name	Board of Directors	Independent Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee	Authorized Director
5) Miss Rachanee Mahatdetkul	✓					✓	✓	✓	✓
6) Mr. Att Tongyai Asavanund	✓	✓	✓	✓	✓				
7) Mr. Chaiyapont Timsootheepant	✓	✓	✓	✓	✓				
8) Mr. Theraphan Jittalarn	✓	✓	✓	✓	✓				
9) Mr. Sakdina Manlerd						✓		✓	

#### 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, dismissal of the auditor and hold a meeting with the auditor, in which no members of management attend, at least once a year.
- 5) Review related party transactions, or transactions that may lead to conflict of interests, to ensure that they are in compliance with the laws and Stock Exchange of Thailand regulations, reasonable and for the highest benefits of the company.
- 6) Prepare, and disclose in the Company's Annual Report, an the Board of Audit Committee report which must be signed by chairman of the Board of Audit Committee and include at least the following information.
  - (A) An opinion on the accuracy, completeness and creditability of the Company's financial reports
  - (B) An opinion on the adequacy of the Company's internal control system
  - (C) An opinion on compliance with the law on securities and exchange, the Stock Exchange of Thailand regulations, or the laws relating to the Company's business
  - (D) An opinion on the suitability of the auditor

- (E) An opinion on the transactions that may lead to conflict of interests
  - (F) The number of the Board of Audit Committee's meetings, and attendance in such meetings by each committee member,
  - (G) An overall opinion or comment about Audit Committee's implementation of its duties in accordance with the charter
  - (H) Other transactions which should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors
- 7) Perform any other act as assigned by the Company's Board of Directors, with the approval of the Board of Audit Committee.

In the performance of duties under the scope of authority and duty, the Audit Committee has the power to summon instruct the management, Head of department or employees of related companies to give opinions, attend meetings or send documents as deemed necessary. Moreover, performing duties within the scope of authority of this regulation. The audit committee may seek advice from independent, third-party advisors or other professional experts. If deemed necessary and appropriate, the Company will be responsible for all expenses.

Therefore, chairman of the Audit Committee and the Audit Committee members hold position for a term of 3 years, when the term expires, they may be re-appointed for another term.

#### Scope of authority of the Nomination and Remuneration Committee

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

- 1) Determine criteria and principles for the selection of company directors, and nominate suitably qualified persons and present them to the Board of Directors for appointment, or to a shareholders' meeting for election, as company directors, as the case may be.
- 2) Consider criteria and procedures for paying remuneration to company directors and subcommittee members, and present to the Board of Directors and then in a shareholders' meeting for approval.
- 3) Determine criteria and principles for the selection of executive officers, and nominate suitably qualified persons for the positions, and present to the Board of Directors for their consideration and approval.
- 4) Prepare criteria and procedures of annual performance reviews for the Chairman of the Executive Committee and the Chief Executive Officer and present them to the Board of Directors for approval.

- 5) Ensure that the qualifications of independent directors are suitable for the nature of the Company's business and in line with the criteria set by the Securities and Exchange Commission, Thailand.
- 6) Give advice about the preparation and review of succession plans for Executive Officers.
- 7) Appoint one (1) company employee to serve as Secretary to the Nomination and Remuneration Committee.
- 8) Carry out any other responsibilities as assigned by the Board of Directors.

Scope of authority of the Corporate Governance Committee

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

- 1) Formulate the Company's corporate governance policy and its code of conduct for business operations relevant to its business operations.
- 2) Revise the Company's corporate governance policy and its code of conduct for business operations to ensure relevance to its business operations and compliance with corporate governance principles for listed companies. Make changes to them to align with the guidelines provided by the Securities and Exchange Commission of Thailand, the Stock Exchange of Thailand, and any other regulatory body.
- 3) Give advice and recommendations as guidance for operations to be implemented by the Board of Directors and management, to ensure compliance with corporate governance principles.
- 4) When formulating, making changes to, revising, or reviewing the corporate governance policy, present it to the Board of Directors to consider.
- 5) Carry out any other responsibilities as assigned by the Board of Directors.

Scope of authority of the Risk Management Committee

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

- 1) Determine the risk management policy as framework for risk management
- 2) Assess risks by considering possible risks, both external and internal, which may occur and affect the Company's conduct of business, in order to establish measures to prevent and manage risks such as business risk, financial risk, strategic risk and operational risks. i.e. procedures in conducting business such as construction methods, contractor problems, fluctuations in the price of materials, etc.

- 3) Analyze the impact of risks on the Company and the possibility of such risks materializing, by analyzing each risk individually and the severity of the impact should the risk materialize.
- 4) Formulate measures to follow up on operations that are causes of risk factors, to prevent and/or reduce the possibility of the risks materializing, and set levels of risks that can be accepted.
- 5) Monitor and evaluate risk management and report the risk assessment results to the Board of Directors.

#### Scope of authority of the Executive Committee

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

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

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

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

- 9) Review and approve legal transactions and corporate legal documents concerning asking for permission on project plan modification, method of project land allocation, land titling, subdivision and co-ownership of land, land survey, for instance, cadastral survey, subdivision in same ownership or in co-ownership, joint title deed, land allocation, and public use.
- 10) Prepare, make recommendations for, and formulate business policies and strategies and present to the Board of Directors.
- 11) Review and approve marketing, advertising, and public relations plans.
- 12) Evaluate the Company's operation results in terms of asset and financial management to ensure efficiency and effectiveness.
- 13) Carry out other duties assigned by the Board of Directors.

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

#### Scope of authority of the Management Committee

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

- 1) Set company objectives, policies and strategies
- 2) Set company objectives, policies and strategies
- 3) Set company objectives, policies and strategies
- 4) Review issues to be presented to the Board of Directors and the Board of Executive Committee

## 7.4 Executive Information

### 7.4.1 Executive Structure

Names of Executives<sup>1)</sup> as at 31 December 2021 consist of

	<u>Name</u>	<u>Position</u>
1)	Mr. Suthep Wongvorazathe	Chairman and Chairman of Executive Director
2)	Mr. Vorasit Pokachaiyapat	Chief Executive Officer

<u>Name</u>	<u>Position</u>
3) Miss Dusadee Tancharoen	Executive Director acting Holistic Health & Wellness Division
4) Mrs. Sutida Suriyodorn	Senior Executive Vice President of Operations Management Accounting & Finance Division
5) Miss Rachanee Mahatdetkul	Executive Director acting Corporate Finance and Industrial Property Division
6) Mr. Sakdina Manlerd	Senior Executive Vice President of Residential Property Division
7) Miss Pornphan Yantossilp	Senior Executive Vice President of Investment Management and Director Office Division
8) Mr. Suthep Kittiwacharapong <sup>2)</sup>	Executive Vice President of Project Procurement Department
9) Mrs.Niramon Atsawakunkamnurd	Vice President of Accounting Department
10) Miss Busara Rogesotorn	Vice President of Finance Department

Remark : <sup>1)</sup> Management means definition of The Securities and Exchange Commission.

<sup>2)</sup> Mr. Suthep Kittiwacharapong retired on 1 June 2021.

The responsibility of the Chairman of the Board as follows:

- 1) Regulate and monitor to ensure that the Board of Directors operates efficiently and achieves the organization's objectives and goals;
- 2) Ensure that every director contributes to creating an ethics-based organizational culture and enforcing good corporate governance;
- 3) Set agendas for Board meetings after deliberation with the Chief Executive Officer, and ensure that measures for significant issues are included as meeting agendas;
- 4) Allocate sufficient time for management to raise issues and for directors to discuss significant issues thoroughly; encourage directors to exercise their judgment with care and express their opinions freely;
- 5) Promote amicable relations between executive and non-executive directors, as well as between the Board and management.

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

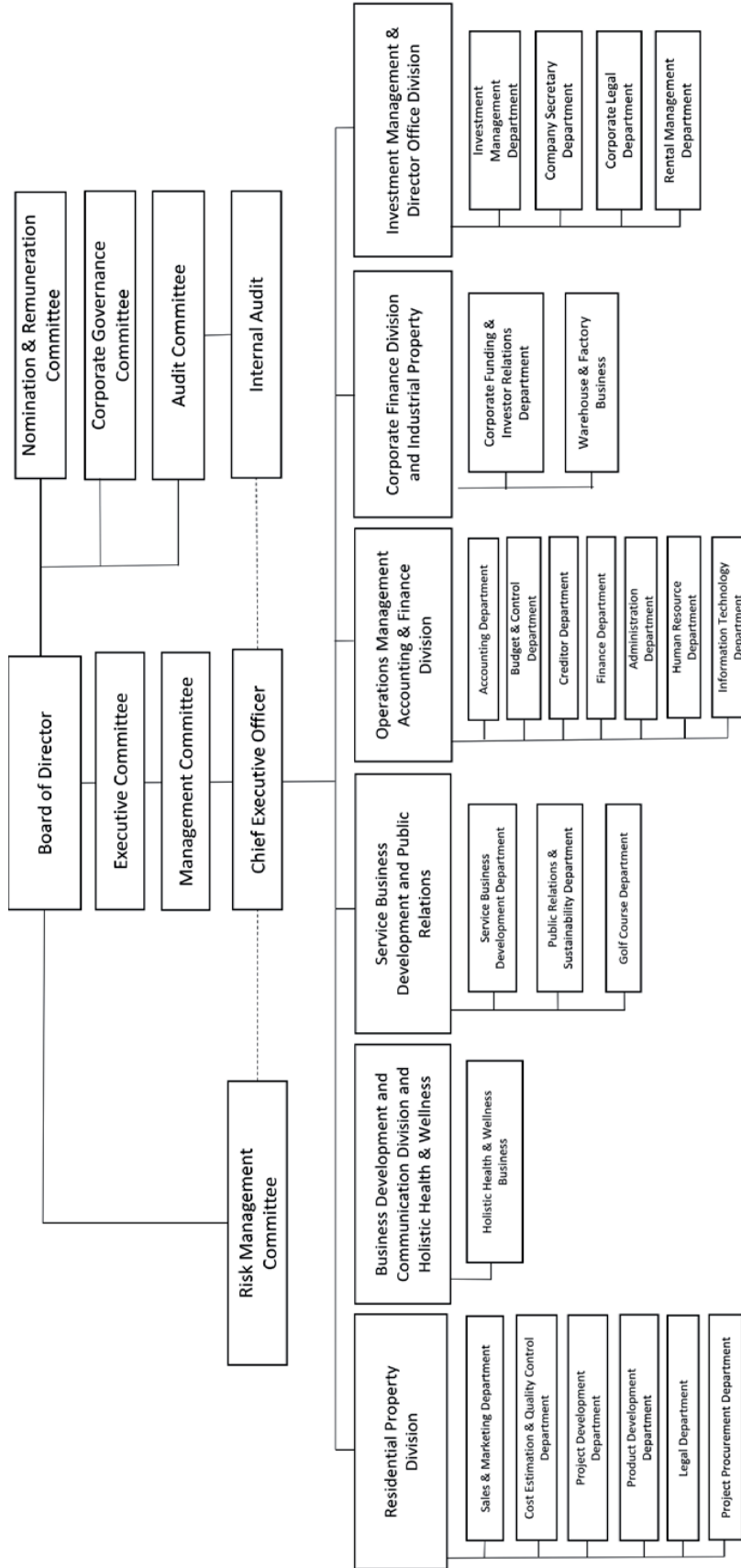
In light of this, approval of subsidiary transactions can only be done for a subsidiary in which the Company holds at least 90 percent of shares, and the transactions must not be related party transactions per Capital Market Supervisory Board's Notification or relevant laws.

- 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.



The Company has organization chart as picture below;



Note : Board of Directors' Meeting No.1/2022 on 28 February 2022 resolved to restructure the organization chart and to cancel the position of Managing Director of the Company in order to be in line with the Company's business structure and operation.

## 7.4.2 Remuneration

### 1. Remuneration in money

The remuneration of the company and a subsidiary company for 11 executive directors and executive officers includes salary, bonus, provident fund, social security contribution, medical benefit and the defined benefit plans expose the group to actuarial risk amounting to Baht 33,806,108.99.

### 2. Other remuneration

- The Company has provided a provident fund for the management, where the Company contributes 5 percentage of the salary. In year 2021, the Company has made contributions to the provident fund for 8 executives totaling Baht 1,435,572.
- The warrants to the directors, executives and employees of the Company and its Subsidiaries No.1 (MK-WA) in the amount of not exceeding 26,000,000 units has details as follows:

Issues Date:	17 June 2019
Amount of Warrant:	26,000,000 units
Exercise price:	4 bath/share
Maturity:	Not exceeding 5 years from the warrant issuance and offering date.
Exercise ratio:	1 unit of Warrant (MK-WA) will be entitled to purchase 1 ordinary share.

Number of shares issued and reserved 26,000,000 units

for exercising right of warrant:

Expiration date: 16 June 2024

15 managements of the Company were allocated 10,900,000 warrants, accounting for 41.92 percent of the Company's share warrants for the entire project.

Thus, issuing the warrants to purchase the newly issued ordinary shares to directors, management and employees of the Company and its subsidiaries No. 1 (MK-WA) does not have directors, management and employees of the Company and subsidiaries. That has been allocated vouchers show the right to purchase ordinary shares of the company issued to the directors, management and employees of the company and its subsidiary No. 1 (MK-WA) more than 5 percent of the total warrants issued in this time.

## 7.5 Employee Information

### Employee Development Policy

During the COVID-19 situation, the Company have to deal with risks, changes in business and working styles require human resource development to be more readily available and capable. The

company recognize the importance of potential and measure the success of business operations. Therefore, objective and key results system has been introduced as one of the tools for evaluating employee performance in order to ensure that employees are aware of the company's progress goals and able to work principles of responsibility to meet the target, which has always held that people are the most important resource for successful business operations. The Company has set personnel policy as one of the main policies with a focus on developing human potential to have higher abilities to increase competitiveness while enhancing quality of life and a good working atmosphere as the following:

1) Internal communication: the Company has announced the Vision, Mission, Objective and Core Competency as well as the Annual Corporate Target as a direction for business operations. There is a communication campaign in the organization that employees in each division / department able to plan and perform operations in accordance with the Company's business goals and strategies. The goals of the performance of each department were communicated as well as the Company's goals to all departments to be continuously acknowledged.

2) Human resource development: The Company has a policy to develop personnel according to competency principles in order to enhance the personnel potential. Employee can work more efficiently. The Company has invested in information technology systems both in equipment (hardware) and work systems (software) to improve the overall operation of the organization. There is a standard working procedure to connect information and operations by modern systems. It is possible to integrate business information up to date. It is accurate and fast including a good internal control system. This has an important effect on enhancing the potential of the personnel to work effectively. Increasing skills and ability (Competency) in expertise in the field of managerial skills and business knowledge. In addition, there is also a career progress chart (Career Path) for employees. This starts with making an individual personnel development plan (IDP) for each position to develop the strengths and weaknesses of employees. They are also encouraged to continue their education in order to increase their knowledge and can be applied to work. It also provides a scholarship program to pursue a master's degree in a field of study that directly benefits the performance and business of an organization and employees can take short courses in Real Estate and Marketing Media.

The company also organizes internal training seminars by inviting speakers to give knowledge to employees along with encouraging employees to attend outside seminars. Internal training seminars are to educate executives about Risk Management, risks study and opportunities to identify the risks and can prevent it in time. An analysis of the risk issues and the causes of the risks is carried out. With preventive measures. By dividing risk issues according to the nature of responsibility of the line of work to be the driver. The development model emphasizes the participation of employees, with the knowledge of risk emphasizing the risk issues faced by the organization and applying them to the

learning style, enabling employees to apply. In addition, the Company has a business continuity planning to support the risks in crisis situations or BCP in order to set the framework and guidelines to be able to respond to emergency situations such as COVID-19, so that the Company's business does not interrupt and can continue to operate

For the work process in 2021, to make the process work systematically and work effectively in harmony with each other in a systematic way. The company has arranged a meeting for all parties to discuss together in the issue of the workflow to cover important work processes throughout the Company for improving work processes.

Moreover, the Company also strives to create working values of MK's C-CRET to success by organizing various activities to employee for building awareness of personnel, customer and service focus, Continuous Improvement, Result Orientation, Ethics and Integrity and cooperation to work as a team.

3) Human Resource Management: the Company has improved the performance management system. To increase management efficiency. This focus is on performance management from assessments of job achievement (KPIs) and competency to be used in the development of personnel and work performance on a continuous basis. As well as managing returns according to performance fairly. In 2021, the Company has a plan to support the adoption of Objective & Key Results (OKR) in future performance evaluation.

4) Employee relations: The company has a policy to enhance the quality of life and a warm working atmosphere care of personnel like family members. To be a model organization for working in a new way that gives employees independence in terms of working hours, the Company has set flexible working hours. The Company also stipulates that employees work from home also increases the right to leave employees, have the right to take personal leave for 6 working days, educate about saving and investing in provident funds, increase the benefits of life insurance and health insurance for employees.

As of 31 December 2021, the Company has 365 employees. In the year 2021, the company has paid compensation to the employees. The total amount of 187,110,702.95 Baht, which returns include salary, overtime allowance, allowance, living allowance, bonus, special allowance, social Security and contributions to provident funds, and etc. In addition, the subsidiary paid remuneration to employees in the same manner as the company of 178,027,705.09 Baht. The detail as table below;

Comapny/ Subsidiary Company	Employee (person)	Management (person)	Head Office- Employee (person)	Total (person)	Employee Compensation (baht)
Company					
M.K. Real Estate Development PCL	291	74	122	365	187,110,702.95

Comapny/ Subsidiary Company	Employee (person)	Management (person)	Head Office- Employee (person)	Total (person)	Employee Compensation (baht)
<b>Subsidiary Company</b>					
Mancon Co.,Ltd.	-	-	-	-	-
Rx Wellness Co.,Ltd.	7	5	12	12	6,928,990.57
Prospect Development Co.,Ltd.	49	1	27	50	42,994,014.39
Prospect Reit Management Co.,Ltd.	4	1	5	5	8,433,065.00
Yours Property Management Co.,Ltd.	75	9	16	84	24,141,042.24
Munkong Life Co.,Ltd.	88	8	-	96	52,389,239.51
Health and Wellness Village Co.,Ltd	67	6	-	73	43,141,353.38
MKH Assets Co.,Ltd.	-	-	-	-	-
Free Zone Asset Co.,Ltd	-	-	-	-	-
S71 Property Co.,Ltd.	-	-	-	-	-
<b>Total of Subsidiary Company</b>	<b>290</b>	<b>30</b>	<b>60</b>	<b>320</b>	<b>178,027,705.09</b>
<b>Total</b>	<b>581</b>	<b>104</b>	<b>182</b>	<b>685</b>	<b>365,138,408.04</b>

The Company has a policy to encourage the provident fund committee of the company to comply with the investment governance principles for institutional investors( Investment Governance Code: “I Code”) and because a provident fund is considered a retirement savings fund for employees. The Company therefore encourages the Provident Fund Committee to select fund managers who adhere to I Code and / or manage investments responsibly, taking into account environmental, social and governance factors (“ESG”). Good compliance with investment governance principles. This is because it is an investment strategy that leads to the best interests of fund members, that is, the company's employees over the long term. The employees of the Company and subsidiaries participating in the provident fund program. The detail as table below;

Comapny/ Subsidiary Company	Having/ Not having PVD	Number of employees who having PVD (person)	Portion of employees having PVD/Total employee (%)
M.K. Real Estate Development PCL	Yes	208 persons	56.99 %
Mancon Company Limited	No	-	0.00 %
Rx Wellness Company Limited	Yes	3 persons	25%
Prospect Development Company Limited	Yes	47 persons	100%
Prospect Reat Manament Company Limited	Yes	5 persons	100%
Yours Property Management Co.,Ltd.	Yes	19 persons	22.62%
Munkong Life Company Limited	Yes	71 persons	73.96%
Health and Wellness Village Company Limited	Yes	58 persons	79.45%
MKH Assets Company Limited	No	-	0.00 %
Free Zone Asset Co.,Ltd	No	-	0.00 %
S71 Property Co.,Ltd.	No	-	0.00 %

## 7.6 Other Information

### 7.6.1 List of persons assigned in the bookkeeping, Company secretary, Head of internal audit or external auditor/Head of compliance

1. Those who assigned to be directly responsible for the control of the company's accounting.
  - (1) Mrs. Sutida Suriyodom, Senior Executive Vice President of Operations Management Accounting & Finance Division is assigned as Chief financial officer (CFO)
  - (2) Mrs.Niramorn Atsawakunkamnurd, Vice President of Accounting Department assigned person to the direct responsibility of accounting supervision

The detail of those who assigned to be directly responsible for the control of the company's accounting are in attachment 1

2. The Board of Directors appointed Miss Pomphan Yantossilp as a Company's secretary effective on 1 June 2016. Qualifications of a person holding a position as company secretary is in attachment 1 In this regard, the Company, per the approval of Audit Committee, engaged Multiplus Audit Co.,Ltd., an unrelated party, to carry out an internal audit at the Company on 2021, Multiplus Audit Co.,Ltd. appointed Mr.Surapol Thawalwitchajit as the main person in charge of carrying out the internal audit at the Company. Multiplus Audit 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.

### 7.6.2 Head of investor relation and contact information

Miss Ratchanee Mahatdetkul      Tel: 0-2234-8888 ext. 3101    Email: irc@mk.co.th

### 7.6.3 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 3,885,000 Baht.

### 7.6.4 Non-audit fee

- none -

## 8. Report on key performance of corporate governance

### 8.1 Summary of the Board of Directors performance in the past year

In 2021, the Company's real estate development business continues to be affected by the volatile economy. The spread of COVID-19 has made the real estate market more competitive. The Company needs to adjust its sales strategy by reducing prices and adding promotions to attract consumers and maintain sales. The

Company plans to increase revenue from service business, such as rental income from warehouse buildings that will focus on the construction of Build-to-Suit, condominium for rent, golf course service, including wellness businesses. The Company has adjusted its marketing plan from the pasts that foreign markets is mainly focused to focus on domestic market and organize special programs that are more suitable for domestic customers, such as day courses, and cooperate with private banking in organizing promotions for guidelines for management. The company still attaches importance to good corporate governance practices. The Board of Directors has set a framework for management under good corporate governance. which still focuses on taking into account the impact on the stakeholders as a whole. The company has emphasized for employees and all related parties to work carefully and be careful to offer products and services that are worthwhile for customers and encourage the Company to be the country's leading residential real estate developer in the future.

In the past year 2021, the Company has implemented the sustainability policy of the Company which is part of the sustainability to promote the environment, society, and good governance (ESG), such as Installing solar rooftop at the Floraville Golf project and Country Club, Floating Waste Management Project with Garbage Buoys, Bang Nam Phueng Subdistrict, Munkong Joining forces to fight COVID project, bottle separation to fight the dangers of COVID project, Antigen Test Kit (ATK) testing for employees by professional nurses before coming to work at the office every week, activities to deliver ventilators and support the opening of patient waiting centers and occupational activities to increase income for the community "Promote organic farming". In addition, in the past 2021, the Company plans to follow up and assess the effect of environmental and social stewardship in concrete and tangible figures for use in analyzing, identifying problems, and being able to fix them on the spot more but due to the impact of the COVID-19 epidemic, some parts of the company's business have been severely affected, such as declining purchasing power of consumers in real estate development business, measures to slow down or prohibit travel in and out of tourists both in and abroad golf course closure As a result of such impact, the Sustainability Plan (ESG) had to slow down. The company will continue to adhere to business practices that take into account the impact of ESG in terms of managing construction to minimize pollution, caring for employees not to be affected by the COVID-19 epidemic and reducing accidents during work.

#### **8.1.1 Nomination, development, and evaluation of the Board's performance**

In the past year 2021, the Board of Directors and the Company's sub-committees have monitored, evaluated and supervised the operating result appropriately under the ethical, transparent, verifiable, as well as respect the right and be responsible for shareholders, investors, stakeholders, taking into account the benefits to society and taking care of the impact on environment, including adapting to the changes that always occurs. So that the Company can compete and have good operating results

in long-term. To demonstrate transparency in operation and verifiable, the Company has set important criteria in recruiting and appoint directors and senior management as follows:

(1) *Independent directors*

Criteria for selection of independent directors

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

Selection process

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

The selected persons must have qualifications according to the qualifications of independent director (Details in clause 6.1.1, Policies and guidelines related to the Board of Directors)

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.

(2) *Selection of directors and members of the management committee*

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



reside in the Kingdom of Thailand, and have the qualifications required by the law. A shareholders' meeting selects directors using the following criteria and methods:

- 1) Each shareholder shall have a number of votes equal to the number of shares held by them.
- 2) In the election of directors, the shareholders may cast votes for individual or several directors simultaneously for the full number of all directors to be elected in that occasion as deemed appropriate by the shareholders meeting. In the voting whether for individual or several directors aforesaid each candidate shall receive the votes in accordance with the number of all shares held by such shareholder under (1) whereby such shareholder may not allocate his/her votes to any candidate for whatever amount of votes.
- 3) The candidates, ranking in order descending from the highest number of votes received to the lowest, shall be appointed as directors for the number of the directors eligible in that occasion. In case there is a tie of the votes for candidates in descending order in excess of the number of the eligible directors, the Chairman of the meeting shall have a casting vote.

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

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

#### The Board of Directors performance evaluation

In evaluating directors and the Chief Executive Officer, the Board collectively appraise the performance of the Board and Sub-Committee during the year. This will allow the Board an opportunity to review what has been done and issues and challenges encountered in the past year in order to analyze the directors' performance and present recommendations for future operations. The findings shall also be used to review appropriateness of the makeup of the Board of Directors.

Nomination and Remuneration Committee and the Board of Directors has considered the criteria and methods for evaluating the performance of the year. The evaluation was conducted as a whole and of individual directors by means of self-evaluation.

In 2021, 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 3.76 or 93.91 percent.
- 2) The performance assessment for each Member of the Board of Directors  
The average score of the assessment summary was 3.79 or 94.70 percent.

### 8.1.2 Meeting attendance and remuneration for individual directors

#### Meeting attendance for directors and executives

During 2021, the Board of Directors and various sub-committees have the meeting as follows:

Name	Position	Number of meetings / Number of meetings attended						
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
1) Mr. Suthep Wongvorazathe	Chairman	12/12					13/13	
2) Mr. Vorasit Pokachaiyapat	Chief Executive Officer	12/12		3/3		1/1	13/13	15/15
3) Miss Dusadee Tancharoen	Director and Executive Director	12/12				1/1	13/12	15/15
4) Mrs. Sutida Suriyodom	Director and Executive Director	12/11				1/1	13/11	15/14
5) Miss Rachanee Mahatdetkul	Director and Executive Director	12/12				1/1	13/13	15/15
6) Mr. Att Tongyai Asavanund	Independent Director and Chairman of Audit Committee	12/12	4/4	3/3	1/1			
7) Mr. Chaiyapont Timsotheepant	Independent Director and Member of Audit Committee	12/12	4/4	3/3	1/1			
8) Mrs. Malai Rachataswan <sup>1/</sup>	Independent Director and Member of Audit Committee							
9) Mr. Theraphan Jittalam	Independent Director and Member of Audit Committee	12/12	4/4	3/3	1/1			
10) Mr. Sakdina Manlerd	Senior Executive Vice President					1/1		15/15

Remark: <sup>1/</sup> Mrs. Malai Rachatasawan has resigned from the Board of Directors, effective 28 January 2021.

#### Directors' remuneration

The Company has policy to determine the remuneration of the Company's directors in accordance with the resolution approved by the shareholders' meeting. The determination of remuneration for directors will be considered by the Nomination and Remuneration Committee who jointly consider for the appropriateness of the remuneration in each year. It is compared with other companies' compensatin standard in the same business befor presenting to the Board of Directors and shareholders' meeting for approval. The directors' remuneration is the form of meeting allowances and annual gratuity.

## (1) Monetary remuneration

## (A) Board of Directors' remuneration

In 2021, the Company paid remuneration to all the directors<sup>(1)</sup> amounting to 2,970,000 baht.

Details are as follows:

		Meeting allowance for Board of Directors in year 2021 (Baht)				Retirement payment for directors in 2020	Total
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee		
1) Mr. Suthep Wongvorazathe	Chairman, Chairman of Executive Director	300,000					300,000
2) Mr. Vorasit Pokachaiyapat	Chief Executive Office, Executive Director, Chairman of Risk Management Committee Chairman of Management Committee, Normination and Remuneration Committee, Management Committee	180,000		45,000			225,000
3) Ms.Dusadee Tancharoen	Director, Executive Director Risk Management Committee, Management Committee	180,000					180,000
4) Mrs. Sutida Suriyodorn	Director, Executive Director, Risk Management Committee, Management Committee	165,000					165,000
5) Miss Rachanee Mahatdetkul	Director, Executive Director , Risk Management Committee, Management Committee	180,000					180,000
6) Mr.Att Tongyai Asavanund	Director, Independent Director, Chairman of Audit Committee, Chairman of Normination Remuneration Committee and Chairman of Corporate Governance Committee	180,000	100,000	75,000	25,000	235,000	615,000
7) Mr.Chaiyapont Timsootheepant	Director, Independent Director, Audit Committee, Normination Remuneration Committee and Corporate Governance Committee	180,000	60,000	45,000	15,000	235,000	535,000
8) Mr.Theraphan Jittalam	Director, Independent Director, Audit Committee, Normination Remuneration Committee and Corporate Governance Committee	180,000	60,000	45,000	15,000	235,000	535,000
9) Mrs.Malai Rachataswan <sup>(2)</sup>	Director, Independent Director, Audit Committee, Normination Remuneration Committee and Corporate Governance Committee					235,000	235,000
<b>Total</b>		<b>1,545,000</b>	<b>220,000</b>	<b>210,000</b>	<b>55,000</b>	<b>940,000</b>	<b>2,970,000</b>

Remarks : (1) Directors' remuneration consists of meeting allowance and special remuneration for directors, which have been approved in the 2021 Annual General Meeting of Shareholders, held on 30 April 2021. Details of the remuneration are as follows:

- 1) Meeting allowance for members of the Board of Directors, Audit Committee, Norminate and Remuneration Committee and Corporate Governance Committee who attended a meetings as follows:
  - Chairman            25,000 baht per meeting
  - Director            15,000 baht per person per meeting
- 2) Special remuneration for 4 directors for the year 2020 at a rate of 235,000 Baht/director, totaling 940,000 Baht, calculated by the period of directorship of each director in the year 2020 since 5 Executive directors have requested not to receive the special remuneration.

(2) Mrs. Malai Rachatsawan has resigned from the Board of Directors, effective 28 January 2021.

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.

(2) Other remuneration (if any)

- Provident Fund            ----- Yes -----
- Retirement payment (for Executive): Depending on numbers of years of working at the Company, as per Company regulations
- The ordinary share-purchase warrants to the directors, executives and employees of the Company and its Subsidiaries No.1 (MK-WA) in the amount of not exceeding 26,000,000 units in order to allocate to the directors, executives and employees of the Company and its Subsidiaries according to the scheme of issuance and offering of the ordinary share-purchase warrants to the directors, executives and employees of the Company and its Subsidiaries No.1 (MK-WA) in accordance to The Annual General Meeting of Shareholders for the year 2019 held on 25 April 2019.

### 8.1.3 Overseeing subsidiary and associated company operations

#### 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.

Agreements between the Company and shareholders regarding management of subsidiary and associated companies (Shareholders' agreement)

-None-

#### 8.1.4 Monitoring to ensure the implementation of the corporate governance policy and guidance

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

1. Directors, executive officers, and employees must keep all company data, including sensitive information, strictly confidential. They will not disclose such information to gain personal benefits or for the benefits of other parties, whether directly or indirectly, and regardless of whether they have received something in return from so doing, unless such information is made publicly available.

2. Directors, executive officers, and employees that have become aware of the Company's financial data and/or other significant inside information that has an effect on securities value, should refrain from trading company securities before the financial statements or such inside information is made publicly available and from disclosing such information to other persons. The same applies to spouses and children who have not attained the legal age of directors, executive officers, and employees as well. In case where a Director, Executive Officer or employee violates or fails to comply with the Company's policy regarding the use of inside information in securities trading, that Director, Executive Officer or employee will face disciplinary action that includes a verbal warning, a written warning, suspension from work, and removal from position or dismissal without paying compensation as required by law, depending on the severity of the offence committed.

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

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

3. Directors and executives prepare and submit reports of securities holding and future contracts of directors and executives, as well as their spouse or de facto spouse and children under the legal age, to the Securities and Exchange Commission, in accordance with Article 59 of the Securities and Exchange Act B.E. 2535 (1992), as specified in the regulation on reporting securities holding and future contracts of directors and executives within a specified period.

In case where a director or executive has reported on changes in securities holding and future contracts (Form 59) to the Securities and Exchange Commission as legally required, the Company's secretary shall summarize the changes in securities holding of the director/executive and present them in a Board of Directors' meeting on a quarterly basis.

In addition, the Company must follow up to achieve the following 4 issues of good corporate governance as follows:

1. Prevention of Conflicts of Interest

According to the good corporate governance policy and requirements of ethics and code of conduct which the Company has set practice guideline for avoiding conflicts of interest. The management and employees should not behave in a manner that may create a conflict of interest with the Company and/or its subsidiaries, either directly or indirectly to avoid such impropriety. The relationship of family members or any other person that may cause conflict of interest should be disclosed by reporting the supervisor in writing.

In recent year, the Company has examined the cases that may cause a conflict of interest with the following conclusions:

- (1) The Internal Audit Department has examined the Company's transactions with trading partners and found that there were no transactions involving the Board of Directors, executives and employees of the Company.
- (2) To raise the level of corporate governance in the organization, the Company has established guidelines for the protection of personal information under the Personal Information Protection Act 2019 as a guideline for the treatment of customer information and prevention of the use of customer information to reduce the risk in such matters.

In this case, the Board of Directors has considered agenda related to the directors with interests. The Company has followed the policy on prevention of conflict of interest strictly by which directors who have interests must not be involved in any such consideration.

## 2. Use of inside information for benefits

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

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

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

received inside information has used inside information or acts in ways that can be seen as possibly causing damage to the Company or eroding its reputation.

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

3. Directors and executives prepare and submit reports of securities holding and future contracts of directors and executives, as well as their spouse or de facto spouse and children under the legal age, to the Securities and Exchange Commission, in accordance with Article 59 of the Securities and Exchange Act B.E. 2535 (1992), as specified in the regulation on reporting securities holding and future contracts of directors and executives within a specified period.

In case where a director or executive has reported on changes in securities holding and future contracts (Form 59) to the Securities and Exchange Commission as legally required, the Company's secretary shall summarize the changes in securities holding of the director/executive and present them in a Board of Directors' meeting on a quarterly basis.

3. Anti-corruption

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

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

In this regard, the Company considers expressing its intent by cooperating in anti-corruption initiatives with the private sector, for collective benefits and practical steps to eradicating corruption. The Company's anti-corruption policy is published on its Website: [www.mk.co.th](http://www.mk.co.th).

#### 4. Whistleblowing

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](mailto: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

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  
7<sup>th</sup> Floor, 345 Surawong Building, No. 345, Surawong Road,

Kwaeng Suriyawong, Khet Bang Rak, Bangkok, 10500

Tel : 02-639-3720

E-mail : chairman.auditcom@mk.co.th

2. Mail : Attn: Company Secretary

M.K. Real Estate Development Public Company Limited

7<sup>th</sup> Floor, 345 Surawong Building, No. 345, Surawong Road,

Kwaeng Suriyawong, Khet Bang Rak, Bangkok, 10500

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

Fax : 02-234-8880

E-mail : whistleblowing@mk.co.th

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

In recent year, the Company has no complaints related to fraud or violation of the corporate governance policy.

## 8.2 Report on the performance result of Audit Committee for the past year

### 8.2.1 Audit Committee meeting attendance table

Name	Position	Audit Committee meeting				
		No. 1/4	No. 2/4	No. 3/4	No. 4/4	Total
1.Mr. Att Tongyai Asavanund	Independent Director and Chairman of Audit Committee	✓	✓	✓	✓	4/4
2.Mr.Chaiyapont Timsootheepant	Independent Director and Audit Committee Member	✓	✓	✓	✓	4/4
3.Mr.Theeraphan Jittalam	Independent Director and Audit Committee Member	✓	✓	✓	✓	4/4
4.Mrs. Malai Rachataswan <sup>1/</sup>	Independent Director and Audit Committee Member	-	-	-	-	-

Remark: <sup>1/</sup> Mrs. Malai Rachatasawan has resigned from the Board of Directors, effective 28 January 2021

### 8.2.2 Operating result of the Audit Committee

In 2021, Audit Committee held a total of 4 meetings, which can be summarized as follows:

1. A review of financial statements of the Company and its subsidiaries before presenting them to the Board of Directors. Having reviewed the financial statements and heard explanations by the auditors and management, Audit Committee was of an opinion and convinced that the financial

statements were prepared in accordance with generally accepted accounting principles, and disclosed all the significant information accurately and completely.

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

In addition to the disclosure of the Audit Committee Report as detailed above, to raise the level of corporate governance, the Audit Committee can explain in order to expand their performance of other various aspects.

The Nomination and Remuneration Committee has determined the performance appraisal form for the committee and sub-committees. This is individual and faculty assessment of the performance of the Board of Directors for the operational period from 1 January 2021 to 31 December 2021. Therefore, the evaluation of the performance of the Audit Committee for the year 2021, in order for the Audit Committee to jointly consider the performance and revise, the criteria, methods, and assessment form are used by the Nomination and Remuneration Committee.

Moreover, the Audit Committee has discussed with the internal auditors and the management to jointly build an organizational culture on risk management and internal control to reduce the risks of various aspects of the Company in both business operation and internal control to achieve effective management and have regular follow-up on the results of such action.

### 8.3 Summary of performance result of other sub-committees

#### 8.3.1 Meeting of sub-committees

Name	Position	Number of meetings / Number of meetings attended						
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
1) Mr. Suthep Wongvorazathe	Chairman	12/12					13/13	
2) Mr. Vorasit Pokachaiyapat	Chief Executive Officer	12/12		3/3		1/1	13/13	15/15
3) Miss Dusadee Tancharoen	Director and Executive Director	12/12				1/1	13/12	15/15
4) Mrs. Sutida Suriyodom	Director and Executive Director	12/11				1/1	13/11	15/14
5) Miss Rachanee Mahatdetkul	Director and Executive Director	12/12				1/1	13/13	15/15
6) Mr. Att Tongyai Asavanund	Independent Director and Chairman of Audit Committee	12/12	4/4	3/3	1/1			
7) Mr. Chaipayont Timsootheepant	Independent Director and Member of Audit Committee	12/12	4/4	3/3	1/1			
8) Mrs. Malai Rachataswan <sup>1/</sup>	Independent Director and Member of Audit Committee							

Name	Position	Number of meetings / Number of meetings attended						
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
9) Mr. Theraphan Jittalam	Independent Director and Member of Audit Committee	12/12	4/4	3/3	1/1			
10) Mr. Sakdina Manlerd	Senior Executive Vice President					1/1		15/15

Remark: <sup>1/</sup> Mrs. Malai Rachatasawan has resigned from the Board of Directors, effective 28 January 2021.

#### Nomination and Remuneration Committee meetings

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

In 2021, the Board of Nomination and Remuneration Committee held a total of 3 meetings, which were chaired by Chairman of Nomination and Remuneration Committee. The Nomination and Remuneration Committee will consider to recruit qualified persons to serve as directors and executives of the Company, consider the directors' gratuity at the appropriate level and in line with the type of business of the Company and economic conditions.

#### Corporate Governance Committee meetings

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

In 2021, the Board of Corporate Governance Committee held 1 meeting, which were chaired by Chairman of Corporate Governance Committee. The meeting reviewed the Company's good corporate governance policy, and ethics of the Company in order to be consistent with the business operation of the Company and in accordance with good corporate governance principles of listed companies, including adjustment and change in accordance with the guidelines of the Securities and Exchange Commission, the Stock Exchange of Thailand, and other related departments. This will affect the business operation of the Company sustainably. Therefore, the Company should review the corporate governance policy of the Company and business ethics of the Company annually.

### Risk Management Committee meetings

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

In 2021, the Risk Management Committee held a meeting of the Risk Management Committee 1 time. In 2021, the Risk Management Committee has foreseen that Thailand and almost every business of the Company are affected by the epidemic situation of COVID-19 which affects both the Company's operations, partners, and customers in many aspects. The company has carefully planned the risk management by preparing to diversify the risk of relying on income from real estate business only one way to income from many businesses and in late 2021, there is still a risk from the epidemic of COVID-19, Omicron, which is expected to have a chance to get infected more easily, although there is a tendency to have mild symptoms but should not be underestimated and must be prepared for risks. Employees, customers and visitors to the office need to be regularly screened for diseases with ATK. The company places importance on the risk management process continuously.

In the past, the Company has continuously monitored the risk management every year. This year, the Company focused on the risk arising from the impact of the epidemic situation of the coronavirus disease 2019 as the severe and ongoing crisis that affects the Company, the business sector, the social sector, greatly affects many countries around the world, including Thailand. This is a risk that affects the entire market system which affects every business. The epidemic has forced executives and entrepreneurs to adapt quickly and make decisions. The Company has given importance to risk management, internal control, and continuous internal audits. This is because it is an important mechanism that will help the business achieve its goals. The company has monitored and analyzed the risks that occur. The important way is to diversify the risk by earning income from multiple businesses, from residential real estate business, industrial real estate business, service business, health business, golf course business, to prevent the company from being severely affected by relying on income from a single business and to prevent and mitigate the impact of future risks

In addition, for the guidelines for risk management in 2022, the Company will focus on risks at the business management level and monitor the results of risk management by diversifying the source of income in many businesses, so that the Company does not have to rely on a single source of income too much. The Company has hired Government Research Center Co., Ltd., a consultant who specializes in process improvement and risk management. analyze the root cause of the risk, prepare support measures and prepare information to report to the Company's Risk Management Committee for consideration and approval of the risk management framework, along with monitoring, corrections, and management according to the risk management framework that may affect the Company and ensuring that The Company has taken appropriate actions to manage the risks that may arise in the

future. The meeting of the Risk Management Committee resolved to approve the Company to continue monitoring the risk management. There must be appropriate measures to mitigate risks that may occur to the company.

#### Executive Committee meetings

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

In the year 2021, the Executive Committee convenes 13 meetings, in which the Chairman of the Executive Committee presides over the meeting and the Executive Committee holds meetings to manage the business in accordance with the plan designated: Consideration of the annual budget to be presented to the Board of Directors, Guidelines for expanding real estate business for sale and rent/service to continue to grow, Working capital management, Finding sources of funds, loans, debentures for businesses, and various real estate projects of the Company, Expansion to health services and health centers business to respond to the current trend of focusing on health care of people which can be considered as a good business in the future that will be able to generate income for the Company both now and in the future.

#### Management Committee meetings

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

In 2021, the top management committee held the meetings of the top management committees for 15 times. The meetings were chaired by the Chief Executive Officer. The meetings are to discuss the guidelines for managing the business under circumstances that have both internal and external impacts, such as economic conditions, government guidelines that come out to help stimulate various economies, to follow up on the progress of project development in each project to be in accordance with the specified work plan, determining the authority framework of employees in various fields, organizing organization chart for efficiency, consider the project budget and the annual total budget for submission to the Executive Committee, screening various investment projects of the Company to present to the Executive Committee. The top management team has closely monitored and processed the operations in each business line to ensure that the Company's operating results are in accordance with the planned work plan, including setting up measures to improve operational plans under the COVID-19 situation, including improving sales, marketing and advertising plans in accordance with the COVID-19 situation.



## 9. Internal Control and Related Party Transactions

### 9.1 Internal Control

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

#### 9.1.1 The adequacy and appropriateness of the Company's internal control

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

Organization Risk Management	Control Activity	Risk Solution
Manage factors and control activities and operating procedures to remove causes of risk issues that may occur and cause the Company to suffer damage, or manage risks to ensure that any future impact remains at an acceptable level, is assessable, controllable, and verifiable systematically. Always place importance on the targets set in the business strategy, compliance with regulations, the Company's financial situation and its reputation. Obtain support and encourage participation in risk management by management and employees at all levels across the Company.	<p><b>1. Preventive Control:</b> Control established to prevent risks and errors;</p> <p><b>2. Detective Control:</b> Control established to detect errors that have occurred;</p> <p><b>3. Directive Control:</b> Control established to support or promote success in meeting the targets;</p> <p><b>4. Corrective Control:</b> Control established to correct errors that have occurred, or find solutions to prevent similar errors from reoccurring</p>	<p><b>1. Risk Acceptance:</b> Accepting the risk that has occurred as it is too costly to manage, control, or prevent it at this point;</p> <p><b>2. Risk Reduction:</b> Improving operating procedures or redesigning work process to reduce probability or impact to the level the Company finds acceptable;</p> <p><b>3. Risk Sharing:</b> Sharing or distributing the consequences of a risk to spread the responsibility for that risk among other people;</p> <p><b>4. Risk Avoidance:</b> Managing a high-level risk which is unacceptable to the line of work, which leads to decision to terminate that particular project/activity</p>



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

### 9.1.2 Summary of observations on the Company's internal control system

In 2021, 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 2021. 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.

#### 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 2021. The internal auditor conducted the audit and presented its findings to the Audit Committee, in the following topics.
- Internal audit on the system of hiring contractors and payment of contractor debt, and follow up on outstanding issues (if any)

The internal auditor has undertaken work with the objective of ensuring that

- There is adequate process of recruiting and selecting contractors for project work by dividing into the original contractor and new contractors
- Approval for hiring contractors is in accordance with the authority set by the Company.
- The contractor is assessed during the operation and at the end of the project, with appropriate and sufficient assessment criteria
- The work is delivered for each period according to the Company's plan under normal circumstances and unusual situations
- Requesting for approval of the contractor's reimbursement is in accordance with the authority set by the Company.
- Contractor installment payments and reimbursement of contributions are reviewed and approved by the authorized person.
- There has been a follow-up on outstanding issues from the previous period and has been corrected.

The Internal Auditor has reported the audit results to the Audit Committee. The results of the audit concluded that the recruitment process was established until the contract preparation process. It is divided into 7 processes, namely 1) Contractor recruitment process 2) Contractor presentation and procurement process 3) Qualification assessment process, preliminary contractor readiness, and preliminary construction quality assessment 4) Bid selection process 5) Tender bidding process 6) Contractor selection summary process 7) Contract preparation process and the authority to approve the hiring of contractors is set out in "Order No. 031/2015 regarding the determination of the authority to act for executive-level employees", effective from November 1, 2015. In addition, the Company has specified procedures for reimbursement of contractor work as a guideline for contractors and operators to adhere.

- **Internal Audit on the Company's guidelines on giving, receiving gifts and donations (CAC) and preparing for the Personal Data Protection Act (PDPA) enforcement**

The Internal Auditor has been working with the objective of

- It is the Company's guideline in the practice of giving, receiving gifts and donations (CAC)
- Provide guidance for preparing for the enforcement of the Personal Data Protection Act (PDPA).
- There has been a follow-up on outstanding issues from the previous period and has been corrected.

The Internal Auditor has reported the audit results to the Audit Committee. The results of the audit concluded that the Company has Anti-Corruption Principle & Policy, namely 1) Announcement No. 016/2014 on Anti-Corruption Policy, announced on June 5, 2014 2) Ethics, Code of Conduct

and Code of Conduct Revised 2016 edition 3) Corporate Governance Policy 4) Whistleblowing or Complaint Policy and Guidelines 5) Announcement No. 009/2545 regarding ethical practices of the Company's executives and employees. Effective on June 3, 2002. In addition, the Company has issued Notification No. 009/2564 regarding the prescription of guidelines for personal data protection according to the Personal Data Protection Act B.E. 2562, which is effective. March 4, 2021 and the information technology system security policy It comes into effect on March 1, 2016.

However, the Company is in the process of working on the following matters. 1) Establishing a policy on penalties for those who do not comply with personal data protection practices 2) Establishing a policy for sending data abroad and/or sending it outside 3) Establishing a Data Protection Office (DPO) 4) Determining who is responsible for analyzing and determining what kind of information is available 5) Determination of those involved in the PDPA 6) Appointing help desk personnel for assistance or advice on matters PDPA.

- Internal audit on the sufficiency assessment of internal control system for 2021 and follow up on outstanding issues

The internal auditor has undertaken the audit with the purpose of ensuring that

- There is adequacy of the internal control system according to the COSO concept.
- There has been a follow-up on outstanding issues from the previous period and has been corrected.

The internal auditor has reported the audit results to the Audit Committee. The results of the audit concluded that the company has reviewed "Sustainability Policy" according to Announcement No. 002/2564 on Sustainability Policy, refer to the resolution of the Minutes of the Board of Directors' Meeting No. 1/21, dated January 8, 2021. In addition, the organizational structure was reviewed by adding the Budget and Control Department and transfer employees from the accounting department to the budget and control department. It comes into effect on February 24, 2021.

The Audit Committee receives an audit report from the internal auditor every quarter and acknowledge the operation of the management that has given importance to the organization of the work system and defining the operating procedures in order to control the internal operations of the company more efficiently.

### 9.1.3 Summary of opinions of Audit Committee

#### Audit Committee's report

As of 31 December 2021 Audit Committee of M.K. Real Estate Development Public Company Limited, consists of three (3) independent directors, These include Mr. Att Tongyai Asavanund, Chairperson of

the Audit Committee, Mr. Chaiyapont Timsootheepant and Mr. Theraphan Jittalam as members of the Audit Committee, to support the work of the Audit Committee. In addition the Audit Committee consists of at least one member who has the knowledge and experience in reviewing financial statements for reliability.

Audit Committee has carried the duties assigned by the Board of Directors and based on the charter of Audit Committee, which is in line with the Stock Exchange of Thailand regulations. In the 2021 accounting period, Audit Committee held a total of 4 Meetings. All members of Audit Committee were present in these meetings, which were also attended by management, external auditors, and internal auditors, as appropriate

#### 9.1.4 Summary of opinions of the Audit Committee on the head of internal audit

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, 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 addition, background and experience detail of head of internal control is in attachment 3

#### 9.1.5 Appointment, removal and transfer of the person holding the position of head of Internal Audit Supervisor

The consideration and approval of the appointment, removal, transfer of the head of the Company's internal audit department must be approved (or have been consented) from the audit committee.

#### 9.2 Related Party Transactions

The Company has related party transactions with the companies which related by having common shareholders and/or directors during a period as follows;

Company Name	Established country	Relationship
Prospect Logistics and Industrial Leasehold Real Estate Investment Trust ("Trust")	Thailand	The Company invested in this trust 8.92% and it is considered as investment in associate of the Company because the Company

Company Name	Established country	Relationship
		has significant influence, as an indirect subsidiary has been appointed as REIT manager.

The pricing policies that were significantly changed during the twelve-month period ended 31 December 2021 are as follows

Items	Pricing Policy
Transaction Management Fee	Mutual Agreed
Property Management Fee	Mutual Agreed

The Company has related transactions with related parties by having shareholders and/or joint directors such transactions are in accordance with normal business operations, which in addition to taking into account the best interests of the company is important Can also support the business in the group, which will return the return on investment to the company

#### 9.2.1 Related Party Transactions in 2021

Related party transactions incurred during the year 2021 reported in the audited statement for the year ended 31 December 2021 (Balance as of 31 December 2020 and 2019 for comparison purpose)

##### 1) Outstanding items

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2021 (million Bt)	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)
(1) Accounts Receivable				
- Finansa Pcl. / Joint director	Prospect Development Co.,	0.01	0.03	2.96
- TPARK BFTZ Co.,Ltd.,	Ltd., a subsidiary, received property management fees	-	-	-
<u>Joint Venture</u>				
- BFTZ Wangnoi Co.,Ltd.,		11.45	-	-
<u>Associated</u>				
- Prospect Logistics and Industrial	Prospect Development Co., Ltd. received management fees	13.12	10.49	-
	Prospect Reit Management Co.,Ltd. received management fees	2.86	1.84	-

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2021 (million Bt)	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)
(2) Accrued Expenses				
- Finansa Pcl. / Joint director	Prospect Development Co., Ltd., a subsidiary, paid management fees	-	0.05	0.06
- Yours Property Management Co., Ltd	The Company had overdue personnel and project management fee	0.73	-	-
(3) Loans from subsidiary				
- Mancon Co., Ltd	Loans between related parties	-	-	-
- Rx Wellness Co., Ltd		20.00	21.00	30.00
- MKH asset Co., Ltd		-	-	-
(4) Accrued interest expense				
- Mancon Co., Ltd	Loans between related parties	-	-	-
- Rx Wellness Co., Ltd		2.03	1.44	1.53
- MKH asset Co., Ltd		-	-	-

## 2) Loan to related parties

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2021 (million Bt)	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)
(1) Subsidiary				
- Munkong Living Co.,Ltd	Investment in property development projects and business for rent and services	-	857.52	1,000
- Prospect Development Co., Ltd.		875.00	360	530
- Munkong Life Co., Ltd.		1,109	1,384	493
- Health and Wellness Village Co., Ltd		51.00	-	4.00
- MKH asset Co., Ltd	Investment in business for rent and service Investment in business health and beauty	40.50	2.00	-
(2) Joint Venture				
- BFTZ Bangpakong Co.,Ltd	Prospect Development Co., Ltd. , a subsidiary, has provided loan to the joint venture for managing business at its initial stage.	442.00	-	-
- BFTZ Wangnoi Co.,Ltd.,		128.00	-	-

## 3) Other current assets

Items/ Company Name (Relationship)	Details of Transactions	Balance as of 31 December 2021 (million Bt)	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)
- Prospect Development Co., Ltd.	Security deposit for lease of office space, Finansa PCL	-	0.59	0.59
- Munkong Living Co.,Ltd - Munkong Life Co., Ltd. - Health and Wellness Village Co., Ltd - MKH asset Co., Ltd - Prospect Development Co., Ltd.	Interest receivables	-	71.85	34.28
<u>Joint Venture</u>		94.24	55.05	8.60
- BFTZ Bangpakong Co.,Ltd		0.96	-	0.03
- BFTZ Wangnoi Co.,Ltd.,		0.48	0.05	-
		-	1.53	-
		4.93	-	-
- Munkong Life Co., Ltd - Health and Wellness Village Co., Ltd	Accrued management fee income	- 0.32	16.05 -	16.05 10.70

## 4) Revenue and expenses items

Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of 31 December 2021 (million Bt)	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)
(1) Revenue for providing rent and services <u>Subsidiary</u> - Mancon Co., Ltd - Yours Property Management Co., Ltd - Rx Wellness Co., Ltd - Prospect Development Co., Ltd. - Prospect Reit Management Co.,Ltd.	The company received rent and services income for providing office space	Rent and Service Agreement	-	-	0.03
			0.37	0.37	0.18
			-	0.12	-
			2.44	-	-
			0.52	-	-
<u>Associated</u> - Samakkee Cement Co., Ltd					-
(2) Dividend <u>Subsidiary</u> - Mancon Co., Ltd <u>Associated</u> - Frasers Property BFTZ Co.,Ltd.	The company received dividend	Dividend as the Company paid to shareholders	-	2.70	160.00
			17.56	2.68	-



Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of 31 December 2021 (million Bt)	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)
(3) Interest Income <u>Subsidiary</u>					
- Prospect Development Co., Ltd.	The company received interest for providing loan	Calculate from cost of debts plus margin	50.97	21.51	17.82
- Munkong Living Co.,Ltd			33.86	41.12	36.85
- Munkong Life Co., Ltd			51.44	46.45	8.40
- Health and Wellness Village Co., Ltd			0.96	0.19	0.03
- MKH asset Co., Ltd			0.43	-	0.01
- BFTZ Bangpakong Co.,Ltd.			16.85	-	-
- BFTZ Wangnoi Co.,Ltd.,	3.23	-	-		
(4) Management Fee <u>Subsidiary</u>					
- Mancon Co., Ltd	The company received management fee	Service agreement	0.36	0.36	0.36
- Prospect Development Co., Ltd.			1.80	-	-
- Rx Wellness Co., Ltd			0.36	0.36	0.36
- Yours Property Management Co., Ltd			1.80	1.80	1.80
- Munkong Living Co.,Ltd			2.76	2.76	2.76
- MKH asset Co., Ltd			0.36	0.36	0.36
- Munkong Life Co., Ltd			2.76	2.76	17.76
- Health and Wellness Village Co., Ltd			1.20	1.20	10.00
(5) Management Fees and Personnel Expenses <u>Subsidiary</u>					
- Yours Property Management Co., Ltd	The company paid personnel expenses and management fee for some projects during set up juristic persons	Service agreement	19.93	18.05	13.20
(6) Management Fee (Other) <u>Subsidiary</u>					
- Yours Property Management Co.,Ltd	Service for arranging a juristic person meeting	As agreed price	0.26	4.40	-

Items/ Company Name (Relationship)	Details of Transactions	Conditions	Balance as of 31 December 2021 (million Bt)	Balance as of 31 December 2020 (million Bt)	Balance as of 31 December 2019 (million Bt)
(7) Property Management Fee - Finansa Pcl. / Joint director  <u>Associated</u> - Prospect Reit Management Co.,Ltd. <u>Joint Venture</u> - BFTZ Wangnoi Co.,Ltd.,	Prospect Development Co., Ltd., a subsidiary, received property management fees	Contractual agreement , calculating from percentage of rent and service income	-  49.18  10.70	11.26  19.22  -	19.14  -  -
(8) Management Fee - 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	2.55  3.08	2.39  9.22	2.39  9.23
(9) Interest expense - Mancon Co., Ltd - Rx Wellness Co., Ltd - MKH asset Co., Ltd	Loans between related parties	Per the loan agreement	- 0.63 -	- 0.70 -	1.23 0.89 0.01
(10) Commission Income <u>Joint Venture</u> - Frasers Property BFTZ Co., Ltd	Prospect Development Company Limited received commission for bringing in customers bringing in customers	Service agreement	-	-	0.001
(11) Fee Income <u>Joint Venture</u> - Frasers Property BFTZ Co.,Ltd	The Company receives guarantee fee	Service agreement	4.44	3.65	-
(12) Income from management fee <u>Associated</u> - Prospect Logistics and Industrial	Prospect Reit Management Co.,Ltd.	Service agreement	11.13	4.23	-

## 5) Transactions between subsidiaries

No.	Items	Subsidiary companies entering the transaction		Transaction Amount (million Baht)		
		Payer	Recipient	Amount in period 2021 (million Bt)	Amount in period 2020 (million Bt)	Amount in period 2019 (million Bt)
(1)	Business development fee	Munkong Life Co., Ltd	Rx Wellness Co., Ltd	4.00	7.50	-
		Health and Wellness Village Co., Ltd	Rx Wellness Co., Ltd	12.00	10.50	-
(2)	Accrued business development fee – Be arrested	Munkong Life Co., Ltd	Rx Wellness Co., Ltd	0.54	1.61	-
		Health and Wellness Village Co., Ltd	Rx Wellness Co., Ltd	1.61	4.82	-
(3)	Management fee for Back Office	Health and Wellness Village Co., Ltd	Munkong Life Co., Ltd	5.14	0.30	-
(4)	Management fee for Back Office-receivables	Health and Wellness Village Co., Ltd	Munkong Life Co., Ltd	0.58	-	-
(5)	Other operating expenses	Health and Wellness Village Co., Ltd	Munkong Life Co., Ltd	-	0.62	-
		Mancon Co., Ltd.	Yours Property Management Co., Ltd	0.01	0.01	-
(6)	Other operating expenses accrued – Be arrested	Rx Wellness Co., Ltd	Munkong Life Co., Ltd	-	0.01	-
(7)	Rental and service income	Rx Wellness Co., Ltd	Munkong Life Co., Ltd	0.36	0.03	-
		Health and Wellness Village Co., Ltd	Munkong Life Co., Ltd	20.87	1.00	-
(8)	Debtor - Other Payables	Rx Wellness Co., Ltd	Munkong Life Co., Ltd	0.19	0.18	-
(9)	Debtor - creditor Deposit, rental and service charges	Rx Wellness Co., Ltd	Munkong Life Co., Ltd	-	0.06	-
		Health and Wellness Village Co., Ltd	Munkong Life Co., Ltd	-	2.00	-
(10)	Food and beverage for employee	Health and Wellness Village Co., Ltd	Munkong Life Co., Ltd	2.10	-	-
(11)	Buy-sell tools and equipment	Health and Wellness Village Co., Ltd	Munkong Life Co., Ltd	-	46.85	-
(12)	Loan to related parties	Prospect Development Co.,Ltd.	Free Zone Asset Co.,Ltd	102.16	-	-
(13)	Interest Income	Prospect Development Co.,Ltd.	Free Zone Asset Co.,Ltd	0.03	-	-
(14)	Interest receivables	Prospect Development Co.,Ltd.	Free Zone Asset Co.,Ltd	0.03	-	-

No.	Items	Subsidiary companies entering the transaction		Transaction Amount (million Baht)		
		Payer	Recipient	Amount in period 2021 (million Bt)	Amount in period 2020 (million Bt)	Amount in period 2019 (million Bt)
(15)	Cash Advance to related parties	Prospect Development Co.,Ltd.	Free Zone Asset Co.,Ltd.	0.37	-	-

### 9.2.2 Necessity and reasonableness of related transactions

The Audit Committee has the opinion that such connected transactions are subject to fair and reasonable transaction conditions. Fair trade conditions are treated in the same manner as individuals or other businesses that are not generally related without any action that would cause a transfer of interests between the companies and subsidiaries and companies/individuals who may have conflicts of interest, who has a significant stake or there may be a conflict of interest in the future and it is a transaction in the best interest of the company. In addition, such transactions are in accordance with normal business operations to support the operations of the Company and its subsidiaries. Moreover, it is in accordance with the Company's policy of inter-company transactions and the accounting standards regarding disclosure of information about related persons or businesses as prescribed by the Association of Accounting and Certified Public Accountants of Thailand.

### 9.2.3 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.

#### Transaction approval process

The authorization power has been set in accordance with the predetermined credit limit and proposed to the Board of Directors meeting to review the transaction for the adequacy in order not to create a conflict of interest.

### Part 3 Financial Statement

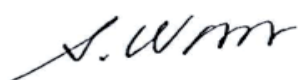
#### Report of the Board of Directors's responsibility for financial statement

The Board of Directors of M.K. Real Estate Development Public Company Limited is responsible for consolidated and separate financial statements of the Company and its subsidiaries, including financial information that are disclosed in the annual report of the Company. The Company's financial statement has been prepared in accordance with appropriate accounting standards and policies and practice regularly under conservative basis and reasonable in financial statement preparation, including adequate disclosure of important information for benefit of shareholders and general investors.

In addition, to establish an effective internal control and risk management system, appropriate and ensure that the accounting information is accurate, complete, adequate, and timely to protect the Company's assets, as well as to prevent fraud or any material unusual operation, the Board of Directors has appointed an Audit Committee that consists of independent directors to review the Company to has accurate and adequate financial reporting, supervise the quality and reliability of accounting system, audit system, appropriate and effective internal control system, including considering related transactions, connected transactions or transactions that may lead to conflict of interest in accordance with laws and regulations of the Stock Exchange of Thailand to ensure that such transactions are reasonable and in the best interest of the Company. In this regard, the Audit Committee has expressed its opinions in Audit Committee report which is shown in the Annual report.

The consolidated and separate financial statement of the Company for the year ended 31 December 2021 have been prepared in accordance with Thai Financial Reporting Standards and Accounting Standards and has been audited by certified public accountant from KPMG Phoomchai Audit Company Limited. It receives information and documents from the Company which is enough to audit the financial statement of the Company in order to express independent opinion from the Company in accordance with Code of Ethics of Accounting Professionals stipulated by the Federation of Accounting Professions in relating with financial statement audit. The auditor has expressed an opinion on the consolidated and separate financial statement of the Company in the auditor's report which is shown in the annual report.

The Board of Directors has opined that the Company's overall internal control system is sufficient and appropriate and able to reasonably build confidence that financial statement of the Company and its subsidiaries for year ended 31 December 2021 are reliable, accurate and in accordance with financial reporting standards and accounting standards generally accepted in Thailand, including relevant laws and regulations.



Mr. Suthep Wongvorazathe  
Chairman

## 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 2021, 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 2021 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 development for sale	
Refer to Notes 3 (g) and 6 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The Group's real estate development for sale are measured at the lower of cost and net realisable value. The determination of the net realisable value of these real estate development for sale is dependent upon the Group's estimations of future selling prices and estimated cost to complete.</p> <p>As the situation of coronavirus pandemic (COVID-19) will affect to the future trends in real estate business markets. There is therefore a risk that the net realisable value is less than cost, due to changes in selling prices. Also future build costs are subject to a number of variables including market conditions in respect of materials and sub-contractor cost and construction issues.</p> <p>These inherent uncertainties require judgments which would result in the carrying value of real estate development for sale or gross profit, which my audit focused on.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- I inquired the management to understand and assessed the process of the estimation of net realisable value of real estate development for sale and performed testing effectiveness of key controls over the process of approvals relating to the setting and updating selling price, setting budgets and reviewing cost forecasts;</li> <li>- I evaluated the appropriateness of the estimated selling prices by comparing sales estimates to sales made to date and real estate price trend information;</li> <li>- I evaluated the appropriateness of the estimated cost to complete by comparing the cost estimates to the actual costs and supporting documents, including checking that they were allocated to the appropriate site and development phase, and met the definition of development costs; and</li> <li>- I considered the adequacy of the Group's disclosure in accordance with Thai Financial Reporting Standard.</li> </ul>

#### *Other Information*

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

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



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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

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

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

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



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

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

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

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



(Charinrat Noprampa)

Certified Public Accountant

Registration No. 10448

KPMG Phoomchai Audit Ltd.

Bangkok

28 February 2022

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

## Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2021	2020	2021	2020
		<i>(in Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents	5	172,186,504	164,020,289	75,258,697	61,034,097
Other current financial assets	26	318,007,541	191,063,479	300,007,204	170,053,423
Trade and other current receivables	26	88,880,249	78,391,443	9,939	-
Short-term loans to related parties	4	570,000,000	-	2,075,500,000	2,603,518,000
Short-term loans to other parties		110,000,000	105,000,000	85,000,000	85,000,000
Real estate development for sale	6,7	4,132,797,908	5,665,617,857	3,502,568,183	4,615,660,257
Inventories		4,690,761	3,504,142	747,390	-
Other current assets		148,863,671	113,574,604	141,346,996	179,230,962
<b>Total current assets</b>		<b>5,545,426,634</b>	<b>6,321,171,814</b>	<b>6,180,438,409</b>	<b>7,714,496,739</b>
<b>Non-current assets</b>					
Deposits pledged as collateral	7	21,503,986	4,649,898	5,451,730	4,070,000
Investments in associates	7,8	204,151,175	218,461,276	210,846,755	218,117,470
Investments in subsidiaries	9	-	-	5,604,068,283	4,903,818,483
Investments in joint ventures	8	605,542,331	326,478,519	-	-
Other non-current financial assets	26	10,125,670	10,125,670	9,186,120	9,186,120
Land held for development	7	467,837,049	477,053,626	455,717,095	464,933,672
Investment properties	7, 10	5,193,963,373	5,403,932,060	60,504,923	35,998,579
Property, plant and equipment	7, 11	5,785,383,666	4,994,165,401	1,254,010,000	1,331,796,699
Intangible assets	13	21,074,405	18,122,352	11,640,909	12,417,210
Deferred tax assets	23	160,966,124	75,631,583	71,503,774	37,020,799
Deposits		120,000,000	-	90,000,000	-
Other non-current receivables	9	781,500,000	-	781,500,000	-
Other non-current assets		123,048,880	135,454,860	55,803,361	4,096,463
<b>Total non-current assets</b>		<b>13,495,096,659</b>	<b>11,664,075,245</b>	<b>8,610,232,950</b>	<b>7,021,455,495</b>
<b>Total assets</b>		<b>19,040,523,293</b>	<b>17,985,247,059</b>	<b>14,790,671,359</b>	<b>14,735,952,234</b>

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

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

## Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2021	2020	2021	2020
		(in Baht)			
<b>Current liabilities</b>					
Short-term borrowings from					
financial institutions	14	1,142,136,857	873,195,943	1,092,136,857	873,195,943
Trade and other current payables		449,731,569	427,062,319	47,598,138	184,042,984
Current portion of long-term borrowings	14,26	284,357,104	290,342,993	56,301,991	191,842,992
Current portion of payables for purchase of land	26	647,000,000	-	-	-
Short-term debentures	14	1,701,986,162	647,627,752	1,701,986,162	647,627,752
Current portion of long-term debentures	14,26	1,435,816,504	1,720,307,277	917,040,890	1,583,373,019
Short-term loans from related parties	4,14	-	-	20,000,000	21,000,000
Short-term loans from other parties	14	227,473,169	667,775,367	69,396,487	139,358,874
Current portion of lease liabilities	14,26	23,023,075	2,995,673	913,939	1,158,832
Current income tax payable		-	18,645,573	-	-
Customers' deposits		29,114,272	19,244,443	3,178,230	4,291,959
Other current liabilities	15	351,845,562	363,051,209	142,832,410	177,182,453
<b>Total current liabilities</b>		<b>6,292,484,274</b>	<b>5,030,248,549</b>	<b>4,051,385,104</b>	<b>3,823,074,808</b>
<b>Non-current liabilities</b>					
Payables for purchase of land	26	-	647,000,000	-	-
Long-term borrowings	14,26	1,916,694,602	1,680,982,575	733,783,597	965,102,866
Long-term debentures	14,26	3,437,416,466	3,435,233,233	3,139,610,698	2,918,769,547
Lease liabilities	14,26	677,331,633	301,532,752	156,806,897	157,720,836
Non-current provisions for employee benefits	16	67,494,514	92,495,684	62,099,860	84,579,537
Other non-current liabilities	17	180,666,634	156,777,603	64,970,893	70,620,371
<b>Total non-current liabilities</b>		<b>6,279,603,849</b>	<b>6,314,021,847</b>	<b>4,157,271,945</b>	<b>4,196,793,157</b>
<b>Total liabilities</b>		<b>12,572,088,123</b>	<b>11,344,270,396</b>	<b>8,208,657,049</b>	<b>8,019,867,965</b>
<b>Equity</b>					
Share capital:					
Authorised share capital					
(1,117,211,195 ordinary shares, par value					
at Baht 1 per share)		1,117,211,195	1,117,211,195	1,117,211,195	1,117,211,195
Issued and paid-up share capital					
(1,091,205,066 ordinary shares, par value					
at Baht 1 per share)		1,091,205,066	1,091,205,066	1,091,205,066	1,091,205,066
Share premium on ordinary shares	18	1,484,159,623	1,484,159,623	1,484,159,623	1,484,159,623
Warrants	18	4,293,812	3,279,888	4,293,812	3,279,888
Retained earnings					
Appropriated					
Legal reserve	19	111,721,120	111,721,120	111,721,120	111,721,120
Unappropriated		3,802,669,421	3,976,224,838	3,890,634,689	4,025,718,572
Other components of equity		(25,613,872)	(25,613,872)	-	-
<b>Equity attributable to owners of the parent</b>		<b>6,468,435,170</b>	<b>6,640,976,663</b>	<b>6,582,014,310</b>	<b>6,716,084,269</b>
Non-controlling interests		-	-	-	-
<b>Total equity</b>		<b>6,468,435,170</b>	<b>6,640,976,663</b>	<b>6,582,014,310</b>	<b>6,716,084,269</b>
<b>Total liabilities and equity</b>		<b>19,040,523,293</b>	<b>17,985,247,059</b>	<b>14,790,671,359</b>	<b>14,735,952,234</b>

The accompanying notes form an integral part of the 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	
		2021	2020	2021	2020
(in Baht)					
<b>Revenues</b>					
Revenue from sale of real estate		2,481,141,515	2,530,402,587	2,316,147,886	2,359,401,061
Revenue from rental and rendering of services		341,332,684	374,266,635	9,525,944	7,036,969
Revenue from golf services and sport club		91,728,250	100,842,630	91,728,250	100,842,630
Revenue from management of real estate		91,041,931	48,373,656	-	-
Revenue from health and wellness		25,821,218	3,043,951	-	-
Gain on disposal of investments and investments income		297,326,716	10,728,752	217,056,578	124,595,758
Gain on disposal of investment properties		-	263,293,333	-	-
Other income		84,675,037	115,523,383	79,417,846	67,016,795
<b>Total revenues</b>		<b>3,413,067,351</b>	<b>3,446,474,927</b>	<b>2,713,876,504</b>	<b>2,658,893,213</b>
<b>Expenses</b>					
Cost of sale of real estate		2,035,485,252	1,904,879,768	1,907,314,642	1,771,576,572
Cost of rental and rendering of services		167,573,863	181,491,406	2,323,866	885,084
Cost of golf services and sport club		58,028,648	63,540,017	58,028,648	63,540,017
Cost of management of real estate		35,029,071	21,811,232	-	-
Cost of health and wellness		132,988,296	8,961,746	-	-
Distribution costs		232,521,666	242,394,009	157,586,778	185,080,180
Administrative expenses		608,074,348	660,986,659	408,270,732	430,485,127
<b>Total expenses</b>		<b>3,269,701,144</b>	<b>3,084,064,837</b>	<b>2,533,524,666</b>	<b>2,451,566,980</b>
Finance costs	22	(477,464,528)	(378,560,571)	(358,365,306)	(299,593,922)
Share of profit of joint ventures and associates accounted for using equity method	8	60,997,260	6,311,284	-	-
<b>Loss before income tax expense</b>		<b>(273,101,061)</b>	<b>(9,839,197)</b>	<b>(178,013,468)</b>	<b>(92,267,689)</b>
Tax income	23	87,789,867	6,418,589	36,172,297	19,453,287
<b>Loss for the year</b>		<b>(185,311,194)</b>	<b>(3,420,608)</b>	<b>(141,841,171)</b>	<b>(72,814,402)</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Loss on investments in equity instruments designated at fair value through other comprehensive income		-	(25,613,872)	-	-
Gain (loss) on remeasurements of defined benefit plans		11,755,777	(6,791,077)	6,757,288	(6,361,504)
<b>Other comprehensive income for the year, net of tax</b>	23	<b>11,755,777</b>	<b>(32,404,949)</b>	<b>6,757,288</b>	<b>(6,361,504)</b>
<b>Total comprehensive income for the year</b>		<b>(173,555,417)</b>	<b>(35,825,557)</b>	<b>(135,083,883)</b>	<b>(79,175,906)</b>

The accompanying notes form an integral part of the 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	
		2021	2020	2021	2020
<i>(in Baht)</i>					
Loss attributable to:					
Owners of the parent		(185,311,194)	(3,420,608)	(141,841,171)	(72,814,402)
Non-controlling interests		-	-	-	-
Loss for the year		<u>(185,311,194)</u>	<u>(3,420,608)</u>	<u>(141,841,171)</u>	<u>(72,814,402)</u>
Total comprehensive income attributable to:					
Owners of the parent		(173,555,417)	(35,825,557)	(135,083,883)	(79,175,906)
Non-controlling interests		-	-	-	-
Total comprehensive income for the year		<u>(173,555,417)</u>	<u>(35,825,557)</u>	<u>(135,083,883)</u>	<u>(79,175,906)</u>
Basic loss per share	24	<u>(0.1698)</u>	<u>(0.0031)</u>	<u>(0.1300)</u>	<u>(0.0667)</u>

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

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

## Statement of changes in equity

	Consolidated financial statements							Total equity	
	Retained earnings			Other components of equity					
	Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve	Unappropriated reserve	Loss on investments in equity instruments designated at fair value through other comprehensive income	Equity attributable to owners of the parent		Non-controlling interests
Year ended 31 December 2020	1,091,205,066	1,484,159,623	1,375,352	111,721,120	4,106,463,371	-	6,794,924,532	-	6,794,924,532
Balance at 1 January 2020	-	-	1,904,536	-	-	-	1,904,536	-	1,904,536
Transactions with owners, recorded directly in equity	-	-	-	-	(120,026,848)	-	(120,026,848)	-	(120,026,848)
<i>Distributions to owners of the parent</i>									
Share-based payment transactions	-	-	-	-	-	-	-	-	-
Dividend to owners of the Company	-	-	-	-	(120,026,848)	-	(120,026,848)	-	(120,026,848)
<i>Total distributions to owners of the parent</i>	-	-	-	-	(120,026,848)	-	(120,026,848)	-	(120,026,848)
Comprehensive income for the year	-	-	-	(3,420,608)	-	-	(3,420,608)	-	(3,420,608)
Loss for the year	-	-	-	(3,420,608)	-	-	(3,420,608)	-	(3,420,608)
Other comprehensive income	-	-	-	(6,791,077)	-	(25,613,872)	(32,404,949)	-	(32,404,949)
<i>Total comprehensive income for the year</i>	-	-	-	(10,211,685)	-	(25,613,872)	(35,825,557)	-	(35,825,557)
Balance at 31 December 2020	1,091,205,066	1,484,159,623	3,279,888	111,721,120	3,976,224,838	(25,613,872)	6,640,976,663	-	6,640,976,663

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



M&K Real Estate Development Public Company Limited and its Subsidiaries  
Statement of changes in equity

	Consolidated financial statements											
	Retained earnings					Other components of equity						
	Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve	Unappropriated	Loss on investments in equity instruments designated at fair value through other comprehensive income	Equity attributable to owners of the parent	Non-controlling interests	Total equity			
Year ended 31 December 2021												
Balance at 1 January 2021	1,091,205,066	1,484,159,623	3,279,888	111,721,120	3,976,224,838	(25,613,872)	6,640,976,663	-	-	6,640,976,663		
Transactions with owners, recorded directly in equity												
<i>Distributions to owners of the parent</i>												
Share-based payment transactions	-	-	1,013,924	-	-	-	1,013,924	-	-	1,013,924		
<i>Total distributions to owners of the parent</i>	-	-	1,013,924	-	-	-	1,013,924	-	-	1,013,924		
Comprehensive income for the year												
Loss for the year	-	-	-	-	(185,311,194)	-	(185,311,194)	-	-	(185,311,194)		
Other comprehensive income	-	-	-	-	11,755,777	-	11,755,777	-	-	11,755,777		
<i>Total comprehensive income for the year</i>	-	-	-	-	(173,555,417)	-	(173,555,417)	-	-	(173,555,417)		
Balance at 31 December 2021	1,091,205,066	1,484,159,623	4,293,812	111,721,120	3,802,669,421	(25,613,872)	6,468,435,170	-	-	6,468,435,170		

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



M.K. Real Estate Development Public Company Limited and its Subsidiaries  
Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium on ordinary shares	Separate financial statements			Total equity
				Warrants	Legal reserve	Retained earnings	
<i>(in Baht)</i>							
Year ended 31 December 2020		1,091,205,066	1,484,159,623	1,375,352	111,721,120	4,224,921,326	6,913,382,487
Balance at 1 January 2020							
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Share-based payment transactions	18	-	-	1,904,536	-	-	1,904,536
Dividend to owners of the Company	25	-	-	-	-	(120,026,848)	(120,026,848)
<i>Total distributions to owners of the Company</i>		-	-	1,904,536	-	(120,026,848)	(118,122,312)
Comprehensive income for the year							
Loss for the year		-	-	-	-	(72,814,402)	(72,814,402)
Other comprehensive income		-	-	-	-	(6,361,504)	(6,361,504)
<b>Total comprehensive income for the year</b>		-	-	-	-	<b>(79,175,906)</b>	<b>(79,175,906)</b>
Balance at 31 December 2020		1,091,205,066	1,484,159,623	3,279,888	111,721,120	4,025,718,572	6,716,084,269

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



M.K. Real Estate Development Public Company Limited and its Subsidiaries  
Statement of changes in equity

	Separate financial statements						Total equity
	Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve	Retained earnings	Unappropriated	
Year ended 31 December 2021							
Balance at 1 January 2021	1,091,205,066	1,484,159,623	3,279,888	111,721,120	4,025,718,572		6,716,084,269
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the Company</i>							
Share-based payment transactions	-	-	1,013,924	-	-	-	1,013,924
<i>Total distributions to owners of the Company</i>	-	-	1,013,924	-	-	-	1,013,924
Comprehensive income for the year							
Loss for the year	-	-	-	-	(141,841,171)	-	(141,841,171)
Other comprehensive income	-	-	-	-	6,757,288	-	6,757,288
<i>Total comprehensive income for the year</i>	-	-	-	-	(135,083,883)	-	(135,083,883)
Balance at 31 December 2021	1,091,205,066	1,484,159,623	4,293,812	111,721,120	3,890,634,689		6,582,014,310

The accompanying notes form an integral part of the 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	
	2021	2020	2021	2020
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Loss for the year	(185,311,194)	(3,420,608)	(141,841,171)	(72,814,402)
<i>Adjustments to reconcile loss to cash receipts (payments)</i>				
Depreciation and amortisation	295,204,736	254,172,520	63,104,887	64,852,090
(Gain) loss on disposal of equipment and intangible assets	(1,827,404)	67,696	(1,840,483)	(679,812)
(Reversal of) loss on declining in value of real estate development for sales	(1,965,995)	754,936	(1,965,995)	754,936
Loss on disposal of other non-current assets	7,257	11,472	-	-
Gain on disposal of investment properties	-	(263,293,333)	-	-
Unrealised (gain) loss on other current financial assets	9,081	598,801	(526)	608,450
Gain on disposal of other current financial assets	(464,775)	(3,301,945)	(361,184)	(3,003,985)
Share-based payment	1,013,924	1,904,536	1,013,924	1,904,536
Gain on disposal of investment in subsidiary	(272,097,468)	-	(52,000,000)	-
Interest income	(24,102,001)	(6,850,275)	(146,544,333)	(115,775,905)
Dividend income	(671,554)	(1,175,334)	(18,150,534)	(6,424,318)
Finance costs	477,464,528	378,560,571	358,365,306	299,593,922
Share of profit of joint ventures and associates accounted for using equity method	(60,997,260)	(6,311,284)	-	-
Tax income	(87,789,867)	(6,418,589)	(36,172,297)	(19,453,287)
	138,472,008	345,299,164	23,607,594	149,562,225
<i>Changes in operating assets and liabilities</i>				
Trade and other current receivables	(10,479,199)	(17,456,316)	(9,939)	-
Real estate development for sale	1,275,352,790	(85,166,304)	1,153,676,588	(215,111,837)
Inventories	(1,186,619)	(3,504,142)	(747,390)	-
Other current assets	(46,286,924)	(13,357,989)	13,193,361	(106,544)
Land held for development	9,216,577	48,362,597	9,216,577	48,362,597
Other non-current assets	28,035,874	10,281,898	(30,546,200)	666,739
Trade and other current payables	81,021,589	237,385,145	(136,378,720)	98,734,661
Customers' deposits	9,909,306	10,152,089	(1,113,729)	(4,348,759)
Other current liabilities	(15,233,279)	71,967,455	(45,700,313)	(1,836,451)
Non-current provisions for employee benefits	(10,306,449)	5,425,561	(14,033,067)	3,053,121
Other non-current liabilities	26,403,680	(64,945,788)	(5,649,478)	11,942,385
Net cash generated from operating activities	1,484,919,354	544,443,370	965,515,284	90,918,137
Income tax paid	(65,809,356)	(52,741,798)	(27,296,037)	(27,071,130)
Net cash from operating activities	1,419,109,998	491,701,572	938,219,247	63,847,007

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



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

Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2021	2020	2021	2020
<i>(in Baht)</i>					
<b>Cash flows from investing activities</b>					
Interest received		19,721,940	6,620,193	167,943,512	30,142,504
Dividends received		44,037,069	3,855,858	18,150,534	6,424,318
Acquisition of investment properties		(1,195,041,952)	(1,847,487,736)	-	-
Acquisition of buildings and equipment		(110,448,770)	(733,125,203)	(5,941,366)	(36,798,920)
Deposit paid for purchase of commercial buildings and leasehold right		(120,000,000)	-	(90,000,000)	-
Acquisition of intangible assets		(8,422,633)	(8,665,783)	(3,338,677)	(2,603,880)
Proceeds from sale of equipment		2,055,701	910,160	2,006,168	771,752
Proceeds from sale of investment properties		-	1,912,752,411	-	-
Increase in short-term loans to related parties		(615,000,000)	-	(2,055,000,000)	(1,694,000,000)
Proceeds from short-term loans to related parties		45,000,000	-	1,043,978,342	1,053,000,000
Decrease (increase) in short-term loans to other party, net		(5,000,000)	(5,000,000)	-	15,000,000
Increase in deposits pledged as collateral		(16,854,088)	-	(1,381,730)	-
Decrease (increase) in other current financial assets		(126,488,368)	746,407,598	(129,592,071)	718,081,334
Net cash outflow on acquisition of associate		-	(218,117,470)	-	(218,117,470)
Net cash inflow on capital reduction of associate		7,270,715	-	7,270,715	-
Net cash outflow on acquisition of joint ventures		(260,904,400)	(53,948,000)	-	-
Net cash inflow (outflow) on disposal (acquisition) of subsidiary		221,776,728	-	117,750,000	(62,639,329)
<b>Net cash used in investing activities</b>		<b>(2,118,298,058)</b>	<b>(195,797,972)</b>	<b>(928,154,573)</b>	<b>(190,739,691)</b>
<b>Cash flows from financing activities</b>					
Finance costs paid		(488,578,141)	(398,084,469)	(316,848,665)	(304,486,431)
Dividends paid		-	(120,026,848)	-	(120,026,848)
Increase in short-term borrowings from financial institutions		227,899,664	113,238,841	177,899,664	113,238,842
Repayment of short-term loans from related parties		-	-	(1,000,000)	(9,000,000)
Decrease in short-term loans from other parties, net		(428,708,027)	(1,555,734)	(82,263,275)	(21,828,277)
Payment of lease liabilities		(15,724,193)	(19,772,723)	(9,899,147)	(9,503,148)
Proceeds from long-term borrowings		2,522,597,804	2,009,639,280	1,068,981,030	1,762,039,280
Repayment of long-term borrowings		(1,881,132,832)	(2,071,539,486)	(1,440,709,681)	(1,364,293,486)
Proceeds from issue of debentures		3,142,000,000	2,153,800,000	2,842,000,000	1,831,800,000
Repayment of debentures		(2,371,000,000)	(1,905,000,000)	(2,234,000,000)	(1,750,000,000)
<b>Net cash from (used in) financing activities</b>		<b>707,354,275</b>	<b>(239,301,139)</b>	<b>4,159,926</b>	<b>127,939,932</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,166,215</b>	<b>56,602,461</b>	<b>14,224,600</b>	<b>1,047,248</b>
Cash and cash equivalents at beginning of year		164,020,289	107,417,828	61,034,097	59,986,849
Cash and cash equivalents at ending of year	5	172,186,504	164,020,289	75,258,697	61,034,097

The accompanying notes form an integral part of the 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	
	2021	2020	2021	2020
	(in Baht)			
<i>Supplement disclosures of cash flows information</i>				
<b>Non-cash transactions</b>				
Transfers real estate development for sale to investment properties	51,473,883	102,920,154	-	-
Transfers real estate development for sale to property, plant and equipment	-	22,899,630	-	22,899,630
Transfers investment properties to property, plant and equipment	506,512,911	-	-	-
Transfers property, plant and equipment to investment properties	26,334,438	177,100,835	26,334,438	-
Transfers deposit for purchase of land to real estate development for sale	-	33,560,975	-	33,560,975
Disposal of subsidiary for which receives have not yet been made	0	781,500,000	781,500,000	-
Acquisition of subsidiary by transferring promissory notes	-	-	1,539,039,658	21,610,671
Acquisitions of investment properties for which payments have not yet been made	-	647,000,000	-	-
Disposal of investment properties for which receives have not yet been made	-	40,294,000	-	-
Acquisitions of right-of-use assets under leases	365,052,272	302,689,293	-	156,843,267
Transfers leasehold right to investment properties	-	2,212,344,074	-	3,573,773
Transfers leasehold right to property, plant and equipment	-	156,527,175	-	126,347,518
Repayment of accrued management fee and accrued interest income by transferring promissory notes	-	-	-	10,610,671

The accompanying notes form an integral part of the financial statements

**M.K. Real Estate Development Public Company Limited and its Subsidiaries****Notes to the financial statements**

For the year ended 31 December 2021

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

### Notes to the financial statements

#### For the year ended 31 December 2021

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 2022.

#### 1 General information

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

The Company’s major shareholders during the financial year were Finansa Public Company Limited, incorporated in Thailand (31.51% shareholding) and Mr. Prateep Tangmatitham (12.59% shareholding).

The principal activities of the Group are property development for sale including land, land and house, condominium, construction for the Company’s own projects, building and parking rental, golf course business and sport club, and health and wellness center. Details of the Company’s subsidiaries, associates and joint ventures as at 31 December 2021 and 2020 are given in notes 8 and 9.

#### 2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The financial statements are presented in Thai Baht, which is the Company’s functional currency. The accounting policies described have been applied consistently to all periods presented in these financial statements except as explained in note 9.

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

### 3 Significant accounting policies

#### (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 ventures.

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.

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. In addition, when there is a change in the Group’s interest in a subsidiary that do not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received from the acquisition or disposal of the non-controlling interests with no change in control are accounted for as other surpluses/deficits in shareholders’ equity.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities, any related non-controlling interests and other components of equity of the subsidiary. 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.

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 ventures are 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.

The Group recognised investments in associates and joint ventures using the equity method in the consolidated financial statements. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s dividend income and 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.



Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures 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.

#### *Business combinations*

The Group applies the acquisition method when the Group assess that the acquired set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The acquisition date is the date on which control is transferred to the Group, other than business combinations with entities under common control. Expenses in connection with a business combination are recognised as incurred.

The Group elect to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is an assets rather than a business acquisition when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group estimates 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.

Business combination under common control are accounted for using a method similar to the pooling of interest method, by recognising assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the transaction date. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or deficit from business combinations under common control in shareholder's equity. The surplus or deficit will be written off upon divestment of the businesses acquired. The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

**(b) *Investments in subsidiaries, associates and joint ventures***

Investments in subsidiaries, associates and joint ventures in the separate financial statements are measured at cost less allowance for impairment losses. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. If the Company disposes of part of its investment, the deemed cost of the part sold is determined using the weighted average method. Gains and losses on disposal of the investments are recognised in profit or loss.

**(c) *Foreign currency transactions***

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currencies are translated to the respective functional currencies of each entity in the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date.

Foreign currency differences are generally recognised in profit or loss.

**(d) *Financial instruments***

**(d.1) *Classification and measurement***

Debt securities that the Group issued are initially recognised when they are originated. Other financial assets and financial liabilities (except trade receivables (see note 3(f))) are initially recognised when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value, taking into account for transaction costs that are directly attributable to its acquisition or issue of the securities, except for financial assets and financial liabilities measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition or issue of the securities are recognised in profit or loss.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortised cost using the effective interest method or FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

Debt investments measured at FVOCI are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gains and losses and expected credit loss are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments measured at FVOCI are subsequently measured at fair value. Dividend income is recognised as income in profit or loss on the date on which the Group's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

#### *(d.2) Derecognition and offsetting*

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and the Group intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*(d.3) Impairment of financial assets other than trade receivables*

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group considers a financial asset to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'. The Group recognises ECLs for low credit risk financial asset as 12-month ECLs

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

*(d.4) Write offs*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

*(d.5) Interest*

Interest income and expense is recognised in profit or loss using the effective interest method. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

*(e) Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which has a maturity of three months or less from the date of acquisition. Bank overdraft that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

*(f) Trade receivables*

A trade receivable is recognised when the Group has an unconditional right to receive consideration. A trade receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

*(g) Real estate development for sale*

Real estate development for sale is real estate that is held with the intention to sell in the ordinary course of business. This real estate is measured at the lower of cost and net realisable value.

The cost of real estate development for sale comprises the cost of land, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding real estate development for sale are capitalised as part of the cost of the property until the completion of development. Cost of real estate development for sale includes an allocation of common area property development expenditure based on saleable area.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

When real estate development for sale are sold, the cost of that real estate is recognised as an expense in the period in which the related revenue is recognised.

**(h) Investment properties**

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 assets includes capitalised borrowing costs.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each property and recognised in profit or loss. No depreciation charged on freehold land and assets under construction.

The estimated useful lives are as follows:

Warehouse / factory buildings	term of the lease, 23 - 30 Years
Buildings on rental land	term of the lease, 22 - 35.5 Years
Rental buildings and facility systems	10 - 20 Years
Facility on rental land	10 Years
Furniture and fixture	5 Years

Differences between the proceeds from disposal and the carrying amount of investment property are recognised in profit or loss.

**(i) Property, plant and equipment**

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 capitalised borrowing costs, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in 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 when 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 on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on freehold land and assets under construction.

The estimated useful lives are as follows:

Golf course	30	Years
Buildings and constructions	15 - 35.5	Years
Machinery and equipment	5	Years
Furniture, fixtures and office equipment	5	Years
Vehicles	4 - 5	Years

**(j) Intangible assets**

Intangible assets that have finite useful lives are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss.

The estimated useful lives are as follows:

Software licenses	5	Years
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**(k) Leases**

At inception of a contract, the Group assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*As a lessee*

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. For the leases of property, the Group has elected not to separate non-lease components and accounted for the lease and non-lease components wholly as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses the Group's incremental borrowing rate to discount the lease payments to the present value. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification, or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*As a lessor*

At inception or on modification of a contract, the Group allocates the consideration in the contract to each component on the basis of their relative standalone selling prices.

At lease inception, the Group considers to classify a lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to lessees as a finance lease. A lease that does not meet this criteria is classified as an operating lease.

When the Group is an intermediate lessor, the Group classifies the sub-lease either as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. In case of a head lease is a short-term lease, the sub-lease is classified as an operating lease. Those right-of-use assets are presented as investment properties.

The Group recognises lease payments received under operating leases in profit or loss on a straight-line basis over the lease term as part of rental income. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the accounting period in which they are earned.

**(l) Impairment of non-financial assets**

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 in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.



The recoverable amount 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.

Impairment losses of assets recognised in prior periods 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.

*(m) Employee benefits*

*Defined contribution plans*

Obligations for contributions to the Group's provident funds are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which 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.

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.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

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

*(n) Share-based payments*

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

*(o) Provisions*

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

*(p) Fair value measurement*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit or loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the instrument or until the fair value level is transferred or the transaction is closed out.

**(q) Revenue from contracts with customers**

*(1) Revenue recognition*

Revenue is recognised when an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and specific business tax and is after deduction of any discounts and consideration payable to the customer.

*Revenue from sale of real estate*

Revenue from sale of real estate is recognised when a customer obtains control of the real estate.

For bundled packages, the Group accounts for individual real estate and other products separately if they are distinct and a customer can benefit from it separately. The consideration received is allocated based on their relative stand-alone selling prices.

Deposits and instalments received from customers on real estate sold prior to the date of revenue recognition are presented as contract liabilities in the statement of financial position. Deposits and instalments received from customers are recognised as revenue when the Group transfers control over the real estate to the customers. For advances that contain a significant financing component interest expense. Interest expense is recognised using the effective interest method.

*Sale of goods and rendering of services*

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

*(2) Contract balance*

Contract assets are recognised when the Group has recognised revenue before it has an unconditional right to receive consideration. The contract assets are measured at the amount of consideration that the Group is entitled to, less allowance for expected credit loss. The contract assets are classified as trade receivables when the Group has an unconditional right to receive consideration.

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

*(r) Other income*

Other income comprises dividend, interest income and others.

*(s) Income tax*

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

Current tax is recognised in respect of 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 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 ventures 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, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the separate financial statements.

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.

(t) *Earnings per share*

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.

(u) *Related parties*

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

(v) *Segment reporting*

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

#### 4 Related parties

Relationships with subsidiaries, associates and joint ventures are described in notes 8 and 9. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Finansa Public Company Limited	Thai	Major shareholder, 31.51% shareholding and 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.

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Revenue from rental and rendering of services	-	-	3,330	492
Dividend income	-	-	-	2,700
Interest income	-	-	137,661	109,308
Management service income	-	-	11,400	9,600
Project and personal management fee	-	-	19,931	18,052
Management fee	-	-	258	440
Interest expense	-	-	626	700
<b>Associates</b>				
Management fee income	11,129	4,230	-	-
Property management income	49,183	19,219	-	-
Dividend income	-	-	17,555	2,680
<b>Joint ventures</b>				
Service fee income	4,441	3,649	4,441	3,649
Property management income	10,700	-	-	-
Interest income	20,078	-	-	-
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	34,815	44,277	24,966	32,328
Post-employment benefits	2,140	1,202	1,641	1,202
Other long-term benefits	1	1	1	1
Share-based payment	320	600	320	600
<b>Total key management personnel compensation</b>	<b>37,276</b>	<b>46,080</b>	<b>26,928</b>	<b>34,131</b>
<b>Other related parties</b>				
Property management income	-	10,899	-	-
Revenue from rental and rendering of services	832	-	832	-
Management fee	5,647	11,779	2,555	2,557

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

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Trade and other current receivables</i></b>				
Associate	15,980	12,327	-	-
Joint ventures	11,449	-	-	-
Other related parties	-	29	-	-
<b>Total</b>	<b>27,429</b>	<b>12,356</b>	<b>-</b>	<b>-</b>
<b><i>Other current assets</i></b>				
Subsidiaries				
Interest receivables	-	-	95,682	128,479
Accrued management fee income	-	-	321	16,050
Joint ventures				
Interest receivables	6,384	-	-	-
Accrued income	1,109	1,052	1,109	1,052
<b>Total</b>	<b>7,493</b>	<b>1,052</b>	<b>97,112</b>	<b>145,581</b>
<b><i>Other non-current assets</i></b>				
Other related parties	-	589	-	-
<b><i>Trade and other current payables</i></b>				
Other related parties	215	39	214	-
<b><i>Accrued expenses (included in other current liabilities)</i></b>				
Subsidiaries				
	-	-	2,765	1,438
Other related parties	-	229	-	214
<b>Total</b>	<b>-</b>	<b>229</b>	<b>2,765</b>	<b>1,652</b>
<b><i>Other non-current liabilities</i></b>				
Other related parties	133	-	133	-

<i>Loans to</i>	Interest rate At 31 December <i>(% per annum)</i>	Consolidated financial statements		
		1 January	Increase	Decrease
				31 December
		<i>(in thousand Baht)</i>		
<b>2021</b>				
Joint ventures	5.50 - 6.50	-	615,000	(45,000)
<b>Total</b>		<b>-</b>		<b>570,000</b>

<i>Loans to</i>	Interest rate	Separate financial statements			
	At 31 December (% per annum)	1 January	Increase	Decrease	31 December
<i>2021</i>					
Subsidiaries	4.25 - 5.25	2,603,518	2,055,000	(2,583,018)	2,075,500
<b>Total</b>		<b>2,603,518</b>			<b>2,075,500</b>
<i>2020</i>					
Subsidiaries	4.00 - 5.00	2,027,000	1,694,000	(1,117,482)	2,603,518
<b>Total</b>		<b>2,027,000</b>			<b>2,603,518</b>

<i>Loans from</i>	Interest rate	Separate financial statements			
	At 31 December (% per annum)	1 January	Increase	Decrease	31 December
<i>2021</i>					
Subsidiaries	2.00 - 4.25	21,000	-	(1,000)	20,000
<b>Total</b>		<b>21,000</b>			<b>20,000</b>
<i>2020</i>					
Subsidiaries	2.00 - 4.25	30,000	10,611	(19,611)	21,000
<b>Total</b>		<b>30,000</b>			<b>21,000</b>

### Significant agreements

#### *Service agreements*

On 1 December 2020, the Company entered into service agreements with subsidiaries to provide management support service for a period of 3 years starting from 1 January 2021 to 31 December 2023 with service rates as specified in the agreements.

A subsidiary entered into service agreement with the Trust to service secondary road at rates ranging from Baht 1.32 - 2.25 per sqm per month until the year 2039.

#### *Lease agreements*

On 1 December 2020, the Company entered into lease agreements with subsidiaries to lease its office space for a period of 3 years starting from 1 January 2021 to 31 December 2023 with rental rates as specified in the agreements.



On 1 December 2020, the Company entered into lease agreements with a related party to lease its office space for a period of 3 years starting from 1 December 2020 to 30 November 2023 with rental rates as specified in the agreements.

#### *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.

#### *Management and supervisory construction agreement and property management*

On 1 August 2021, a subsidiary entered into agreement with a joint venture for management and supervisory construction and property management starting from 1 August 2021 to 31 December 2026. The subsidiary will receive remuneration for management and supervisory construction, property management and compensation for referring tenants as specified in the agreements.

#### *Property Management Appointment Agreement*

A subsidiary entered into an agreement with Prospect Logistics and Industrial Leasehold Real Estate Investment Trust (the "Trust"), an associate, to manage the Trust's properties. In accordance with property management appointment agreement, the subsidiary will receive monthly remuneration from the Trust which are summarised as follows;

1. Property management fee at 4.0% of rental and service income for the amount not exceeding Baht 500 million. At 3.0% of rental and service income for the amount that exceeding Baht 500 million but not exceeding Baht 750 million. At 2.0% of rental and service income for the amount that exceeding Baht 750 million.
2. Incentive fee at 6.0% of performance on operation for the amount not exceeding Baht 400 million. At 5.0% of performance on operation for the amount that exceeding Baht 400 million but not exceeding Baht 600 million. At 4.0% of performance on operation for the amount that exceeding Baht 600 million.
3. Commission fee at 0.5 month of rental and service rate for extend contract lessee and 1.0 month of rental and service rate for new lessee.

#### *REIT Manager Appointment Agreement*

An indirect subsidiary entered into the REIT Management Appointment Agreement with the trustee of the Trust to be appointed as REIT manager, which will receive a monthly management fee from the Trust at 0.30% of cost of main assets of the Trust including book value of investments in financial instruments and/or deposits at financial institutions which is not lower than Baht 10 million per annum.

### Guarantee obligations with related party

The Company has joint - guaranteed of long-term borrowings from a local financial institution of Frasers Property BFTZ Co., Ltd, a joint venture, amounting to Baht 1,281 million (2020: 1,281 million). Under guarantee obligations, the Company entered into letter of undertaking agreements with the joint venture and the joint venture agreed to pay service fee at the rate as specified in the agreements. As at 31 December 2021, the joint venture utilised the credit facilities totaling Baht 1,231.56 million (2020: 1,141.79 million).

### 5 Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Cash on hand	849	2,019	590	663
Cashier cheques	-	65	-	-
Cash at banks - current accounts	17,910	20,913	1,064	1,830
Cash at banks - savings accounts	153,033	140,673	73,230	58,210
Highly liquid short-term investments	395	350	375	331
<b>Total</b>	<b>172,187</b>	<b>164,020</b>	<b>75,259</b>	<b>61,034</b>

### 6 Real estate development for sale

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Land and construction developing for sales	3,404,700	4,748,576	2,774,470	4,118,110
Houses and sample houses	728,218	918,405	728,218	498,913
Construction materials	54	777	54	777
<b>Total</b>	<b>4,132,972</b>	<b>5,667,758</b>	<b>3,502,742</b>	<b>4,617,800</b>
Less allowance for devaluation	(174)	(2,140)	(174)	(2,140)
<b>Net</b>	<b>4,132,798</b>	<b>5,665,618</b>	<b>3,502,568</b>	<b>4,615,660</b>
Finance costs capitalised in real estate development for sale during the year	38,619	34,565	38,619	34,565
Capitalisations rate (% per annum)	3.50-4.75	3.50 - 4.75	3.50-4.75	3.50 - 4.75
(Reversal of) write-down to net realisable value recognised in 'cost of sales of real estate'	(1,966)	755	(1,966)	755

In 2021, the Group transferred land and constructions thereon under real estate development for sale to investment properties amounting to Baht 51.47 million (2020: Baht 102.92 million) since the land and constructions are leased to other parties.

At 31 December 2021, land and construction developings for sales of the Group and the Company which are expected to complete over the next year as of report date are in amount of Baht 1,738.40 million (2020: Baht 3,071.89 million).

## 7 Assets used as collateral

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Savings accounts	2,017	463	1,382	-
Fixed deposit accounts - 12 months	19,487	4,187	4,070	4,070
	21,504	4,650	5,452	4,070
Investment in an associate	204,151	-	210,847	-
Real estate development for sale	3,400,087	4,485,824	2,750,087	3,439,509
Land held for development	157,503	157,503	157,503	157,503
Investment properties	3,407,462	2,430,387	54,970	-
Land and buildings	2,400,802	1,787,153	942,734	468,731
<b>Total</b>	<b>9,591,509</b>	<b>8,865,517</b>	<b>4,121,593</b>	<b>4,069,813</b>

Assets used as collateral 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.

At 31 December 2021, the Company mortgaged its trust units in Prospect Logistics and Industrial Leasehold Real Estate Investment Trust of 21,847,100 units at cost in separate financial statements amounting to Baht 210.85 million to pledge as collateral with a financial institution in respect of credit facility.

**8 Investments in associates and joint ventures**

Consolidated financial statements											
Type of business	Ownership interest (%)		Paid-up capital		Cost		Equity		Fair value of listed securities		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
	<i>(in thousand Baht)</i>										
<b>Associates</b>											
Samukkee Cement Co., Ltd.	40.64	40.64	235,000	235,000	154,079	154,079	-	-	-	-	
Subnorasing Co., Ltd.	36.07	36.07	18,000	18,000	6,493	6,493	-	-	-	-	
Prospect Logistics and Industrial Leasehold Real Estate Investment Trust											
	8.92	8.92	2,450,000	0	210,847	218,117	204,151	218,461	233,764	188,974	
					<b>371,419</b>	<b>378,689</b>	<b>204,151</b>	<b>218,461</b>			
<b>Joint ventures</b>											
BFTZ Bangpakong Co., Ltd.	50.00	-	500,000	-	250,000	-	242,390	-	-	-	
BFTZ Wangnoi Co., Ltd.	50.00	-	5,000	-	2,500	-	477	-	-	-	
Fraser's Property BFTZ Co., Ltd.	40.00	40.00	816,196	765,920	314,773	306,368	362,675	326,479	-	-	
<b>Total</b>					<b>567,273</b>	<b>306,368</b>	<b>605,542</b>	<b>326,479</b>			
			<b>938,692</b>	<b>685,057</b>	<b>809,693</b>	<b>544,940</b>					

All associates and joint ventures were incorporated and mainly operated in Thailand.

Associate	Type of business	Ownership interest (%)		Paid-up capital				Separate financial statements				Fair value of listed securities	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		(in thousand Baht)		Cost		Impairment		At cost - net					
Prospect Logistics and Industrial Leasehold Real Estate Investment Trust	Trust	8.92	8.92	2,450,000	2,450,000	210,847	218,117	-	-	210,847	218,117	233,764	188,974
				<u>210,847</u>	<u>218,117</u>	<u>-</u>	<u>-</u>	<u>210,847</u>	<u>218,117</u>	<u>210,847</u>	<u>218,117</u>		



<i>Material movements</i> for the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>Associates</i>				
At 1 January 2021	218,461	12,998	218,117	-
Increase capital in Prospect Logistics and Industrial Leasehold Real Estate Investment Trust	-	218,117	-	218,117
Return of capital in Prospect Logistics and Industrial Leasehold Real Estate Investment Trust	(7,270)	-	(7,270)	-
Dividends received from Prospect Logistics and Industrial Leasehold Real Estate Investment Trust	(17,555)	(2,680)	-	-
Share of profit (loss) accounted for using equity method	10,515	(9,974)	-	-
<b>At 31 December 2021</b>	<b>204,151</b>	<b>218,461</b>	<b>210,847</b>	<b>218,117</b>
<i>Joint ventures</i>				
At 1 January 2021	326,479	256,246	-	-
Increase capital in BFTZ Bangpakong Co., Ltd.	250,000	-	-	-
Increase capital in BFTZ Wangnoi Co., Ltd.	2,500	-	-	-
Increase capital in Frasers Property BFTZ Co., Ltd.	8,404	53,948	-	-
Dividends received from Frasers Property BFTZ Co., Ltd.	(25,811)	-	-	-
Share of profit accounted for using equity method	50,482	16,285	-	-
Downstream transaction	(6,512)	-	-	-
<b>At 31 December 2021</b>	<b>605,542</b>	<b>326,479</b>	<b>-</b>	<b>-</b>

*Acquisitions*

On 1 April 2021, Prospect Development Co., Ltd., a subsidiary, established an entity namely “BFTZ Bangpakong Co., Ltd.” which business types are developing warehouse and factory for rent including infrastructure, facilities, and other related business. The said entity has been registered with the Ministry of Commerce on 1 April 2021 and has authorised share capital amounting to Baht 500 million (5,000,000 ordinary shares with a par value of Baht 100 per share). The subsidiary has fully-paid the share capital for a consideration of Baht 250 million. The subsidiary has ownership interest in the entity 50% of issued and paid-up share capital.

Subsequently, on 5 April 2021, BFTZ Bangpakong Co., Ltd. established an entity namely “Bangpakong Industrial Land Co., Ltd.” which business type is developing land for sale and “Banpakong Terminal and Service Co., Ltd.” which business type is developing infrastructure and facilities. Both of entities have been registered with the Ministry of Commerce on 5 April 2021 and have authorised share capital amounting to Baht 5 million (50,000 ordinary shares with a par value of Baht 100 per share). BFTZ Bangpakong Co., Ltd. has fully-paid the share capital of both entities for a consideration totaling Baht 10 million. BFTZ Bangpakong Co., Ltd. has ownership interest in both entities 100% of issued and paid-up share capital.

On 7 May 2021, Prospect Development Co., Ltd., a subsidiary, established an entity namely “BFTZ Wang Noi Co., Ltd.” which business types are developing warehouse and factory for lease. The entity has been registered with the Ministry of Commerce on 7 May 2021 and has authorised share capital amounting to Baht 5 million (50,000 ordinary shares with a par value of Baht 100 per share). The subsidiary has fully-paid the share capital for a consideration of Baht 2.5 million. The subsidiary has ownership interest in the entity 50% of issued and paid-up share capital.

*Calling-up the share capital in joint venture*

In April 2021, Frasers Property BFTZ Co., Ltd., a joint venture of Prospect Development Co., Ltd., a subsidiary, called for additional paid-up of shares according to the shareholding interest amount to Baht 8.40 million.

*Return of capital from an associate*

On 10 June 2021 and 9 September 2021, the Company received return of capital from Prospect Logistics and Industrial Leasehold Real Estate Investment Trust of Baht 0.2808 per unit and Baht 0.0520 per unit, respectively, amounting to Baht 6.13 million and 1.14 million, respectively.

**Material associates and joint ventures**

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

	Prospect Logistics and Industrial Leasehold				Frasers Property				BFTZ Wangnoi Co., Ltd.			
	Real Estate Investment Trust		BFTZ Co., Ltd.		BFTZ Bangkok Co., Ltd.		BFTZ Wangnoi Co., Ltd.		BFTZ Bangkok Co., Ltd.		BFTZ Wangnoi Co., Ltd.	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	443,197	152,545	279,435	120,490	40,522	-	7	-	40,522	-	-	-
Profit (loss) from operations	209,291	99,882	134,008 <sup>a</sup>	40,713 <sup>a</sup>	(5,421) <sup>a</sup>	-	(820) <sup>a</sup>	-	(5,421) <sup>a</sup>	-	(820)	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (100%)	209,291	99,882	134,008	40,713	(5,421)	-	(820)	-	(5,421)	-	(820)	-
Ownership interest (%)	8.92	8.92	40.00	40.00	50.00	-	50.00	-	50.00	-	50.00	-
Total comprehensive income (Group's interest)	18,662	8,907	53,603	16,285	(2,711)	-	(410)	-	(2,711)	-	(410)	-
Adjustment accounting policy of the Group	(8,147)	(5,883)	-	-	-	-	-	-	-	-	-	-
<b>Group's share of total comprehensive income</b>	<b>10,515</b>	<b>3,024</b>	<b>53,603</b>	<b>16,285</b>	<b>(2,711)</b>	<b>-</b>	<b>(410)</b>	<b>-</b>	<b>(2,711)</b>	<b>-</b>	<b>(410)</b>	<b>-</b>
Current assets	280,313	276,638	123,343 <sup>b</sup>	133,635 <sup>b</sup>	63,666 <sup>b</sup>	-	16,216 <sup>b</sup>	-	63,666 <sup>b</sup>	-	16,216 <sup>b</sup>	-
Non-current assets	3,343,600	3,429,414	2,003,956	2,045,460	4,216,224	-	641,749	-	4,216,224	-	641,749	-
Current liabilities	(200,649)	(201,885)	(243,136) <sup>c</sup>	(368,490) <sup>c</sup>	(897,228) <sup>c</sup>	-	(458,099) <sup>c</sup>	-	(897,228) <sup>c</sup>	-	(458,099) <sup>c</sup>	-
Non-current liabilities	(1,027,813)	(1,039,613)	(977,475) <sup>d</sup>	(994,407) <sup>d</sup>	(2,888,084) <sup>d</sup>	-	(195,686) <sup>d</sup>	-	(2,888,084) <sup>d</sup>	-	(195,686) <sup>d</sup>	-
<b>Net assets (100%)</b>	<b>2,395,451</b>	<b>2,464,554</b>	<b>906,688</b>	<b>816,198</b>	<b>494,578</b>	<b>-</b>	<b>4,180</b>	<b>-</b>	<b>494,578</b>	<b>-</b>	<b>4,180</b>	<b>-</b>
Ownership interest (%)	8.92	8.92	40.00	40.00	50.00	-	50.00	-	50.00	-	50.00	-
Group's interest in net assets of investee (Group's interest)	213,607	219,769	362,675	326,479	247,289	-	2,090	-	247,289	-	2,090	-
Adjustment accounting policy of the Group	(9,456)	(1,308)	-	-	-	-	-	-	-	-	-	-
Downstream transaction	-	-	-	-	(4,899)	-	(1,613)	-	(4,899)	-	(1,613)	-
<b>Carrying amount of interest in associates/joint ventures</b>	<b>204,151</b>	<b>218,461</b>	<b>362,675</b>	<b>326,479</b>	<b>242,390</b>	<b>-</b>	<b>477</b>	<b>-</b>	<b>242,390</b>	<b>-</b>	<b>477</b>	<b>-</b>



	Fraser's Property BFTZ Co., Ltd.		BFTZ Bangkok Co., Ltd.		BFTZ Wangnai Co., Ltd.	
	2021	2020	2021	2020	2021	2020
			<i>(in thousand Baht)</i>			
Remark:						
a. Includes:						
- depreciation and amortisation	51,740	9,422	-	-	-	-
- interest expense	34,364	25,826	44,127	-	-	-
- tax expense	24,646	(436)	1,557	-	-	-
b. Includes cash and cash equivalents	57,380	49,531	23,037	-	3,526	-
c. Includes current financial liabilities (excluding trade and other payables and provisions)	(102,320)	(95,274)	(884,000)	-	(256,000)	-
d. Includes non-current financial liabilities (excluding trade and other payables and provisions)	(958,566)	(969,794)	(2,880,574)	-	(177,835)	-



9 Investments in subsidiaries

	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost-net of impairment	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		(% )		(in thousand Baht)							
<b>Direct subsidiaries</b>											
Mancon Company Limited	Property development	100.00	100.00	20,000	20,000	32,870	32,870	-	-	32,870	32,870
Rx Wellness Co., Ltd.	Property development and health and wellness	100.00	100.00	100,000	100,000	100,000	100,000	-	-	100,000	100,000
Prospect Development Co., Ltd.	Property development for lease	100.00	100.00	2,260,000	2,260,000	2,045,450	2,045,450	-	-	2,045,450	2,045,450
Yours Property Management Co., Ltd.	Property management	100.00	100.00	3,000	3,000	3,000	3,000	-	-	3,000	3,000
Munkong Life Co., Ltd.	Property development for rent and rehabilitation	100.00	100.00	2,600,000	2,600,000	2,599,999	2,599,999	-	-	2,599,999	2,599,999
MKH Assets Co., Ltd.	Property development Medical and health and wellness	100.00	100.00	35,000	35,000	34,999	34,999	-	-	34,999	34,999
Health and Wellness Village Co., Ltd.	wellness	100.00	100.00	137,750	87,500	137,750	87,500	-	-	137,750	87,500
S71 Property Co., Ltd.	Property development	100.00	-	650,000	-	650,000	-	-	-	650,000	-
<b>Total</b>				<b>5,604,068</b>	<b>4,903,818</b>	<b>5,604,068</b>	<b>4,903,818</b>	<b>-</b>	<b>-</b>	<b>5,604,068</b>	<b>4,903,818</b>

	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost-net of impairment		
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
		2021		2020		2021		2020		2021		2020
<b>Indirect subsidiaries</b>												
Munkong Living Co., Ltd.												
(100% shareholding through												
Prospect Development Co., Ltd.)	Property development	-	100.00	-	1,002,005	-	-	-	-	-	-	-
Prospect Reit Management												
Co., Ltd. (100% shareholding through												
Prospect Development Co., Ltd.)	REIT management	100.00	100.00	10,000	10,000	-	-	-	-	-	-	-
Freezone Asset Co.,Ltd.												
(100% shareholding through												
Prospect Development Co., Ltd.)	Property development	100.00	-	182,500	-	-	-	-	-	-	-	-
<b>Total</b>												

(in thousand Baht)

(%)

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

**Material movements**

for the year ended 31 December

	Separate financial statements	
	2021	2020
	<i>(in thousand Baht)</i>	
<b>Subsidiaries</b>		
At 1 January 2021	4,903,818	4,819,568
Increase capital in Health and Wellness Village Co., Ltd.	50,250	84,250
Increase capital in S71 Property Co., Ltd.	650,000	-
Purchase of investment in Munkong living Co., Ltd.	1,060,000	-
Disposal of investment in Munkong living Co., Ltd.	<u>(1,060,000)</u>	<u>-</u>
<b>At 31 December 2021</b>	<b><u>5,604,068</u></b>	<b><u>4,903,818</u></b>

At the Board of Directors' meeting of Health and Wellness Village Co., Ltd., a subsidiary, held on 1 February 2021, the Board of the subsidiary approved for additional call-up for 33.50% of its par value of the ordinary share capital. The Company has paid for the share amounting to Baht 50.25 million.

On December 2021, the Company invested in S71 Property Co., Ltd., a newly established company and a real estate for sale developer in proportion of 100% shareholding. S71 Property Co., Ltd. was registered with the Ministry of Commerce on 14 December 2021 and has a registered capital of Baht 650 million (6,500,000 ordinary shares with a par value of Baht 100 per share). The Company paid 100% of share capital.

On 16 November 2021, the Company purchased 100% of its issued and paid-up capital in Munkong Living Co., Ltd. from Prospect Development Co., Ltd., a subsidiary of the Company in the amount of Baht 1,060 million. As a result, Munkong Living Co., Ltd. become the Company's a direct subsidiary. However, the consolidated financial statements had not been effected. Subsequently, on 23 December 2021, the Company sold all shares in Munkong Living Co., Ltd. of 10,020,048 shares which comprised 10,019,998 ordinary shares and 50 preferred shares with a par value of Baht 100 per share to non-related party in totalling of Baht 1,112 million. The Company already received payment of Baht 330.5 million and the Company received the rest as promissory notes amount to Baht 739.5 million with interest rate 5% per annum and Baht 42 million with no interest. The promissory notes are collection due in March 2023 and June 2023, respectively and secured by a publicly listed company's shares and are presented as other non-current receivables in the statement of financial position as at 31 December 2021. The Group and the Company recognised gain from disposal of Baht 272 million and Baht 52 million, respectively under "Gain from disposal of investments and investments income" in the statement of comprehensive income.

At the Board of Directors' meeting of the Company held on 15 October 2021, the Board approved Prospect Development Co., Ltd., a subsidiary, to purchase share capital of Free Zone Asset Company Limited amounting to 1,825,000 ordinary shares with a par value of Baht 100 per share, totalling Baht 182.50 million at a price of Baht 100 million from AQ Estate Public Company Limited of 1,824,998 ordinary shares and other shareholders of 2 ordinary shares. The sellers are non-related parties. Free Zone Asset Company

Limited operates real estate for rent and services, and has authorised share capital amounting to Baht 182.50 million of 1,825,000 ordinary shares with a par value of Baht 100 per share. The subsidiary entered into share purchase agreement and obtained the shares on 29 October 2021. The Group received identifiable assets mainly from leasehold. The transaction was accounted as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets is concentrated in a group of similar identifiable assets.

<i>Identifiable assets acquired and liabilities assumed</i>	<i>Note</i>	<i>(in thousand baht)</i>
Cash and cash equivalents		4,778
Trade receivables		10
Deferred tax asset		657
Investment properties	10	129,200
Equipment		25
Trade payables		(4,924)
Lease liabilities		(29,746)
<b>Net</b>		<b>100,000</b>

From 1 January 2021, the Group has adopted the amendment to TFRS 3 Definition of a Business which clarifies the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than a business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Group has applied the amendments prospectively to the transactions for which the acquisition date is on or after 1 January 2021.

#### 10 Investment properties

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
<b>Cost</b>					
At 1 January		5,723,279	4,833,811	39,842	39,842
Additions		1,181,685	2,618,325	-	-
Addition from acquisition of a subsidiary	9	129,200	-	-	-
Disposals	12.2	-	(2,008,055)	-	-
Decrease from disposal of a subsidiary		(1,069,065)	-	-	-
Transfer from real estate development for sale	7	51,474	102,920	-	-
Transfer from (to) property, plant and equipment	11	(558,730)	176,278	29,280	-
<b>At 31 December</b>		<b>5,457,843</b>	<b>5,723,279</b>	<b>69,122</b>	<b>39,842</b>

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
<b>Accumulated depreciation and impairment losses</b>					
At 1 January		319,347	460,886	3,843	2,543
Depreciation charge for the year		141,288	177,586	1,816	1,300
Transfer from (to) property, plant and equipment	11	(78,552)	(823)	2,958	-
Disposals	12.2	-	(318,302)	-	-
Decrease from disposal of a subsidiary		(118,203)	-	-	-
<b>At 31 December</b>		<b>263,880</b>	<b>319,347</b>	<b>8,617</b>	<b>3,843</b>
<b>Net book value</b>					
<b>At 31 December</b>		<b>5,193,963</b>	<b>5,403,932</b>	<b>60,505</b>	<b>35,999</b>

Capitalised borrowing costs relating to the acquisition of the land and the construction of the new buildings for the Group are amounted to Baht 6.07 million (2020: Baht 15.31 million), with a capitalization rate of 3.75-5.00% (2020: 4.25-5.00%).

Information relating to leases are disclosed in note 12.

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>(in thousand Baht)</i>				
<b>Amounts recognised in profit or loss</b>				
Rental income	341,333	374,267	6,196	6,544

As at 31 December 2021, investment properties which have carrying amount of Baht 2,513.60 million (2020: Baht 3,309.30 million) were revalued by the management, at projected discounted cash flows. The appraised value was Baht 2,811.93 million (2020: Baht 3,354.23 million). In addition, another portion of investment properties amounting to Baht 2,680.80 million (2020: Baht 2,094.63 million) were in the process of construction. Management considered that the fair value was approximate to carrying amount. The fair value of investment property has been categorised as a Level 3 fair value.

#### Valuation technique

*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

- Expected rental growth rate (5% - 10% every 3 years)
- Occupancy rate (between 76% - 100%)
- Discount rate (between 3% - 10%)
- Warehouse rental rates (160 - 380 Baht/square meter/month)
- Office rental rates (700 - 800 Baht/square meter/month)
- Land and office rental for services rates (100,000 -500,000 Baht/month)

## 11 Property, plant and equipment

	Note	Land	Golf course	Buildings and constructions	Consolidated financial statements					Total
					Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress		
<i>(in thousand Baht)</i>										
<b>Cost</b>										
At 1 January 2020		3,256,811	209,262	865,282	92,128	39,492	28,051	450,859		4,941,885
Additions		-	-	67,073	63,480	7,142	13,394	472,361		623,450
Transfer from real estate development for sale		5,423	-	17,477	-	-	-	-		22,900
Transfers from (to)										
investment properties	10	(180,476)	-	19,252	-	(84)	-	(14,970)		(176,278)
Disposals / transfers		(1,350)	-	678,852	(1,059)	2,656	(2,501)	(682,284)		(5,686)
Write-off		-	-	-	(894)	(17)	-	-		(911)
<b>At 31 December 2020</b>										
And 1 January 2021		3,080,408	209,262	1,647,936	153,655	49,189	38,944	225,966		5,405,360
Additions		-	-	370,844	11,861	14,647	95	68,766		466,213
Transfers from (to)										
investment properties	10	116,815	-	441,975	-	(60)	-	-		558,730
Disposals / transfers		-	34,834	(12,466)	(19,988)	180	(3,604)	(7,352)		(8,396)
Write-off		-	-	(2,200)	-	(45)	-	-		(2,245)
<b>At 31 December 2021</b>										
		3,197,223	244,096	2,446,089	145,528	63,911	35,435	287,380		6,419,662





		Separate financial statements							
		Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	Total
						(in thousand Baht)			
<b>Cost</b>									
At 1 January 2020		507,465	209,262	832,835	91,957	29,008	23,710	763	1,695,000
Additions		-	-	1,488	1,347	4,346	3,080	2,849	13,110
Transfers from real estate development for sale		5,423	-	17,477	-	-	-	-	22,900
Disposals / transfers		-	-	3,140	(1,059)	(663)	(2,501)	(3,460)	(4,543)
Write-off		-	-	-	(895)	(14)	-	-	(909)
<b>At 31 December 2020</b>									
And 1 January 2021		512,888	209,262	854,940	91,350	32,677	24,289	152	1,725,558
Additions		-	-	940	904	4,603	42	34	6,523
Transfers from (to) investment properties		-	-	(29,280)	-	-	-	-	(29,280)
Disposals / transfers	10	-	34,834	(16,255)	(21,252)	667	(3,603)	(49)	(5,658)
Write-off		-	-	-	-	(43)	-	-	(43)
<b>At 31 December 2021</b>									
		512,888	244,096	810,345	71,002	37,904	20,728	137	1,697,100
<b>Accumulated depreciation</b>									
At 1 January 2020		-	149,938	89,523	70,585	12,143	17,347	-	339,536
Depreciation charge for the year		-	7,177	36,383	8,254	5,393	2,377	-	59,584
Disposals / transfers		-	-	(120)	(1,048)	(826)	(2,482)	-	(4,476)
Write-off		-	-	-	(877)	(6)	-	-	(883)
<b>At 31 December 2020</b>									
And 1 January 2021		-	157,115	125,786	76,914	16,704	17,242	-	393,761
Depreciation charge for the year		-	7,175	33,516	8,387	5,991	2,106	-	57,175
Transfers from (to) investment properties		-	-	(2,958)	-	-	-	-	(2,958)
Disposals / transfers	10	-	34,834	(7,463)	(28,905)	(81)	(3,299)	-	(4,914)
Write-off		-	-	-	-	26	-	-	26
<b>At 31 December 2021</b>									
		-	199,124	148,881	56,396	22,640	16,049	-	443,090



		Separate financial statements							
		Land	Golf course	Buildings and constructions	Machinery and equipment	Furniture, fixture and office equipment	Vehicle	Construction in progress	Total
		<i>(in thousand Baht)</i>							
<b>Net book value</b>									
<b>At 31 December 2020</b>									
Owned assets		512,888	52,147	466,325	14,436	15,973	3,447	152	1,065,368
Right-of-use assets		-	-	262,829	-	-	3,600	-	266,429
		<u>512,888</u>	<u>52,147</u>	<u>729,154</u>	<u>14,436</u>	<u>15,973</u>	<u>7,047</u>	<u>152</u>	<u>1,331,797</u>
<b>At 31 December 2021</b>									
Owned assets		512,888	44,972	419,955	14,606	15,264	374	137	1,008,196
Right-of-use assets		-	-	241,509	-	-	4,305	-	245,814
		<u>512,888</u>	<u>44,972</u>	<u>661,464</u>	<u>14,606</u>	<u>15,264</u>	<u>4,679</u>	<u>137</u>	<u>1,254,010</u>

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 2021 amounted to Baht 143.77 million and Baht 142.37 million, respectively (2020: Baht 118.74 million and Baht 111.74 million, respectively).

During the year 2021, the Group capitalised borrowing costs to property, plant and equipment amounting to Baht 27.36 million (2020: Baht 27.24 million).

Information relating to leases are disclosed in note 12.

## 12 Lease Agreements

### *As a lessee*

#### *The Company*

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

#### *Subsidiaries*

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

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

On 18 August 2020, the sublessor entered into an amendment of land sublease agreement with a subsidiary. The subsidiary agreed to return partially land sublease of Bangkok Free Trade Zone project which is included in investment properties to the sublessor with the carrying amount of Baht 1,689.75 million. The sublessor agreed to pay compensation to the subsidiary as a result of the amendment of land sublease agreement to terminate sublease area. The subsidiary will receive compensation amounting to Baht 1,953.04 million. Subsequently, the subsidiary has already received the compensation amounting to Baht 1,912.75 million and the remaining amount of Baht 40.29 million will receive within one year according to the amendment which was presented in other current receivable in the consolidated statement of financial position as at 31 December 2020. In addition, the Group recognised gain on disposal of investment properties of Baht 263.29 million in the consolidated statement of comprehensive income for the year ended 31 December

2020. Subsequently, in January 2022, the Company already received the remaining amount of Baht 40.29 million.

- 12.3 On 1 August 2018, a company (“lessor”) entered into a land sublease agreement with a subsidiary to lease land from 1 August 2018 to 31 July 2041. The subsidiary agreed to pay land sublease compensation for the whole period totalling Baht 3.93 million. Under the land sublease agreement, the ownership of building will be transferred to the lessor at the maturity date.
- 12.4 On 19 December 2018, a temple (“lessor”) entered into a right of use land agreement to develop car park building with a subsidiary for a period of 30 years after the date of completion of building. The subsidiary agreed to pay for the building construction to compensate the right of use the land. Under right of use agreement, the ownership of building will be transferred to the lessor at the maturity date.
- 12.5 On 16 May 2020, the Group entered into land lease agreement for 30 years to develop warehouse and factory for lease by paying annual rental fee as specified in the agreement. The agreement will be ended on 15 May 2050. The Group paid the land lease compensation at the agreement date of Baht 52.72 million and recognised right-of-use assets included in investment properties.
- 12.6 On 15 August 2021, MKH assets Co., Ltd., a subsidiary entered into a land and construction lease agreement with a non-related party (“a lessor”) to operate hotel and health center, Subsequently, on 28 October 2021, the subsidiary entered into an amendment of land and construction lease agreement with the lessor. The lease agreement has the period of 21 years from 1 November 2021 to 31 October 2042, and the subsidiary agreed to pay compensation as specified in the agreement. The Company made a guarantee deposit of Bath 30 million at the registered date of land and construction lease. At the maturity date of lease agreement, the lessor promises to give an option to the lessee to extend the lease for period of 21 years from 1 November 2042 to 31 October 2063 with rental fee as specified in the agreement. At the end of lease agreement, the subsidiary has to move assets and attachments out of land and construction and return the land and construction under the lease as normal condition to the lessor. The Group recorded right-of-use assets under property, plant and equipment of Baht 365.05 million.

<i>Year ended 31 December</i>	<b>Consolidated financial</b>		<b>Separate financial</b>	
	<b>statements</b>		<b>statements</b>	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Amount recognised in profit or loss</i></b>				
Repair and maintenance expense:				
- Property that generate rental income	6,569	4,352	-	-
Expenses relating to leases of low-value assets and short-term leases	4,048	3,096	2,474	2,474

In 2021, the total cash outflow from leases of the Group and the Company Baht 15.72 million and Baht 9.9 million, respectively (2020: Baht 19.77 million and Baht 9.50 million, respectively).

*As a lessor*

12.7 The Group entered into lease agreements to lease office rental and warehouse to other parties (“lessees”) for periods starting from 1 to 4 years ending December 2024. The lessees agreed to pay monthly compensation as specified in the agreement.

12.8 On 7 May 2020, the Group entered into land and constructions lease agreement with a company (“lessee”) for a period of 8 years after the date of grand opening starting from 1 December 2020 to 30 November 2028. The lessee agreed to pay monthly compensation as specified in the agreement and additional compensation at percentage of incremental of gross profit from the lessee’s operations as specified in the agreement.

### 13 Intangible assets

	Consolidated financial statements	Separate financial statements
	Software licenses	Software licenses
	<i>(in thousand Baht)</i>	
<i>Cost</i>		
At 1 January 2020	21,259	20,226
Additions	8,665	2,604
Disposals	(651)	-
<b>At 31 December 2020 and 1 January 2021</b>	<b>29,273</b>	<b>22,830</b>
Additions	8,422	3,339
Disposals	(16)	-
<b>At 31 December 2021</b>	<b>37,679</b>	<b>26,169</b>
<i>Accumulated amortisation</i>		
At 1 January 2020	6,895	6,445
Amortisation charge for the year	4,329	3,968
Disposals	(73)	-
<b>At 31 December 2020 and 1 January 2021</b>	<b>11,151</b>	<b>10,413</b>
Amortisation charge for the year	5,455	4,115
Disposals	(1)	-
<b>At 31 December 2021</b>	<b>16,605</b>	<b>14,528</b>
<i>Net book value</i>		
<b>At 31 December 2020</b>	<b>18,122</b>	<b>12,417</b>
<b>At 31 December 2021</b>	<b>21,074</b>	<b>11,641</b>

## 14 Interest-bearing liabilities

Consolidated financial statements							
		2021			2020		
	Note	Secured	Unsecured	Total	Secured	Unsecured	Total
<i>(in thousand Baht)</i>							
Short-term borrowings from financial institutions		-	1,142,137	1,142,137	-	873,196	873,196
Short-term debentures		-	1,701,986	1,701,986	-	647,628	647,628
Short-term loans from other parties		-	227,473	227,473	-	667,775	667,775
Long-term borrowings		2,201,052	-	2,201,052	1,971,326	-	1,971,326
Long-term debentures		-	4,873,233	4,873,233	-	5,155,540	5,155,540
Lease liabilities		3,553	696,802	700,355	-	304,528	304,528
<b>Total interest-bearing liabilities</b>		<b>2,204,605</b>	<b>8,641,631</b>	<b>10,846,236</b>	<b>1,971,326</b>	<b>7,648,667</b>	<b>9,619,993</b>

Separate financial statements							
		2021			2020		
	Note	Secured	Unsecured	Total	Secured	Unsecured	Total
<i>(in thousand Baht)</i>							
Short-term borrowings from financial institutions		-	1,092,137	1,092,137	-	873,196	873,196
Short-term debentures		-	1,701,986	1,701,986	-	647,628	647,628
Short-term loans from related parties	4	-	20,000	20,000	-	21,000	21,000
Short-term loans from other parties		-	69,396	69,396	-	139,359	139,359
Long-term borrowings		790,086	-	790,086	1,156,946	-	1,156,946
Long-term debentures		-	4,056,652	4,056,652	-	4,502,143	4,502,143
Leases liabilities		-	157,721	157,721	-	158,880	158,880
<b>Total interest-bearing liabilities</b>		<b>790,086</b>	<b>7,097,892</b>	<b>7,887,978</b>	<b>1,156,946</b>	<b>6,342,206</b>	<b>7,499,152</b>

As at 31 December 2021, the Group and the Company had unutilised credit facilities from local financial institutions totaling Baht 4,463.28 million and Baht 2,569.50 million, respectively (2020: Baht 4,686.40 million and Baht 2,640 million, respectively).

The above borrowings from financial institutions are collateralised by the assets pledged or mortgaged (see note 7).

#### *Long-term loans from financial institutions - secured*

##### *The Company*

At 31 December 2021, the Company had entered into loan agreements with local financial institutions with credit facilities totalling Baht 4,635.58 million at MLR-0.25% to MLR-2.50% interest rate per annum. The Company mortgaged investment in an associate and a part of land and construction as the loan collateral (see note 7).

##### *Subsidiaries*

At 31 December 2021, the subsidiaries had entered into loan agreements with local financial institutions with credit facilities totalling Baht 2,982 million at MLR-1% to MLR-1.50% and MLR+0.2% interest rate per annum. The subsidiaries mortgaged land and construction, land leasehold right and part of construction land sublease agreement as the loan collateral (see note 7).

The Company and the subsidiaries have to comply with certain conditions under right and duty of borrowers such as the maintenance of Debt to Equity ratio and Debt Service Coverage ratio (DSCR).

#### *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)
<b>Short-term debentures</b>							
<b>The Company</b>							
No. 1/2021 (repayment interest on maturity date)	330.6	1,000	330.6	29 April 2021	270 days	24 January 2022	3.90
No. 2/2021 (repayment interest on maturity date)	300	1,000	300	26 August 2021	180 days	22 February 2022	3.70
No. 3/2021 (repayment interest on maturity date)	500	1,000	500	19 October 2021	269 days	15 July 2022	3.90
No. 4/2021 (repayment interest on maturity date)	175	1,000	175	24 November 2021	268 days	19 August 2022	3.90
No. 5/2021 (repayment interest on maturity date)	400	1,000	400	24 December 2021	90 days	24 March 2022	3.50
Total			<u>1,705.6</u>				



Unsecured debentures	Number (thousand units)	Par value		Issue date	Term	Maturity date	Coupon rate (% per annum)
		per unit (in Baht)	Total value (in million Baht)				
<b>Long-term debentures</b>							
<b>The Company</b>							
No. 1/2019 (repayment interest every 3 months)	687.5	1,000	687.5	11 June 2019	3 years 3 years	11 June 2022	5.00
No. 2/2019 (repayment interest every 3 months)	1,565	1,000	1,565	12 December 2019	11 months 19 days 1 year	1 December 2023	5.75
No. 1/2020 Set.1 (repayment interest every 3 months)	230.3	1,000	230.3	28 August 2020	5 months 18 days	15 February 2022	4.80
No. 1/2020 Set.2 (repayment interest every 3 months)	451.5	1,000	451.5	28 August 2020	2 years 6 months	28 February 2023	5.60
No. 1/2021 (repayment interest every 3 months)	500	1,000	500	29 April 2021	2 years	29 April 2023	5.25
No. 2/2021 (repayment interest every 3 months)	636.4	1,000	636.4	28 May 2021	2 years 10 months	28 March 2024	5.60
			4,070.7				
<b>Subsidiary</b>							
No. 1/2019 (repayment interest every 3 months)	198	1,000	198	2 August 2019	2 years 6 months	2 February 2022	6.25
No. 1/2020 (repayment interest every 3 months)	157	1,000	157	13 February 2020	2 years 6 months	13 August 2022	6.25
No. 2/2020 (repayment interest every 3 months)	165	1,000	165	3 December 2020	2 years	3 December 2022	6.25
No. 1/2021 (repayment interest every 3 months)	300	1,000	300	14 May 2021	2 years	14 May 2023	6.25
			820				
Total			4,890.7				

At the annual general meeting of the shareholders of the Company, held on 25 April 2019, the shareholders approved to increase total amount and an outstanding value for issuance and offering of debenture at a particular time from not exceeding Baht 3,000 million to be not exceeding Baht 6,000 million to supporting working capital and business expansion of the Group, including land purchases for project development and debt repayments.

At the Board of Directors of the subsidiary, held on 24 January 2020, the Board approved the issuance and offering of debentures in the amount equal to or not exceeding Baht 1,000 million to a private placement not exceeding 10 persons for its working capital.



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

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>Short-term debentures</i>				
As at 1 January	650,000	250,000	650,000	250,000
Issued	1,705,600	1,150,000	1,705,600	1,150,000
Repayment	(650,000)	(750,000)	(650,000)	(750,000)
As at 31 December	<u>1,705,600</u>	<u>650,000</u>	<u>1,705,600</u>	<u>650,000</u>
<i>Long-term debentures</i>				
As at 1 January	5,175,300	5,326,500	4,518,300	4,836,500
Issued	1,436,400	1,003,800	1,136,400	681,800
Repayment	(1,721,000)	(1,155,000)	(1,584,000)	(1,000,000)
As at 31 December	<u>4,890,700</u>	<u>5,175,300</u>	<u>4,070,700</u>	<u>4,518,300</u>

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2021			
	<i>(in thousand Baht)</i>			
Short-term debentures	1,705,600		1,705,600	
Less deferred expense	(3,614)		(3,614)	
Unsecured short-term debentures	<u>1,701,986</u>		<u>1,701,986</u>	
Long-term debentures	4,890,700		4,070,700	
Less deferred expenses	(17,467)		(14,048)	
	4,873,233		4,056,652	
Less current portion of long-term debentures	(1,435,817)		(917,041)	
Unsecured long-term debentures	4,437,416		3,139,611	
- net of current portion	<u>3,437,416</u>		<u>3,139,611</u>	

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

#### *Finance lease liabilities*

The Group has hire-purchase agreements to purchase motor vehicles from local leasing companies with a term of repayment in 4-5 years, and repaid in monthly installments, with certain conditions and restrictions as specified in the hire-purchase agreements.

## 15 Other current liabilities

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Retentions	150,528	127,858	42,517	50,083
Accrued administrative expenses	66,491	115,745	10,572	41,572
Others	134,827	119,448	89,743	85,527
<b>Total</b>	<b>351,846</b>	<b>363,051</b>	<b>142,832</b>	<b>177,182</b>

## 16 Non-current provisions for employee benefits

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

<i>Present value of the defined benefit obligations</i>	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
At 1 January	92,496	78,532	84,580	73,575
<b>Included in profit or loss</b>				
Current service costs and interest	11,192	9,664	7,466	7,280
Past service cost	-	514	-	-
Curtailment gain	(16,724)	-	(16,724)	-
	<u>(5,532)</u>	<u>10,178</u>	<u>(9,258)</u>	<u>7,280</u>
<b>Included in other comprehensive income</b>				
Actuarial (gain) loss				
- Demographic assumptions	(5,356)	(61)	(3,785)	-
- Financial assumptions	(6,909)	3,929	(5,851)	3,743
- Experience adjustment	(2,429)	4,670	1,189	4,209
	<u>(14,694)</u>	<u>8,538</u>	<u>(8,447)</u>	<u>7,952</u>
<b>Others</b>				
Benefits paid	<u>(4,775)</u>	<u>(4,752)</u>	<u>(4,775)</u>	<u>(4,227)</u>

<i>Present value of the defined benefit obligations</i>	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
At 31 December	<u>67,495</u>	<u>92,496</u>	<u>62,100</u>	<u>84,580</u>

<i>Principal actuarial assumptions</i>	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
		(%)		
Discount rate	2.07	1.41	2.07	1.41
Future salary growth	4.00 - 6.00	4.00 - 7.00	4.00 - 6.00	4.00 - 7.00
Employee turnover rate	0.00 - 22.00	0.00 - 20.00	0.00 - 22.00	0.00 - 20.00

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

At 31 December 2021, the weighted-average duration of the defined benefit obligations was 10.7 years (2020: 10.3 years).

#### *Sensitivity analysis*

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

	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
		(in thousand Baht)		
<b>At 31 December 2021</b>				
Discount rate (1% movement)	(4,620)	5,120	(4,094)	4,510
Future salary growth (1% movement)	5,008	(4,535)	4,412	(4,014)
Employee turnover rate (20% movement)	(2,229)	2,669	(1,583)	1,859
<b>At 31 December 2020</b>				
Discount rate (1% movement)	(7,206)	7,627	(6,514)	6,871
Future salary growth (1% movement)	7,783	(6,955)	7,010	(6,280)
Employee turnover rate (20% movement)	(2,919)	3,431	(2,209)	2,575

#### 17 Other non-current liabilities

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
		(in thousand Baht)		
Contractual deposits from customers	110,373	81,235	-	-
Accrued for public utilities for establishing legal entities	51,473	58,754	50,893	58,174
Others	18,821	16,789	14,078	12,446
<b>Total</b>	<u>180,667</u>	<u>156,778</u>	<u>64,971</u>	<u>70,620</u>

## 18 Share capital

At the annual general meeting of the shareholders of the Company held on 25 April 2019, the shareholders approved the issuance and offering of the ordinary share-purchase warrants to the directors, executives and employees of the Company and its subsidiaries No.1 (MK-WA) of not exceeding 26,000,000 units as the details as following:

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

### *Fair value measurement*

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

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

The Group and the Company recognised share-based payment expense of Baht 1.01 million in the consolidated and separate financial statements for the year ended 31 December 2021 (2020: Baht 1.90 million).

During the year 2021, there was no change in the number of outstanding warrants for the year ended 31 December 2021 because the average market price of ordinary shares during the year did not exceed the exercise price of the warrants.

### *Share premium*

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

## 19 Legal Reserve

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

## 20 Segment information and disaggregation of revenue

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

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

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



		Consolidated financial statements															
		Real estate		Rental warehouse, factory and others		Golf services and sport club		Property management		Health and wellness center		Others		Eliminations		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		<i>(in thousand Baht)</i>															
<b>Reportable segments</b>																	
Revenue from external customers		2,481,142	2,530,402	341,333	374,266	91,728	100,843	91,042	48,374	25,821	3,044	-	-	3,031,066	3,056,929	-	-
Inter-segment revenue		-	-	24,558	1,523	-	-	19,931	17,947	16,000	10,300	-	-	(60,489)	(29,770)	-	-
<b>Total revenues</b>		<b>2,481,142</b>	<b>2,530,402</b>	<b>365,891</b>	<b>375,789</b>	<b>91,728</b>	<b>100,843</b>	<b>110,973</b>	<b>66,321</b>	<b>41,821</b>	<b>13,344</b>	<b>-</b>	<b>-</b>	<b>(60,489)</b>	<b>(29,770)</b>	<b>3,031,066</b>	<b>3,056,929</b>
<b>Timing of revenue recognition</b>																	
At a point in time		2,481,142	2,530,402	-	-	91,728	100,843	-	-	25,821	3,044	-	-	-	-	2,588,691	2,634,289
Over time		-	-	341,333	374,266	-	-	91,042	48,374	-	-	-	-	-	-	432,375	422,640
<b>Total revenues</b>		<b>2,481,142</b>	<b>2,530,402</b>	<b>341,333</b>	<b>374,266</b>	<b>91,728</b>	<b>100,843</b>	<b>91,042</b>	<b>48,374</b>	<b>25,821</b>	<b>3,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,031,066</b>	<b>3,056,929</b>
<b>Segment profit (loss) before income tax</b>		<b>(367,792)</b>	<b>(271,834)</b>	<b>278,936</b>	<b>321,316</b>	<b>8,885</b>	<b>9,489</b>	<b>31,137</b>	<b>13,213</b>	<b>(285,264)</b>	<b>(88,114)</b>	<b>-</b>	<b>(220)</b>	<b>-</b>	<b>-</b>	<b>(334,098)</b>	<b>(16,150)</b>
Share of profit of joint venture and associates accounted for using equity method		-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,997	6,311
<b>Loss before income tax</b>		<b>6,596,882</b>	<b>6,974,639</b>	<b>6,504,677</b>	<b>4,876,321</b>	<b>729,971</b>	<b>759,048</b>	<b>449</b>	<b>206</b>	<b>4,290,308</b>	<b>4,283,265</b>	<b>918,236</b>	<b>1,091,768</b>	<b>-</b>	<b>-</b>	<b>19,040,523</b>	<b>17,985,247</b>
<b>Segment assets as at 31 December</b>		<b>6,323,101</b>	<b>6,720,728</b>	<b>4,327,888</b>	<b>2,870,287</b>	<b>-</b>	<b>-</b>	<b>2,094</b>	<b>2,707</b>	<b>1,917,010</b>	<b>1,749,102</b>	<b>1,995</b>	<b>1,446</b>	<b>-</b>	<b>-</b>	<b>12,572,088</b>	<b>11,344,270</b>

		Separate financial statements															
		Real estate		Rental warehouse, factory and others		Golf services and sport club		Property and sport club		Health and wellness center		Others		Eliminations		Total	
For the year ended 31 December		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Timing of revenue recognition																	
At a point in time		2,316,148	2,359,401	-	-	91,728	100,843	-	-	-	-	-	-	2,407,876	2,460,244	-	-
Over time		-	-	9,526	7,037	-	-	-	-	-	-	-	-	9,526	7,037	-	-
Total revenues		<u>2,316,148</u>	<u>2,359,401</u>	<u>9,526</u>	<u>7,037</u>	<u>91,728</u>	<u>100,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,417,402</u>	<u>2,467,281</u>	<u>-</u>	<u>-</u>

(in thousand Baht)

*(a) Geographical segments*

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

*(b) Major customer*

Revenue for the year 2021 from the sale of land in development project from a customer of the Group's segment 1 represents approximately Baht 885.25 million (2020: Nil) of the Group's total revenue.

*(c) Revenue expected to be recognised in the future related to performance obligations that are unsatisfied*

At 31 December 2021, the Group has revenue expected to be recognised in the future arising from performance obligations that are unsatisfied amounting to Baht 58.83 million (2020: Baht 103.88 million).

The Group will recognise this revenue when a customer obtains control of the real estate development for sale, which is expected to occur within 12 months.

21 Expenses by nature

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Employee benefit expenses	365,172	326,524	187,111	202,735
Depreciation and amortisation	295,205	254,173	63,105	64,852
Promotion and public relation expenses	92,005	144,644	65,047	95,529
Specific business tax	105,198	85,760	77,509	79,377
Transfer expenses	18,652	10,446	14,803	8,637
Cleaning and security expenses	26,060	31,744	22,325	25,023
Lease-related expenses	4,048	3,096	2,474	2,474

*Defined contribution plans*

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.



## 22 Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
<b>Interest expense:</b>					
Related parties	4	-	-	626	700
Financial institutions		521,685	436,594	374,304	319,892
<b>Total interest expense</b>		<b>521,685</b>	<b>436,594</b>	<b>374,930</b>	<b>320,592</b>
Other finance costs		27,826	19,080	22,054	13,567
		<b>549,511</b>	<b>455,674</b>	<b>396,984</b>	<b>334,159</b>
<i>Less: amounts included in the cost of qualifying assets:</i>					
- Real estate development for sale	6	38,619	34,565	38,619	34,565
- Investment properties	10	6,065	15,309	-	-
- Property, plant and equipment	11	27,362	27,239	-	-
		<b>72,046</b>	<b>77,113</b>	<b>38,619</b>	<b>34,565</b>
<b>Net</b>		<b>477,465</b>	<b>378,561</b>	<b>358,365</b>	<b>299,594</b>

## 23 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<i>(in thousand Baht)</i>				
<b>Income tax recognised in profit or loss</b>				
<b>Current tax expense</b>				
Current year	2,917	40,246	-	-
Over provided in prior years	(2,434)	-	-	-
	<b>483</b>	<b>40,246</b>	<b>-</b>	<b>-</b>
<b>Deferred tax expense</b>				
Movements in temporary differences	(88,273)	(46,665)	(36,172)	(19,453)
<b>Tax income</b>	<b>(87,790)</b>	<b>(6,419)</b>	<b>(36,172)</b>	<b>(19,453)</b>

	Consolidated financial statements					
		2021	Net of	Before	2020	Net of
		(Income)	tax	tax	(Income)	tax
		tax	Expense	tax	Expense	tax
<i>(in thousand Baht)</i>						
<b>Income tax</b>						
<i>Recognised in other comprehensive income</i>						
Defined benefit plan						
actuarial losses (gain)	(14,695)	2,939	(11,756)	8,538	(1,747)	6,791
Loss on investments in equity instruments designated at FVOCI	-	-	-	32,017	(6,403)	25,614
<b>Total</b>	<b>(14,695)</b>	<b>2,939</b>	<b>(11,756)</b>	<b>40,555</b>	<b>(8,150)</b>	<b>32,405</b>

Separate financial statements								
	2021			2020				
<i>Income tax</i>	Before tax	(Income) tax Expense	Net of tax	Before tax	(Income) tax Expense	Net of tax		
	<i>(in thousand Baht)</i>							
<i>Recognised in other comprehensive income</i>								
Defined benefit plan								
actuarial losses (gain)	(8,446)	1,689	(6,757)	7,952	(1,591)	6,361		
<b>Total</b>	<b>(8,446)</b>	<b>1,689</b>	<b>(6,757)</b>	<b>7,952</b>	<b>(1,591)</b>	<b>6,361</b>		
<i>Reconciliation of effective tax rate</i>								
	Consolidated financial statements				Separate financial statements			
<i>tax rate</i>	2021		2020		2021		2020	
	<i>(in thousand Baht)</i>		<i>(in thousand Baht)</i>		<i>(in thousand Baht)</i>		<i>(in thousand Baht)</i>	
	Rate (%)		Rate (%)		Rate (%)		Rate (%)	
Loss before income tax expense		(273,101)		(9,839)		(178,013)		(92,268)
Income tax using the Thai corporation tax rate	20	(54,620)	20	(1,968)	20	(35,602)	20	(18,454)
Income not subject to tax		-		(222)		-		(748)
Expenses with additional deduction for tax purposes		(21,419)		(6,545)		(2,547)		(5,013)
Expenses not deductible for tax purposes		6,825		1,717		1,977		4,762
Recognition of previously unrecognised tax losses		(2,057)		(87)		-		-
Current year losses for which no deferred tax asset was recognised		2,791		150		-		-
Elimination in consolidation		(16,876)		536		-		-
Over provided in prior years		(2,434)		-		-		-
<b>Total</b>	<b>32</b>	<b>(87,790)</b>	<b>65</b>	<b>(6,419)</b>	<b>20</b>	<b>(36,172)</b>	<b>21</b>	<b>(19,453)</b>
<i>Deferred tax</i>								
	Consolidated financial statements				Separate financial statements			
<i>At 31 December</i>	Assets		Liabilities		Assets		Liabilities	
	2021	2020	2021	2020	2021	2020	2021	2020
	<i>(in thousand Baht)</i>							
Total	170,861	83,523	(9,895)	(7,891)	71,504	37,021	-	-
Set off of tax	(9,895)	(7,891)	9,895	7,891	-	-	-	-
<b>Net deferred tax assets (liabilities)</b>	<b>160,966</b>	<b>75,632</b>	<b>-</b>	<b>-</b>	<b>71,504</b>	<b>37,021</b>	<b>-</b>	<b>-</b>

	At 1 January	Consolidated financial statements		At 31 December
		Credited (Charged) to		
<i>Deferred tax</i>		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b>2021</b>				
<b><i>Deferred tax assets</i></b>				
Non-current provisions for employee benefits	18,354	(1,916)	(2,939)	13,499
Right-of-use assets	2,547	(1,796)	-	751
Financial assets measured at FVOCI	6,403	-	-	6,403
Loss carry forward	54,004	90,161	-	144,165
Others	2,215	3,828	-	6,043
<b>Total</b>	<b>83,523</b>	<b>90,277</b>	<b>(2,939)</b>	<b>170,861</b>
<b><i>Deferred tax liabilities</i></b>				
Investment properties	(7,717)	(533)	-	(8,250)
Lease liabilities	(174)	(1,471)	-	(1,645)
<b>Total</b>	<b>(7,891)</b>	<b>(2,004)</b>	<b>-</b>	<b>(9,895)</b>
<b>Net</b>	<b>75,632</b>	<b>88,273</b>	<b>(2,939)</b>	<b>160,966</b>
<b>2020</b>				
<b><i>Deferred tax assets</i></b>				
Non-current provisions for employee benefits	15,522	1,085	1,747	18,354
Right-of-use assets	-	2,547	-	2,547
Financial assets measured at FVOCI	-	-	6,403	6,403
Loss carry forward	30,126	23,878	-	54,004
Others	1,262	953	-	2,215
<b>Total</b>	<b>46,910</b>	<b>28,463</b>	<b>8,150</b>	<b>83,523</b>
<b><i>Deferred tax liabilities</i></b>				
Investment properties	(5,055)	(2,662)	-	(7,717)
Leasehold rights	(21,038)	21,038	-	-
Lease liabilities	-	(174)	-	(174)
<b>Total</b>	<b>(26,093)</b>	<b>18,202</b>	<b>-</b>	<b>(7,891)</b>
<b>Net</b>	<b>20,817</b>	<b>46,665</b>	<b>8,150</b>	<b>75,632</b>

	At 1 January	Separate financial statements Credited (Charged) to		At 31 December
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<b>2021</b>				
<b>Deferred tax assets</b>				
Non-current provisions for employee benefits	16,916	(2,807)	(1,689)	12,420
Accrued for public utilities for establishing legal entities	1,054	1,464	-	2,518
Loss carry forward	17,062	37,894	-	54,956
Right-of-use assets	346	405	-	751
Others	1,643	(784)	-	859
<b>Total</b>	<b>37,021</b>	<b>36,172</b>	<b>(1,689)</b>	<b>71,504</b>
<b>2020</b>				
<b>Deferred tax assets</b>				
Non-current provisions for employee benefits	14,715	610	1,591	16,916
Accrued for public utilities for establishing legal entities	-	1,054	-	1,054
Loss carry forward	-	17,062	-	17,062
Right-of-use assets	-	346	-	346
Others	1,262	381	-	1,643
<b>Total</b>	<b>15,977</b>	<b>19,453</b>	<b>1,591</b>	<b>37,021</b>

The tax losses expire in 2026. The deductible temporary difference do not expire under current tax legislation of Baht 13.96 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.

#### 24 Basic loss per share

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht / thousand shares)</i>			
Loss attributable to ordinary shareholders of the Company (basic)	<u>(185,311)</u>	<u>(3,421)</u>	<u>(141,841)</u>	<u>(72,814)</u>
Number of ordinary shares outstanding	<u>1,091,205</u>	<u>1,091,205</u>	<u>1,091,205</u>	<u>1,091,205</u>
<b>Basic loss per share (in Baht)</b>	<b><u>(0.1698)</u></b>	<b><u>(0.0031)</u></b>	<b><u>(0.1300)</u></b>	<b><u>(0.0667)</u></b>

The warrants during the year ended 31 December 2021 and 2020 have no dilutive effect because the average market price of ordinary shares during the year did not exceed the exercise price of the warrants.

#### 25 Dividends

At the Board of Directors' meeting of the Company held on 29 September 2020, the Board approved the appropriation of interim dividends of Baht 0.11 per share, amounting to Baht 120.03 million. The dividend was paid to shareholders on 26 October 2020.

26 Financial instruments  
(a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities at amortised cost if the carrying amount is a reasonable approximation of fair value.

	Consolidated financial statements						Total
	Carrying amount			Fair value			
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	Level 1	Level 2	Level 3	
<i>At 31 December 2021</i>							
<b>Financial assets</b>							
Other current financial assets							
- Mutual fund security - debt instrument					318,008	-	318,008
Other non-current financial assets	318,008						
- Other long-term investments	-	10,126			10,126	10,126	10,126
<b>Financial liabilities</b>							
Long-term loans from financial institutions			2,201,052			2,158,445	2,158,445
Long-term debentures			4,873,233		4,042,848	810,251	4,853,099



	Consolidated financial statements				Fair value		
	Carrying amount		Level 1	Level 2	Level 3	Total	
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	<i>(in thousand Baht)</i>			
<b>At 31 December 2020</b>							
<b>Financial assets</b>							
Other current financial assets							
- Mutual fund security - debt instrument	191,063	-	-	191,063	-	-	191,063
Other non-current financial assets							
- Other long-term investments	-	10,126	-	10,126	-	10,126	10,126
<b>Financial liabilities</b>							
Payables for purchase of land	-	-	647,000	647,000	-	633,943	633,943
Long-term loans from financial institutions	-	-	1,971,326	1,971,326	-	2,004,464	2,004,464
Long-term debentures	-	-	5,155,540	5,155,540	-	648,948	5,122,214

	Separate financial statements					Fair value									
	Carrying amount			Level 1			Level 2			Level 3			Total		
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	<i>(in thousand Baht)</i>											
<b>At 31 December 2021</b>															
<b>Financial assets</b>															
Other current financial assets															
- Mutual fund security - debt instrument	300,007	-	-	300,007	-	-	300,007	-	-	-	-	-	-	300,007	
Other non-current financial assets															
- Other long-term investments	-	9,186	-	9,186	-	-	-	-	9,186	-	-	-	9,186	9,186	
<b>Financial liabilities</b>															
Long-term loans from financial institutions															
Long-term debentures	-	-	790,086	790,086	-	-	-	-	771,957	-	-	-	771,957	771,957	
	-	-	4,056,652	4,056,652	-	-	4,042,848	-	-	-	-	-	4,042,848	4,042,848	
<b>At 31 December 2020</b>															
<b>Financial assets</b>															
Other current financial assets															
- Mutual fund security - debt instrument	170,053	-	-	170,053	-	-	170,053	-	-	-	-	-	-	170,053	
Other non-current financial assets															
- Other long-term investments	-	9,186	-	9,186	-	-	-	-	9,186	-	-	-	9,186	9,186	
<b>Financial liabilities</b>															
Long-term loans from financial institutions															
Long-term debentures	-	-	1,156,946	1,156,946	-	-	-	-	1,157,315	-	-	-	1,157,315	1,157,315	
	-	-	4,502,143	4,502,143	-	-	4,473,266	-	-	-	-	-	4,473,266	4,473,266	

**Valuation technique - financial instruments**

Type	Valuation technique
Mutual fund securities - debt instruments	The net asset value as of the reporting date
Other long-term investments	Adjusted net asset
The Company's debentures	Determined based on quoted prices in the debentures market from the Thai Bond Market Association by using the closing price at the end of the reporting period
Payables for purchase of land, long-term loans from financial institutions and subsidiary's debentures	Discounted cash flows

**(b) Movement of marketable debt securities**
**Consolidated financial statements**

<i>Marketable debt securities</i>	At 1 January	Purchase	Disposal <i>(in thousand Baht)</i>	Fair value adjustment	At 31 December
<b>2021</b>					
<i>Other current financial assets</i>					
Mutual fund securities measured at FVTPL	<u>191,063</u>	<u>2,325,000</u>	<u>(2,198,047)</u>	<u>(8)</u>	<u>318,008</u>
<b>2020</b>					
<i>Other current financial assets</i>					
Mutual fund securities measured at FVTPL	<u>934,768</u>	<u>3,344,000</u>	<u>(4,087,106)</u>	<u>(599)</u>	<u>191,063</u>

**Separate financial statements**

<i>Marketable debt securities</i>	At 1 January	Purchase	Disposal <i>(in thousand Baht)</i>	Fair value adjustment	At 31 December
<b>2021</b>					
<i>Other current financial assets</i>					
Mutual fund securities measured at FVTPL	<u>170,053</u>	<u>1,955,000</u>	<u>(1,825,047)</u>	<u>1</u>	<u>300,007</u>
<b>2020</b>					
<i>Other current financial assets</i>					
Mutual fund securities measured at FVTPL	<u>885,739</u>	<u>3,072,000</u>	<u>(3,787,077)</u>	<u>(609)</u>	<u>170,053</u>



(c) *Financial risk management policies*

*Risk management framework.*

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

*(c.1) Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

*(c.1.1) Trade receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 20.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's commercial terms and conditions are offered.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 3 months. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The

provision rates of expected credit loss are based on days past due for individual trade receivables to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivable.

<i>Trade and other current receivables</i>	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Within credit terms	27,508	65,738	-	-
Overdue:				
Less than 3 months	15,789	9,837	8	-
3 - 6 months	42,171	2,296	2	-
6 - 12 months	2,677	520	-	-
Over 12 months	735	-	-	-
<b>Total</b>	<b>88,880</b>	<b>78,391</b>	<b>10</b>	<b>-</b>
<i>Less allowance for expected credit loss</i>	-	-	-	-
<b>Net</b>	<b>88,880</b>	<b>78,391</b>	<b>10</b>	<b>-</b>

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

#### (c.1.2) Cash and cash equivalents

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions which the Group considers to have low credit risk.

#### (c.2) 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.

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Consolidated financial statements						
Contractual cash flows						
	Carrying	1 year	More than	More than	More than	Total
	amount	or less	1 year but	2 years but	5 years	
			less than	less than		
			2 years	5 years		
<i>At 31 December 2021</i>						
<i>Financial liabilities</i>						
Trade and other current payables	449,732	449,732	-	-	-	449,732
Payables for purchase of land	647,000	647,000	-	-	-	647,000
Short-term borrowings from						
financial institutions	1,142,137	1,150,000	-	-	-	1,150,000
Short-term debentures	1,701,986	1,743,446	-	-	-	1,743,446
Short-term loans from other parties	227,473	230,000	-	-	-	230,000
Long-term loans	2,201,052	377,846	643,210	1,631,394	316,510	2,968,960
Long-term debentures	4,873,233	1,496,854	3,074,057	719,491	-	5,290,402
Lease liabilities	700,355	37,398	59,507	150,861	1,078,435	1,326,201
	<u>11,942,968</u>	<u>6,132,276</u>	<u>3,776,774</u>	<u>2,501,746</u>	<u>1,394,945</u>	<u>13,805,741</u>

Consolidated financial statements						
Contractual cash flows						
	Carrying	1 year	More than	More than	More than	Total
	amount	or less	1 year but	2 years but	5 years	
			less than	less than		
			2 years	5 years		
<i>At 31 December 2020</i>						
<i>Financial liabilities</i>						
Trade and other current payables	427,062	427,062	-	-	-	427,062
Payables for purchase of land	647,000	-	647,000	-	-	647,000
Short-term borrowings from						
financial institutions	873,196	880,000	-	-	-	880,000
Short-term debentures	647,628	659,682	-	-	-	659,682
Short-term loans from other parties	667,775	680,000	-	-	-	680,000
Long-term loans	1,971,326	358,929	232,218	1,446,660	172,871	2,210,678
Long-term debentures	5,155,540	1,753,760	1,549,069	2,333,721	-	5,636,550
Lease liabilities	304,528	18,329	18,349	54,560	546,734	637,972
	<u>10,694,055</u>	<u>4,777,762</u>	<u>2,446,636</u>	<u>3,834,941</u>	<u>719,605</u>	<u>11,778,944</u>

	Carrying amount	1 year or less	Separate financial statements			Total
			Contractual cash flows			
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
<i>At 31 December 2021</i>						
<i>Financial liabilities</i>						
Trade and other current payables	47,598	47,598	-	-	-	47,598
Short-term borrowings from financial institutions	1,092,137	1,100,000	-	-	-	1,100,000
Short-term debentures	1,701,986	1,743,446	-	-	-	1,743,446
Short-term loans from related parties	20,000	20,000	-	-	-	20,000
Short-term loans from other parties	69,396	70,000	-	-	-	70,000
Long-term loans	790,086	58,982	-	854,254	-	913,236
Long-term debentures	4,056,652	937,333	2,764,759	719,491	-	4,421,583
Lease liabilities	157,721	9,582	9,664	28,444	316,900	364,590
	<u>7,935,576</u>	<u>3,986,941</u>	<u>2,774,423</u>	<u>1,602,189</u>	<u>316,900</u>	<u>8,680,453</u>
<i>At 31 December 2020</i>						
<i>Financial liabilities</i>						
Trade and other current payables	184,043	184,043	-	-	-	184,043
Short-term borrowings from financial institutions	873,196	880,000	-	-	-	880,000
Short-term debentures	647,628	659,682	-	-	-	659,682
Short-term loans from related parties	21,000	21,000	-	-	-	21,000
Short-term loans from other parties	139,359	140,000	-	-	-	140,000
Long-term loans	1,156,946	230,279	96,907	947,688	-	1,274,874
Long-term debentures	4,502,143	1,615,790	979,880	2,333,721	-	4,929,391
Lease liabilities	158,880	9,899	9,982	28,808	325,800	374,489
	<u>7,683,195</u>	<u>3,740,693</u>	<u>1,086,769</u>	<u>3,310,217</u>	<u>325,800</u>	<u>8,463,479</u>

### (c.3) Market risk

The Group is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

#### (c.3.1) Foreign currency risk

The Group has no material foreign currency risk during the year. Therefore, the Group did not utilise forward exchange contracts to hedge such financial liabilities denominated in foreign currencies.

#### (c.3.2) 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.

<i>Exposure to interest rate risk at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b><i>Financial instruments with fixed interest rates</i></b>				
Financial assets				
-Short-term loans to related parties	570,000	-	2,075,500	2,603,518
-Short-term loans to other parties	110,000	105,000	85,000	85,000
	<u>680,000</u>	<u>105,000</u>	<u>2,160,500</u>	<u>2,688,518</u>
Financial liabilities				
-Short-term loans from financial institutions	1,142,137	873,196	1,092,137	873,196
-Short-term loans from related parties	-	-	20,000	21,000
-Short-term loans from other parties	227,473	667,775	69,396	139,359
-Short-term debentures	1,701,986	647,628	1,701,986	647,628
-Long-term debentures	4,873,233	5,155,540	4,056,652	4,502,143
-Lease liabilities	700,355	304,528	157,721	158,880
	<u>8,645,184</u>	<u>7,648,667</u>	<u>7,097,892</u>	<u>6,342,206</u>
<b><i>Financial instruments with variable interest rates</i></b>				
Financial liabilities				
-Long-term loans from financial institutions	<u>2,201,052</u>	<u>1,971,326</u>	<u>790,086</u>	<u>1,156,946</u>

*Fair value sensitivity analysis for fixed-rate instruments*

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

*Cash flow sensitivity analysis for variable-rate instruments*

A reasonable possible change of 1% in interest rates at the reporting date; this analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

<i>Impact to profit or loss</i>	Consolidated financial statements		Separate financial statements	
	1% increase in interest rate	1% decrease in interest rate	1% increase in interest rate	1% decrease in interest rate
<b>2021</b>	<i>(in thousand Baht)</i>			
Financial instruments with variable interest rate	(22,010)	22,010	(7,901)	7,901
<b>2020</b>				
Financial instruments with variable interest rate	(19,713)	19,713	(11,569)	11,569

## 27 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 regularly monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

## 28 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
Agreements for public utilities development for projects	224,715	273,296	224,715	273,296
Development and construction agreements	503,746	392,791	37,035	86,978
<b>Total</b>	<b>728,461</b>	<b>666,087</b>	<b>261,750</b>	<b>360,274</b>
<b>Other commitments</b>				
Agreements to buy and sell real estate	240,000	-	240,000	-
Low-value assets and short-term lease commitments	212	2,317	-	-
Utility service agreements	52,066	53,920	-	-
Bank guarantees	464,832	446,765	436,768	418,701
<b>Total</b>	<b>757,110</b>	<b>503,002</b>	<b>676,768</b>	<b>418,701</b>

### *Agreements to buy and sell real estate*

On 22 September 2021, the Company entered into a buy and sell units of commercial buildings agreement with a non-related party ("the seller") to operate health care services and health center by agreeing on the purchase price under the agreement of Baht 330 million. At the agreement date, the Company paid a deposit for purchase commercial buildings of Baht 90 million, and the Company will pay the remaining amount of Baht 240 million on the date of transferring of ownership by the seller.

### *Other agreements*

On 21 May 2019, the Group entered into management agreement with a company to operate and manage Health and Wellness Center for a period of 10 years after the date of grand opening starting from 1 December 2020 to 30 November 2030. The Group agreed to pay monthly service fee as specified in the agreement.

## 29 Event after the reporting period

At the Board of Directors' meeting of the Company on 28 February 2022, the Board of Directors resolved to approve Rx Wellness Co., Ltd., a direct subsidiary, to establish a joint venture with a company, in the proportion of 50% investment, to develop real estate projects in the healthcare center, Anti-Aging Medicine, Wellness Center and health rehabilitation centers, and provide services related to consulting services and health management services to other health projects, including provide services to take care of patients who need to recover from illness, surgery and provide service for cancer patients

Details of directors, executives, the person taking the highest responsibility in finance and accounting, the person supervising accounting and secretary

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years Retrospect (As of 31 December 2021)		
					Time period	Position	Organization/ Company name
1. Mr.Suthep Wongvorazathe Chairman / Chairman of Executive Committee / Authorized Director / (Appointed date was on 15 June 2019)	73 years old	- Master Degree/ MBA , University of Wisconsin, USA - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 48/2005	5.54	- None -	2015 - Present 2012 - Present 2011 - Present 2018 - Present 2015 Present 2011 - Present 2009 - Present 2018 - 2021 2017 - 2021 2017 - 2021 2014 - 2021 2013 - 2021	Chairman, Chairman of Executive Director Independent Director Chairman Director Director Director Director Director Director Director Chairman of Executive Director Chairman	M.K. Real Estate Development PLC Bangchak Corporation PLC Khonburi Sugar PLC CPD Asset Company Limited CPD Holding Company Limited News Corp Company Limited Asia Kangnam Company Limited XSpring Digital Company Limited HSH-SIAM CHAOPHRAYA HOLDINGS Company Limited The Mall Group Company Limited Krungthai Zmico Securities Co.Ltd. XSpring Capital PLC
Holding any position in other parties or organizations in the past year					2012 - Present 2011 - Present	Independent Director Chairman	Bangchak Corporation PLC Khonburi Sugar PLC
- Director at other listed company and group 2 companies							



Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years Retrospect (As of 31 December 2021)		
					Time period	Position	Organization/ Company name
- Advisor of other company and companies in the group							
- Managing Partner, Limited partnership							
- Advisor , Law firm							None
<b>2. Mr. Vorasit Pokachaiyapat</b>	58	- Bachelor degree / Economics and Business administration , Cornell- Mellon University, USA	- None -	- None -	2015 – Present	Chief Executive Officer	M.K. Real Estate Development PLC
Director / Executive Director /	Years				2002 - Present	Managing Director	Finansa PLC
Chief Executive Officer /	old				2016 – Present	Director	NEO Corporate Company Limited
Chairman of Risk Management		- Director Training Program			2010 – Present	Director	Finansa Capital Company Limited
Committee /		Thailand Institute of Directors (IOD)			2007 – Present	Director	Palanamai Company Limited
Normination and Remuneration		Director Certification			1994 – Present	Director	Finansa Fund Management Co.,Ltd.
Committee Member /		Program (DCP) year 2002			1998 – 2018	Independent Director	SE-Education Public Company Limited
Authorized Director							
(Appointed date was on 26 October 2015)							
<u>Holding any position in other parties or organizations in the past year</u>							
- Director at other listed company and group 1 company					2002 - Present	Managing Director	Finansa PLC
- Advisor of other company and companies in the group						None	None
- Managing Partner, Limited partnership						None	None
- Advisor , Law firm						None	None



Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years Retrospect (As of 31 December 2021)		
					Time period	Position	Organization/ Company name
3. Miss Dusadee Tancharoen Director / Executive Director / Member of Risk Management Committee/ Authorized Director / Member of Management Committee / (Appointed date was on 25 April 2017)	50 years old	- Bachelor degree of Arts, Chulalongkorn University - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 127/2016 Director Certification Program (DCP) 243/2017	- None -	- None -	2017 – Present	Director / Executive Director / Risk Management Committee / Authorized Director / Member of Management Committee Senior Vice President of Marketing	M.K. Real Estate Development PLC      Sansiri Public Company Limited
Holding any position in other parties or organizations in the past year							
- Director at other listed company and group – company							
- Advisor of other company and companies in the group							
- Managing Partner, Limited partnership							
- Advisor , Law firm							
None							
None							
None							
None							



Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years Retrospect (As of 31 December 2021)		
					Time period	Position	Organization/ Company name
<p>4. <b>Mrs. Sutida Suriyodorn</b>            Director / Executive Director / Authorized Director / Risk Management Committee / Member of Management Committee / Senior Executive Vice President of Operations Management Account and Finance Division (CFO)            (Appointed date was on 15 June 2015)</p>	59 years old	- Master degree of Business Administration Thammasat University - Master degree of Economics University of the Thai Chamber of Commerce - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 127/2016 Director Certification Program (DCP) 243/2017 1. Training by Federation of Accounting Professions Under The Royal Patronage of His Majesty The King 1.1 Management Accounting for Planning and Decision, Class 1/20 1.2 Risk Management (Advance) – COSO ERM 2017 Class 2/20 2. Training by Thai Listed Companies Association activity TLCA CFO Professional Development Program (TLCA CFO CPD) 2.1 No.6/2021 ESG Integration in Sustainable Investing 2.2 No.7/2021 Economic update for CFO 2.3 No.8/2021 The modern CFO : Driving Digital Transformation of the Finance and Accounting	0.05	- None -	2015 – Present	Director / Executive Director / Risk Management Committee / Authorized Director / Senior Executive Vice President Of Operations Management Account and Finance Division Deputy Managing Director	M.K. Real Estate Development PLC Finansa Fund Management Company Limited

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years Retrospect (As of 31 December 2021)		
					Time period	Position	Organization/ Company name
Holding any position in other parties or organizations in the past year							
-	Director at other listed company and group – company				None	None	None
-	Advisor of other company and companies in the group				None	None	None
-	Managing Partner, Limited partnership				None	None	None
-	Advisor , Law firm				None	None	None
<b>5. Miss Rachanee Mahatdetkul</b>	55 years old	- Master Degree / MBA, Santa Clara University, USA - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) year 2005 Director Certification Program (DCP) 251/2018 Strategic CFO programme in Capital Markets Program Batch 4/2017 of SET	- None -	- None -	2015 - Present 2007 - Present 2018 - Present 2017 – Present 2008 - Present	Director/ Executive Director / Risk Management Committee Senior Vice President of Investment Managing Director Director Director	M.K. Real Estate Development PLC Finansa Public Company Limited Prospect Development Company Limited FB Food Service (2017) Company Limited Finansa Capital Company Limited
Holding any position in other parties or organizations in the past year							
-	Director at other listed company and group – company				None	None	None
-	Advisor of other company and companies in the group				None	None	None
-	Managing Partner, Limited partnership				None	None	None
-	Advisor , Law firm				None	None	None







Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years Retrospect (As of 31 December 2021)		
					Time period	Position	Organization/ Company name
<p><u>Holding any position in other parties or organizations in the past year.</u></p> <ul style="list-style-type: none"> <li>- Director at other listed company and group – company</li> <li>- Advisor of other company and companies in the group</li> <li>- Managing Partner, Limited partnership</li> <li>- Advisor , Law firm</li> </ul>							
<p><b>8. Mr.Theraphan Jittalarn</b>            Independent Director / Audit Committee / Member of the Nomination and Remuneration Committee / Corporate Governance Committee            Independent Director / (Appointed date was on 17 March 2017)</p>	66 years old	<ul style="list-style-type: none"> <li>- Master degree of Business Administration Kasetsart University</li> <li>- Bachelor degree of Science Kasetsart University</li> <li>- Special qualifications, Certificates Senior Executive Capital Market (Program WTT.) Batch 2</li> <li>- Director Training Program Thai Institute of Directors(IOD)</li> <li>Director Accreditation Program (DAP) 140/2017</li> <li>Advanced Audit Committee Program (AACF) 28/2018</li> </ul>	- None -	- None -	<ul style="list-style-type: none"> <li>2017 – Present</li> <li>2018 – 2020</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director / Audit Committee / Member of the Nomination and Remuneration Committee / Corporate Governance Committee</li> <li>Director</li> </ul>	<ul style="list-style-type: none"> <li>M.K. Real Estate Development PLC</li> <li>Kunkanya Company Limited</li> </ul>

Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years Retrospect (As of 31 December 2021)		
					Time period	Position	Organization/ Company name
<u>Holding any position in other parties or organizations in the past year</u>							
- Director at other listed company and group – company					None		None
- Advisor of other company and companies in the group					None		None
- Managing Partner, Limited partnership					None		None
- Advisor , Law firm					None		None
<b>9. Mr. Sakdina Manlerd</b>	53	- Bachelor degree of Engineering Kasetsart University	- None -	- None -			
Risk Management Committee / Member of Management Committee /	years old				Risk Management Committee / Member of Management Committee /		M.K. Real Estate Development PLC
Senior Executive Vice President of Residential Property Division		- Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 141/2017			Senior Executive Vice President of Residential Property Division Senior Vice President		Sansiri Public Company Limited
<u>Holding any position in other parties or organizations in the past year</u>							
- Director at other listed company and group – company					None		None
- Advisor of other company and companies in the group					None		None
- Managing Partner, Limited partnership					None		None
- Advisor , Law firm					None		None



Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years Retrospect (As of 31 December 2021)		
					Time period	Position	Organization/ Company name
10. Miss Pomphan Yantossip Senior Executive Vice President of Investment Management and Director Office Division / Company Secretary	51 years old	- Master degree EMBA Sasin School of Management - Director Training Program Thai Institute of Directors (IOD) Director Accreditation Program (DAP) 129/2016 Company Secretary Program (CSP) 74/2016	- None -	- None -	2015 - Present 2012 - Present	Senior Executive Vice President of Investment Management and Director Office Division Company Secretary Director Kongpooon Asset Company Limited	M.K. Real Estate Development PLC
<p><u>Holding any position in other parties or organizations in the past year</u></p> <ul style="list-style-type: none"> <li>- Director at other listed company and group – company</li> <li>- Advisor of other company and companies in the group</li> <li>- Managing Partner, Limited partnership</li> <li>- Advisor , Law firm</li> </ul>							
11. Mrs.Niramon Aisawakunkamnurd Vice President of Accounting Department The assigned person to the direct responsibility of accounting supervision	55 years old	- Bachelor degree of Accounting Sripatum University - Training : 1. 2020 By Thailand Federation of Accounting Professions 1.1 Insight into accounting standard about assets	- None -	- None -	2016 – Present	Vice President of Accounting Department M.K. Real Estate Development PLC	M.K. Real Estate Development PLC



Name - Surname / Position / Date of appointment	Age	Education / Certificate	Shareholding proportion (%)	Relationship family between director and management	Work experience from past 5 years Retrospect (As of 31 December 2021)	
					Time period	Position  Organization/ Company name
		1.2 Pursue Disclosure Form for transfer pricing regulation 2. 2021 By Thailand Federation of Accounting Professions 2.1 Practice for Standard Accounting and Measures for Important Financial Report 2.2 Sustainable and Ethical Business with Trade Competition Law 2.3 TFRS16 Lease Agreement and Issue on Deferred Tax				
<b>Holding any position in other parties or organizations in the past year</b>						
- Director at other listed company and group – company					None	None
- Advisor of other company and companies in the group					None	None
- Managing Partner, Limited partnership					None	None
- Advisor , Law firm					None	None
<b>12. Miss Busara Rogesotorn</b>	<b>51</b>	<b>- Master degree in Financial Management</b>	<b>0.00</b>	<b>- None -</b>	<b>2016 – Present</b>	<b>M.K. Real Estate Development PLC</b>
Vice President of Finance Department	years old	Kasetsart University			Vice President of Finance Department	
<b>Holding any position in other parties or organizations in the past year</b>						
- Director at other listed company and group – company					None	None
- Advisor of other company and companies in the group					None	None
- Managing Partner, Limited partnership					None	None
- Advisor , Law firm					None	None



Details of the Directors of the subsidiary

Director Name	Company Name List	MK	Subsidiary Company												
			Macon Co., Ltd.	Munkong Life Co., Ltd.	MKH Assets Co., Ltd.	Health and Wellness Village Co., Ltd.	Yours Property Management Co., Ltd.	Prospect Development Co., Ltd.	Rx Wellness Co., Ltd.	S 71 Property Co., Ltd.	Free Zone Asset Co., Ltd.	Prospect Reit Management Co., Ltd.			
1	Mr.Suthep Wongvorazathe	XXX	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Mr.Vorasit Pokachaiyapat	//	/	/	/	/	/	/	/	/	/	/	/	/	/
3	Miss Dusadee Tancharoen	//	/	/	/	/	/	/	/	/	/	/	/	/	/
4	Mrs. Sutida Suriyodom	//	/	/	/	/	/	/	/	/	/	/	/	/	/
5	Miss Rachanee Mahatdeikul	//	/	/	/	/	/	/	/	/	/	/	/	/	/
6	Mr. Att Tongyai Asavanund	XX	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Mr. Chaiyapont Timsootheepant	///	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Mr.Theraphan Jittalam	///	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Miss Pakavalee Jeatsawatvattana	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Remarks :- 1) XXX = Chairman of the Board XX = Chairman of the Audit Committee / = Director // = Executive Director /// = Independent Director and Audit Committee

**Details about head of internal audit and head of compliance of the Company****Details of Internal audit department**

Audit company : Multiplus Audit and Consulting Company Limited  
 Office address : 8/2 Multiplus building, Ramkhamhaeng Road, Minburi Subdistrict,  
 Minburi District, Bangkok 10510  
 Telephone : 0-2540-0183

**Details of Internal audit supervisor**

Head of office : Mr. Suraphon Thawanwichit  
 Educational qualification : Master of Business Administration, Thammasat  
 University  
 Bachelor of Accounting, Chulalongkorn University  
 Certified Public Accountant of Thailand : Registration No. 3941  
 Certified Professional Internal Auditing (CPIAT) : Registration No. 734  
 of the Institute of Internal Auditors of Thailand

**Responsibility :**

1. Prepare annual internal audit plan based on risk factors to propose the management and the audit committee for approval
2. Conduct inspection to achieve as planned, including special projects requested and/or directed by the management and the audit committee
3. Report audit result, including the progress of work against the planned plan
4. Support operation, including providing information necessary for the operation of the Audit Committee and the management in connection with audit work
5. Develop personnel of the audit department to have sufficient professional and business knowledge and support to establish relevant professional certifications
6. Perform other tasks as assigned

**Work experience and related training**

Year 2013 – Present : Multiplus Audit and Consulting Company Limited / Executive Director  
 Year 2012 – 2013 : KPMG Phoomchai Audit Company Limited / Executive Director  
 Year 1999 - 2011 : S.T. & Associates Auditing Company Limited / Executive Director

**Training course**

Year 2021 : - Audit working paper course  
 - Quality Audit Improvement Program (QAIP)  
 - Compliance Audit Course  
 - Internal Audit Comprehensive Course - Advances in IT  
 - EQCR and Monitoring 1/64 course  
 Year 2020 : - Preparation of Operational Consolidated Financial Statement, Class 1/20  
 - Corporate Finance, Class 1/20

- Analytical Thinking in the Internal Audit Process, Class 2/20
  - J-SOX : Inter al control, concepts, principles, and implementation
  - The Role of IT Auditor with PDPA
  - Crisis risk management
- Year 2019 :
- Issues that accountants need to be aware of and prepare for NPAEs in present
  - Prepare to adjust the accounting system and NPAEs for single account audit
  - Improvement of accounting information and accounting errors in accordance with the Financial Reporting Standard
  - Revenue recognition according to the new standard (TFRS 15) and significant and impactful changes to the accounting standard set for PAEs and NPAEs
  - Integrated Internal Audit (Class 1/62)
  - IT Governance and IT Risk Management 4.0 Era, Class 1/19
  - Financial instruments : IFRS9
- Year 2018 :
- Accounting for financial instruments
  - Audit and consideration when the entity use computer data processing
  - Capture key issues in the auditing report of the auditors according to the new standard
  - Training program for obtaining the Internal Audit Certificate (Course 10) Quality Assurance of Internal Auditing, Standard 1300, Methods for Establishing Quality in Internal Audit, Methods of Applying Standards for Quality Improvement, Methods for Developing Quality in Practice, Measuring Quality as KPIs
  - M – Score Index..? Financial Statement and Laws of Accounting
  - Improvement of accounting information and accounting errors in accordance with the Financial Reporting Standard
- Year 2017 :
- Internal Audit in Disruptive Technology
  - COSO 2013 Framework for Internal Control System Guidelines, Class 3/17
  - Handle the new revenue recognition criteria according to TFRS15 for general business, Class 2/17
- Year 2016 :
- IT Risk and IT governance, Class 2/16
- Year 2013 :
- The latest framework for internal control systems, COSO2013, Federation of Accounting Professions
- Year 2011 - 2013 :
- KPMG In-house and on-line training SEC practice
  - Financial Statement Consolidation
  - ISQC Practice
  - Risk Assessment & Management
  - Writing audit report in new format
  - Risk assessment for audit planning
  - DCP Class 40, DAP

## Assets used in business operation and details of asset appraisal

No.	Project	Location / Items	Remaining area(SQ. wah)	Appraiser	Appraisal year	Appraisal price (thousand baht)	Obligation
1	Chuan Chuen Bangna	Soi Kiatphiphatthani, Bangna-Trad Rd., Km 29, Bang Bo, Samut Prakan	81	Bangkok Property Appraisal Co Ltd	2019	4,700	-
	Chuan Chuen Flora Vile, Brokside	Bangkok-Pathumthani Rd., Bang Khu Wat, Mueang Pathum Thani, Pathum Thani	1,557	Bangkok Property Appraisal Co Ltd	2019	41,195	-
	Chuan Chuen Golf Avenue	Bangkok-Pathumthani Rd., Bang Khu Wat, Mueang Pathum Thani, Pathum Thani	2,490	Bangkok Property Appraisal Co Ltd	2019	65,897	-
	Belle Park Chuan Chuen City	Watcharaphon Rd., Tha Raeng, Bang Khen, Bangkok	563	Bangkok Property Appraisal Co Ltd	2019	19,695	-
	Chuan Chuen Town Kaew In-Bangyai	Soi Kaew In, Bang Mae Nang, Bang Yai (Bang Bua Thong), Nonthaburi	245	Bangkok Property Appraisal Co Ltd	2020	27,849	-
	Chuan Chuen Rangsit-Klong 1	Rangsit-Nakhon Nayok Rd., Prachathipat, Thanyaburi, Pathum Thani	1,507	Bangkok Property Appraisal Co Ltd	2018	185,292	-
	Chuan Chuen Town Ratchapruuek 345	Nonthaburi-Bang Bua Thong Rd., Lam Pho, Bang Bua Thong, Nonthaburi	3,321	Bangkok Property Appraisal Co Ltd	2018	242,209	Kiatnakin Bank
	Chuan Chuen Watcharaphon-Ramintra	Watcharaphon Rd., Tha Raeng, Bang Khen, Bangkok	644	Bangkok Property Appraisal Co Ltd	2018	63,667	-
	Chuan Chuen Town Bangyai	Soi Phra Non, Bang Mae Nang, Bang Yai (Bang Bua Thong), Nonthaburi	4,568	Bangkok Property Appraisal Co Ltd	2019	522,988	Kiatnakin Bank
	Chuan Chuen Town Chaiyapruuek-Chaengwattana	Phimonrat Subdistrict, Bang Bua Thong, Nonthaburi	6,927	Bangkok Property Appraisal Co Ltd	2019	980,131	Kiatnakin Bank
	Chuan Chuen Prime Village Bangna	Soi Kiat Phiphatthani, Bangna-Trad Rd., Km 29, Bang Bo, Samut Prakan	9,965	Bangkok Property Appraisal Co Ltd	2019	885,596	Siam Commercial Bank
	Chuan Chuen Town Village Bangna	Soi Kiat Phiphatthani, Bangna-Trad Rd., Km 29, Bang Bo, Samut Prakan	7,266	Bangkok Property Appraisal Co Ltd	2020	690,662	Siam Commercial Bank
	Chuan Chuen Park Pinklao-Kanchana	Sala Klang, Bang Kruai, Nonthaburi	6,450	Bangkok Property Appraisal Co Ltd	2020	595,093	Siam Commercial Bank



No.	Project	Location / Items	Remaining area(SQ. wah)	Appraiser	Appraisal year	Appraisal price (thousand baht)	Obligation
	Chuan Chuen Town Rangsit-Klong 3	Khlong Sam, Khlong Luang, Pathum Thani	4,971	Bangkok Property Appraisal Co Ltd	2020	669,518	Siam Commercial Bank
	Others		133,152	Bangkok Property Appraisal Co Ltd,	2018-2020	902,238	(some parts) ;Siam Commercial Bank, viyah Insurance Plc
2		Other land development for sale		Bangkok Property Appraisal Co Ltd, T.A.Management Corporation (1999) Co Ltd , Petchsiam Appraisal Co Ltd	2018-2020	2,822,931	(some parts) ;Tisocco bank Plc
		Investment properties				5,635,183	
		Less Accumulated depreciation				(441,220)	
3		Other buildings and structures and golf course				6,174,789	
		Less Accumulated depreciation				(511,048)	
		<b>Net</b>				<b>19,577,365</b>	

Remarks:

Asset No. 1 is land with buildings developed for sale and land for development as noted in the financial statements no. 6, 7

Assets No. 2-3 are investment properties, buildings and structures and golf course whose life and depreciation calculation is in accordance with note 3 (h) (i), note 10 and 11 of the Company financial statements.

The Company has an appraisal with validity of not over 3 years (2019-2021) made by the appraiser who is approved by SEC. As for the appraisal report made over 6 months before submitting 56-1 report, the Company has adjusted the appraised price of asset no.1 to be in line with the job value given to the customer by using comparative average method between the unsold area and the appraised area.



**Corporate Governance Policy**

**M.K.REAL EATATE DEVELOPMENT PLC.**



**CODE OF CONDUCT  
AND WORK RULES**

**2016 Revised Edition**

**M.K. REAL ESTATE DEVELOPMENT  
PUBLIC COMPANY LIMITED**



The Company disclosed Corporate Governance Policy and Code of Conduct and Work Rules on Company's Website, subject "IR Home" , [www.mk.co.th](http://www.mk.co.th)

### Audit Committee's report

As at 31 December 2021, Audit Committee of M.K. Real Estate Development Public Company Limited, consists of three (3) independent directors, these include Mr. Att Tongyai Asavanund, Chairman of the Audit Committee, Mr. Chaiyapont Timsootheepant and Mr. Theraphan Jittalarn as members of the Audit Committee, to support the work of the Audit Committee. In addition the Audit Committee consists of at least one member who has the knowledge and experience in reviewing financial statements for reliability.

Audit Committee has carried the duties assigned by the Board of Directors and based on the charter of Audit Committee, which is in line with the Stock Exchange of Thailand regulations. In the 2021 accounting period, Audit Committee held a total of 4 Meetings. All members of Audit Committee were present in these meetings, which were also attended by management, external auditors, and internal auditors, as appropriate. These meetings can be summarized as follows:

In 2021, Audit Committee held a total of 4 meetings, which can be summarized as follows:

1. A review of financial statements of the Company and its subsidiaries before presenting them to the Board of Directors. Having reviewed the financial statements and heard explanations by the auditors and management, Audit Committee was of an opinion and convinced that the financial statements were prepared in accordance with generally accepted accounting principles, and disclosed all the significant information accurately and completely.
2. Recommended the appointment of auditors from KPMG Phoomchai Audit Company Limited and determined the audit fees for the year, and presented to the Board of Directors, who in turn presented to the shareholders' meeting for approval. Audit Committee was of an opinion that the persons being nominated for appointment as auditors had the right qualifications and were adequately independent to conduct auditing for the Company and its subsidiaries.
3. Considered engaging Multiplus Audit and Consulting Co.,Ltd., an unrelated company, to conduct internal auditing at the Company. This company was qualified for the task, considering its work teams, personnel availability, experience, knowledge and skills, and the company's independence. The internal auditors reviewed each part of the Company's operations, based on the guidance on evaluating adequacy of the internal controls system.
4. Reviewed related party transactions, disclosed information relating for 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)

Chairman of Audit Committee



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