

## 2.2 Risk Factors for the Company's Business Operations

The Company places importance on risk management and taking into account the impact of risk factors in each business group both internal and external factors that may affect the operation of the company. The Company has a Risk Management Committee appointed by the Board of Directors to set policies, follow up, scrutinize, and give recommendations about enterprise Risk Management. As well as considering various risk factors of the Company and considering guidelines for managing those risks. For 2022 the Company determines risk factors for the business operation of the company group as follows:

### 2.2.1 Risk for Business Opeartion

#### Risk from external factors

- **Risk from cost of construction and construction material prices**

Due to rising construction material prices especially steel and steel products, cement and concrete products, etc., thus significantly affecting the cost of construction materials and negatively affecting the Company's project development cost control, which may cause the Company to pay for more expensive materials. Which will affect the business and the performance of the Company as well.

#### **Prevention Guidelines**

The Company attaches importance to closely monitoring the prices of construction materials and wages. The Company plans to assess construction costs throughout the project period. Closely monitor all construction costs and project preparation costs. Procurement in large quantities increases bargaining power. This will play an important role in reducing fluctuations in construction material prices and controlling construction costs. Which effectively controls the price of construction materials. It can help reduce the risk of rising construction costs.

- **Risk from lack of quality contractors and construction labor**

Construction control to achieve the plan Construction quality control that the Company has given great importance and another important risk factor is the lake of good quality contractors, so resulting in the Company being unable to complete the construction of the project as planned, which can lead to increased operating costs. At the present, there are many real estate developers both listed on the stock exchange and those outside the stock exchange together with the ongoing construction and development of public utilities from the public sector. Therefore, there is a high demand for contractors and construction workers.

#### **Prevention Guidelines**

The company has managed by selecting experienced and qualified contractors for the construction according to the plan and not to be concentrated too much on any one individual. There is also a better division of work periods so that contractors have more liquidity and also help procure some materials to reduce the financial burden on the contractor as well. It also has a clear policy to create alliances with construction contractors. To jointly develop construction works and construction materials to achieve quality and in a faster time. It will choose the appropriate technology that has been studied. Check before considering use. There will be an examination and selection of contractors with expertise. Including studies to find construction methods that use less labor to reduce the risk of labor shortage in the construction industry. In the case of condominiums, experienced large contractors are selected. And dividing the employment of each

type of work according to expertise, will not hire a single contractor to construct all types of work in the project. In addition, the company there still has enough experts and project management teams to supervise the construction to meet the standards. There is also a training plan for operators, supervisors, and contractors to develop the construction process for better efficiency and quality and to have the same correct understanding to inspect the quality of work to be of good quality and reduce the risk of delays in the delivery of work.

- **Risks from Financial Institutions' Housing Loan Policy**

The inflationary situation both domestically and internationally tends to increase continuously affecting the economy throughout the country and causing various business sectors to be severely affected. Causing financial institutions to put in place strict measures to consider issuing more housing loans and has become a factor that causes a slowdown in the real estate business from rising household debt trends. In addition, the number of non-performing loans (NPL) of housing loans continued to increase. Including speculation causing real estate prices to grow too much to create artificial demand or demand that does not arise from the needs of the residents. As a result, the Bank of Thailand intervened to reduce the risk of bad debt and bubbles in the future by announcing measures to control the release of housing loans. As a result, commercial banks in the country are more strict in considering credit for customers who will buy houses from the company, which will directly affect the company's income.

**Prevention Guidelines**

To prevent the impact of strict mortgage lending policies of financial institutions, which is a risk that cannot be avoided The Company recognizes and gives importance to this matter. The Company provides convenience for customers and financial institutions. In the credit approval process to speed up. In addition, the Company has assessed the preliminary qualifications and repayment ability of customers. Including building alliances with many financial institutions, and the interest and principal payments are made on time. Including compliance with the conditions in the loan agreement completely.

- **Risk from economic conditions shrink and highly competitive market conditions**

Due to the current economic crisis, the real estate sector is inevitably facing problems. Many businesses had to close. Many investors face debt problems. And it has a continuous effect on many other businesses because the change in real estate prices will continue to affect the stability of the household. Ability to apply for credit as well as the status of the financial institution, which the real estate business sector must adjust in a gradual direction Due to the housing market environment is not favorable. Causing to still have to be careful when investing. As with residential real estate trading, there are also high restrictions and still need to market hard, especially in Bangkok and its vicinity. There are a variety of operators and a large number of large, medium, small, and new entrepreneurs entering the market in the real estate sector for competitive advantage.

### **Prevention Guidelines**

The company has a strategy to deal with the economic situation that is shrinking to cope with various problems that may occur, such as debt problems, investments, lack of income, etc., by adjusting business strategies to meet the needs and in line with the target group and current market trends by focusing on expanding investments in businesses that are not real estate development, such as health and medical businesses Combined with medical marijuana by bringing a platform to support operations to increase the potential to be strong Expand the business to leap forward and be sustainable in the future.

### **Risk from internal factors**

- **Risk from liquidity and access to funding**

The company's business plan is to develop the original project and has invested in new projects, which have been carried out continuously to create sustainable operating results and returns to shareholders, the Company, therefore, needs to find funding sources to develop the project by obtaining long-term loans from financial institutions and issuing short-term debentures and bills of exchange.

The overall appearance of the Company In the past year, the ability to repay debts was good to a certain extent, whether it is a long-term loan from a financial institution and outsiders issuing bills of exchange or the issuance of long-term and short-term debentures with investors. There is liquidity in business management. As a result, the Company was able to manage sufficiently good liquidity.

### **Prevention Guidelines**

The Company realizes and gives importance to the establishment of Cash Flow, which is continuously monitored to estimate the receipt of all expenditures of a business in terms of operations, investments, and financing. Both now and may happen in the future. To manage liquidity and Cash flow efficiently and accordingly with the current situation.

- **Risk from Marketing and Sales**

The current housing prices are increasing by the condition of construction materials costs and land prices that continue to rise. In the epidemic situation of Covid-19, there is still an outbreak, but it tends to be better than last year. In addition, the trend of economic growth is in a contraction state, and inflation is higher than the previous year. Such factors greatly affect the purchasing power and housing purchase decisions of the Company's target customers.

### **Prevention Guidelines**

The company has adjusted its strategy to boost sales by organizing more promotions through various campaigns such as promotional prices for employees in the company, free gifts, and various privileges that can help ease the burden on customers and attract the interest of customers to demand more housing of the company. The Company has a process to preliminarily consider the customer's potential for applying for a credit line, along with providing advice to commercial banks that are suitable for the customer's potential in order to make a decision. In addition, the company has cooperated with commercial banks that are allied to offer special interest rates and offer special privileges to customers in order to facilitate customers and reduce the risk of the company.

- **Risk from Fraud and Corruption**

The real estate business has a major fraud risk, namely, the purchase of land for project development. Including the process of procuring and hiring a contractor to carry out the construction of the project. Without a sufficiently rigorous inspection process, it may cause damage to the Company. The problem of corruption is a major problem at the national level that requires cooperation from all parties to solve the real estate business which involves a large number of government agencies. There is a risk of corruption. In order to obtain special benefits that may be contrary to regulations or facilitation to achieve speed up.

**Prevention Guidelines**

The Company has guidelines for reducing such risks. By setting various policies such as business ethics, anti-corruption policy, corporate governance policy, etc., to be a framework for the Company's business operations and communicating to directors, executives, and employees at all levels for their acknowledgment and acknowledgment. Recognize the importance of strictly complying with relevant laws, rules, and regulations. There are also channels for all groups of stakeholders to file complaints and report clues about corruption via the company website and E-mail: [audit\\_committee@nusasiri.com](mailto:audit_committee@nusasiri.com) to listen to opinions, suggestions, or complaints.

- **Risk from Personal Data Protection Laws**

The Personal Data Protection Regulations Act (PDPA) will come into force on June 1, 2022. The company is aware of the importance of strict compliance with laws and regulations to protect the personal information of those associated with the company that the company holds, which is Information security risks in regard to Confidentiality, Integrity, and Availability.

**Prevention Guidelines**

In order to reduce the possible risks, the company has established policies and procedures for the protection of personal information within the group of companies. Along with the designation of agencies and persons responsible for such operations, including setting measures to protect the safety of personal data, appropriate personal storage systems, and disseminating knowledge to employees related to rules and methods of compliance with the law.

## **2.2.2 Investment risks of securities holders**

- **The risk of major shareholders of the company**

The major shareholder of the company is Thana Power Holding Co., Ltd., holding 20.400% of the company's shares (as of 30<sup>th</sup> Dec. '21). The second is Kitti-Isaranont group, holding 19.694% of the company's shares. If these major shareholders integrate with other major shareholders. There will be able to control more than half of the votes of the shareholders' meeting. Whether it's appointment of Directors or requesting resolutions on other matters. Therefore, other shareholders may not be able to gather votes to check and balance the issues proposed by the major shareholders. Including important agenda that requires special resolution which requires more than 3 in 4 votes of the shareholders' meeting. If not approved by the major shareholder, the resolution cannot be passed.



### **Prevention Guidelines**

The company has appointed the Audit Committee as an independent director to examine and consider such matters in order to prevent transactions that may cause conflicts of interest and transparency in business operations. Operate the company's operations according to good and corporate governance principles.

- **Risk from management that depends on the executives and shareholders**

The Company has an image attached to the executives and shareholders of the Company, namely Thepcharoen family, where Mr. Wissanu Thepcharoen and Mrs. Siriya Thepcharoen play an important role in managing the Company until it is famous and accepted in the development real estate industry and plays an important role in continually growing the company. If the Company loses such executives, it may affect the management and operations of the Company.

### **Prevention Guidelines**

The company has organized the management structure of the company by decentralizing the management authority, scope of duties, and responsibilities to executives in various departments according to their knowledge, ability, and experience by inviting successful professional executives to help manage to reduce risks.