

Proud Real Estate Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2022

1. General information

Proud Real Estate Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in real estate development. The registered office of the Company is at 900, Tonson Tower Building, 6th Floor, Ploenchit Road, Lumpini, Patumwan, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Proud Real Estate Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries") (collectively as "the Group"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2022</u>	<u>2021</u>
			Percent	Percent
Hua Hin Alpha 71 Co., Ltd.	Real estate development	Thailand	99.99	99.99
Hua Hin Sky Living Co., Ltd.	Real estate development	Thailand	99.99	99.97
Proud Horseshoe Co., Ltd.	Real estate development	Thailand	99.99	99.99
Convent Beta Co., Ltd.	Real estate development	Thailand	99.97	99.97
Prompt Solution Management Co., Ltd.	Property management service	Thailand	99.94	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations 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 providing accounting guidance for users of the standards.

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

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

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 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

4. Significant accounting policies

4.1 Revenue and expense recognition

Revenue from sale of real estate

Revenue from sale of land and houses and sale of residential condominium units is recognised at the point in time when control of the asset is transferred to the customer by generally upon transfer of the legal ownership of the properties. Revenue from sale of real estate is measured at the amount of the consideration received after deducting discounts and consideration payable to the customers. The payment condition depends on the payment terms which is stipulated in the contract with customers. Payment in advance from customers, which made before transferring of control of the asset, has been presented under the caption of "Deferred revenue from sale of real estate" in the statement of financial position.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

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 sale of real estate

Cost of sale of land and houses/residential condominium units is determined based on the anticipated total development costs (after considering the actual costs incurred to date) attributed to land and houses/residential condominium units already sold on the basis of the salable area, and is recognised as cost of sale in accordance with the revenue recognition.

Cost of sale of real estate includes cost of other goods, such as furniture and fixtures, that are considered part of the residential condominium unit 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 sale occurs.

4.3 Cash and cash equivalents

Cash and cash equivalents consist 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 Inventories

Inventories are valued at the lower of average cost and net realisable value.

4.5 Real estate development costs

Real estate development costs are valued at the lower of cost and net realisable value. Cost of real estate development is calculated as detailed below.

Land

Land is valued at cost on a weighted average method (calculated separately for each projects) and is recognised as cost in accordance with the revenue recognition.

Deferred interest

Interest expenses relating to project development are recorded as deferred interest, with capitalisation ceasing when the ownership is transferred to buyer. Such deferred interest is recorded as a part of real estate development costs and is recognised as cost of sale in accordance with the average revenue recognition (calculated separately for each project).

Infrastructure

The costs of construction for infrastructure like road, electricity system, water supply system and others are recorded as a part of real estate development costs and are recognised as cost of sale in accordance with the revenue recognition.

Deferred project development costs

Preparation costs and project development costs before sales are recorded as a part of real estate development costs and are recognised as cost of sale in accordance with the revenue recognition.

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

4.6 Cost to obtain a contract

The Group recognises commission paid to obtain a customer contract as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of consideration that the entity expects to receive less direct costs. Provided that the amortisation period of the asset that the Group otherwise would have used is one year or less, costs to obtain a contract are immediately recognised as expenses.

4.7 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

4.8 Equipment and depreciation

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

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

Equipment	-	5 - 10 years
Furniture and office equipment	-	3 - 5 years
Vehicles	-	4 - 5 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

An item of 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.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset or development of the projects that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the costs 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.

To the extent that funds are borrowed specifically for the development of projects, interest costs are presented as the actual borrowing costs less any investment income from the temporary investment of those borrowings. To the extent that funds are borrowed and used for the general purposes, the interest costs are determined by applying a capitalisation rate to the expenditures on that project. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the year, other than borrowings made for specific purposes.

4.10 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 - 10 years

4.11 Leases

At inception of contract, the Group 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 Group as a lessee

The Group 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 Group 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, lease payments made at or before the commencement date of the lease, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located 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.

Buildings	3 years
Motor vehicles	4 - 5 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group'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.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

4.12 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.

4.13 Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

4.15 Provisions

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

4.16 Income tax

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

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

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise 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 Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

4.17 Financial instruments

The Group 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. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group 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

Except for derivative liabilities, at initial recognition the Group'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 Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Cumulative and redeemable preference shares

Cumulative and redeemable preference shares are separated into financial liability and equity components based on the terms of the contract.

On issuance date of the cumulative and redeemable preference shares, the Group initially recognised the value of the liability component and redemption option at fair value using a market rate and classified as a financial liability. The remainder of the proceeds is allocated to the equity component.

Cumulative and redeemable preference shares - liability component are measured at amortised cost (net of transaction costs) until they are redeemed or due to repayment. The value of the cumulative and redeemable preference shares - equity component determined upon the issuance of the preference shares do not change in subsequent periods. The redemption option are subsequently measured at fair value at the end of each reporting period. Changes in the fair value of the redemption option are recognised in profit or loss.

Transaction costs that relate to the issuance of cumulative and redeemable preference shares are apportioned to the liability and equity components of the cumulative and redeemable preference shares in proportion to the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

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 Group has transferred substantially all the risks and rewards of the asset, or the Group 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.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due, and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure 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 Group 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 Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

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:

Leases

The Group as a lessee

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

6. Related party transactions

During the years, the Group 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 Group and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Management income	-	-	87	34	Contractual agreed price
Interest income	-	-	29	32	MLR - 0.5% per annum
Other income	-	-	16	8	Contractual agreed price

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
Transactions with related parties					
Rental fee	4	4	-	-	Contractual agreed price
Other expenses	5	2	-	-	Contractual agreed price
Transactions with related persons					
Return on cumulative and redeemable preference shares	2	1	-	-	Contractual agreed price

As at 31 December 2022 and 2021, the balances of the accounts between the Group and those related parties are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Amount due from and advance to related parties (Note 8)				
Subsidiaries	-	-	37,901,421	7,618,345
Total amount due from and advance to related parties	-	-	37,901,421	7,618,345
Interest receivables - related parties (Note 8)				
Subsidiaries	-	-	48,761,058	22,744,120
Total interest receivables - related parties	-	-	48,761,058	22,744,120
Other payables and advance from related parties (Note 16)				
Related persons	110,000	312,000	110,000	312,000
Related parties	819,016	1,839,337	24,772,797	-
Total other payables and advance from related parties	929,016	2,151,337	24,882,797	312,000
Interest payable - related party (Note 16)				
Subsidiary	-	-	131,291	-
Total interest payable - related party	-	-	131,291	-
Redeemable preference shares - related persons (Note 20)				
Related persons	20,027,816	18,000,000	-	-
Total redeemable preference shares - related persons	20,027,816	18,000,000	-	-

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Other current liabilities - related party				
Subsidiary	-	-	-	2,812,188
Total other current liabilities - related party	-	-	-	2,812,188
Lease liabilities - related party				
Related party	3,084,031	6,487,031	-	-
Total lease liabilities - related party	3,084,031	6,487,031	-	-

Loans to related parties

As at 31 December 2022 and 2021, the balances of loans between the Group and those related parties and the movements in loans were as follows:

Loans to subsidiary companies

(Unit: Baht)

	Separate financial statements			
	Balance as at			Balance as at
	31 December	During the year		31 December
Short-term loans to subsidiary companies	2021	Increase	Decrease	2022
Convent Beta Co., Ltd.	367,000,000	2,942,000	-	369,942,000
Proud Horseshoe Co., Ltd.	52,712,400	11,576,000	-	64,288,400
Hua Hin Sky Living Co., Ltd.	42,353,000	22,176,000	(29,859,000)	34,670,000
Total	462,065,400	36,694,000	(29,859,000)	468,900,400

Short-term loans to subsidiary companies are due at call, carrying interest at the rate of MLR-0.5% per annum.

(Unit: Baht)

	Separate financial statements		
	Balance as at 31 December		Balance as at 31 December
Long-term loans to subsidiary company	2021	During the year	2022
Hua Hin Sky Living Co., Ltd.	100,000,000	-	100,000,000
Total	100,000,000	-	100,000,000

Long-term loans to subsidiary company bear interest at the rate of MLR-0.5% per annum. The payment schedules of principal and interests are due within 31 December 2023.

Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Baht)	
	Consolidated/Separate financial statements	
	For the year ended 31 December	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	31,298,200	25,251,037
Post-employment benefits	1,115,663	526,278
Total	<u>32,413,863</u>	<u>25,777,315</u>

7. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash	278,829	98,461	67,879	73,690
Deposits at banks	199,136,496	288,724,248	4,321,577	9,581,365
Less: Restricted bank deposits (Note 11)	(192,366)	(191,890)	(192,366)	(191,890)
Total cash and cash equivalents	<u>199,222,959</u>	<u>288,630,819</u>	<u>4,197,090</u>	<u>9,463,165</u>

As at 31 December 2022, bank deposits in savings accounts and fixed account carried interests between 0.20 and 0.55 percent per annum (2021: between 0.05 and 0.25 percent per annum).

8. Trade and other receivables

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Trade receivables	102,665,777	-	-	-
Amount due from and advance to related parties (Note 6)	-	-	37,901,421	7,618,345
Other receivables - unrelated parties	3,404,227	258,171	192,136	245,097
Interest receivables - related parties (Note 6)	-	-	48,761,058	22,744,120
Total	<u>106,070,004</u>	<u>258,171</u>	<u>86,854,615</u>	<u>30,607,562</u>

9. Real estate development costs

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	1,998,408,249	2,625,032,470	-	1,641,624
Construction in progress and design expenses	636,212,843	624,956,466	-	1,843,573
Promotion costs	-	193,595	-	193,595
Capitalised borrowing costs	86,828,519	94,472,650	-	103,978
Total	<u>2,721,449,611</u>	<u>3,344,655,181</u>	<u>-</u>	<u>3,782,770</u>

During the years ended 31 December 2022 and 2021, the subsidiaries capitalised borrowing costs to be included in the cost of land and construction in progress which were calculated from capitalisation rate from weighted average rate of loans as follows:

	Consolidated financial statements	
	<u>2022</u>	<u>2021</u>
Borrowing costs included in the cost of land and construction in progress (Million Baht)	45	39
Capitalisation rate (%)	4.80 - 5.17	3.25 - 5.08

As at 31 December 2022 and 2021, the subsidiaries have pledged some land and construction thereon as collateral for credit facilities of the subsidiaries which have net book value as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	
	<u>2022</u>	<u>2021</u>
Net book value of land and construction that has been pledged as collateral	1,630	2,623

10. Other current assets

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Advance payment for project management fee	87,571,969	190,228,045	-	-
Prepaid expenses	12,185,540	4,046,391	4,558,620	2,091,667
Advance for purchase of inventories	41,371,463	70,551,911	165,306	165,306
Others	12,562,468	15,438,157	5,277,801	5,050,961
Total	<u>153,691,440</u>	<u>280,264,504</u>	<u>10,001,727</u>	<u>7,307,934</u>

11. Restricted bank deposits

These represent fixed deposits pledged by the Company with the banks to secure credit facilities and letter of guarantees obtained from the banks.

12. Investments in subsidiaries

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Thousand Baht)	(Thousand Baht)	(Percent)	(Percent)	(Thousand Baht)	(Thousand Baht)
<u>Ordinary shares</u>						
Hua Hin Alpha 71 Co., Ltd.	200,000	200,000	99.99	99.99	200,000	200,000
Hua Hin Sky Living Co., Ltd.	50,000	250	99.99	99.97	50,000	250
Proud Horseshoe Co., Ltd.	20,000	20,000	99.99	99.99	19,999	19,999
Convent Beta Co., Ltd.	1,000	1,000	99.97	99.97	1,000	1,000
Prompt Solution Management Co., Ltd.	500	-	99.94	-	500	-
Total investments in subsidiaries					<u>271,499</u>	<u>221,249</u>

The establishment of new subsidiaries

- a. On 27 April 2021, a meeting of the Company's Board of Directors passed a resolution to approve the establishment a new subsidiary under the name "Proud Horseshoe Co., Ltd.", which engages in real estate development and has registered share capital of 200,000 ordinary shares of Baht 100 each, totaling Baht 20 million. The shares are 99.99 percent held by the Company. The establishment of the new company was registered with the Ministry of Commerce on 28 April 2021 and 100 percent of which have been called up. On 27 April 2021, the Company paid for such share capital of Baht 20 million.

- b. On 9 August 2021, a meeting of the Company's Board of Directors passed a resolution to approve the establishment a new subsidiary under the name "Convent Beta Co., Ltd.", which engages in real estate development and has registered share capital of 10,000 ordinary shares of Baht 100 each, totaling Baht 1 million. The shares are 99.97 percent held by the Company. The establishment of the new company was registered with the Ministry of Commerce on 16 August 2021 and 100 percent of which have been called up. On 10 August 2021, the Company paid for such share capital of Baht 1 million.
- c. On 23 February 2022, a meeting of the Company's Board of Directors passed a resolution to approve the establishment a new subsidiary under the name "Prompt Solution Management Co., Ltd.", which engages in property management service and has registered share capital of 5,000 ordinary shares of Baht 100 each, totaling Baht 0.5 million. The shares are 99.94 percent held by the Company. The establishment of the new company was registered with the Ministry of Commerce on 20 April 2022 and 100 percent of which have been called up. On 18 April 2022, the Company paid for such share capital of Baht 0.5 million.

Subsidiary's capital increase and additional called-up capital

On 6 September 2021, the Extraordinary General Meeting of Shareholders of Hua Hin Alpha 71 Co., Ltd., which is a subsidiary, passed a resolution approving the increase in the registered capital in the amount of Baht 750 million (1.5 million ordinary shares of Baht 100 each and 6 million preference shares of Baht 100 each) from the existing registered capital of Baht 50 million (0.5 million ordinary shares of Baht 100 each) to the new registered capital of Baht 800 million (2 million ordinary shares of Baht 100 each and 6 million preference shares of Baht 100 each). The said company registered the capital increase with the Ministry of Commerce on 9 September 2021.

The issuance and allocation of newly issued shares are as follows:

- 1. The issuance and allocation of 1.5 million newly issued ordinary shares with a par value of Baht 100 each to the Company.
- 2. The issuance and allocation of 6 million newly issued preference shares with a par value of Baht 100 each to specific investors which are related persons in an amount of 0.18 million shares and to unrelated parties in an amount of 5.82 million shares.

The Company presents the newly issued ordinary shares as investments in subsidiaries in the separate financial statements and presents the newly issued preference shares as cumulative and redeemable preference shares which are recognised as financial liabilities in the consolidated financial statements as described in Note 20 to the financial statements.

On 6 July 2022, Hua Hin Sky Living Co., Ltd., a subsidiary company, called up the remaining 75 percent of existing capital shares, or equivalent to Baht 0.75 million. The Company paid for such share capital on 8 July 2022.

On 6 July 2022, the Extraordinary General Meeting of Shareholders of Hua Hin Sky Living Co., Ltd., a subsidiary, passed a resolution approving the increase in the registered capital in the amount of Baht 49 million (0.49 million ordinary shares of Baht 100 each) from the existing registered capital of Baht 1 million (10,000 ordinary shares of Baht 100 each) to the new registered capital of Baht 50 million (0.5 million ordinary shares of Baht 100 each) by offering new shares to its existing shareholders in proportion to their shareholding. In this regard, the shareholders have the right to subscribe for the new shares in proportion to their existing shareholding, either in whole or in part, or to refuse to subscribe for the whole amount of the offered shares. If any shareholder waives the right to subscribe for the new shares (either in whole or in part), the un-subscribed shares will be allocated to other shareholders who wish to subscribe for the new shares in excess of their proportion and 100 percent of which have been called up. Since other shareholders have waived their right to subscribe for the new shares, the Company intends to subscribe for such shares. In this regard, the Company has purchased 0.49 million new ordinary shares of Baht 100 each, totaling Baht 49 million. As a result, the shares are currently held at 99.99 percent by the Company. The said company registered the capital increase with the Ministry of Commerce on 18 July 2022.

13. Equipment

Movements of equipment for the years ended 31 December 2022 and 2021 were summarised below.

	(Unit: Baht)		
	Consolidated financial statements		
	Furniture and office equipment	Vehicles	Total
Cost			
1 January 2021	12,227,486	-	12,227,486
Additions	4,429,331	822,431	5,251,762
Disposals/write-off	(2,132,957)	-	(2,132,957)
31 December 2021	14,523,860	822,431	15,346,291
Additions	41,112,517	-	41,112,517
Disposals/write-off	(59,132)	-	(59,132)
31 December 2022	55,577,245	822,431	56,399,676
Accumulated depreciation			
1 January 2021	3,088,546	-	3,088,546
Depreciation for the year	3,562,581	156,237	3,718,818
Accumulated depreciation on disposals/ write-off	(1,290,094)	-	(1,290,094)
31 December 2021	5,361,033	156,237	5,517,270
Depreciation for the year	8,281,251	150,486	8,431,737
Accumulated depreciation on disposals/ write-off	(34,048)	-	(34,048)
31 December 2022	13,608,236	306,723	13,914,959
Net book value			
31 December 2021	9,162,827	666,194	9,829,021
31 December 2022	41,969,009	515,708	42,484,717
Depreciation for the year			
2021 (included in the administrative expenses)			3,718,818
2022 (included in the administrative expenses)			8,431,737

(Unit: Baht)

	Separate financial statements		
	Furniture and office equipment	Vehicles	Total
Cost			
1 January 2021	6,910,569	-	6,910,569
Additions	366,500	822,431	1,188,931
31 December 2021	7,277,069	822,431	8,099,500
Additions	512,055	-	512,055
Disposals	(53,162)	-	(53,162)
31 December 2022	7,735,962	822,431	8,558,393
Accumulated depreciation			
1 January 2021	1,954,306	-	1,954,306
Depreciation for the year	1,910,756	156,237	2,066,993
31 December 2021	3,865,062	156,237	4,021,299
Depreciation for the year	1,919,230	150,486	2,069,716
Accumulated depreciation on disposals	(34,051)	-	(34,051)
31 December 2022	5,750,241	306,723	6,056,964
Net book value			
31 December 2021	3,412,007	666,194	4,078,201
31 December 2022	1,985,721	515,708	2,501,429
Depreciation for the year			
2021 (included in the administrative expenses)			2,066,993
2022 (included in the administrative expenses)			2,069,716

14. Intangible assets

The net book value of intangible assets representing computer software, as at 31 December 2022 and 2021 was presented below.

	(Unit: Baht)
	Consolidated/ Separate financial statements
Cost	
1 January 2021	6,752,390
Additions	299,480
31 December 2021	7,051,870
Additions	848,920
31 December 2022	7,900,790
Accumulated amortisation	
1 January 2021	1,765,244
Amortisation for the year	682,605
31 December 2021	2,447,849
Amortisation for the year	676,944
31 December 2022	3,124,793
Net book value	
31 December 2021	4,604,021
31 December 2022	4,775,997
Amortisation for the year	
2021 (included in the administrative expenses)	682,605
2022 (included in the administrative expenses)	676,944

15. Bank overdrafts and short-term loans from financial institutions

Bank overdrafts of the Company are subject to interest at the rate of MOR. The bank overdrafts are guaranteed by a person without demanding consideration for the guarantee.

Bank overdrafts of the subsidiaries are subject to interest at the highest rate for normal loans. The bank overdrafts of the subsidiaries are guaranteed by the Company.

Short-term loan from financial institutions of the Company is subject to interest at the rate of 11.5% per annum. The short-term loan is guaranteed by the pledge of the Company's ordinary shares which is owned by shareholder, amounting to 110 million shares.

16. Trade and other payables

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Trade payables - unrelated parties	20,750,311	95,249,882	1,026,400	1,311,361
Other payables and advance from related parties (Note 6)	929,016	2,151,337	24,882,797	312,000
Other payables - unrelated parties	26,159,707	15,039,604	1,309,865	1,021,588
Interest payable - related party (Note 6)	-	-	131,291	-
Accrued cost of land	-	550,000,000	-	-
Accrued expenses	39,662,261	11,448,991	19,611,860	5,528,411
Total	<u>87,501,295</u>	<u>673,889,814</u>	<u>46,962,213</u>	<u>8,173,360</u>

17. Long-term loans from financial institutions

The details of long-term loans from financial institutions as at 31 December 2022 and 2021 were summarised below.

No.	Credit facilities (Thousand Baht)	Significant terms and conditions of loan agreements			Consolidated financial statements		(Unit: Baht) Separate financial statements	
		Repayment term	Collateral	Interest rate (percent per annum)	2022	2021	2022	2021
<u>The Company</u>								
1.	2,900	The principal is to be repaid in 12 monthly installments. The first installment will be paid in the 13th month from the loan receipt date.	Unrelated party	2½	1,206,000	2,900,000	1,206,000	2,900,000
<u>Subsidiaries</u>								
Hua Hin Alpha 71 Co., Ltd.								
2.	1,320,000	Repayment of principal upon redemption of residential condominium unit sold at the rate of 75% of the selling price and not less than amount as stated in the agreement and within 2023	The mortgage of land and construction thereon	Year 1: MLR-2.00 and thereafter MLR-1.50	-	939,426,349	-	-
Hua Hin Sky Living Co., Ltd.								
3.	870,000	Repayment of principal upon redemption of residential condominium unit sold at the rate of 70% of the selling price or not less than amount as calculated by the selling price at Baht 89,420 per square meter	The mortgage of land and construction thereon	Year 1: MLR-2.00 and thereafter MLR-1.50	110,000,000	100,000,000	-	-
Proud Horseshoe Co., Ltd.								
4.	172,700	Repayment of principal upon redemption of each unit of property to be sold and title deed of each project at the rate of 75% of the selling price and not less than amount as stated in the agreement and within 2023	The mortgage of land and construction thereon	Year 1 - 2: MLR-2.00 and thereafter MLR-1.50	110,401,345	100,000,000	-	-

					(Unit: Baht)			
Credit facilities		Significant terms and conditions of loan agreements			Consolidated financial statements		Separate financial statements	
No.		Repayment term	Collateral	Interest rate	2022	2021	2022	2021
	(Thousand Baht)			(percent per annum)				
Convent Beta Co., Ltd.								
5.	1,680,000	Repayment of principal upon redemption of residential condominium unit sold at the rate of 70% of the selling price and not less than amount as stated in the agreement and within 2026	The mortgage of land and construction thereon	MLR-1.50	778,383,394	220,000,000	-	-
Total					999,990,739	1,362,326,349	1,206,000	2,900,000
Less: Deferred front end fee					(7,393,864)	(3,638,173)	-	-
Add: Finance cost - Interest expenses on borrowings					-	2,157,968	-	-
Net					992,596,875	1,360,846,144	1,206,000	2,900,000
Less: Current portion					(1,206,000)	(101,936,000)	(1,206,000)	(1,936,000)
Long-term loans - net of current portion					991,390,875	1,258,910,144	-	964,000

Movements of the long-term loans account during the years ended 31 December 2022 and 2021 were summarised below.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Beginning balance	1,360,846,144	838,695,400	2,900,000	-
Additional borrowings	958,658,313	522,326,349	-	2,900,000
Amortisation of front end fee	2,865,405	1,925,096	-	-
Finance cost - Interest expenses on borrowings	(2,157,968)	408,278	-	-
Repayments	(1,320,993,923)	-	(1,694,000)	-
Front end fee	(6,621,096)	(2,508,979)	-	-
Ending balance	<u>992,596,875</u>	<u>1,360,846,144</u>	<u>1,206,000</u>	<u>2,900,000</u>

Under loan agreements, the Group must comply with the conditions stipulated in the agreements such as the maintenance of net debt to equity ratio.

As at 31 December 2022, the loan facilities of the subsidiaries which have not yet been drawn down amounted to Baht 1,724 million (2021: Baht 1,068 million).

18. Leases

The Group as a lessee

The Group has lease contracts for used in its operations. Leases generally have lease terms between 2 - 5 years.

a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Baht)

	Consolidated financial statements			
	Land	Buildings	Motor vehicles	Total
1 January 2021	-	12,634,785	2,679,889	15,314,674
Additions	-	11,012,572	-	11,012,572
Disposals	-	(10,918,122)	(1,142,999)	(12,061,121)
Depreciation for the year	-	(10,656,368)	(642,249)	(11,298,617)
Accumulated depreciation on disposals	-	7,940,452	204,061	8,144,513
31 December 2021	-	10,013,319	1,098,702	11,112,021
Additions	7,709,155	-	-	7,709,155
Depreciation for the year	(1,713,145)	(6,237,578)	(612,824)	(8,563,547)
31 December 2022	5,996,010	3,775,741	485,878	10,257,629

(Unit: Baht)

	Separate financial statements		
	Buildings	Motor vehicles	Total
1 January 2021	5,686,889	2,679,889	8,366,778
Disposals	-	(1,142,999)	(1,142,999)
Depreciation for the year	(3,274,697)	(642,249)	(3,916,946)
Accumulated depreciation on disposals	-	204,061	204,061
31 December 2021	2,412,192	1,098,702	3,510,894
Depreciation for the year	(2,412,189)	(612,824)	(3,025,013)
31 December 2022	3	485,878	485,881

b) Lease liabilities

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Lease payments	10,094,729	9,558,247	512,100	2,868,684
Less: Deferred interest expenses	(421,905)	(294,823)	(11,747)	(92,291)
Total	9,672,824	9,263,424	500,353	2,776,393
Less: Portion due within one year	(6,112,415)	(5,990,042)	(500,353)	(2,276,040)
Lease liabilities - net of current portion	<u>3,560,409</u>	<u>3,273,382</u>	<u>-</u>	<u>500,353</u>

Movements of the lease liability account during the years ended 31 December 2022 and 2021 are summarised below.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year	9,263,424	13,459,038	2,776,393	6,373,387
Additions	7,709,155	6,292,193	-	-
Decrease	-	(3,097,815)	-	-
Accretion of interest	443,764	686,382	80,544	279,380
Repayment	(7,743,519)	(8,076,374)	(2,356,584)	(3,876,374)
Balance at end of year	<u>9,672,824</u>	<u>9,263,424</u>	<u>500,353</u>	<u>2,776,393</u>

A maturity analysis of lease payments is disclosed in Note 31.1 under the liquidity risk.

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

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Depreciation expense of right-of-use assets	8,563,547	11,298,617	3,025,013	3,916,946
Interest expense on lease liabilities	443,764	686,382	80,544	279,380
Expense relating to short-term leases	2,938,898	627,911	2,117,831	208,105
Expense relating to leases of low-value assets	284,793	96,000	174,077	96,000

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 11 million (2021: Baht 8 million) (Separate financial statements: Baht 5 million (2021: Baht 4 million)), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

19. Deferred revenue from sale of real estate

Deferred revenue from sale of real estate comprises cash received in advance from customers which can be classified by entity as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Proud Real Estate Public Co., Ltd.	-	8,303,932	-	8,303,932
Hua Hin Alpha 71 Co., Ltd.	345,682,361	649,081,391	-	-
Hua Hin Sky Living Co., Ltd.	54,284,455	-	-	-
Total	<u>399,966,816</u>	<u>657,385,323</u>	<u>-</u>	<u>8,303,932</u>

20. Cumulative and redeemable preference shares

On 3 September 2021, the Company, Hua Hin Alpha 71 Co., Ltd., which is a subsidiary, and investors entered into an agreement of the shareholders of Hua Hin Alpha 71 Co., Ltd. The subsidiary agrees to offer 1.5 million newly issued ordinary shares to the Company at the price of Baht 100 per share, totaling Baht 150 million and to offer 6 million preference shares to related persons in an amount of 0.18 million shares and to unrelated parties in an amount of 5.82 million shares at the price of Baht 100 per share, totaling Baht 600 million.

The rights attached to the preference shares shall be as follows:

Voting right	50 shares per 1 vote
Right to receive dividends	<p>Within 1 year from the completion of the transaction: Preference shares are entitled to receive dividends at the rate of Baht 7.5 per share.</p> <p>After 1 year from the completion of the transaction: Preference shares are entitled to a dividend of 10% per annum of the par value of the preference shares.</p> <p>Preference shareholders have the right to accumulate accrued dividends of the preference shares.</p> <p>Preference shares are not entitled to receive dividends other than dividends at the rates as specified above.</p>

The right to receive a return of capital

In the event of company dissolution and liquidation, preference shareholders have the right to receive capital return of preference shares and accrued dividend payable of preference shares (if any) at their residual value prior to liquidation before ordinary shareholders.

Redemption of preference shares Redemption of preference shares within 1 year

The Company and Hua Hin Alpha 71 Co., Ltd. shall redeem the preference shares, either partially or entirely, within 1 year from the date of completion of the transaction. The investors will receive a return on the preference shares at the rate of Baht 7.5 per share. (excluding the tax payable of the investors).

Redemption of preference shares after the maturity of 1 year but less than 3 years

(a) In case Hua Hin Alpha 71 Co., Ltd. has sufficient retained earnings.

(1) Hua Hin Alpha 71 Co., Ltd. will pay dividends and accumulated accrued dividends of preference shares (if any) to investors (net of withholding tax).

(2) Then on the same day, the Company will exercise its right to purchase, either partially or entirely, the preference shares from investors at a price equal to the par value of the shares plus a portion of the legal reserve.

(b) In case Hua Hin Alpha 71 Co., Ltd. has insufficient retained earnings

(1) Hua Hin Alpha 71 Co., Ltd. will pay dividends and accumulated accrued dividends of preference shares (if any) to the investors in the amount that can be afforded (net of withholding tax).

(2) Then on the same day, the Company will exercises its right to purchase, either partially or entirely, the preference shares from investors in the same proportions at the price equal to the sum of (1) the par value of the shares (2) the legal reserve (3) the amount of unpaid dividends and accumulated accrued dividends of preference shares and (4) the net of the capital gains tax minus withholding tax at the rate of 10%, as the investors are obligated on tax payable for the accumulated dividend of the preference shares.

Redemption of preference shares at maturity of 3 years

The investors have the put option to request the Company to purchase entirely preference shares from the investors. The Company guarantees to act according to the rights of the investors as follows:

- (a) In case Hua Hin Alpha 71 Co., Ltd. has sufficient retained earnings.
 - (1) Hua Hin Alpha 71 Co., Ltd. will pay dividends and accumulated accrued dividends of preference shares (if any) to investors (net of withholding tax).
 - (2) Then on the same day, the Company will exercise its right to purchase, either partially or entirely, the preference shares from investors at a price equal to the par value of the shares plus a portion of the legal reserve.
- (b) In case Hua Hin Alpha 71 Co., Ltd. has insufficient retained earnings
 - (1) Hua Hin Alpha 71 Co., Ltd. will pay dividends and accumulated accrued dividends of preference shares (if any) to the investors in the amount that can be afforded (net of withholding tax).
 - (2) Then on the same day, the Company will exercises its right to purchase, either partially or entirely, the preference shares from investors in the same proportions at the price equal to the sum of (1) the par value of the shares (2) the legal reserve (3) the amount of unpaid dividends and accumulated accrued dividends of preference shares and (4) the net of the capital gains tax minus withholding tax at the rate of 10% , as the investors are obligated on tax payable for the accumulated dividend of the preference shares.

The subsidiary presents the preference shares as a financial liability component in "Cumulative and redeemable preference shares" account at amortised cost until maturity within one year in the consolidated statement of financial position. The subsidiary is confident that preference shares will be redeemed within 1 year due to the transfer of ownership of condominium within 2022.

As a result of the economic recovery from the impacts of the COVID-19 pandemic, the transfer of ownership of residential condominium units by 2022 will be delayed. Nevertheless, the subsidiary is confident that it will be able to redeem the said preferred shares from the transfer of ownership of residential condominium units within 2023.

Movements of cumulative and redeemable preference shares net from the transaction cost for issuance of the cumulative and redeemable preference shares for the year ended 31 December 2022 were summarised below.

	(Unit: Baht)	
	Consolidated financial statements	
	<u>2022</u>	<u>2021</u>
Balance at beginning of year	611,404,406	-
Add: Issuing during the year	-	-
Related persons (Note 6)	-	18,000,000
Unrelated parties	-	582,000,000
Total	-	600,000,000
Amortisation of transaction cost for issuance of cumulative and redeemable preference shares	2,650,389	1,203,761
Financial cost - Return on cumulative and redeemable preference shares	49,684,931	14,054,796
Less: Transaction cost for issuance of cumulative and redeemable preference shares	-	(3,854,151)
Balance at end of year	<u>663,739,726</u>	<u>611,404,406</u>

21. 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: Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Provision for long-term employee benefits at beginning of year	2,051,392	1,137,861
Included in profit or loss:		
Current service cost	1,284,802	639,286
Interest cost	45,541	16,954
Included in other comprehensive income:		
Actuarial gain (loss) arising from		
Financial assumptions changes	-	(96,923)
Experience adjustments	-	354,214
Provision for long-term employee benefits at end of year	<u>3,381,735</u>	<u>2,051,392</u>

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2021: 12 years) (Separate financial statements: 12 years (2021: 12 years)).

Significant actuarial assumptions are summarised as follows:

	(Unit: % per annum)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Discount rate	2.22	2.22
Salary increase rate	5.00	5.00
Staff turnover rate	5.73 - 68.76	5.73 - 68.76

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below.

	(Unit: Baht)			
	Consolidated/Separate financial statements			
	2022		2021	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(129,971)	138,182	(86,848)	92,681
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Salary increase rate	298,617	(268,108)	178,215	(159,727)
	Increase 20.0%	Decrease 20.0%	Increase 20.0%	Decrease 20.0%
Staff turnover rate	(442,166)	579,418	(266,588)	352,199

22. Share premium

Pursuant to Section 51 of the Public Limited Companies Act B.E. 2535, in case the Company intends to offer share for sale at a price higher than the registered per value, the Company is required to appropriate the amount in excess of the par value to the surplus reserve fund. Share premium is not available for dividend distribution.

23. Revenue from contracts with customers

23.1 Revenue recognised to relation to contract balances

During the year 2022, the subsidiary company recognised the items that were included in advance received from customers at the beginning of the year of Baht 414 million as the revenue in the statement of comprehensive income (2021: Nil).

23.2 Revenue to be recognised for the remaining performance obligations

As at 31 December 2022, expected revenue to be recognition in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of contracts with customers are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Nature of business:				
Real estate development	1,390,880,635	2,961,709,811	-	8,588,000

The Group expects to satisfy the performance obligations within 3 years.

However, the revenue recognised in the future are subject to several internal and external factors including ability to make installment payments by customers and getting approved credit facilities from banks, the progression of projects construction of the Group and also economic and political conditions.

24. Finance cost

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest expenses on borrowings	15,780,364	899,358	4,911,877	836,713
Interest expenses on lease liabilities	443,764	686,382	80,544	279,380
Return on cumulative and redeemable preference shares	52,335,320	15,258,557	-	-
Others	214,207	309,872	114,970	164,964
Total	<u>68,773,655</u>	<u>17,154,169</u>	<u>5,107,391</u>	<u>1,281,057</u>

25. Expenses by nature

Significant expenses by nature are as follows:

			(Unit: Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Construction infrastructure and design expenses	747,527,235	-	2,141,146	-
Land cost	627,806,010	-	1,641,624	-
Salaries, wages and other employee benefits	82,320,663	49,811,429	82,320,663	49,811,429
Transfer and commission fee	40,218,345	-	1,434,588	-
Promotion and advertising expenses	88,297,738	1,828,725	5,475,868	1,685,702
Rental and service expenses	3,112,975	2,874,500	2,291,908	1,503,707
Depreciation and amortisation expenses	17,672,228	15,700,040	5,771,673	6,666,544

26. Income tax

Income tax expenses (income) for the years ended 31 December 2022 and 2021 are made up as follows:

			(Unit: Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax				
Current income tax charge	57,605,105	-	-	-
Deferred tax				
Relating to origination and reversal of temporary differences	18,115,942	(18,272,490)	(507,120)	27,989
Income tax expenses (income) reported in profit or loss	<u>75,721,047</u>	<u>(18,272,490)</u>	<u>(507,120)</u>	<u>27,989</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

			(Unit: Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Deferred tax on actuarial losses	-	(51,458)	-	(51,458)

The reconciliation between accounting profit (loss) and income tax expenses (income) was shown below.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accounting profit (loss) before tax	<u>304,241,719</u>	<u>(115,509,704)</u>	<u>18,934,696</u>	<u>(2,222,064)</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	60,848,344	(23,101,941)	3,786,939	(444,413)
Effects of:				
Non-deductible expenses	15,877,206	4,544,727	3,195,329	981,703
Deferred tax assets not recognised	(161,636)	(967,786)	(161,636)	(967,786)
Decrease in recognition of deferred tax assets	-	461,153	-	438,098
Unused tax loss increased (decreased)	<u>(842,867)</u>	<u>791,357</u>	<u>(7,327,752)</u>	<u>20,387</u>
Income tax expenses (income) reported in profit or loss	<u>75,721,047</u>	<u>(18,272,490)</u>	<u>(507,120)</u>	<u>27,989</u>

The components of deferred tax assets are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Deferred tax assets				
Allowance for expected credit losses - retention	1,596,929	1,596,928	1,596,929	1,596,928
The difference between book and tax accounting net revenue	169,102	322,865	(34,726)	(101,682)
Provision for long-term employee benefits	676,347	410,278	676,347	410,278
Provision for decommissioning costs	1,326,917	809,292	657,695	483,601
Unused tax loss	7,711,564	23,997,038	-	-
Interest on loan from parent company capitalised as project costs	15,605,291	18,065,691	-	-
Total	<u>27,086,150</u>	<u>45,202,092</u>	<u>2,896,245</u>	<u>2,389,125</u>

As at 31 December 2022, the Group has deductible temporary differences Baht 1 million (2021: Baht 2 million) (Separate financial statements: Baht 1 million (2021: Baht 2 million)) and unused tax losses which will expire in 2023 - 2027 totaling Baht 35 million (2021: Baht 53 million) (Separate financial statements: Baht 6 million (2021: Baht 48 million)), on which deferred tax assets have not been recognised as the Group believes that the future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

27. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

28. 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 Group is principally engaged in the development of real estate segment. 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.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Geographic information

The Group operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Main customers

For the years 2022 and 2021, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

29. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributed to the fund monthly at the rate of 5 percent of basic salary and its employees contributed to the fund monthly at the rate of 3 percent to 15 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Co., Ltd., will be paid to the employees upon termination in accordance with the fund rules. The contributions for the year 2022 amounting to approximately Baht 1 million (2021: Baht 1 million) were recognised as expenses.

30. Commitments and contingent liabilities

30.1 As at 31 December 2022, the Group had commitments in respect of service agreements payable in the future, which the terms of the agreements are generally between 1 and 3 years, of approximately Baht 21 million (2021: Baht 6 million) (Separate financial statements: Baht 19 million (2021: Baht 1 million)).

30.2 Commitments with respect to project development and related services

The Group had commitments in respect of property development cost and related services totaling Baht 257 million (2021: Baht 601 million) (Separate financial statements: Nil (2021: Baht 0.2 million)).

30.3 Guarantees

- (1) As at 31 December 2022, the Company has guaranteed bank credit facilities of its subsidiaries amounting to Baht 2,823 million (2021: Baht 3,833 million).
- (2) As at 31 December 2022, there were outstanding bank guarantees of approximately Baht 0.3 million (2021: Baht 0.3 million) issued by banks on behalf of the Company to guarantee contractual performance.

30.4 Other commitment

On 22 November 2019, a subsidiary company entered into a sales and marketing license agreement with Intercontinental Hotel Group (Asia Pacific) Pte. Ltd. The subsidiary company is obligated to comply with the conditions stipulated in the agreement whereby it shall pay 3% of revenue generated by sales of condominium units.

31. Financial instruments

31.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade receivables, trade payables, loans, short-term borrowings, cumulative and redeemable preference shares and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

Credit risk primarily with respect to trade receivables, loans, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables and contract assets

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables and contract assets are regularly monitored. In addition, the Group does not have high concentrations of credit risk since it has a large number of customers.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors, and may be updated throughout the year subject to approval of the Company's Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Market risk

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its deposits with banks, overdrafts, short-term loans, loans and borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2022 and 2021, 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: Baht)

Consolidated financial statements						
31 December 2022						
	Fixed interest rate		Floating	Non-Interest		Effective
	Within 1 year	1 - 5 years	interest rate	bearing	Total	interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	198,861,038	361,921	199,222,959	0.20 to 0.55
Trade and other receivables	-	-	-	106,070,004	106,070,004	-
Restricted bank deposits	-	-	192,366	-	192,366	0.20 to 0.55
Other financial assets	-	-	-	2,412,912	2,412,912	
	-	-	199,053,404	108,844,837	307,898,241	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	-	-	85,116,053	-	85,116,053	MOR and 11.5
Trade and other payables	-	-	-	87,501,295	87,501,295	-
Long-term loans	1,206,000	-	991,390,875	-	992,596,875	2 and MLR-2.00 to MLR-1.50
Cumulative and redeemable preference shares	663,739,726	-	-	-	663,739,726	10
Retention payable	-	-	-	58,539,790	58,539,790	-
	664,945,726	-	1,076,506,928	146,041,085	1,887,493,739	

(Unit: Baht)

Consolidated financial statements

31 December 2021

	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	287,888,502	742,317	288,630,819	0.05 to 0.25
Other receivables	-	-	-	258,171	258,171	-
Restricted bank deposits	-	-	191,890	-	191,890	0.25 to 0.75
Other financial assets	-	-	-	1,315,615	1,315,615	-
	-	-	288,080,392	2,316,103	290,396,495	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	-	-	19,678,365	-	19,678,365	MOR
Trade and other payables	-	-	-	673,889,814	673,889,814	-
Long-term loans	-	2,900,000	1,357,946,144	-	1,360,846,144	2 and MLR-2.00 to MLR-1.50
Cumulative and redeemable preference shares	611,404,406	-	-	-	611,404,406	8.14
Retention payable	-	-	-	45,031,488	45,031,488	-
	611,404,406	2,900,000	1,377,624,509	718,921,302	2,710,850,217	

(Unit: Baht)

Separate financial statements

31 December 2022

	Fixed interest rate 1 - 5 years		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial assets						
Cash and cash equivalents	-	4,098,211		98,879	4,197,090	0.20 to 0.55
Other receivables	-	-		86,854,615	86,854,615	-
Short-term loans to related parties	-	468,900,400		-	468,900,400	MLR-0.50
Long-term loans to related party	-	100,000,000		-	100,000,000	MLR-0.50
Restricted bank deposits	-	192,366		-	192,366	0.20 to 0.75
Other financial assets	-	-		1,706,192	1,706,192	-
	-	573,190,977		88,659,686	661,850,663	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	-	71,323,566		-	71,323,566	MOR and 11.5
Trade and other payables	-	-		46,962,213	46,962,213	-
Long-term loan	1,206,000	-		-	1,206,000	2
Retention payable	-	-		13,933,921	13,933,921	-
	1,206,000	71,323,566		60,896,134	133,425,700	

(Unit: Baht)

Separate financial statements					
31 December 2021					
	Fixed interest rate 1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial assets					
Cash and cash equivalents	-	9,356,393	106,772	9,463,165	0.05 to 0.25
Other receivables	-	-	30,607,562	30,607,562	-
Short-term loans to related parties	-	462,065,400	-	462,065,400	MLR - 0.50
Long-term loans to related party	-	100,000,000	-	100,000,000	MLR - 0.50
Restricted bank deposits	-	191,890	-	191,890	0.25 to 0.75
Other financial assets	-	-	1,198,005	1,198,005	-
	-	571,613,683	31,912,339	603,526,022	
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	-	14,725,197	-	14,725,197	MOR
Trade and other payables	-	-	8,173,360	8,173,360	-
Long-term loan	2,900,000	-	-	2,900,000	2
Retention payable	-	-	14,023,745	14,023,745	-
	2,900,000	14,725,197	22,197,105	39,822,302	

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in interest rates on that portion of Bank overdrafts and short-term loans from financial institutions, overdrafts and long-term loans affected as at 31 December 2022 and 2021.

Currency	2022		2021	
	Effect to profit before		Effect to loss before	
	Increase (decrease)	tax increase (decrease)	Increase (decrease)	tax (increase) decrease
	(%)	(Baht)	(%)	(Baht)
Baht	0.5	(5,382,535)	0.5	(6,888,123)
	(0.5)	5,382,535	(0.5)	6,888,123

Liquidity risk

The Group need liquidity to meet its obligations and is responsible for its own cash balances and the raising of internal and external credit lines to cover the liquidity needs. The Group monitors the risk of a shortage of liquidity position by recurring liquidity planning an adequate level of cash and cash equivalent, unused committed and uncommitted credit lines with various banks to meet its liquidity requirements.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Baht)

	Consolidated financial statements			
	31 December 2022			
	On demand	Less than 1 year	1 to 5 years	Total
Non-derivatives				
Bank overdrafts and short-term loans				
from financial institutions	85,116,053	-	-	85,116,053
Trade and other payables	-	87,501,295	-	87,501,295
Lease liabilities	-	6,414,729	3,680,000	10,094,729
Long-term loans	-	1,206,000	998,784,739	999,990,739
Cumulative and redeemable preference shares	-	680,744,562	-	680,744,562
Retention payable	-	16,319,799	42,219,991	58,539,790
Total non-derivatives	85,116,053	792,186,385	1,044,684,730	1,921,987,168

(Unit: Baht)

	Consolidated financial statements			
	31 December 2021			
	On demand	Less than 1 year	1 to 5 years	Total
Non-derivatives				
Bank overdrafts and short-term loans				
from financial institutions	19,678,365	-	-	19,678,365
Trade and other payables	-	673,889,814	-	673,889,814
Lease liabilities	-	6,214,520	3,343,727	9,558,247
Long-term loans	-	152,318,454	1,309,627,708	1,461,946,162
Cumulative and redeemable preference shares	-	645,000,000	-	645,000,000
Retention payable	-	25,918,359	19,113,129	45,031,488
Total non-derivatives	19,678,365	1,503,341,147	1,332,084,564	2,855,104,076

(Unit: Baht)

Separate financial statements				
31 December 2022				
	On demand	Less than 1 year	1 to 5 years	Total
Non-derivatives				
Bank overdrafts and short-term loans				
from financial institutions	71,323,566	-	-	71,323,566
Trade and other payables	-	46,962,213	-	46,962,213
Lease liabilities	-	512,100	-	512,100
Long-term loan	-	1,206,000	-	1,206,000
Retention payable	-	13,933,921	-	13,933,921
Total non-derivatives	71,323,566	62,614,234	-	133,937,800

(Unit: Baht)

Separate financial statements				
31 December 2021				
	On demand	Less than 1 year	1 to 5 years	Total
Non-derivatives				
Bank overdrafts and short-term loans				
from financial institutions	14,725,197	-	-	14,725,197
Trade and other payables	-	8,173,360	-	8,173,360
Lease liabilities	-	2,356,584	512,100	2,868,684
Long-term loan	-	1,993,842	983,809	2,977,651
Retention payable	-	14,023,745	-	14,023,745
Total non-derivatives	14,725,197	26,547,531	1,495,909	42,768,637

31.2 Fair values of financial instruments

Since the majority of the Group'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.

32. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital position with reference to its net debt-to-equity ratio in order to comply with a condition in loan agreement, which requires the Group to maintain the net debt to equity ratio not exceeding 3.25:1 (2021: 2:1).

The Group's net debt used to calculate the above financial ratio is the net value of interest bearing liabilities minus with cash and/or cash equivalent in the consolidated financial statements.

The Group's equity used to calculate the above financial ratio is the shareholders' equity in the consolidated financial statements.

No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 2021.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2023.