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**Definitions**

The Company / Organization	refers to	Asset Five Group Public Company Limited
Subsidiaries	refer to	juristic persons over which the Company has control in any of the following manners: (a) holding more than 50 percent of the total voting shares, whether directly or indirectly. (b) having control over most voting rights at the shareholders' meeting, whether directly or indirectly, regardless of the reason. (c) having the power to appoint or remove at least half of the directors, whether directly or indirectly. (d) including companies under the control of the entities specified in (a)-(c) in successive levels
Asset Five Group / Group of Companies	refers to	1. Asset Five Group Public Company Limited; and 2. Its subsidiaries
Board of Directors	refers to	The directors of Asset Five Group Public Company Limited
Executives	refer to	The Chief Executive Officer or the top four executives immediately below the Chief Executive Officer, including those holding equivalent positions, and shall also include executives in accounting or finance functions at the level of department manager or higher, or equivalent
Risk	refers to	any event or action that may occur and cause deviations from the Company's objectives and goals, resulting in potential damage.
Opportunity	refers to	events that have a positive impact on the objectives or goals of the Company and its subsidiaries, such as new technologies and emerging markets.

Risk Management	refers to a process in which employees at all levels of the Company and its subsidiaries participate in defining strategies and approaches to identify potential risk events and opportunities, assess and manage risks that may have negative impacts, in order to achieve the Company's objectives and goals by reducing the likelihood and impact of damage or maintaining risks at an acceptable level.
Risk Assessment	refers to the overall process of analyzing and prioritizing risks.
Reasonable Assurance	refers to the concept of risk management that, regardless of how well the Company and its subsidiaries are designed or operated, it cannot guarantee that all objectives will be fully achieved due to inherent limitations that cannot be completely managed within the risk management system.
Risk Appetite	refers to the overall level and types of risks that the Board of Directors and management are willing to accept in pursuit of the Company's mission, vision, strategies, and policies.
Risk Tolerance	refers to the acceptable level of deviation or variability from the target levels determined by the Board of Directors and management, indicating the extent of risk the Company and its subsidiaries are willing to accept in relation to their strategies and objectives.
Stakeholders	refers to individuals or entities that affect, are affected by, or perceive themselves to be affected by the Company's decisions and activities.

The Company and its subsidiaries recognize that risk management is an integral part of good corporate governance, which serves as a fundamental basis for achieving business objectives. The identification and management of risks support the Company and its subsidiaries in creating added value for the organization and its stakeholders, as well as ensuring stable growth and business expansion amid an environment where risks are continuously present.

Accordingly, the Company and its subsidiaries have established a Risk Management Manual with the following objectives:

1. Senior management should serve as role models in fostering awareness and commitment to risk management, embedding a risk management culture throughout the organization, and encouraging employees to promptly manage risks related to their operations to prevent adverse impacts on the organization.
2. All executives and employees are responsible for enterprise-wide risk management, which should be conducted systematically, continuously, and under consistent standards.
3. All executives and employees shall integrate risk management into routine operations, including strategic planning processes, decision-making, and daily activities, with the application of information technology to maximize efficiency.
4. All executives and employees shall report identified and prioritized risks, including risk mitigation measures and responsible persons (risk owners), with such reports submitted through the appropriate chain of command.
5. Risks that may impact on the achievement of the Company's and its subsidiaries' objectives shall be identified and managed systematically to ensure that risks remain within acceptable levels and to prevent unexpected losses, while also leveraging opportunities. This is to achieve a balance between business growth, risk, and return.
6. Executives and employees should monitor and evaluate risk management performance and participate in the continuous review and improvement of the risk management system to enhance its effectiveness and efficiency.
7. Risk owners shall report risk information to the Board of Directors and the Executive Committee in accordance with the level of risk on a periodic basis through channels specified in the Risk Management Manual.
8. Risk management may be incorporated as part of the organization's or risk owners' Key Performance Indicators (KPIs) to ensure continuous effectiveness and efficiency, and to mitigate potential future impacts.

## Scope

This manual serves as a guideline for employees at all levels to ensure consistent practices across the organization and shall be applicable to the Company and its subsidiaries.

## Risk Management Policy and Framework

The Company prioritizes sound organizational management to drive sustainable growth, facilitate strategic expansion, maintain financial stability, and deliver appropriate shareholder returns. This commitment reinforces our adherence to Good Corporate Governance and ensures effective checks and balances within a dynamic and competitive business landscape. By systematically managing risks arising from both internal and external factors, the Company safeguards its ability to achieve core missions and objectives.

The Company adopts a systematic Enterprise Risk Management (ERM) approach across the organization, aligned with the COSO ERM 2017 framework. This framework integrates strategy with risk management, starting from the definition of mission, vision, and core values, and aligning business objectives with risk considerations and ESG (Environmental, Social, and Governance) factors. This continuous process enables the Company to seize opportunities and mitigate adverse impacts through five key components:

1. Governance and Culture
2. Strategy and Objective-Setting
3. Performance
4. Review and Revision
5. Information, Communication, and Reporting

The Board of Directors exercises oversight responsibility for the Company's risk management, with the management team implementing ERM as a vital management tool. The goal is to minimize potential losses, foster sustainable growth, and generate long-term shareholder value. The Board reviews and approves the Risk Management Policy, evaluates risk assessments, ensures risk remain within acceptable levels (Risk Appetite), and monitors the effectiveness of mitigation strategies. By integrating risk management into daily operations and the governance framework, the Company bolsters confidence among shareholders and all stakeholders, ensuring the creation of enduring, sustainable value.

### **Risk Management Policy**

1. The Board of Directors performs the duties of the Risk Management Committee, with senior executives serving as committee members.
2. The Company has established a risk management process aligned with the best international practices, ensuring uniform implementation throughout the organization. Risk management is the collective responsibility of all employees and is seamlessly integrated into decision-making, strategic planning, budgeting, operational workflows, and performance evaluations.
3. To minimize potential damage or losses, the Company implements proactive measures to prevent and mitigate operational risks. The effectiveness of these risk management initiatives is monitored and evaluated on a regular basis.
4. The Company maintains a robust reporting system to ensure that risk-related information is systematically escalated to management, the Audit Committee, and the Board of Directors.
5. The Board of Directors provides strategic oversight of the risk management framework in accordance with established policies. This includes reviewing, advising, and monitoring the system to ensure maximum efficiency. The Company's risk management policy and scope are reviewed at least annually. In 2025, a comprehensive risk review was conducted to ensure that the existing framework remains relevant, effective, and appropriately aligned with the Company's current business environment.

### **Objectives of Risk Management**

Risk management does not imply complete avoidance of risk. The Group accepts an appropriate level of risk in formulating strategies to create and sustain value, taking into consideration returns that are commensurate with the level of risk undertaken.

The risk management framework enables the Group to systematically identify and assess risks, and to determine acceptable risk levels aligned with its growth and return objectives. Risk management is an integral part of value creation and supports the achievement of organizational objectives. Effective risk management helps reduce business uncertainties, thereby contributing to improved operational performance. As the Group's objectives and business environment continue to evolve, so do the associated risks. A robust risk management system depends on regular and comprehensive assessments of the nature and extent of risks faced by the Group. Effective risk management contributes to value creation for the Group. Therefore, the objective of internal risk management is to manage and control risks within acceptable levels, rather than to eliminate risks entirely.

The objective of risk management is to manage and control risks within acceptable levels, rather than to eliminate them entirely. Successful risk management requires key supporting factors in terms of resources and infrastructure, comprising the following eight elements:

1. Risk management must be driven by top management. The Chief Executive Officer (CEO) or highest-level executive shall demonstrate commitment by ensuring the implementation of risk management policies and requiring management to incorporate risk information into decision-making and operations.
2. Establishing a clear risk management framework and policy with well-defined components ensures that executives and employees share a common understanding and apply consistent approaches across the organization.
3. The organization shall communicate changes to all executives and employees, including the impacts of such changes on the organization and individuals.
4. Risk management processes shall be implemented across the Group and carried out continuously and consistently.
5. Clear communication and understanding of responsibilities in risk management among all employees will foster acceptance and contribute to the successful development of risk management practices.
6. Risk management performance shall be measured using key performance indicators (KPIs) at the organizational, departmental, or individual levels, in coordination with the human resources function.
7. The human resource's function shall support risk management through training programs. All new employees should receive training to understand their responsibilities in risk management and performance evaluation, with such responsibilities incorporated into their job descriptions.
8. Appropriate methods shall be established to monitor risk management on an ongoing basis.

## Roles and Responsibilities

Risk management is a continuous process and an integral part of daily operations. The roles and responsibilities of executives and employees at each level are as follows:

### **Board of Directors and/or Executive Committee**

1. Approve the risk management policy, anti-corruption policy, and the acceptable level of risk (risk appetite) of the Group.
2. Oversee risk management to ensure effective and continuous implementation of the policy.
3. Monitor key risks of the Group to ensure that they are managed within acceptable levels.
4. Consider the overall risk profile of the Group and compare it with the acceptable risk level.
5. Assess risks related to fraud and corruption, establish appropriate preventive and mitigation measures, and monitor and report the results.

6. Review risk management reports to ensure that risk management is adequate, appropriate, and continuously implemented.
7. Coordinate regularly with the Audit and Risk Management Committee through the exchange of knowledge and information on risks and internal controls that may impact on the Group.
8. Review and reassess the adequacy of the charter on an annual basis to ensure alignment with the Group's risk management objectives and strategies.
9. Review risks and mitigation approaches of the Company and its subsidiaries as assessed by risk owners and provide recommendations for improvement.
10. Oversee the effectiveness of the Group's risk management processes through continuous monitoring and performance evaluation.

#### **Audit and Risk Management Committee**

1. Acknowledge the results of risk management process reviews and provide recommendations for improvement.
2. Communicate regularly with the Board of Directors and/or Executive Committee by exchanging knowledge and information on risks and internal controls that may impact on the Group.
3. Clarify the effectiveness of internal controls and key risk management practices for the Board's consideration.

#### **Internal Audit Department**

1. Support the Board of Directors, the Audit and Risk Management Committee, and the Chief Executive Officer / Senior Management in reviewing risk management processes, including risks related to fraud and corruption and internal controls, and provide recommendations for improvement.
2. Conduct reviews to ensure that internal controls are appropriately implemented to manage the Group's risks.
3. Utilize risk information, including fraud and corruption risks, and key risk issues identified by the Board and senior management in risk-based audit planning.
4. Coordinate with the Board of Directors and Executive Committee to exchange knowledge and information on risks that may impact on the Group.

#### **Chief Executive Officer / Senior Management**

1. Propose business strategies and plans to the Board of Directors, including identification of key risks that may impact such strategies and plans, including fraud and corruption risks.
2. Implement the approved risk management policy and framework across the Group.
3. Ensure that business strategies can be achieved within the approved risk management framework.

4. Ensure continuous implementation of risk management across the Group.
5. Promote appropriate risk management and internal control culture.

**Heads of Departments / Business Units**

1. Ensure that risks are identified and managed as part of routine operations.
2. Ensure that risk management activities are implemented in accordance with approved policies and processes.
3. Monitor risk management activities to ensure continuous implementation.
4. Report key risks and issues through the appropriate chain of command.

**Employees**

1. Ensure that risks are identified and managed as part of daily work activities.
2. Regularly monitor risks related to their responsibilities.
3. Report key risks and issues to supervisors through the appropriate reporting lines.

**Enterprise Risk Management**

Enterprise Risk Management (ERM) refers to the process of identifying and analyzing risks from a holistic and integrated perspective across the Company and its subsidiaries, covering all activities that contribute to achieving objectives, including strategic objectives, operational efficiency and effectiveness, reporting, and compliance with applicable laws and regulations.

Risk management is conducted in accordance with the principles of the Committee of Sponsoring Organizations of the Treadway Commission - Enterprise Risk Management (COSO ERM), under which risk management consists of the following components:



## 1. Internal Environment

The internal environment forms the foundation of the risk management framework. It influences the determination of the organization's strategies and objectives, the establishment of activities, as well as the identification, assessment, and management of risks. The internal environment comprises various factors, including ethics, management style, personnel practices, as well as the philosophy and culture of risk management.

Risk appetite is a key component of the internal environment and plays a significant role in strategy formulation to achieve the organization's objectives in terms of returns and growth. Different strategies carry varying levels of risk.

Accordingly, risk management enables the Chief Executive Officer (CEO) and senior management to determine strategies within the level of risk acceptable to the organization.

## 2. Objective Setting

Clearly defined objectives are the first step in the enterprise risk management process. The objectives established should be aligned with strategic goals and the organization's risk appetite. Generally, objectives and strategies should be documented and considered in the following aspects:

2.1.1 Strategic: Relate to the overall goals and mission of the organization, reflecting the choices of the CEO and senior management in creating value for the Company and its subsidiaries.

2.1.2 Operation: Relate to the efficiency and effectiveness of operations, including profitability.

2.1.3 Reporting: Relate to the reliability and timeliness of both internal and external reporting, including financial and non-financial information.

2.1.4 Compliance: Relate to compliance with applicable laws and regulations of the Company and its subsidiaries.

In addition to ensuring alignment between the Company and its subsidiaries, objectives must also be consistent with the organization's risk appetite, which should be established as a guideline for strategy formulation by the CEO and senior management and reviewed by the Board of Directors to ensure an appropriate balance among growth, risk, and return.

Risk appetite may be defined in both quantitative and qualitative terms, taking into consideration the following:

- Types of risks that the Company and its subsidiaries can and cannot accept
- The level of risk required to achieve expected shareholder returns and appropriate capital levels
- Whether the Company can accept higher levels of risk than currently accepted and the potential impact on revenue targets

- The level of capital or income that the Company can withstand as potential loss, and whether sufficient reserves exist in the event of severe risk occurrences
- Risks that are unacceptable, such as non-compliance with labor laws or workplace safety regulations
- Risks that the Company is willing to accept to achieve objectives, such as reduced profit margins to gain higher market share
- Whether the Company may invest in products with low probability of success but high potential returns.

Risk tolerance refers to the acceptable level of deviation from defined objectives. Operating within this tolerance enables the CEO and senior management to ensure that the Company remains within its overall risk appetite.

### 3. Event Identification

Event identification is the process in which the CEO, senior management, executives, and employees collectively identify events or conditions that may affect the achievement of the objectives of the Company and its subsidiaries.

Business operations inherently involve uncertainty. Organizations cannot be certain whether specific events will occur or what their outcomes will be. In identifying events, the CEO and senior management should consider the following:

- 1) All potential risk factors, including strategic, financial, human resource, operational, legal, tax, system, and environmental risks
- 2) Sources of risk from both internal and external environments
- 3) Relationships between events

In some cases, events should be categorized based on their nature and consolidated across the organization to enhance management's understanding.

Risk factors refer to the root causes or sources of risks that may prevent the achievement of objectives under the Company's key operational processes. The Company aims to create value for shareholders; however, uncertainties arising from both internal and external factors constitute risk factors that must be properly identified. Identifying the root causes enables the Company to analyze and establish appropriate strategies, measures, and approaches to mitigate risks in alignment with the situation and organizational culture.

Risk factors can be categorized into two types as follows:

## 1) Internal Factors

- **Technology Risks:** such as the selection of inappropriate technologies, technological obsolescence due to rapid innovation, or failures associated with overly new technologies
- **Operational Risks:** such as workforce shortages, personnel changes, resource constraints, demand uncertainty, uncertainty in budget approvals, and inefficient operational processes
- **Organizational Culture Factors**
- **Ethical Factors of Personnel**
- **Work Environment Factors**

## 2) External Factors

- **Political and Social Risks:** such as continuity of government policies
- **Financial and Economic Risks:** such as economic volatility, oil prices, fluctuations in interest rates, inflation, and exchange rates
- **Legal Risks:** such as ambiguity of applicable laws, regulatory changes, outdated regulations, or changes in relevant resolutions
- **Environmental and Natural Disaster Risks:** such as civil unrest, war, floods, storms, landslides, earthquakes, droughts, and pandemics
- **Emerging Risks:** such as urbanization, aging society, increasing demands for transparency and human rights, expansion of supply chains, climate change, new technologies, cybercrime and data breaches, and raw material shortages
- **Counterparty or Business Partner Risks:** including corruption risks arising from any form of bribery or improper conduct, whether direct or indirect, involving offering, promising, soliciting, receiving money, assets, or other benefits to or from government officials or any persons to obtain or retain undue business advantages

These risk factors require the Chief Executive Officer and senior management to consider the extent to which the Group can accept uncertainties to preserve or enhance shareholder value. It is essential to understand both positive and negative impacts of potential events and manage them to create value, minimize losses, and reduce overall uncertainty in performance. Effective risk management enables the identification and assessment of risks at all levels of the Group and enhances the reliability of evaluating the likelihood and impact of risks on the value of the Company and its subsidiaries. Uncertainty may result in both negative and positive outcomes, representing risks or opportunities that may either diminish or enhance value. Therefore, risk management should begin with a shared understanding of risk definitions to ensure consistent recognition of both risks and opportunities across the organization.

Events that present opportunities are those that support or enhance the value of the Company and its subsidiaries. The Chief Executive Officer and senior management should ensure that such opportunities are identified and considered in conjunction with strategic planning and objective setting, to effectively leverage these opportunities to create added value for the Group. Accordingly, the Group should take appropriate actions to avoid or mitigate events that may cause potential damage, while also striving to identify and capitalize on opportunities that contribute to value creation.

**Risk Identification:** Risk identification refers to the process of identifying any events that may occur in the future and may result in errors, losses, leakages, inefficiencies, or other undesirable outcomes, which could prevent a business unit from achieving its objectives. Events with negative impacts are considered risks that must be further managed, while events with positive impacts should be incorporated into the Group's objectives or targets to enable implementation and create added value for the Company and its subsidiaries. Risk identification may be conducted by individuals or groups, such as executives and relevant employees, using a variety of techniques and tools, including workshops, interviews or management surveys, benchmarking against other companies, discussions with employees, internal organizational analysis, review of reports from government agencies or private organizations, and analysis of workflow diagrams or operational manuals.

#### 4. Risk Assessment

Risk assessment is the process of identifying and prioritizing risks by evaluating the likelihood and impact of events that may affect the achievement of objectives. While a single event may have a low impact, recurring events may result in a high impact on the objectives.

In general, risk assessment consists of two key dimensions:

- **Likelihood:** the probability of an event occurring
- **Impact:** the extent of consequences to the organization if the event occurs

In addition, risk assessment should consider the following:

- ✓ **Inherent Risk:** the level of risk in the absence of any actions taken to alter its likelihood or impact
- ✓ **Residual Risk:** the level of risk remaining after considering risk response activities implemented to manage the likelihood and impact
- ✓ **Target Risk:** the desired level of risk after the implementation of action plans within a specified timeframe

**4.1 Risk Level:** refers to an indicator used to determine the significance of a risk. The level of risk is derived from the assessment of the likelihood of occurrence, which serves as a key criterion in evaluating risks. Such assessments shall be reviewed on a regular basis.

Level	Likelihood	Description
1	Very High	Occurs once per month / occurs regularly
2	High	Occurs every 1-6 months / occurs quite frequently
3	Moderate	Occurs once per year / occurs occasionally
4	Low	Occurs once every 2-3 years / occurs rarely
5	Very Low	Occurs once every 5 years / occurs only in exceptional cases

**Table 1:** Likelihood

Level	Impact	Description
1	Very Severe	Damage exceeds 25% of operational/project budget / significant impact on reputation and assets / life-threatening injuries
2	Severe	Damage exceeds 20% but not more than 25% of operational/project budget / major impact on reputation and assets / serious injury resulting in loss of ability to work
3	Moderate	Damage exceeds 15% but not more than 20% of operational/project budget / moderate impact on reputation and assets / serious injury causing work stoppage
4	Low	Damage exceeds 10% but not more than 15% of operational/project budget / moderate impact on reputation and assets / serious injury
5	Very Low	Damage not exceeding 10% of operational/project budget / minor impact on reputation and assets / minor injury

**Table 2:** Impact

Green Zone			Yellow Zone			Orange Zone			Red Zone		
No.	Likelihood	Impact	No.	Likelihood	Impact	No.	Likelihood	Impact	No.	Likelihood	Impact
1	1	1	5	3	1	14	4	3	22	4	4
2	2	1	6	4	1	15	5	3	23	5	4
3	1	2	7	5	1	16	1	4	24	4	5
4	2	2	8	3	2	17	2	4	25	5	5
			9	4	2	18	3	5			
			10	5	2	19	1	5			
			11	1	3	20	2	5			
			12	2	3	21	3				
			13	3	3						

**Table 3:** Risk Level Determination Criteria

The ranking from 1 to 25 represents a scoring system used to assess the likelihood and impact of risks. This ranking serves as a key criterion for risk evaluation and shall be reviewed on a regular basis.

**4.2 Risk Classification and Prioritization** The assessment of risk significance can be performed by referencing the risk ranking table above. Determining which risks should be addressed first generally involves assigning risk scores based on both impact and likelihood and grouping risks according to their level of significance. For example, the Company may define risks with a combined score of 22 or higher (based on likelihood and impact) as critical risks that require priority attention and immediate management.

The determination of risk significance for the Company and its subsidiaries should be considered by the Chief Executive Officer and senior management and approved by the Board of Directors. The Company's risk significance can be illustrated through a risk matrix, where the X-axis represents the likelihood of occurrence and the Y-axis represents the impact. Risk levels are categorized into five levels (1-5). Risks with lower scores are considered very low risk, while higher scores indicate increasing levels of risk severity. The definitions of each risk level are illustrated in the accompanying diagram and tables.

Risk Assessment			Likelihood of Organizational Risk Occurrence				
Impact / Likelihood	Very High	5	19	20	21	24	25
	High	4	16	17	18	22	23
	Moderate	3	11	12	13	14	15
	Low	2	3	4	8	9	10
	Very Low	1	1	2	5	6	7
			Very Low	Low	Moderate	High	Very High
			Likelihood				

Risk Score	Risk Level	Required Actions
22 - 25	Very High	Unacceptable risk level - immediate action is required to reduce the risk to an acceptable level
14 - 21	High	Unacceptable risk level - risk mitigation actions must be implemented to bring the risk to an acceptable level
5 - 13	Moderate	Acceptable risk level, but controls must be in place to prevent escalation to an unacceptable level
1 - 4	Low	Acceptable risk level - minimal or no additional controls required

**Table 4:** Risk Assessment Matrix

Based on Table 4, the threshold for significant risks is defined as those with a combined impact and likelihood score of 22 and above.

The score in each cell is derived from the assessment of both likelihood and impact, with greater weighting given to impact than likelihood. For example, a risk with a likelihood level of 4 and an impact level of 5 results in a risk score of 24, which is considered a highly significant risk.

Once the risk levels have been determined, risks with high severity that may cause substantial damage and have a high likelihood of occurrence should be prioritized for immediate mitigation. In contrast, risks with low severity and low likelihood may be considered as risks that do not require further action. In situations where resources such as budget, manpower, or time are limited, risk prioritization enables the Company to effectively plan and allocate resources. Priority should be given to risks with high severity and frequent occurrence, followed by those with lower severity and/or lower likelihood.

Risk Assessment			Likelihood of Organizational Risk Occurrence				
Impact / Likelihood	Very High	5	19	20	21	24	25
	High	4	16	17	18	22	23
	Moderate	3	11	12	13	14	15
	Low	2	3	4	8	9	10
	Very Low	1	1	2	5	6	7
			Very Low	Low	Moderate	High	Very High
			Likelihood				

Risk Score	Risk Level	Required Actions
22 - 25	Very High	Very High Business Opportunity
14 - 21	High	High Business Opportunity
5 - 13	Moderate	Moderate Business Opportunity
1 - 4	Low	Low Business Opportunity

**Table 5:** Risk Assessment Matrix

Once the organization's opportunity levels have been determined, opportunities with low positive impact, which result in low business opportunity, should be prioritized for action before others. Meanwhile, opportunities with high positive impact, which can generate very high business value, should be addressed in subsequent priority.

Risk refers to a hazard or the possibility that an undesirable or harmful event may occur. In general, risk and opportunity are closely related and should be managed in balance, with the expectation that the overall outcome will generate more benefits than adverse effects.

Therefore, the primary objective of risk management is to minimize potential risks while maximizing opportunities in the organization's operations.

## 5. Risk Response

Risk response involves evaluating whether existing or required control activities are sufficient and effective in managing risks or risk factors in accordance with the intended control objectives. Such evaluation should consider the balance between costs and benefits. Risk management responses refer to the strategies or actions implemented to manage risks by reducing both the likelihood and impact of risks, in alignment with the Group's acceptable level of risk.

The principle of accountability in risk management, or Risk Ownership, requires that risk owners be responsible for making decisions regarding risk management plans and appropriate improvement actions for risks that are not within acceptable levels. Once such plans have been approved, risk owners are responsible for implementing the plans and monitoring their effectiveness.

In determining risk responses, consideration must be given to the costs and benefits involved. Appropriate strategies may include one or a combination of the following approaches:

**5.1 Risk Avoidance** refers to managing risks that are at a very high level and are unacceptable to the organization. In such cases, a decision is made to discontinue or avoid the related project or activity. However, when applying this strategy, it may be necessary to reassess whether the original objectives can still be achieved or require adjustment.

**5.2 Risk Reduction** involves improving existing processes or redesigning workflows to reduce the likelihood of occurrence or the impact of risks to an acceptable level.

**5.3 Risk Sharing** refers to distributing or transferring risk to other parties, such as third parties or business partners, to share responsibility and reduce the likelihood and/or impact of the risk to an acceptable level.

**5.4 Risk Acceptance** refers to retaining the remaining risk at a level that is considered acceptable without implementing additional measures to reduce its likelihood or impact. This approach is typically applied when the cost of mitigation measures outweighs the expected benefits.

## 6. Control Activities

Control activities refer to policies and operational procedures established to ensure that risks are appropriately managed. As each organization defines its own objectives and implementation techniques, control activities may vary depending on the organization. Controls reflect the organization's internal environment, nature of business, structure, and corporate culture. Where information technology systems are utilized, it is necessary to consider both general IT controls and application-specific controls for each system. Control activities can be categorized into the following types:

**6.1 Preventive** controls are actions or measures implemented in advance to reduce the likelihood of undesirable outcomes or impacts. Examples include segregation of duties, password controls, and employee training.

**6.2 Detective** controls are actions or measures designed to identify errors or irregularities after they have occurred. Examples include review reports, confirmations, asset counts, and error reports.

**6.3 Corrective** controls are actions or measures taken to rectify damage or reduce the impact arising from errors or irregularities. An example includes account reconciliation.

**6.4 Directive** controls are actions or measures that encourage or promote the achievement of desired objectives. Examples include incentive programs and performance-based rewards.

Control activities provide assurance to management that risk management actions are implemented appropriately and in a timely manner. In some cases, a single control activity may relate to multiple risk management activities. Conversely, one risk management activity may involve multiple control activities. In certain instances, risk management strategies and control activities may be integrated into the same process.

Control activities are a critical process for the Chief Executive Officer, senior management, and executives in ensuring that the Company and its subsidiaries achieve their objectives. As each organization establishes its own objectives and implementation approaches, control activities may differ across organizations. Controls reflect the organization's internal environment, nature of business, organizational structure, corporate background, and culture.

## **7. Information and Communication**

Information and communication are essential for organizations to identify, assess, and manage risks. Relevant information related to the Company and its subsidiaries, from both internal and external sources, should be appropriately recorded and communicated in a timely manner and in suitable formats. This enables relevant personnel to respond to events promptly and effectively.

## **8. Monitoring and Reporting**

Monitoring and reporting are activities used to track and improve risk management actions to ensure that risk mitigation measures are effectively implemented. In general, risk monitoring is conducted on an ongoing and continuous basis; however, in some cases, it may be performed as a specific or periodic activity. The objectives of risk monitoring and management include ensuring that risks are managed in accordance with established plans, evaluating the effectiveness of risk management activities, and identifying new risks arising from changes in circumstances.

Monitoring is typically carried out by internal personnel of the Company and its subsidiaries. However, external parties, such as consultants or independent experts, may be engaged on a periodic basis to support the monitoring of risk management. Risks and risk management practices may evolve over time. Controls that were once effective may become inadequate or obsolete, and changes in objectives or processes may occur. Therefore, the Chief Executive Officer, senior management, and executives should regularly evaluate the risk management process to ensure its continued effectiveness. Monitoring and reporting are most effective when integrated into the Group's routine operational and reporting processes.

The Group should promote proactive communication and maintain regular two-way communication. Formal communication channels used for risk consideration, control, and action plans include management meetings, working committee meetings, monthly management reports, and Board of Directors' meetings. Continuous communication ensures that sufficient risk information is available and presented in a timely manner for decision-making. In certain situations, urgent risk management actions through direct communication, such as telephone discussions or incident-specific reports, may be more appropriate than waiting for formal reporting processes.

## Types of Risks

Risks can be classified into five categories as follows:

**1. Strategic Risk:** Refers to risks arising from inappropriate policy formulation, strategic planning, or implementation that are not aligned with internal and external factors, which may affect the direction of development and the achievement of the Group's objectives and goals.

**2. Operational Risk:** Refers to risks arising from day-to-day operational processes at all stages, including factors related to processes, information technology, materials/equipment, and personnel. These risks depend on the adequacy of control and monitoring systems. If such systems are insufficient, appropriate measures must be taken to prevent risks from occurring. Otherwise, they may affect the success of operations under the Group's operational or strategic plans. This also includes risks related to fraud and corruption, arising from actions or omissions, abuse of authority, fraud, concealment or falsification of evidence for undue benefit, or misappropriation of assets, which may affect operational efficiency.

**3. Financial Risk:** Refers to risks arising from financial constraints, budgeting issues, and ineffective or excessive expense control, including financial misstatements, omission of information, or intentional misrepresentation in financial reporting of the Company and its subsidiaries.

**4. Compliance Risk:** Refers to risks arising from the inability to comply with applicable laws, regulations, or requirements, or where such regulations are inappropriate, obstructive to operations, or cannot be complied with within the required timeframe, which may result in legal penalties. This also includes risks related to monitoring compliance with applicable laws and regulations.

**5. Emerging Risk:** Refers to new or previously unencountered risks, or risks that are expected to arise in the future, including unexpected risks that may have significant impacts and may be overlooked until they materialize, potentially affecting the business in the short, medium, and long term. Organizations must prepare to manage such risks, including cyber threats, risks from artificial intelligence (AI), and risks arising from global megatrends such as social changes, technological advancements, and climate change and crises.

## Risk Management and Risk Factors Affecting the Group

### Risk Factors Affecting Business Operations

The Company conducts an annual assessment and review of its Risk Register to align with its objectives, policies, and the nature of its business. This process identifies both current risks and emerging risks projected over the next 3–5 years. The significant risks impacting the operations of the Company and its subsidiaries are summarized below:

#### Strategic Risk

##### Risk of Economic Volatility and Intense Competition

Thailand's economic growth in 2025 stood at 2.2%, a deceleration from 2.5% in 2024, reflecting a broader slowdown in the Thai economy. This performance continues to face headwinds from both external and internal factors, including global economic volatility, trade war tensions, and intensifying foreign competition. Furthermore, the Thai economy remains constrained by structural limitations most notably high levels of household debt which have impaired the spending and borrowing capacity of the household sector. Consequently, financial institutions have adopted more stringent lending criteria. These challenges, coupled with fragile domestic purchasing power and political uncertainty, have dampened both consumer and business confidence. These factors have led to softened demand in high-value asset sectors, particularly the real estate industry, as consumers defer purchasing decisions and the pool of qualified buyers with actual purchasing power shrinks. As a result, competition within the industry is expected to become increasingly intense.

The Company is acutely aware of the impacts and challenges posed by the current economic environment and has therefore adopted a prudent business expansion policy. We have enhanced our operational agility to ensure strategic alignment with shifting economic conditions. Our focus remains on developing projects that cater to resilient customer segments, those less affected by economic volatility and possessing high purchasing power. Additionally, the Company prioritizes in-depth studies of location potential and meticulous analysis of target customer needs. Comprehensive market analysis across all dimensions is conducted to guide product development for new projects and to formulate business strategies that align with market trends. Furthermore, the Company emphasizes product and service differentiation to stand out from competitors. This is achieved through a commitment to high-quality development, functional and practical design, and elevated after-sales service standards, aimed at fostering long-term customer satisfaction and brand confidence.

To ensure sustainable growth, the Company carefully evaluates the timing of new project launches to match economic direction and market demand. We closely monitor economic trends to facilitate timely strategic adjustments, while maintaining disciplined cost control, efficient expense management, and robust liquidity to mitigate future volatility.

### **Risk of Limited Product Diversification**

Currently, the Company's portfolio is primarily concentrated in single-detached houses within the Luxury and Ultra-Luxury segments. This creates a revenue concentration risk, as a high proportion of income is derived from a specific product type and a narrow customer base. Such concentration may limit the Company's ability to broaden its market reach and could hinder its agility in responding to shifting market demands, especially amidst intense competition and increasing consumer choices. This situation could lead to missed opportunities in emerging segments and a potential decline in market share compared to competitors with more diversified portfolios.

To mitigate this risk, the Company is planning to expand into new segments across high-potential locations and is exploring complementary businesses to better address broader consumer needs. We remain committed to superior construction standards, punctual delivery, and elevated after-sales services to bolster customer confidence and project value. Furthermore, the Company is actively seeking strategic partnerships to develop New S-Curve businesses, aiming to diversify revenue streams. While the Luxury segment currently remains the Company's core focus due to its resilient purchasing power during economic volatility, we continue to closely monitor macroeconomic trends and market dynamics to ensure our business strategies remain adaptive and appropriately aligned with the evolving environment.

### **Operational Risk**

#### **Risk of Land Acquisition for Future Development**

Land prices continue to escalate, particularly in urban centers and high-growth corridors, driven by intense competition among developers and sustained residential demand. These rising costs directly impact the Company's development margins and overall cost structure.

To mitigate these risks and optimize returns, the Company prioritizes a disciplined land acquisition process. Our strategy involves a forward-looking acquisition plan aligned with project development over a 1-2-year horizon. Notably, the Company maintains a policy against excessive land banking without immediate development plans; this ensures operational agility and financial flexibility amidst shifting economic conditions. Before any acquisition, experienced teams conduct multi-dimensional feasibility studies, including market analysis, location potential, and target demographic profiling. Comprehensive site inspections and surrounding area surveys are performed to evaluate opportunities, identify development constraints, and assess potential environmental or social impacts. Furthermore, the Company rigorously reviews relevant legal frameworks, such as the Town Planning Act, the Expropriation Act, and the Land Allocation Act, alongside specific zoning regulations. Every potential risk is meticulously assessed prior to investment. We prioritize land plots that offer superior accessibility and are supported by robust infrastructure and facilities.

By integrating these stringent evaluation criteria with detailed feasibility studies, the Company effectively mitigates acquisition risks and ensures that every investment is positioned to deliver favorable returns.

### **Risk from Fluctuations in Construction Material Prices**

According to the Trade Policy and Strategy Office, the Construction Materials Price Index in December 2025 stood at 112.4. While the overall index remained flat compared to December 2024 (YoY), price movements varied across categories. Increasing Price Indices: Cement prices rose due to sustained demand from government infrastructure projects and early-year price adjustments. Concrete products increased in line with raw material costs (cement, stone, and sand), while electrical and plumbing equipment prices were driven by higher copper costs. Decreasing Price Indices: Steel and steel products faced downward pressure from the real estate crisis in China and global protective tariffs, leading to intense export competition. Tiles and sanitary ware declined due to softened demand from high household debt and elevated market inventory. Furthermore, surface finishing materials and asphalt decreased following the decline in petrochemical and petroleum product prices.

The Company closely monitors material price trends, as they directly impact construction cost management and profitability. We employ proactive measures, including multi-dimensional analysis and advanced procurement contracts for essential materials. When price hikes are anticipated, the Company incorporates potential increases into feasibility studies to safeguard project margins.

Notably, most of the Company's construction is conducted under lump-sum contracts, where costs are fixed for the entire development period. This structural approach effectively hedges against price volatility and ensures predictable cost management for future projects.

## **Financial Risk**

### **Risk from Tightening of Housing Loan Approvals by Financial Institutions**

Amidst a sluggish economic recovery and persistently high household debt, financial institutions have adopted stringent credit policies and cautious lending criteria. Consequently, prospective buyers face an elevated risk of loan rejections, which could negatively impact property transfers, the Company's operational performance, and its overall financial liquidity.

To mitigate the impact of stricter lending environments, the Company has implemented a rigorous pre-qualification process to assess customers' creditworthiness and repayment capabilities at the initial reservation stage. Furthermore, the Company maintains active consultation with commercial banks to stay aligned with current lending guidelines and expedite the approval process. This proactive approach ensures that if a loan is rejected, the Company can efficiently re-market and sell the unit to a qualified buyer, minimizing disruptions to the sales schedule and revenue recognition plans. Notably, over 90 percent of the Company's portfolio is in the Luxury and

Ultra-Luxury segments. These projects typically feature a robust payment structure where customers provide a 30 percent down payment, with the remaining 70 percent financed through bank loans upon ownership transfer. This significant equity stake by the buyer substantially mitigates the risk associated with tighter loan approvals.

#### **Risk from Liquidity and Funding Sources**

The Company's strategic focus on continuous growth and large-scale project development necessitates substantial upfront investment. Consequently, the Company prioritizes robust cash flow management and the procurement of appropriate funding sources aligned with its operational roadmap. This is essential to mitigate liquidity risk, which could otherwise significantly disrupt business continuity.

The Company prepares detailed cash flow forecasts at both corporate and project levels, utilizing scenario analysis to assess liquidity under various conditions. These forecasts are closely monitored and updated regularly to ensure sufficient liquidity for short- and long-term obligations. This rigorous oversight ensures strict compliance with financial covenants required by lending institutions and bondholders. Furthermore, the Company adheres to disciplined financial policies and capital structure guidelines to preserve liquidity, optimize its debt-to-equity ratio, and strengthen overall financial stability.

#### **Regulatory Risk**

##### **Risks from Changes in Laws and Regulations**

The real estate development sector is subject to a stringent and evolving legal framework. The complexity of these laws, regulations, and statutory requirements can significantly impact project timelines and development costs.

The Company prioritizes proactive regulatory monitoring to stay abreast of legislative changes affecting the industry. We have established a robust review process to ensure that our operations remain in full compliance with the most current legal standards. Should any regulatory shifts occur, the Company conducts comprehensive impact assessments and develops strategic mitigation plans. This ensures that projects under development remain viable and seamlessly align with any new legal or environmental requirements.

#### **Emerging Risk**

##### **Risk from Climate Change and Natural Disasters**

The global community faces accelerating climate volatility driven by global warming, resulting in environmental challenges such as rising sea levels, severe storms, and unpredictable weather patterns. Additionally, air quality issues, particularly Particulate Matter (PM2.5) from industrial and vehicular emissions, pose significant public health risks.

The Company is deeply committed to Sustainable Development and environmental stewardship. We are actively refining our operations to reduce our carbon footprint through initiatives such as installing solar panels and EV charging stations in our residential projects and selecting eco-friendly construction materials. Furthermore, we maintain stringent dust control measures during construction and implement standardized waste and wastewater management systems across all developments.

To enhance climate resilience for our residents, the Company meticulously evaluates land acquisition, avoiding flood-prone zones and natural watercourses. Project sites are elevated to appropriate levels to mitigate flood risks, supported by advanced drainage systems and water gates designed to protect both our residents and the surrounding communities.

Environmental management is a core pillar of our long-term growth strategy. We aim to meet the growing demand for eco-conscious products and services while ensuring business continuity. The Company's Business Continuity Plan (BCP) provides robust procedures for both headquarters and project sites, ensuring a swift and effective response to natural disasters and minimizing operational disruptions.

#### **Risk from Cyber Threats and Data Security Breaches**

Amidst rapid technological advancements, the Company faces escalating cybersecurity risks that could severely compromise the integrity of its critical information. These threats—ranging from phishing and malware to network attacks—may result in unauthorized access, data corruption, or data breach. Such incidents can cause system malfunctions and operational downtime, leading to significant business disruptions. Furthermore, any exposure of customer, financial, or proprietary business data could result in reputational damage, loss of stakeholder trust, potential litigation, and stringent regulatory penalties, all of which pose substantial financial risks.

In response, the Company has implemented a robust Information Security Policy to govern and restrict data access. We employ advanced security technologies, including data encryption and Intrusion Detection Systems (IDS), alongside comprehensive data backup and disaster recovery plans to ensure resilience against unexpected incidents. Moreover, the Company conducts regular cybersecurity awareness programs to equip employees with the knowledge to identify and mitigate threats, fostering a collective culture of vigilance to safeguard the Company's information assets.

## **Training**

#### **Employee Training and Policy Compliance**

To foster employee engagement and full compliance with annual risk management policies—including internal and external anti-corruption mandates—the Company provides ongoing training programs for personnel at all levels. We leverage internal expertise by assigning senior executives to serve as keynote speakers, delivering

deep insights into governance, risk control, and preventive measures relevant to the current business landscape. Furthermore, the Company disseminates comprehensive educational resources to ensure that all employees are well-informed and aligned with the Company's core values. This proactive approach ensures that every member of the organization contributes effectively to the implementation of risk management and anti-corruption practices, thereby strengthening the Company's overall integrity and operational resilience.

### **Policy Review**

To ensure the achievement of policy objectives and operational effectiveness, the Group shall review the Risk Management Policy and Manual at least once annually, or when there are significant changes in risk factors that may materially affect the Group's business operations.

This Risk Management Policy and Manual was reviewed and approved at the Board of Directors' Meeting No. 1/2026 on 26 February 2026 and shall be effective from 26 February 2026 onwards.

Issued on 26 November 2025

**-Manop Bongsadadt-**

(Associate Professor Manop Bongsadadt)

Chairman of the Board of Directors