

Peace & Living Public Company Limited  
(Formerly known as “Peace & Living Company Limited”)  
Report and financial statements  
31 December 2021

## Independent Auditor's Report

To the Shareholders of Peace & Living Public Company Limited  
(Formerly known as "Peace & Living Company Limited")

### Opinion

I have audited the accompanying financial statements of Peace & Living Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2021, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peace & Living Public Company Limited as at 31 December 2021, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

#### *Recognition of revenue from sales of real estate*

Revenue from sales of real estate is the most significant amount in the statement of comprehensive income and is a key performance indicator in the real estate industry on which the users of the financial statements focus. In addition, the Company has many property development projects for sale. I therefore identified revenue recognition from sales of real estate as a key audit matter and focused on the occurrence and timing of the revenue recognition.

I have examined the recognition of revenue from sales of real estate of the Company by:

- Assessing and testing the Company's internal controls with respect to the cycle of revenue from sales of real estate by making enquiry of responsible executives, gaining an understanding, and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales agreements to assess whether recognition of revenue from sales of real estate was consistent with the conditions of the relevant agreements, and whether it was in compliance with the Company's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Performing analytical procedures to detect possible irregularities in the sales transactions for revenue from sales of real estate throughout the period, particularly for accounting entries made through journal vouchers.

## **Other Information**

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

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

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

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

In preparing the financial statements, management is responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

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



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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



Siraporn Ouaanunkun

Certified Public Accountant (Thailand) No. 3844

EY Office Limited

Bangkok: 24 February 2022

**Peace & Living Public Company Limited**

(Formerly known as “Peace & Living Company Limited”)

**Statement of financial position**

**As at 31 December 2021**

		(Unit: Baht)	
	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	106,377,070	6,891,514
Restricted bank deposit	8	2,372,000	2,372,000
Other receivables		307,148	197,854
Property development costs for sales	9	1,542,729,417	1,839,528,489
Deposits for construction materials		4,013,026	2,658,300
Deposits for land purchase		67,892,460	5,700,000
Other current assets		3,610,834	2,535,232
<b>Total current assets</b>		<u>1,727,301,955</u>	<u>1,859,883,389</u>
<b>Non-current assets</b>			
Restricted bank deposit	8	1,149,113	-
Building and equipment	10	10,046,984	8,786,758
Intangible assets		2,425,927	2,652,953
Deferred tax assets	19	16,354,183	9,826,202
Other non-current assets		187,503	227,600
<b>Total non-current assets</b>		<u>30,163,710</u>	<u>21,493,513</u>
<b>Total assets</b>		<u><u>1,757,465,665</u></u>	<u><u>1,881,376,902</u></u>

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

**Peace & Living Public Company Limited**

(Formerly known as "Peace & Living Company Limited")

**Statement of financial position (continued)**

**As at 31 December 2021**

		(Unit: Baht)	
	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables	11	95,043,954	65,549,188
Current portion of long-term loans from financial institutions	12	-	326,068,359
Current portion of lease liabilities	13	2,249,912	805,232
Retention guarantees		14,833,671	12,550,854
Deposits and advances received from customers		22,807,356	28,922,855
Income tax payable		32,108,502	18,004,221
<b>Total current liabilities</b>		<u>167,043,395</u>	<u>451,900,709</u>
<b>Non-current liabilities</b>			
Long-term loans from financial institutions - net of current portion	12	-	17,360,692
Lease liabilities - net of current portion	13	2,804,279	1,339,254
Provision for long-term employee benefits	14	18,336,004	16,849,112
<b>Total non-current liabilities</b>		<u>21,140,283</u>	<u>35,549,058</u>
<b>Total liabilities</b>		<u>188,183,678</u>	<u>487,449,767</u>

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



**Peace & Living Public Company Limited**  
**(Formerly known as "Peace & Living Company Limited")**

**Statement of financial position (continued)**

**As at 31 December 2021**

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Shareholders' equity</b>			
Share capital			
Registered			
420,000,000 ordinary shares of Baht 1 each (2020: 33,600,000 ordinary shares of Baht 10 each)	15	<u>420,000,000</u>	<u>336,000,000</u>
Issued and fully paid-up			
336,000,000 ordinary shares of Baht 1 each (2020: 33,600,000 ordinary shares of Baht 10 each)	15	336,000,000	336,000,000
Capital reserve for share-based payments		12,910,000	12,910,000
Retained earnings			
Appropriated - statutory reserve	16	33,805,199	16,210,070
Unappropriated		<u>1,186,566,788</u>	<u>1,028,807,065</u>
<b>Total shareholders' equity</b>		<u>1,569,281,987</u>	<u>1,393,927,135</u>
<b>Total liabilities and shareholders' equity</b>		<u>1,757,465,665</u>	<u>1,881,376,902</u>

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

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Directors

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Peace & Living Public Company Limited  
(Formerly known as “Peace & Living Company Limited”)  
Statement of comprehensive income  
For the year ended 31 December 2021

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Profit or loss:</b>			
<b>Revenues</b>			
Revenue from sales of real estate		1,164,817,343	865,007,894
Other income		<u>2,176,715</u>	<u>1,875,051</u>
<b>Total revenues</b>		<u>1,166,994,058</u>	<u>866,882,945</u>
<b>Expenses</b>			
Cost of real estate sold		710,948,651	538,769,123
Selling expenses		89,736,852	58,518,070
Administrative expenses		<u>95,018,795</u>	<u>91,895,955</u>
<b>Total expenses</b>		<u>895,704,298</u>	<u>689,183,148</u>
<b>Operating profit</b>		271,289,760	177,699,797
Finance cost		<u>(2,427,006)</u>	<u>(10,685,969)</u>
<b>Profit before income tax expenses</b>		268,862,754	167,013,828
Income tax expenses	19	<u>(53,777,551)</u>	<u>(33,299,477)</u>
<b>Profit for the year</b>		<u>215,085,203</u>	<u>133,714,351</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain		737,061	3,860,262
Less: Income tax effect	19	<u>(147,412)</u>	<u>(772,052)</u>
<b>Other comprehensive income for the year</b>		<u>589,649</u>	<u>3,088,210</u>
<b>Total comprehensive income for the year</b>		<u>215,674,852</u>	<u>136,802,561</u>
<b>Earnings per share</b>			
Basic earnings per share			
Profit for the year	20	<u>0.64</u>	<u>0.40</u>

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

Peace & Living Public Company Limited  
(Formerly known as “Peace & Living Company Limited”)

Statement of changes in shareholders' equity

For the year ended 31 December 2021

	Issued and fully paid-up share capital	Capital reserve for share-based payments	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2020</b>	336,000,000	12,910,000	14,000,000	911,014,574	1,273,924,574
Profit for the year	-	-	-	133,714,351	133,714,351
Other comprehensive income for the year	-	-	-	3,088,210	3,088,210
Total comprehensive income for the year	-	-	-	136,802,561	136,802,561
Dividend paid (Note 23)	-	-	-	(16,800,000)	(16,800,000)
Transfer retained earning to statutory reserve (Note 16)	-	-	2,210,070	(2,210,070)	-
<b>Balance as at 31 December 2020</b>	<b>336,000,000</b>	<b>12,910,000</b>	<b>16,210,070</b>	<b>1,028,807,065</b>	<b>1,393,927,135</b>
<b>Balance as at 1 January 2021</b>	<b>336,000,000</b>	<b>12,910,000</b>	<b>16,210,070</b>	<b>1,028,807,065</b>	<b>1,393,927,135</b>
Profit for the year	-	-	-	215,085,203	215,085,203
Other comprehensive income for the year	-	-	-	589,649	589,649
Total comprehensive income for the year	-	-	-	215,674,852	215,674,852
Dividend paid (Note 23)	-	-	-	(40,320,000)	(40,320,000)
Transfer retained earning to statutory reserve (Note 16)	-	-	17,595,129	(17,595,129)	-
<b>Balance as at 31 December 2021</b>	<b>336,000,000</b>	<b>12,910,000</b>	<b>33,805,199</b>	<b>1,186,566,788</b>	<b>1,569,281,987</b>

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

Peace & Living Public Company Limited  
(Formerly known as “Peace & Living Company Limited”)

Cash flow statement

For the year ended 31 December 2021

(Unit: Baht)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Profit before tax	268,862,754	167,013,828
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Decrease in property development costs for sales transferring to cost of real estate sold	710,948,651	538,769,123
Depreciation and amortisation	4,968,263	5,026,691
Gain on sales of equipment	(319,997)	(385,994)
Loss on write-off of equipment	8,893	3,782
Provision for long-term employee benefits	2,223,953	2,197,514
Interest income	(20,391)	(49,834)
Finance cost	<u>2,427,006</u>	<u>10,685,969</u>
Profit from operating activities before changes in operating assets and liabilities	989,099,132	723,261,079
Operating assets (increase) decrease		
Other receivables	(109,294)	(78,389)
Property development costs for sales	(406,438,104)	(360,908,411)
Deposits for construction materials	(1,354,726)	2,009,189
Deposits for land purchase	(62,192,460)	(5,700,000)
Other current assets	(214,903)	(479,231)
Other non-current assets	40,097	135,000
Operating liabilities increase (decrease)		
Trade and other payables	29,464,124	4,837,249
Retention guarantees	2,282,817	2,928,394
Deposits and advances received from customers	<u>(6,115,499)</u>	<u>21,784,355</u>
Cash flows from operating activities	544,461,184	387,789,235
Interest received	20,391	49,834
Corporate income tax paid	<u>(46,348,663)</u>	<u>(15,682,033)</u>
<b>Net cash flows from operating activities</b>	<u>498,132,912</u>	<u>372,157,036</u>

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



**Peace & Living Public Company Limited**  
**(Formerly known as “Peace & Living Company Limited”)**

**Cash flow statement (continued)**

**For the year ended 31 December 2021**

(Unit: Baht)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from investing activities</b>		
Decrease (Increase) in restricted bank deposits	(1,149,113)	808,450
Acquisition of equipment	(1,081,145)	(1,622,084)
Acquisition of intangible assets	(224,700)	(22,363)
Proceeds from sales of equipment	<u>320,000</u>	<u>386,000</u>
<b>Net cash flows used in investing activities</b>	<u>(2,134,958)</u>	<u>(449,997)</u>
<b>Cash flows from financing activities</b>		
Decrease in bank overdrafts	-	(57,791)
Cash receipt from long-term loans from financial institutions	390,700,000	439,208,500
Repayment of long-term loans from financial institutions	(735,701,100)	(792,555,547)
Payment of principal portion of lease liabilities	(2,143,292)	(1,975,136)
Interest paid and front-end fee paid	(9,048,006)	(26,602,454)
Dividend paid	<u>(40,320,000)</u>	<u>(16,800,000)</u>
<b>Net cash flows used in financing activities</b>	<u>(396,512,398)</u>	<u>(398,782,428)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	99,485,556	(27,075,389)
Cash and cash equivalents at beginning of year	<u>6,891,514</u>	<u>33,966,903</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>106,377,070</u></u>	<u><u>6,891,514</u></u>

**Supplemental cash flow information:**

Non-cash items consist of:

Additions to right-of-use assets and lease liabilities	5,052,997	1,570,423
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The accompanying notes are an integral part of the financial statements.

**Peace & Living Public Company Limited**  
**(Formerly known as “Peace & Living Company Limited”)**  
**Notes to financial statements**  
**For the year ended 31 December 2021**

**1. General information**

**1.1 General information of the Company**

Peace & Living Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development for sales. The registered office of the Company is at 231/14 Soi Ekamai 7, Sukhumvit 63 Road, Klongton Nua, Wattana, Bangkok.

On 2 June 2021, the Extraordinary General Meeting of the Company’s shareholders No. 1/2021 passed special resolutions approving the transformation of a limited company into a public limited company and the change of the Company’s name from “Peace & Living Company Limited” to “Peace & Living Public Company Limited”. The Company registered the transformation and the change of name with the Ministry of Commerce on 16 June 2021.

**1.2 Coronavirus disease 2019 pandemic**

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### **3. New financial reporting standards**

#### **3.1 Financial reporting standards that became effective in the current year**

During the year, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

#### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

### **4. Significant accounting policies**

#### **4.1 Revenue and expense recognition**

##### **Revenue from sales of real estate**

Revenue from sales of land and houses is recognised at the point in time when control of the real estate is transferred to the customer, generally upon transfer of the legal ownership. Revenue from sales of real estate is measured at the amount of the consideration received after deducting discounts and considerations payable to the customer. The terms of payment are in accordance with the payment schedule specified in the customer contract. Considerations received before transferring control of the real estate to the customer are presented under the caption of "Deposits and advances received from customers" in the statement of financial position.

##### **Interest income**

Interest income is calculated using the effective interest method and recognised on an accrual basis.



## **Finance cost**

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

### **4.2 Cost of real estate sold**

In determining the cost of land and houses sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land and houses on the basis of the saleable area.

Cost of real estate sales includes cost of other goods, such as furniture and fixtures, that are considered part of the house and transferred to a customer in accordance with the contract.

Selling expenses directly associated with projects, such as specific business tax and transfer fees, are recognised as expenses when the sales occur.

### **4.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **4.4 Property development costs for sales**

Property development costs for sales are stated at the lower of cost and net realisable value. Cost consists of the cost of land, land improvement costs, design fees, utilities, construction costs, capitalised borrowing costs and other related expenses, as well as estimated project development costs.

The Company recognises losses on diminution in value of projects (if any) in profit or loss.

### **4.5 Building and equipment/Depreciation**

Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Building improvements	-	10, 20 years
Machinery and equipment	-	5 years
Furniture and office equipment	-	3 - 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

An item of building and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.



#### 4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.7 Intangible asset

Computer software is stated at cost less any accumulated amortisation and allowance for impairment losses (if any). Computer software is amortised as expenses to profit or loss on a straight-line basis over the estimated useful lives of 3 and 10 years.

#### 4.8 Leases - as a lessee

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

##### ***Right-of-use assets***

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land	-	3 years
Building	-	3 years
Motor vehicles	-	5 years

Right-of-use assets are presented as part of building and equipment in the statement of financial position.

### ***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

#### **4.9 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.10 Impairment of non-financial assets**

At the end of each reporting period, the Company performs impairment reviews in respect of building and equipment, right-of-use assets and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.11 Employee benefits**

##### **Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### **Post-employment benefits**

###### ***Defined contribution plans***

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

###### ***Defined benefit plans***

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

#### **4.12 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.13 Income tax**

Income tax expense represents the sum of current income tax currently payable and deferred tax.

##### **Current income tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.



The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.14 Financial instruments**

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs.

##### **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost. The classification of financial assets at initial recognition is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

##### ***Financial assets at amortised cost***

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### **Classification and measurement of financial liabilities**

At initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.



## **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

### **4.15 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### Classification of long-term loans from financial institutions

In classifying the current portion of long-term loans from financial institutions, the management has used judgement to estimate collateral redemptions and loan settlement in accordance with the terms and conditions stipulated in the loan agreements.

### Project development costs estimation

In calculating costs of land and houses, the Company has to estimate all project development costs, comprising land and land improvement costs, design and construction costs, utilities costs, borrowing costs and other related expenses. The management estimates these costs based on their experience in the business and revisits the estimations when the actual costs incurred significantly vary from the estimated costs.

### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	<u>2021</u>	<u>2020</u>	(Unit: Thousand Baht) <u>Transfer pricing policy</u>
<u>Transaction with related company</u>			
Purchases of materials used for property	2,077	2,587	With reference to market prices
<u>Transaction with related persons</u>			
Revenue from sales of real estate	20,271	-	Contract price
Rental expense	1,750	1,500	Contract price

As at 31 December 2021 and 2020, the outstanding balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Trade payables - related company (Note 11)	447	729
Lease liabilities - related person	3,715	249
Deposits and advances received from customers - related person	10,000	20,000

#### Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	23,088	27,471
Post-employment benefits	953	1,154
Total	<u>23,989</u>	<u>28,625</u>

#### **7. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Cash	30	30
Bank deposits	106,347	6,862
Total	<u>106,377</u>	<u>6,892</u>

As at 31 December 2021, bank deposits in saving accounts carried interests between 0.05 and 0.35 percent per annum (2020: between 0.15 and 0.25 percent per annum).

#### **8. Restricted bank deposit**

The balance of restricted bank deposit amounting to Baht 3.5 million is fixed deposit which the Company has pledged to secure a letter of guarantee for utility maintenance of property development issued by a bank on behalf of the Company. The Company intends to redeem within 1 year amounting to Baht 2.4 million.



## 9. Property development costs for sales

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Land and construction under development	1,017,375	1,278,179
Developed land and construction	525,354	561,349
Total	<u>1,542,729</u>	<u>1,839,528</u>

During the year ended 31 December 2021, the Company included borrowing costs in property development costs for sales amounting to Baht 7 million (2020: Baht 16 million). These were determined by applying a capitalisation rate of 3.93 percent per annum (2020: 4.24 percent per annum) which is the weighted average of the financial charges on all borrowings.

The Company has mortgaged its project land and construction thereon with banks as collateral for bank overdrafts, loans from financial institutions, and issuance of bank guarantees.

## 10. Building and equipment

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Net book value:		
Building and equipment	5,112	6,692
Right-of-use assets (Note 13)	4,935	2,095
Total	<u>10,047</u>	<u>8,787</u>



Movements of building and equipment for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Building improvements	Machinery and equipment	Furniture and office equipment	Motor vehicles	Total
<b>Cost:</b>					
As at 1 January 2020	1,032	258	9,946	9,630	20,866
Additions	3	178	1,243	198	1,622
Disposals/write-off	-	(7)	(94)	(2,823)	(2,924)
Transfer in (out)	-	-	(650)	-	(650)
As at 31 December 2020	1,035	429	10,445	7,005	18,914
Additions	24	-	1,088	-	1,112
Disposals/write-off	-	-	(105)	(1,425)	(1,530)
Transfer in (out)	-	-	(866)	-	(866)
As at 31 December 2021	1,059	429	10,562	5,580	17,630
<b>Accumulated depreciation:</b>					
As at 1 January 2020	222	254	4,107	8,276	12,859
Depreciation for the year	83	24	1,716	758	2,581
Depreciation on disposals/write-off	-	(4)	(93)	(2,823)	(2,920)
Depreciation on transfer in (out)	-	-	(298)	-	(298)
As at 31 December 2020	305	274	5,432	6,211	12,222
Depreciation for the year	85	36	1,822	361	2,304
Depreciation on disposals/write-off	-	-	(96)	(1,425)	(1,521)
Depreciation on transfer in (out)	-	-	(487)	-	(487)
As at 31 December 2021	390	310	6,671	5,147	12,518
<b>Net book value:</b>					
As at 31 December 2020	730	155	5,013	794	6,692
As at 31 December 2021	669	119	3,891	433	5,112
<b>Depreciation for the year:</b>					
2020 (included in administrative expenses)					2,581
2021 (included in administrative expenses)					2,304

As at 31 December 2021, certain items of building and equipment were fully been depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 7 million (2020: Baht 8 million).

## 11. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Trade payables - unrelated companies	28,746	18,555
Trade payables - related company (Note 6)	447	729
Other payables	20,330	15,405
Revenue department payable	1,227	970
Accrued expenses	28,261	21,685
Accrued expenses for project	16,033	8,205
Total trade and other payables	<u>95,044</u>	<u>65,549</u>

## 12. Long-term loans from financial institutions

		(Unit: Thousand Baht)	
<u>Loan</u>	<u>Credit facilities</u>	<u>2021</u>	<u>2020</u>
1	176,000	-	17,220
2	1,317,010	-	316,781
3	11,000	-	11,000
Total		-	345,001
Less: Deferred front-end fees		-	(1,572)
Long-term loans from financial institutions - net		-	343,429
Less: Current portion		-	(326,068)
Long-term loans from financial institutions - net of current portion		-	<u>17,361</u>

Movement of the long-term loans account during the years ended 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Beginning balance	343,429	695,595
Additional borrowings	390,700	439,209
Repayments	(735,701)	(792,556)
Amortisation for front-end fees	1,572	1,661
Payment for front-end fees	-	(480)
Ending Balance	<u>-</u>	<u>343,429</u>

Long-term loans from financial institutions carried interests at the minimum loan rate (MLR) less percentages prescribed in the agreements and at fixed rates prescribed in the agreements. The conditions of the loans require monthly payment of interest and payment of principal at the higher of a percentage of the selling price and a minimum amount prescribed in the agreements, when the mortgages are released and/or land is redeemed and within the dates prescribed in the agreements.

The loans are secured by the mortgage of project land and construction thereon and the loan agreements contain several covenants which, among other things, require the Company to maintain a debt-to-equity ratio at the rate prescribed in the agreements.

As at 31 December 2021, the long-term credit facilities from financial institutions of the Company which have not yet been drawn down amounted to Baht 685 million (2020: Baht 917 million).

### 13. Leases - as a lessee

The Company has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 3 - 5 years.

#### a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Land and building	Motor vehicles	Total
As at 1 January 2020	1,684	826	2,510
Additions	-	1,571	1,571
Depreciation for the year	(1,444)	(542)	(1,986)
As at 31 December 2020	240	1,855	2,095
Additions	5,053	-	5,053
Depreciation for the year	(1,644)	(569)	(2,213)
As at 31 December 2021	3,649	1,286	4,935



## b) Lease liabilities

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Lease payments	5,312	2,283
Less: Deferred interest expenses	(258)	(139)
Total	5,054	2,144
Less: Portion due within one year	(2,250)	(805)
Lease liabilities - net of current portion	<u>2,804</u>	<u>1,339</u>

The weighted average incremental borrowing rate of the Company is between 3.43 and 4.36 percent per annum (2020: 3.43 and 4.00 percent per annum).

A maturity analysis of lease payments is disclosed in Note 25 under the liquidity risk.

## c) Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2021</u>	<u>2020</u>
Depreciation expense of right-of-use assets	2,213	1,986
Interest expense on lease liabilities	228	117

## d) Others

The Company had total cash outflows for leases for the year ended 31 December 2021 of Baht 2.6 million (2020: Baht 2.1 million), including the cash outflow related to short-term leases and leases of low-value assets.

## 14. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<b>Provision for long-term employee benefits at beginning of year</b>	16,849	18,512
Included in profit or loss:		
Current service cost	2,015	2,043
Interest cost	209	154
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	(566)	(809)
Financial assumptions changes	718	308
Experience adjustments	(889)	(3,359)
<b>Provision for long-term employee benefits at end of year</b>	<u>18,336</u>	<u>16,849</u>

The Company expects to pay Baht 2.9 million of long-term employee benefits during the next year (2020: None).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 7.32 years (2020: 7.67 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)	
	<u>2021</u>	<u>2020</u>
Discount rate	1.30	1.05
Salary increase rate	7.00	6.00
Turnover rate	9.00 - 14.00	8.00 - 14.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)			
	<u>2021</u>		<u>2020</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(925)	1,152	(821)	1,015
Salary increase rate	1,073	(888)	952	(793)
Turnover rate	(993)	624	(872)	513

## 15. Share capital

On 2 June 2021, the Extraordinary General Meeting of the Company's shareholders No. 1/2021 passed special resolutions approving the following significant matters:

- a) A change in the par value of the Company's ordinary shares from Baht 10 per share to Baht 1 per share, such that the Company's registered and issued and paid-up share capital changed from 33,600,000 ordinary shares with a par value of Baht 10 each to 336,000,000 ordinary shares with a par value of Baht 1 each.
- b) An increase in the Company's registered share capital from Baht 336 million (336,000,000 ordinary shares with a par value of Baht 1 each), after the above change in the par value, to Baht 420 million (420,000,000 ordinary shares with a par value of Baht 1 each) through the issuance of 84,000,000 new ordinary shares with a par value of Baht 1 each to be allocated to the initial public offering (IPO) of the Company.

The Company registered the change in the par value of its ordinary shares and the increase in its registered share capital with the Ministry of Commerce on 16 June 2021.

## 16. Statutory reserve

According to the Thai Civil and Commercial Code, the Company is required to set aside to a statutory reserve an amount equal to at least 5 percent of its net profit each time the Company pays out a dividend, until such reserve reaches 10 percent of its registered share capital. The statutory reserve cannot be used for dividend payment. To comply with this section, the Company allocated totalling Baht 6.8 million of its retained earnings to the statutory reserve in the current year (2020: Baht 2.2 million).

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. To comply with this section, the Company allocated totalling Baht 10.8 million of its retained earnings to the statutory reserve in the current year.

## 17. Revenue from contracts with customers

### 17.1 Revenue recognised in relation to contract balances

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Revenue recognised during the year that was included in contract liabilities at the beginning of the year	16,449	6,577

### 17.2 Revenue to be recognised for the remaining performance obligations

As at 31 December 2021, revenue totaling Baht 747 million is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied (or partially unsatisfied) (2020: Baht 618 million). The Company expects to satisfy these performance obligations within 1 years.

## 18. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Purchase of land and payment of construction during the year	413,177	377,582
Changes in property development costs for sales	296,799	160,425
Salaries and other employee benefits	77,979	76,063
Depreciation and amortisation	4,968	5,027
Advertising and promotion expenses	33,807	17,169
Transfer fee and specific business tax	46,802	34,560
Loan interest	2,199	10,569



## 19. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<b>Current income tax:</b>		
Current income tax charge for the year	60,453	33,686
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(6,675)	(387)
<b>Income tax expenses reported in profit or loss</b>	<u>53,778</u>	<u>33,299</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Deferred tax on actuarial gain	147	772

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Accounting profit before tax	<u>268,863</u>	<u>167,014</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	53,773	33,403
Effects of:		
Non-deductible expenses	5	49
Additional expense deductions allowed	-	(110)
Exempt income	-	(43)
Total	<u>5</u>	<u>(104)</u>
Income tax expense reported in profit or loss	<u>53,778</u>	<u>33,299</u>

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position	
	<u>2021</u>	<u>2020</u>
<b>Deferred tax assets</b>		
Due payment for income and expenses of the purchase and sale agreements	12,315	6,077
Accrued expenses for project	348	369
Leases	24	10
Provision for long-term employee benefits	3,667	3,370
<b>Total</b>	<u>16,354</u>	<u>9,826</u>

## 20. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares to reflect the impact of the change in the par value of the ordinary shares, as described in Note 15 to the financial statements, as if the change in number and the par value of the ordinary shares had been distributed at the beginning of the earliest period reported.

The following table sets forth the computation of basic earnings per share:

	<u>2021</u>	<u>2020*</u>
Profit of the year (Thousand Baht)	215,085	133,714
Weighted average number of ordinary shares (Thousand shares)	336,000	336,000
Earnings per share (Baht per share)	0.64	0.40

\* Recalculation after the change in the par value of the ordinary shares.

## 21. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company is principally engaged in the development properties for sales business. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

## Major customers

For the years 2021 and 2020, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

## 22. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Company contributes to the fund monthly at the rate of 3 percent of basic salary and employees contribute to fund monthly at the rate of 2 to 15 percent of basic salary. The fund, which is managed by TISCO Asset Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 amounting to approximately Baht 0.2 million were recognised as expenses.

## 23. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends (Thousand Baht)</u>	<u>Dividend per share (Baht)*</u>
Dividends for 2019	Annual General Meeting of the shareholders on 24 June 2020	<u>16,800</u>	<u>0.5</u>
Dividends for 2020	Annual General Meeting of the shareholders on 30 April 2021	<u>40,320</u>	<u>1.2</u>

\*Before the change in the par value of the ordinary shares.

## 24. Commitments and contingent liabilities

### 24.1 Capital commitments

As at 31 December 2021, the Company had capital commitments of approximately Baht 799 million (2020: Baht 411 million), relating to land purchase contracts and construction of property development.

### 24.2 Service commitments

As at 31 December 2021, the Company had service commitments of approximately Baht 14 million (2020: Baht 16 million), relating to a financial advisor contract, advertising expenses, and others.



### 24.3 Guarantees

As at 31 December 2021 and 2020, there were outstanding bank guarantees issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business as follows.

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Bank guarantee for utilities	154,177	129,728
Bank guarantee for trade payables	8,000	6,000
Total	<u>162,177</u>	<u>135,728</u>

The Company pledged some project land and construction thereon with a bank to secure the issuance of bank guarantees.

## 25. Financial instruments

### 25.1 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, restricted bank deposit, other receivables, trade and other payables, long-term loans from financial institutions, lease liabilities and retention guarantees. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Company is exposed to credit risk primarily with respect to deposits with banks and financial institutions. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

#### **Market risk**

##### ***Interest rate risk***

The Company's exposure to interest rate risk relates primarily to its long-term loans from financial institutions. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

31 December 2021

	Fixed interest rates				Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Floating interest rate	Non - interest bearing		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	106,377	-	106,377	0.05 - 0.35
Restricted bank deposit	3,521	-	-	-	3,521	0.35 - 0.45
Other receivables	-	-	-	307	307	-
	3,521	-	106,377	307	110,205	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	95,044	95,044	-
Retention guarantees	-	-	-	14,834	14,834	-
	-	-	-	109,878	109,878	

(Unit: Thousand Baht)

31 December 2020

	Fixed interest rates				Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Floating interest rate	Non - interest bearing		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	6,892	-	6,892	0.15 - 0.25
Restricted bank deposit	2,372	-	-	-	2,372	0.50
Other receivables	-	-	-	198	198	-
	2,372	-	6,892	198	9,462	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	65,549	65,549	-
Long-term loans from financial institutions	-	11,000	332,429	-	343,429	Note 12
Retention guarantees	-	-	-	12,551	12,551	-
	-	11,000	332,429	78,100	421,529	

### *Interest rate sensitivity*

Analysis of the sensitivity of the Company's profit before tax to a reasonably possible change in the interest rates on floating rate long-term loans from financial institutions as at 31 December 2020 shows that an increase or decrease of 2 percent per annum in the interest rate will result in an decrease or increase of Baht 7 million in the Company's profit before tax.

The above analysis has been prepared assuming that the amounts of the floating rate long-term loans from financial institutions and all other variables remain constant over 1 year. Moreover, the floating legs of these long-term loans from financial institutions are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest payable for the full 12-month period of the sensitivity calculation. This information is not a forecast or prediction of future market conditions and should be used with care.

### **Liquidity risk**

The Company monitors the risk of a shortage of liquidity through the use of loans from financial institutions and lease contracts. The Company has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	As at 31 December 2021		
	Less than 1 year	1- 5 years	Total
Trade and other payables	95,044	-	95,044
Lease liabilities	2,421	2,891	5,312
Retention guarantees	14,834	-	14,834
<b>Total</b>	<b>112,299</b>	<b>2,891</b>	<b>115,190</b>

(Unit: Thousand Baht)

	As at 31 December 2020		
	Less than 1 year	1- 5 years	Total
Trade and other payables	65,549	-	65,549
Long-term loans from financial institutions	340,561	17,919	358,480
Lease liabilities	871	1,412	2,283
Retention guarantees	12,551	-	12,551
<b>Total</b>	<b>419,532</b>	<b>19,331</b>	<b>438,863</b>



## 25.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

## 26. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value and it meets financial covenants attached to the loan agreements. The Company has complied with these covenants throughout the reporting periods.

As at 31 December 2021, the Company's debt-to-equity ratio was 0.12:1 (2020: 0.35:1).

## 27. Events after the reporting period

27.1 On 20 January 2022, a meeting of the Company's Board of Directors passed a resolution to approve the allocation of the 84,000,000 new ordinary shares of the Company with a par value of Baht 1 each prescribed in the prospectus as follows:

- a) Not more than 7,790,000 ordinary shares are to be offered to the Company's patronages at the offer price of persons at the underwriter's discretion mentioned in c).
- b) Not more than 13,208,500 ordinary shares are to be offered to the Company's employees and/or related persons who are the Company's directors or executives at the offer price of persons at the underwriter's discretion mentioned in c). However, the ordinary shares offered to the Company's employees, and/or the Company's directors or management, and the Company's patronages as mentioned in a), are to total not more than 25 percent of all offered ordinary shares.
- c) Not less than 63,001,500 ordinary shares are to be offered to persons at the underwriter's discretion.

27.2 Period during 2 to 4 and 7 February 2022, the Company made an Initial Public Offering of 84,000,000 newly issued ordinary shares with a par value of Baht 1 each, at an offering price of Baht 3.98 per share, amounting to Baht 334.32 million. Subsequently, on 7 February 2022, the Company received full payment of the additional capital and registered the increase in its issued and paid-up share capital from Baht 336 million (336,000,000 ordinary shares with a par value of Baht 1 each) to Baht 420 million (420,000,000 ordinary shares with a par value of Baht 1 each) with the Ministry of Commerce on the same date. The Stock Exchange of Thailand approved the 420,000,000 ordinary shares with a par value of Baht 1 each as listed securities, with trading permitted from 10 February 2022.

The Company incurred expenses relating to the share offering amounting to approximately Baht 7.78 million (net of income tax of Baht 7.56 million), and these expenses will be recorded as a deduction against the share premium of Baht 250.32 million in the first quarter of the year 2022.

27.3 On 24 February 2022, the meeting of the Company's Board of Directors passed resolutions to approve the significant transactions detailed below:

- a) A dividend payment to the shareholders from the Company's operating results for the year 2021 of Baht 0.40 per share, or a total of Baht 168 million. This is to be paid as a stock dividend payment at a rate of 1 dividend share for every 5 existing shares, or Baht 0.20 per share, totaling Baht 84 million, and a cash dividend payment at a rate of Baht 0.20 per share, totaling Baht 84 million.
- b) An increase in the Company's registered share capital from Baht 420 million (420,000,000 ordinary shares with a par value of Baht 1 each) to Baht 504 million (504,000,000 ordinary shares with a par value of Baht 1 each) through the issuance of 84,000,000 new ordinary shares with a par value of Baht 1 each to support the stock dividend payment.

However, these resolutions will be further proposed for the shareholders' approval at the 2022 Annual General Meeting of the Company's shareholders.

## **28. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2022.