



**SUCCESS**  
**OPPORTUNITIES**  
**CHALLENGE**

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ANNUAL REPORT  
**2017**

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# GROUP FINANCIAL HIGHLIGHTS 2017

## King Wai Group (Thailand) Public Company Limited and its Subsidiaries

		Unit	31 December 2017	31 December 2016	31 December 2015
Total Assets	Million Baht		<b>4,738.4</b>	2,429.4	1,722.9
Total Liabilities	Million Baht		<b>2,585.0</b>	2,221.9	1,662.5
Total Shareholders' Equity	Million Baht		<b>2,153.5</b>	207.5	60.4
Net Tangible Assets for the year	Million Baht		<b>2,158.2</b>	212.4	154.4
<b>Liquidity Ratio</b>					
Current Ratio	Times		<b>1.71</b>	0.99	1.09
Quick Ratio	Times		<b>0.36</b>	0.05	0.04
<b>Financial Policy Ratio</b>					
Debt Equity Ratio	Times		<b>1.20</b>	10.71	27.54
Total Revenues	Million Baht		<b>643.9</b>	575.9	311.8
Total Expenses	Million Baht		<b>466.6</b>	350.0	350.2
Profit (Loss) before finance cost and tax	Million Baht		<b>177.2</b>	225.9	(38.4)
Net Loss for the year	Million Baht		<b>67.5</b>	125.8	(87.2)
Total Number of Listed Shares	Million Shares		<b>924.0</b>	220.0	220.0
Net Profit/(Loss) per share for the year	Baht		<b>0.07</b>	0.56	(0.40)
Net Profit/(Loss) per share (of the company) for the year	Baht		<b>0.09</b>	0.28	(0.31)
<b>Profitability Ratio</b>					
Gross Profit Margin	%		<b>28.00</b>	30.12	25.18
Net Profit Margin	%		<b>10.57</b>	21.83	(27.96)
Return on Equity	%		<b>5.72</b>	93.93	(83.79)
<b>Efficiency Ratio</b>					
Return on Total Assets	%		<b>1.88</b>	6.06	(5.16)
Total Assets Turnover	Times		<b>0.11</b>	0.16	0.18
<b>Financial Policy Ratio</b>					
Interest Coverage Ratio	Times		<b>(5.87)</b>	1.34	(0.26)



# CHAIRMAN'S STATEMENT



**“KWG upholds the highest standards of corporate governance and is committed to deliver the greatest value to our shareholders with prudent management.”**



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of King Wai Group (Thailand) Public Company Limited (KWG) for the year ended 31 December 2017 and wish to extend my sincere gratitude for your continuous support and concern.

### FINANCIAL PERFORMANCE

Turnover of KWG and its subsidiaries increased 24% year-on-year (y-o-y) to Baht 406.04 million, which resulted in a higher number of units sold and handed over. This year, we can also maintain our positive performance to generate the net profit of Baht 67.42 million (Baht 0.09 per share) and continue expansion in the country through direct land and company acquisitions. Our asset size on consolidated basis increased to Baht 4,738.44 million in 2017 from Baht 2,429.39 million in 2016.

The audited consolidated financial statements of King Wai Group (Thailand) Public Company Limited for the year ended 31 December 2017 recorded the second year profit of Baht 67.42 million due to an effort to turnaround the Company's operation by improving sale volumes and to acquire key strategic land plots for future development. The sale turnover of our properties and our rental incomes were improved to Baht 406.04 million, 24% increase from previous year. Additionally, due to the new acquisition of strategic land plot, we could record the unrealized gain on investment properties for Baht 229.99 million. However, given our policy to continue the growth and expansion in Thailand, we need to invest more on our working infrastructure and human capital. To support the expansion, our expenses were planned and increased to Baht 238.08 million. The key expenses are under human capital for Baht 63.36 million; new office and working environment for Baht 11.60 million; utilities for Baht 16.00 million; selling and marketing for Baht 26.49 million; consulting services for Baht 20.94 million; and finance cost for Baht 63.82 million.

### BUSINESS REVIEW AND OUTLOOK

In 2017, overall, the Thai economy continued to grow. One of main drivers was the expansion in exports across the manufacturing sector and regions following the economic recovery of key trading partners. Similarly, the tourism industry discernibly grew. There was a marked recovery in Chinese tourists which led to the expansion of tourism in other secondary cities. The government investment in mass infrastructure was also another factor. For the real estate sector, the expansion was observed in specific areas and limited to middle-high end property market which King Wai Group (Thailand) aimed at. In 2018, Thailand's economy is expected to continuously grow. The property market will also experience growth. Economy growth and the intensive mass transit extension will play important roles to drive property market.

In 2018, it will be a year for KWG to make significant productive progress. The Company's strategic business plan aims to invest in sustainable return, creating synergy among all KWG businesses. For property sector, the company will expand into condominium sector. The projects are located in prime location with leading facility surrounding. Our current residential project, Villa Arcadia Srinakarin is almost sold out. The new real estate projects are in the pipeline, and we will continue to explore the business opportunities to capture competitive advantage in the market.

Giving back to Thailand's society is one of our philosophies for the Company. The Company continues to conduct corporate social responsibility program to care for the community development and to nurture the environment.

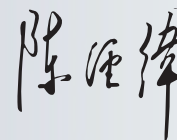
### COMMITMENT TO GOOD GOVERNANCE

Ethical business practice is essential for the long term performance and sustainability. KWG upholds the highest standards of corporate governance and is committed to deliver the greatest value to our shareholders with prudent management. We strive to foster a culture within the organization that is based on fairness, transparency and accountability. Compliance with legislation and the application of best practice principles are integral to the Company. The Company will continue to ensure best practices in compliance with rules and regulation of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Company has control mechanism to ensure prompt disclosure of information to investors and stakeholders for transparency and accountability.

### ACKNOWLEDGEMENT

I would like to express my appreciation to our shareholders, customers, business partners, staff as well as the Board and management for their support. With your trust and our tactical operation plan, I am confident that in 2018, the Company will gain significant progress and enhance shareholders' value.

Yours sincerely,



Dr King Wai Chan  
Chairman, Board of Directors  
28 February 2018



# VICE CHAIRMAN'S STATEMENT



“To compete in the world of digital ecosystems, we have developed into a modern conglomerate with integrity, creativity and responsibility”



Dear Shareholders,

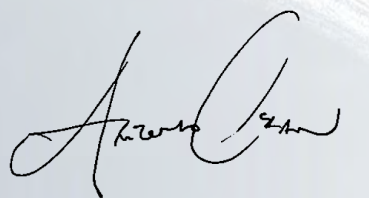
It is my great honor to have an opportunity to address you. 2017 has been a year of excellent progress in our tactical evolution with good underlying growth. We have been strategically investing and expanding our business. We are confident that our vital business growth plan will bring significant long term return to our shareholders. 2018 is another challenging year for us. We foresee the improvement of the market and the viability of our business while we are following our operation plan.

KWG places corporate governance in high standards as fundament to the way the Company operates to create sustainable benefit to all stakeholders. We are committed to carrying out our business with integrity, ethically and responsibly.

We are passionate to give back to Thailand's community and environment. In 2017, we conducted activities for children education and development in rural Phetchaburi province, Thailand. Moreover King Wai Group gives full scholarship for 10 Thai students who study undergraduate universities in Hong Kong under Belt and Road Students (Thailand) Program.

We would like to thank our employees for their commitment. It is their hard work, alignment behind our strategy and dedication that enables us to deliver quality works. We also express my appreciation to you, our shareholders, for your continuing support, your confidence and above all for your trust. I am positive that with your support, coupled with our well-placed business tactics, we will well compete in the market and create sustainable value for KWG.

Yours sincerely,



Mr Antonio Hang Tat Chan  
Vice Chairman  
28 February 2018

# BOARD OF DIRECTORS



**Dr King Wai Chan**

Chairman, Board of Directors

Chairman, Executive Committee

- Honorary Doctorate degree from PSB Paris School of Business
- Member of the National Committee of CPPCC (i.e. the Chinese People's Political Consultative Conference) and the Associate Director of the Committee for Economic Affairs in CPPCC.
- Vice Chairman of ACFIC (i.e. the All-China Federation of Industry and Commerce).
- Chairman of The Hong Kong China Chamber of Commerce
- Chairman of Bauhinia Valley Development Center
- Vice President of China Enterprise Confederation
- Honorable Chairman of Thai-Chinese Chamber of Commerce
- Vice Chairman of China Center for International Economic Exchange
- Executive Vice President of China Overseas Chinese Entrepreneurs Association
- Vice President of China Chamber of International Commerce



# BOARD OF DIRECTORS



**Mr Antonio Hang Tat Chan**  
Vice Chairman, Board of Directors  
Member, Executive Committee

- Bachelor of Commerce from University of Toronto, Canada
- Director, Hong Kong King Wai Group Company Limited (in Hong Kong)
- Chairman, Tianjin Zhangwang Investment Management Company Limited (in China)
- Executive Director / General Manager, Guojing Contemporary Industrial Fund Management Company Limited (in China)
- Director, King Wai Property Development Company Limited (in China)
- Director, King Wai Financial Holdings (Shanghai) Company Limited (in China)
- Executive Committee Member, The Hong Kong China Chamber of Commerce (in Hong Kong)
- Executive Vice Chairman, Hong Kong Mainland International Investment Society (in Hong Kong)
- Vice Chairman, Thai Chamber of Industry and Commerce (in Thailand)
- Advisor, Thai Chinese Young Chamber of Commerce (in Thailand)



**Mr Hang Lee Chan**  
Director

- Bachelor degree in Economics and Financial Management from University of Toronto, Canada
- Chairman, Shanghai KJT.com International Trading Company Limited
- Chairman, King Wai Holding Company Limited
- Chairman, Beijing King Wai Supply-Chain Management Company Limited
- Director, King Wai Property Development Company Limited
- Executive Director & Legal Representative, King Wai Oases City (Tianjin) Property Development Company Limited
- Executive Director & Legal Representative, Global Commodities Exhibition Hub Company Limited

# BOARD OF DIRECTORS



**Mr Yupeng Huang**

Director

Member, Executive Committee  
Chief Executive Officer

- Bachelor's degree in Environmental Engineering from Tongji University, China
- Executive education from University of Michigan's Ross School of Business, USA
- Deputy Chief Executive Officer of Hong Kong King Wai Group Company Limited
- Over 15 years of experience in real estate development and investment
- Former General Manager, Corporate Development, Shui On Land Limited (in Hong Kong)
- Former Director and China Portfolio Manager, Deutsche Bank
- Former Vice President, Angelo, Gordon & Co.
- Former Project Manager, Shui On Land Limited (in Shanghai)



**Mr Boonyong Yongcharoenrat**

Director

- Master of Business Administration, Beijing Economic Management Cadre College, China
- President of the Thai Young Chinese Chamber of Commerce
- Vice President of Thai-Chinese Chamber of Commerce
- Vice President of Thai-Chinese Council for the Promotion of Peaceful Reunification
- Director of Chinese Council for the Promotion of Peaceful Reunification
- Director of China Overseas Friendship Association
- Member of All-China Federation of Returned Overseas Chinese
- Member of Guang Dong Provincial Committee of CPPCC



**Mr Shaosan Zheng**

Director

- Bachelor degree, Analytical Chemistry from Guangdong University of Technology, China
- Vice General Manager of the King Wai Group
- Senior Management roles in Guangzhou Chemical Import and Export Corporation, Guangzhou Textile Industry, and Trading Company Limited for about 30 years in China





**Mrs Jiraporn Pimpoorash**

Independent Director  
Chairman, Audit Committee

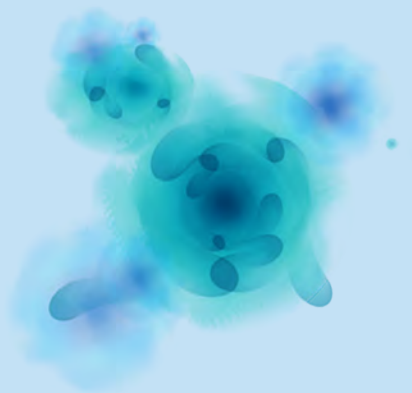
- Master of Business Administration, Kasetsart University, Thailand
- Bachelor of Accountancy and Higher Diploma in Auditing, Chulalongkorn University, Thailand
- Training Programme organized by Thai Institute of Director Association (IOD);
  - Director Certification Programme (DCP) 62/2005
- Managing Director, S&J Business Consultant Co.,Ltd.
- Auditor and Certified Public Accountant



**Professor Chukiat Pramoolpol**

Independent Director  
Member, Audit Committee

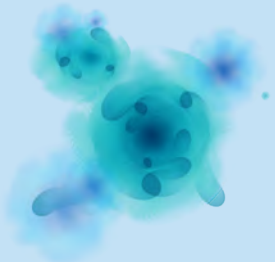
- Master of Business Administration, Wharton School, University of Pennsylvania, USA
- Bachelor of Law, Thammasat University, Thailand
- Lecturer, Siam University



**Mr Somprasong Makkasaman**

Independent Director  
Member, Audit Committee

- Master of Business Administration, Kasetsart University, Thailand
- Bachelor of Law, Chulalongkorn University, Thailand
- Training Programme organized by; Thai Institute of Directors Association (IOD);
  - Director Accreditation Programme (DAP) 35/2005
  - Director Certification Programme (DCP) 62/2005
  - Audit Committee Programme (ACP) 9/2005
- Partner and Executive Director, Legal Advisory Council Limited.



# CORPORATE INFORMATION

## KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED

### BOARD OF DIRECTORS

Dr King Wai Chan (Chairman)  
Mr Antonio Hang Tat Chan  
Mr Hang Lee Chan  
Mr Yupeng Huang  
Mr Boonyong Yongcharoenrat  
Mr Shaosan Zheng  
Mrs Jiraporn Pimpoorash  
Professor Chukiat Pramoolpol  
Mr Somprasong Makkasaman

### EXECUTIVE COMMITTEE

Dr King Wai Chan (Chairman)  
Mr Antonio Hang Tat Chan  
Mr Yupeng Huang

### AUDIT COMMITTEE

Mrs Jiraporn Pimpoorash (Chairman)  
Professor Chukiat Pramoolpol  
Mr Somprasong Makkasaman

### COMPANY SECRETARY

Ms Supattra Tasilapa

### REGISTERED OFFICE

Head Office:  
Jewellery Centre Building,  
30<sup>th</sup> Floor, 138/108 Nares Road,  
Sipraya, Bangrak,  
Bangkok 10500 Thailand

#### Branch Office:

47<sup>th</sup> Floor, Empire Tower, No.1 South  
Sathorn Road, Yannawa, Sathorn,  
Bangkok 10120 Thailand  
Telephone: (662) 129-5999  
Telefax: (662) 129-5998  
Website: www.kwgthai.com

### SHARE REGISTRAR

Thailand Securities Depository Co., Ltd.  
The Stock Exchange of Thailand Building,  
93 Ratchadapisek Road,  
Dindaeng District, Bangkok 10400,  
Thailand  
Telephone: (662) 009-9000  
Telefax: (662) 009-9991  
Website: www.tsd.co.th

### AUDITOR

Mr Vichien Khingmontri  
Certified Public Accountant (Thailand)  
No. 3977  
PricewaterhouseCoopers ABAS Ltd.  
Bangkok City Tower, 15<sup>th</sup> Floor,  
179/74-80 South Sathorn Road,  
Thungmahamek, Sathorn,  
Bangkok 10120 Thailand  
Telephone: (662) 234-4100  
Telefax: (662) 286-5050

### SECURITY SYMBOL

KWG

### NATURE OF BUSINESS

Property Development

### REGISTRATION NUMBER

0107537001951  
(previous Bor.Mor.Jor. 442)

### REGISTERED AND PAID-UP CAPITAL

Baht 9,240,000,000

### TOTAL SHARES ISSUED

924,000,000 shares

### PAR VALUE

Baht 10 per share

## SUBSIDIARY COMPANIES OF KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED

### THAI-KAMI COMPANY LIMITED

Shares held by KWG: 100%  
Registration No: 0105527002589  
Business: Property Development  
Register Capital: Baht 374,750,000  
Par Value : Baht 10 per share  
Total Share Issued: 37,475,000 shares  
Registered Office:  
Jewellery Centre Building,  
30<sup>th</sup> Floor, 138/108 Nares Road,  
Sipraya, Bangrak,  
Bangkok 10500 Thailand  
Telephone: (662) 129-5999  
Telefax: (662) 129-5998

### GOLD STAR PROPERTY CO., LTD.

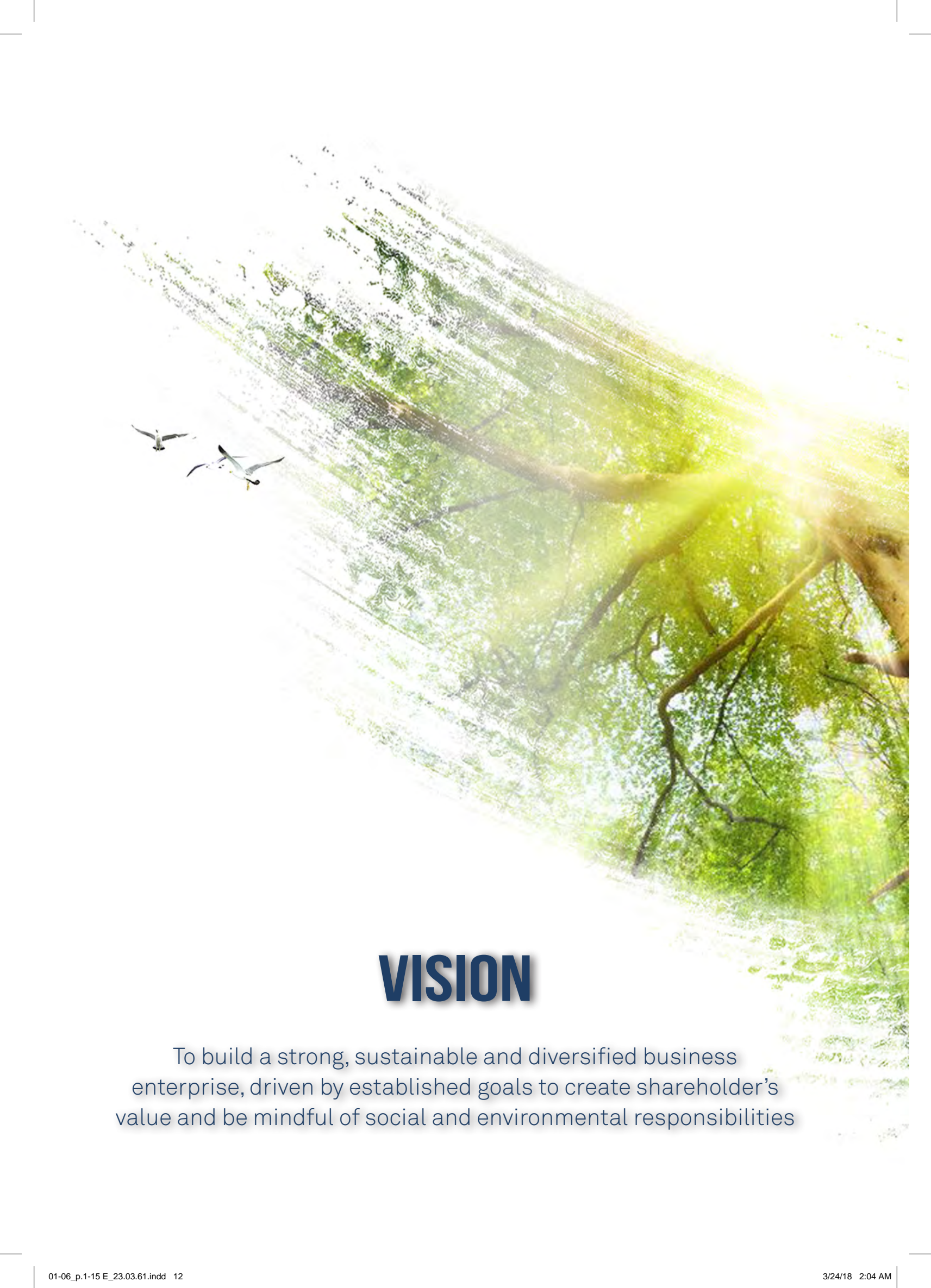
Shares held by KWG: 100%  
Registration No: 0105533031129  
Business: Property Development  
Register Capital: Baht 409,100,000  
Par Value: Baht 100 per share  
Total Share Issued: 4,091,000 shares  
Registered Office:  
Jewellery Centre Building,  
30<sup>th</sup> Floor, 138/108 Nares Road,  
Sipraya, Bangrak,  
Bangkok 10500 Thailand  
Telephone: (662) 129-5999  
Telefax: (662) 129-5998

### TOP PROPERTY CO., LTD.

Shares held by KWG: 61%  
Registration No: 0105533031137  
Business: Property Development  
Register Capital: Baht 563,400,000  
Par Value: Baht 100 per share  
Total Share Issued: 5,634,000 shares  
Registered Office:  
47<sup>th</sup> Floor, Empire Tower,  
No.1 South Sathorn Road, Yannawa,  
Sathorn, Bangkok 10120 Thailand  
Telephone: (662) 129-5999  
Telefax: (662) 129-5998



<b>CORNERSTONE REALTY CO., LTD.</b>	<b>PRARAM 4 LIMITED</b>	<b>KING WAI CONSTRUCTION LIMITED</b>
Shares held by KWG: 100% Registration No: 0105547125821 Business: Property Development Register Capital: Baht 1,000,000 Par Value: Baht 100 per share Total Share Issued: 10,000 shares Registered Office: 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand Telephone: (662) 129-5999 Telefax: (662) 129-5998	Shares held by KWG: 100% Registration No: 0105560081361 Business: Property Development Register Capital: Baht 1,000,000 Par Value: Baht 100 per share Total Share Issued: 10,000 shares Registered Office: 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand Telephone: (662) 129-5999 Telefax: (662) 129-5998	Shares held by KWG: 100% Registration No: 0105560100438 Business: Property Construction Register Capital: Baht 1,000,000 Par Value: Baht 100 per share Total Share Issued: 10,000 shares Registered Office: 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand Telephone: (662) 129-5999 Telefax: (662) 129-5998
<b>KWG EXPLORE LIMITED (PREVIOUSLY UTAYAN REALTY COMPANY LIMITED)</b>	<b>S31 LIMITED</b>	<b>KING WAI MEDIA LIMITED</b>
Shares held by KWG: 100% Registration No: 0105544113407 Business: Property Development Register Capital: Baht 1,000,000 Par Value: Baht 100 per share Total Share Issued: 10,000 shares Registered Office: 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand Telephone: (662) 129-5999 Telefax: (662) 129-5998	Shares held by KWG: 100% Registration No: 0105560082758 Business: Property Development Register Capital: Baht 1,000,000 Par Value: Baht 100 per share Total Share Issued: 10,000 shares Registered Office: 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand Telephone: (662) 129-5999 Telefax: (662) 129-5998	Shares held by KWG: 100% Registration No: 0105560083487 Business: Marketing Agency and Advertisement Register Capital: Baht 1,000,000 Par Value: Baht 100 per share Total Share Issued: 10,000 shares Registered Office: 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand Telephone: (662) 129-5999 Telefax: (662) 129-5998
<b>NVV DEVELOPMENT CO., LTD.</b>	<b>S61 LIMITED</b>	<b>KING WAI PROPERTY LIMITED</b>
Shares held by KWG: 89.35 % Registration No: 0105559178356 Business: Property Development Register Capital: Baht 230,000,000 Par Value: Baht 100 per share Total Share Issued: 2,300,000 shares Registered Office: 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand Telephone: (662) 129-5999 Telefax: (662) 129-5998	Shares held by KWG: 100% Registration No: 0105560055190 Business: Property Development Register Capital: Baht 1,000,000 Par Value: Baht 100 per share Total Share Issued: 10,000 shares Registered Office: 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand Telephone: (662) 129-5999 Telefax: (662) 129-5998	Shares held by KWG: 100% Registration No: 0105560083525 Business: Property Management Register Capital: Baht 1,000,000 Par Value: Baht 100 per share Total Share Issued: 10,000 shares Registered Office: 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand Telephone: (662) 129-5999 Telefax: (662) 129-5998



# VISION

To build a strong, sustainable and diversified business enterprise, driven by established goals to create shareholder's value and be mindful of social and environmental responsibilities



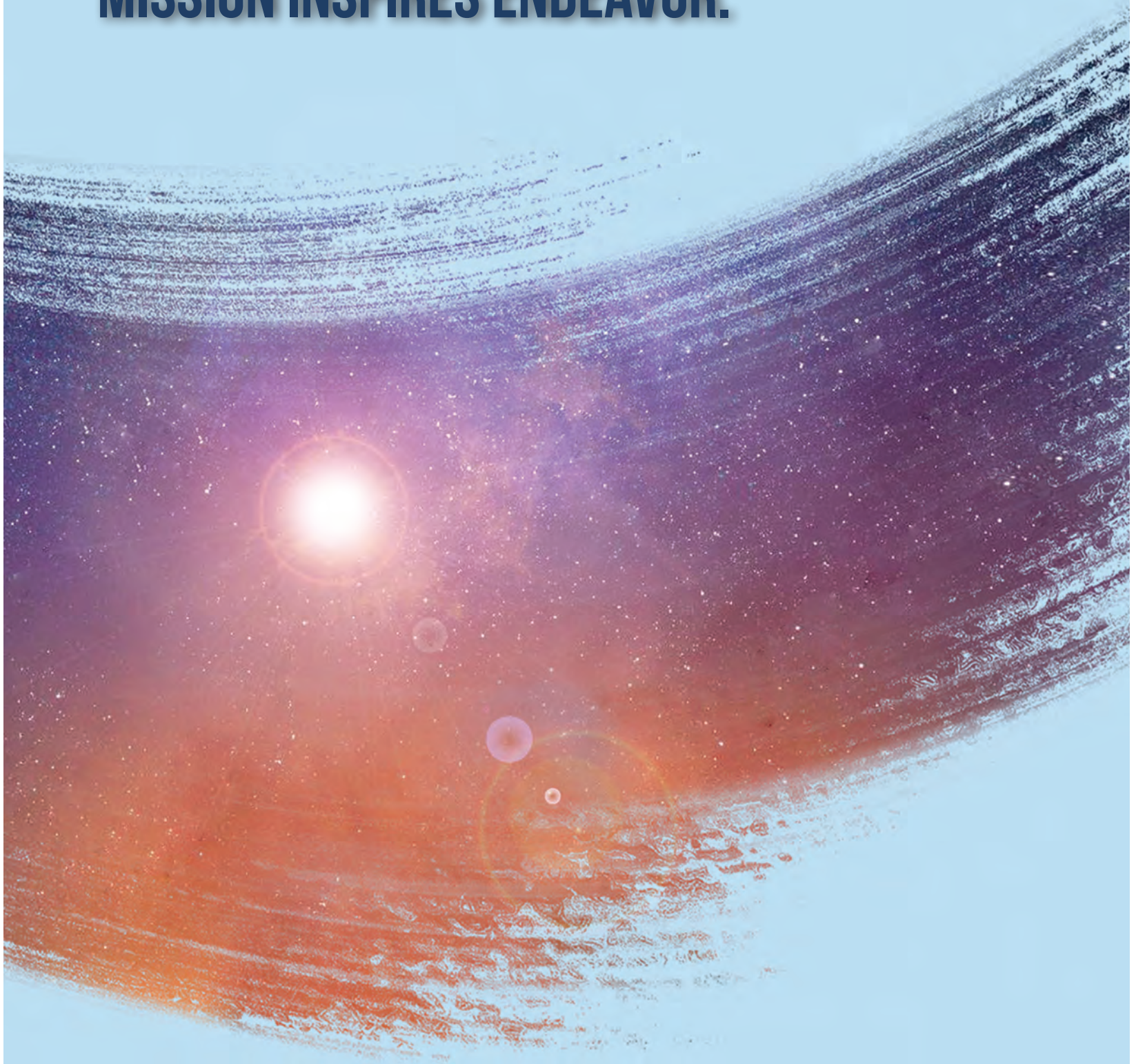
# MISSION

We commit to creating values and maximizing long-term sustainable returns while being mindful of our overall responsibilities.





**RESPONSIBILITY** CREATES VALUE,  
**MISSION** INSPIRES ENDEAVOR.





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# CORE VALUES

## **Responsibility:**

We are responsible for our actions and understand their impact on others. We respect local culture, community and heritage and will strive to uphold the highest standards of corporate governance, ethics and environmental policy.

## **Quality:**

We strive for professional excellence to the highest standards possible to deliver supreme quality products and services.

## **Sustainability:**

We are a responsible institution who makes a difference by building and supporting sustainable communities and environment. We strive for providing sustainable growth and profitable returns.

## **People:**

We value and strengthen relationship with all our stakeholders including, but not limit to, customers, shareholders, communities, suppliers, contractors, partners and employees.

## **Creativity:**

We emphasize on continually enhancing our products, services and also our cultures by embracing innovation and encouraging the pursuit of new opportunities.

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# POLICY AND BUSINESS OVERVIEW

The Company registered as a Public Limited Company on 1 June 1994. On 18 May 2016, KWT1499 (Thailand) Company Pte. Ltd. (KWT1499), which is a subsidiary of King Wai Group, became major shareholder of the Company with 100,000,000 shares in the Company, equivalent to 48%. (As at 31 December 2017, King Wai Group held 444,960,000 shares in the Company, equivalent to 48.16 %.)

Following the change of major shareholder, the Company was renamed as King Wai Group (Thailand) Public Company Limited and changed ticker symbol to “KWG” on 20 June 2016 on the Stock Exchange of Thailand.

Real estate development is the core business of KWG, which has the registered and paid-up capital of Baht 9.24 billion as of 31 December 2017.

## KING WAI GROUP

King Wai Group is one of Hong Kong based, China's well-known and most prolific conglomerate, with a successful corporate history of more than 30 years.

The founder, Dr King Wai Chan, a member of the National Committee of CPPCC and founding Chairman of the Hong Kong China Chamber of Commerce has extensive network and experience in industrial, finance, international trade and real estate sectors.

In the early years, the Group was dedicated to the investment in textile industry. In the mid 1990s, Dr Chan saw the great potential of future economic growth of China and shifted the focus to property development, which has subsequently contributed tremendously to the country, working to meet the needs of its citizens.

Since mid-1990s, King Wai Property Development Co., Ltd had been established in Shanghai, growing from a burgeoning company into one of China's forward-looking real estate developers.

The Group has then consistently maintained its position as a forward-thinking pioneer in the industry, developing a large part of properties in cities around Yangtze River Delta, Pearl River Delta and Bohai Sea Rim region thanks to its dedication and foresight.

Through the consistent efforts to improve living quality, the Group developed one of its flagship projects – the King Wai City Oasis Baoshan, a large-scale mixed-use ecological community with 1.8 million square meters of gross floor areas, dominated by residential masterpiece, retail shopping mall, hotel and other commercial spaces. It is accredited as “China's first ecological residential role model” by the Ministry of Environmental Protection. The “King Wai City Oasis” brand is now expanded to various cities.

Today, the King Wai Group has developed into a conglomerate with impressive and diverse range of businesses in Property Development, Financial Services, E-Commerce & Supply Chain and many other investments throughout Asia, Europe and North America.

The Group has added to its portfolio of business interests on a global scale, investing in ventures related to its core businesses and associated industries.

With the belief “give back to society from which we take”, Chairman Dr Chan has made many donations in education and community welfare on behalf of the Group, which deems donation an integral part and



One of the King Wai Group projects, King Wai City Oasis in Baoshan, Shanghai, China's mega large-scale urban community.



continues to support those less fortunate. Starting since 2017, Dr Chan provides scholarship to 10 Thai students each year. He donates full scholarships to 10 selected Thai students who study in Universities in Hong Kong. This is part of “Belt and Road Initiative” program which is collaboration with Ministry of Education of Thailand and Education Bureau of Hong Kong.

Since the founding, Dr Chan believed, “Responsibility creates value, Mission inspires endeavor”. With this spirit, the Group maintains its focus on providing affordable luxury properties for real people through the development of buildings that are as accessible and exceptional as they are.

KWG is well-known and respected in the market for delivering award-winning services across the residential developments. Our reach and capabilities are further reinforced by a strategic network of residential offices in Shanghai, along with long-standing partnerships, which help facilitate solutions for all projects from residential developments to community services.

Today, as a key phase of the development process, KWG’s approach begins with a unique blend of skills and expertise, coupled with the ability to optimize every opportunity. The Group is actively expanding its business by investing in financial services, cross-border supply chain sector at Qianhai Shenzhen and asset management business which is under development in Beijing.

The Group firmly believes our long term success is built on a strong sense of responsibility for our stakeholders and the larger community of which we are an integral part. The Group has long been supporting in various community services and is the sole sponsor for six consecutive years of “China International Credit and Risk Management Conference” organized by China Council for the Promotion of International Trade and American Assurance Credit and National Commerce Association, aiming to promote the development of

China’s national credit system and the advancement of financial risks management. The Group is also the sole sponsor of the two annual “China Overseas Investment Summit” organized by Hong Kong China Chamber of Commerce, China National Committee and Departments.

## KWG’S BUSINESS OVERVIEW

As at 31 December 2017, KWG operated two landed residential developments in Bangkok under the Villa Arcadia brand. Featured with modern architecture, tropical landscaping and quality finishing, Villa Arcadia Srinakarin and Villa Arcadia Watcharapol are located within close proximity to major facilities and amenities, including shopping malls, hospitals and airports. The developments are well-connected to the central business district (CBD) via major transportation modes. Homebuyers of the properties include those from middle-and upper-middle market segments.

In 2018, KWG will launch 3 condominium projects in Bangkok while other planned developments will follow as scheduled.

Additionally, KWG holds a 28.36% stake in an office development, Jewellery Centre Building, located at the fringe of Bangkok’s CBD.

The Company also holds more than 50% share in 12 companies which include:

- Thai-Kami Co., Ltd.
- Gold Star Property Co., Ltd.
- Top Property Co., Ltd.
- Cornerstone Realty Co., Ltd.
- KWG Explore Limited
- NVV Development Co., Ltd.
- Praram 4 Limited <sup>(1)</sup>
- S31 Limited <sup>(2)</sup>
- S61 Limited <sup>(3)</sup>
- King Wai Construction Limited <sup>(4)</sup>
- King Wai Media Limited <sup>(5)</sup>
- King Wai Property Limited <sup>(6)</sup>

<sup>(1)</sup> Establishment on 18 May 2017

<sup>(2)</sup> Establishment on 19 May 2017

<sup>(3)</sup> Establishment on 3 April 2017

<sup>(4)</sup> Establishment on 20 June 2017

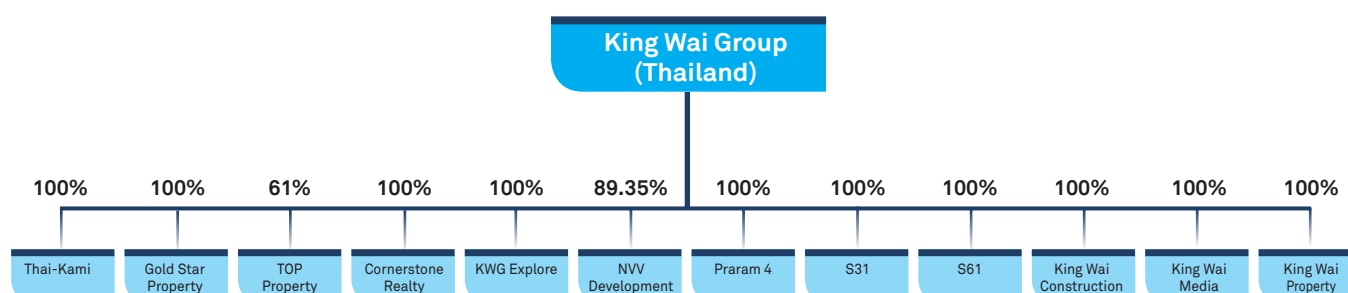
<sup>(5)</sup> Establishment on 22 May 2017

<sup>(6)</sup> Establishment on 22 May 2017

# POLICY AND BUSINESS OVERVIEW

## INVESTMENT STRUCTURE OF KWG

As at 31 December 2017



## INVESTMENT POLICY IN SUBSIDIARIES AND ASSOCIATE COMPANIES

The Company is focused on investments within the property sector to be in line with our main business of property development for sale. Besides current subsidiaries and associate companies, we will consider further property investments when opportune.

## DIVIDEND PAYMENT POLICY

### Dividend Payment

Dividend payment is subject to the Company's realized profit from its normal business operations during that year. It also takes into consideration the Company's future performance as well as the operating environment and other provisions arising from new regulatory requirements including resolutions from the Board meetings and/or annual general meeting of shareholders.

### Dividend Payment of Subsidiaries

Dividend payment of subsidiaries will depend on the operating performance of each subsidiary, its retained earnings, legal provision and other required provisions as appropriate for business operations.

## KEY EVENTS IN YEAR 2017

### February

- The registered capital has been increased from THB 2.2 billion to be THB 9.24 billion.

### April-May

- The Company registered 3 new subsidiary companies which are S61 Limited (established on 3 April 2017), Praram 4 Limited (established on 18 May 2017), S31 Limited (established on 19 May 2017) in order to operate the residential condominium projects.

### May

- Land acquisition through S31 Limited, a subsidiary company, total area 0-2-60 Rai to develop low-rise condominium.
- Land acquisition through Praram 4 Limited, a subsidiary company, total area 0-3-11 Rai to develop high-rise condominium.

### May-June

- The Company registered 3 new subsidiary companies which are King Wai Media Limited and King Wai Property Limited (both established on 22 May 2017), King Wai Construction Limited (established on 20 June 2017) in order to prepare business expansion in the near future.

## June

- Land acquisition through S61 Limited, a subsidiary company, total area 1-1-98.4 Rai to develop low-rise condominium.
- KWG subscribed new issued shares amount of 1,800,000 shares, at par value of 100 Baht at the total price 180,000,000 Baht as a result KWG shareholding in NVV increase up to 89.35% of its registered capital.
- 27 June 2017, NVV Development Co., Ltd., KWG's subsidiary, successful acquired a parcel of land located in Wangnoi, Ayuthaya Province, with total land area 1,510-1-42.6 Rai at purchased price 755,178,250 Baht

## September

- 14 September 2017 KWG signed the share purchase agreement with Mr Narongsak Putthapornmongkol to acquired 245,000 shares in NVV Development Co., Ltd. ("NVV"), for 10 Baht per share, as a result KWG hold 100% in NVV. This represents the transaction value of 24,500,000 Baht.

## December

- EGM No. 3/2017 held on 22 December 2017 approval the acquisition total of 749,700 ordinary shares in AEC City Co., Ltd. ("AEC") from

(i) King Wai International Holdings Company Limited and; (ii) Mr Boonyong Yongcharoenrat (the "Seller") (representing 85% of the total shares sold in AEC) and approval the increase of registered capital from 9.24 billion Baht to 9,475,754,700 Baht, by issuing 23,575,470 new ordinary shares at a par value of 10 Baht each and allocate the newly issued ordinary shares under the private placement scheme, by allocating to the Seller for the AEC shares. In this regard, the Seller shall use the AEC ordinary shares to pay for the newly issued ordinary shares in KWG in lieu of cash payment.

- At the Board Meeting 22 December 2017 approval on the purchase by subsidiary which shall be incorporated and wholly own by KWG (the "Subsidiary") of 71,713,623 ordinary shares (approximately 98.24% of the total issued shares) in QBE Insurance (Thailand) Public Company Limited from QBE Asia Pacific Holdings Limited and Sinkaonamaharn Company Limited, with the initial purchase price of 815,000,000 Baht. The final purchase price will comprise 295,000,000 Baht and the amount equal to 98.24% multiplied by net assets of QBE Thailand as of the completion date. The transaction is subject to closing conditions, including receipt required approvals from the relevant authorities. We expect closing of the transaction by the end of March 2018.



www.KJT.com, one of E-Commerce Business of the King Wai Group.



# NATURE OF BUSINESS

## BUSINESS OPERATIONS OF THE COMPANY AND ITS SUBSIDIARIES

KWG and its subsidiaries are in the main business of property development of properties for sale as well as the leasing of a commercial building.

## PROPERTY DEVELOPMENT FOR SALE

### Single Detached House Development

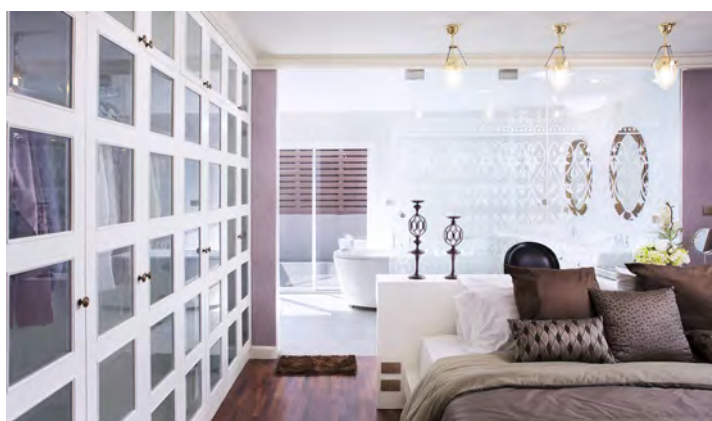
#### Villa Arcadia Srinakarin

Comprising 365 detached houses within a gated community, Villa Arcadia Srinakarin is situated close to the Suvarnabhumi International Airport. It is well-connected to the central business district (CBD) via the highway and the Kanchanaphisek Outer Ring Road. The development enjoys convenient access to amenities such as prestigious international schools, hospitals and shopping centers which are located in its vicinity. The new Yellow monorail line, expected to commence operations in 2020, will further enhance the commute between Villa Arcadia Srinakarin and the CBD.

Phase One, comprising 209 units, is 100.0% sold as at 28 February 2018. Phase Two comprises 156 houses, is about 93.6% sold as at 28 February 2018.

#### Villa Arcadia Watcharapol

Villa Arcadia Watcharapol is single detached house project. Well-connected by the Ramindra-At Narong Expressway and Kanchanaphisek Outer Ring Road,



*KWG is committed to provide products of quality.*

the development is about a 30-minute drive from the CBD. Nearby six-lane road, Phahonyothin-Rattanakosin Sompotch connects the development to east and west of Bangkok. The vicinity where Villa Arcadia Watcharapol is located is well-known for its variety of food and beverage outlets. Moreover well-known schools and hospitals are located in the vicinity.

Future transportation enhancements planned include the addition of the new Green skytrain line which is expected to commence operations in 2018 as well as the new Gray monorail line which is on the process of EIA. The Green skytrain line will provide easier access to the CBD area of Sukhumvit as well as for those heading further east to Samut Prakan province. The addition of the Gray monorail line will further improve accessibility from the CBD to the Chao Phraya River.

## Revenue of King Wai Group (Thailand) Public Company Limited (KWG) and its Subsidiaries

As at 31 December 2017

Revenue (Million Baht)								
Product Line / Business Group	Operated by	% Shares held by KWG	2017	%	2016	%	2015	%
Lease and Services of Office space	KWG	-	42.44	6.59	40.82	7.09	39.16	12.20
Sale of land and houses	Thai-Kami	100	342.38	53.18	266.30	46.24	242.82	75.62
	Gold Star	100	21.22	3.30	21.30	3.70	25.31	7.88
Others	-	-	237.81	36.93	247.49	42.97	13.82	4.30
Total	-	-	643.85	100.0	575.91	100.0	321.11	100.0

About 60.0% of the 45 launched units have been sold as at 28 February 2018.

## Condominium Development

### Condominium project at Sukhumvit 61

Low rise condominium located in peaceful Sukhumvit 61 is expected to be launched in 1H2018. Soi Sukhumvit 61 was awarded “Model Street” by the Bangkok Metropolitan Administration because of its cordial, cleanliness and quietness. The project is close to upscale dining and living Sukhumvit 55 and 65. The project is easy to commute via skytrain.

### Condominium project at Sukhumvit 31

Low rise condominium, located in residential area of Sukhumvit 31 is expected to be launched in 1H2018. The project is located close to one of Thailand’s top university, Srinakharinwirot University (Prasarnmit). The project is easy to commute to Bangkok’s CBD and travel to prime shopping centers.

### Condominium at Rama IV

High rise condominium located on Rama IV Road is expected to be launched in 2018. The project is located just next door to Bangkok’s CBD and opposite Thailand’s top university, Chulalongkorn University and Chulalongkorn hospital. BTS and MRT stations are in walking distance. The project is easy access to prime shopping centers and the private and international schools.

## OTHER OPERATIONS

### Jewellery Centre Building

Jewellery Centre Building, a 34-storey commercial building, is located at the fringe of the Bangkok’s Central Business District (CBD) along Nares Road,



KWG selects to launch residential project on strategic location with prime amenities.

Sipraya Sub-district, Bangrak District, Bangkok. It is located in walking distance to a subway station and a skytrain station.

The building was about 90.2% leased out as at 28 February 2018.

## MARKET ANALYSIS

KWG conducts regular market research to keep abreast of market trends. The company collects primary and secondary data of;

- Economy data of Thailand, Region and World
- Real Estate Market data
- Strategies of competitors and performances
- Any other indicators for market trend
- Other related information

KWG monitors the market for any changes via reports by established and reliable real estate analysis companies, actual and forecasted indicative data from the government and other reliable sources. KWG also collects data from our own survey on the competitors which we keep us update on the competition.

The Company has identified and defined market opportunities and issues through regular analyses. The Company has detailed action plans in place which it will implement when opportune.

## THAILAND ECONOMY

In 2017, Thailand’s economy had expanded. Both export and private consumption, main economic drivers had improved.

Thailand economy outlook in 2018 is positive. Driving factors in 2018 are;

- the expansion of world economy to drive the export
- the intensive government investment
- the improvement of private investment
- the improvement of employment and income

### Thailand Economic Data

% Growth Year on Year	2016	2017	2018(F)
Gross Domestic Product (GDP)	3.2	3.9	3.9
Inflation rate	0.2	0.7	1.1
Private Consumption	3.1	3.2	3.1
Export of Good and Service	-0.6	9.3	4.0

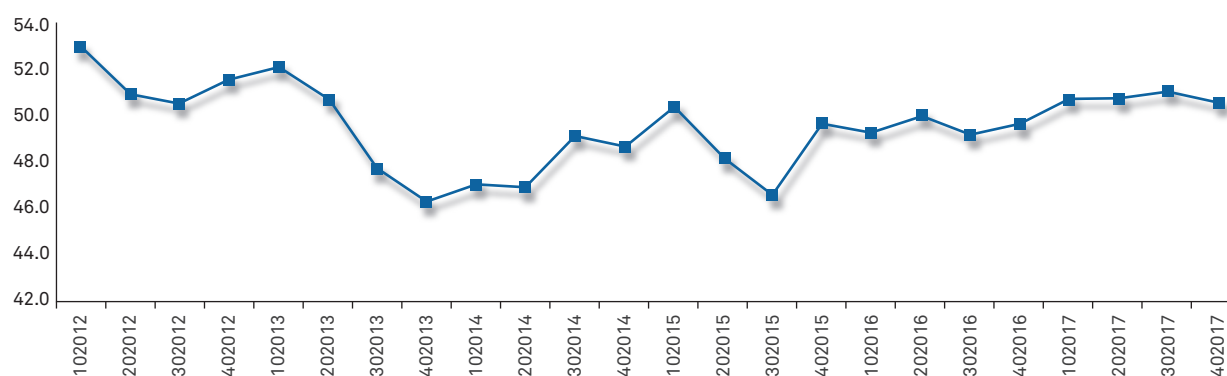
Source: Bank of Thailand and forecasted by the Thai Fiscal Policy Office and the Economist Intelligence Unit



# NATURE OF BUSINESS

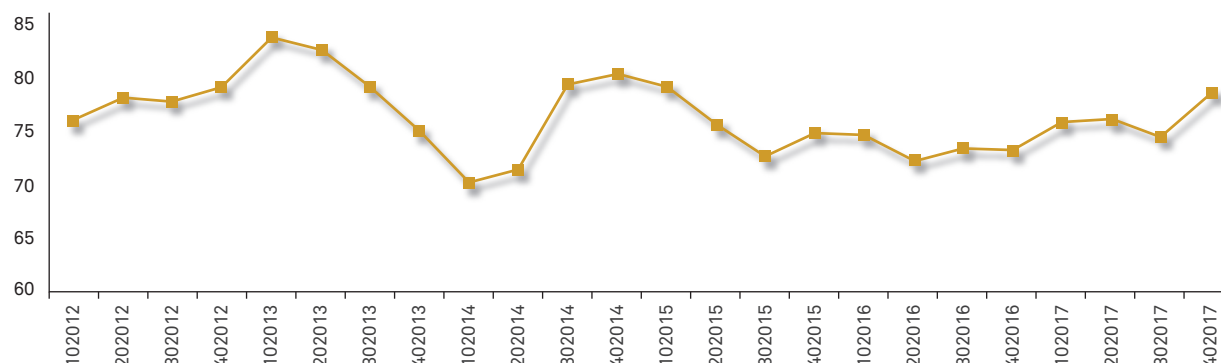
Economy in 2018 is forecasted to be promising. All economic aspects are anticipated to be improved. Overall investment is expected to expand 5.5%, comparing to 2016. Private spending is expected to expand 3.1%, comparing to 2016. General election is expected to be in 2H2018.

## Business Sentiment Index (BSI)



Source: Bank of Thailand

## Consumer Confidence Index (CCI)



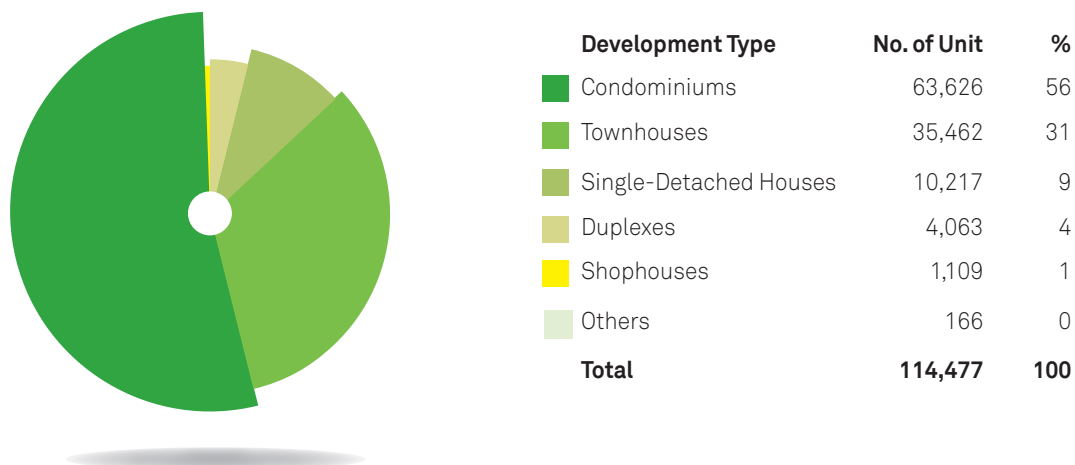
Source: University of Thai Chamber of Commerce

## OVERALL PROPERTY MARKET

In 2017, the Agency for Real Estate Affairs (Thailand) reported that overall residential supply in Bangkok and its vicinity stood at 298,806 units, a 5.8% increase from 282,482 units in 2016. Overall residential demand in Bangkok and its vicinity stood at 103,579 units, a 5.5% increase from 98,153 units in 2016.

Overall new residential supply in Bangkok and its vicinity stood at 114,477 units at Baht 441,661 million, a 15.6% increase from Baht 382,110 million in 2016.

## New Launches in 2017



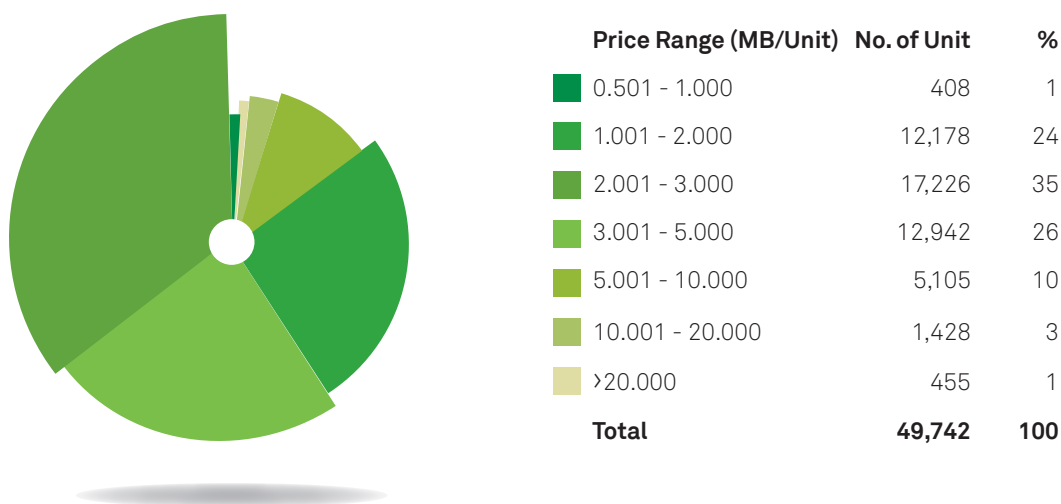
Source: Agency for Real Estate Affairs

## LANDED HOMES

In 2017, prices of landed homes continued to rise due to the rise of land price and construction price. According to Thailand's Real Estate Information Center, in 4Q2017 prices of single detached houses in Bangkok and its vicinity increased by 2.2% year-on-year (y-o-y) while prices of townhouses in Bangkok and its vicinity increased by 3.2% y-o-y.

The landed residential sentiment had improved. In 2017, the Agency for Real Estate Affairs (Thailand) reported that overall new landed homes in Bangkok and its vicinity stood at 49,742 units, a 0.8% increase from 49,365 units in 2016. Meanwhile the overall value of new landed homes stood at Baht 185,024 million, a 4.2% increase from Baht 177,529 million in 2016.

## New Landed Homes in 2017



Source: Agency for Real Estate Affairs

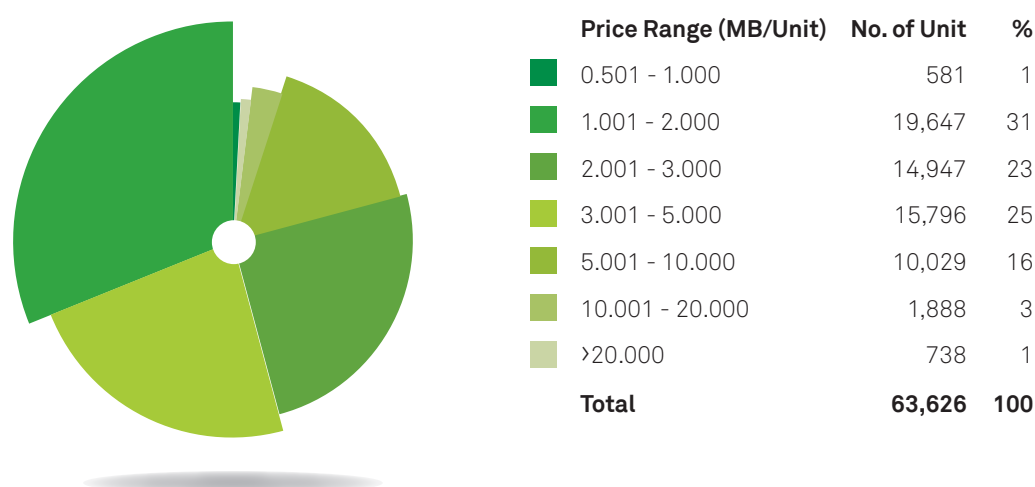
# NATURE OF BUSINESS

## CONDOMINIUM SECTOR

In 2017, prices of condominiums continued to rise due to the rise of land price. According to Thailand's Real Estate Information Center, in 4Q2017 prices of condominiums in Bangkok and its vicinity increased by 6.3% y-o-y.

The number of new condominium units increased in 2017. In 2017, the Agency for Real Estate Affairs (Thailand) reported that overall new condominium units in Bangkok and its vicinity stood at 63,626 units, a 9.0% increase from 58,350 units in 2016. Meanwhile the overall value of new condominium units stood at Baht 250,631 million, a 30.1% increase from Baht 192,659 million in 2016.

### New Condominiums in 2017



Source: Agency for Real Estate Affairs

## PROCUREMENT

The Company has strict procurement procedure in place. KWG emphasizes on the transparency and law and regulation compliance in the procurement process. All employees need to comply with the procedure without any exception.

### Land Acquisition

KWG seeks to acquire well-located land plots at competitive prices for real estate project developments for sale and/or for lease. The Company works closely with land owners, real estate agents and broker firms to source sites that are well-located and well-served by amenities. The Company has developed a list of reliable contacts including real estate agents and brokerage firms with established track records. KWG also retains and updates its database of land and property prices in Bangkok and areas in the vicinity collated from government and other reliable sources. The Company has clear and examinable procedures for acquisition of land plots, and also times development timelines to ensure the best time to enter the market.





*Note: KWG records and conduct background checking of broker/agent and land owner.*

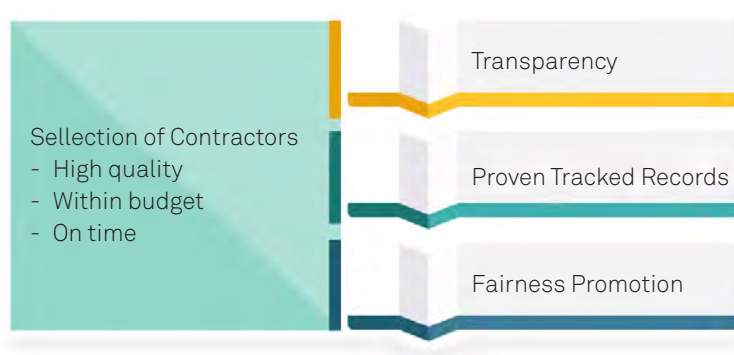
## Procurement of Construction Material

Most of KWG's construction materials are generally procured through its main contractors. KWG also maintains a database of prices of construction materials collated from government and other reliable sources. The Company enforces stringent guidelines and transparent purchase procedures to ensure quality and price of the materials. KWG will continue to work closely with trusted suppliers to deliver quality materials on time and within budget. Most of KWG's construction materials are sourced and purchased locally. In some cases, the Company purchases some materials on its own.

## Selection of Contractors

KWG has a strict and transparent evaluation process for appointment of its contractors and will continue to maintain and grow a reliable network of quality contractors.

In selecting its contractors, KWG works with contractors with a good track record and strong financials for tender procedures. KWG conducts background checks including past projects, market reputation and financial records. The Company places strong emphasis on the transparency of the hiring process, which promotes fair competition among contractors. KWG will continue to hire and work with quality contractors to produce high quality products on time and within budget.



## Backlog

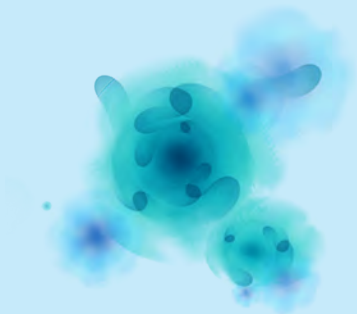
As at 31 December 2017, 17 residences with a total sales value of Baht 127,600,000.00 have been sold. These have yet to be transferred. These units will be transferred to home buyers within 2018.

### Backlog units (as end of 2017)

Project	No of House Units	Type of Units	Total Value	Expected to transfer
Villa Arcadia Srinakarin	17	Single Detached House	Baht 127,600,000.00	2018

# ASSETS OF THE COMPANY

As at 31 December 2017



## Jewellery Centre Building

### Company

King Wai Group (Thailand) Public Company Limited

### Location

138 Nares Road, Sipraya Sub-District, Bangrak District, Bangkok, Thailand

### Type of Asset

34-storey commercial building covering a total gross area of 42,833.78 sq.m.

### Asset Area

The Company holds 28.36% of the total gross area 12,145.64 sq.m. of the building

### Net Book Value

Baht 396,412,942.00

### Appraisal Value

Baht 404,400,000.00

### Appraisal Date

24 August 2017

### Appraisal Company

Agency For Real Estate Affairs

### Right / Possession

Freehold

### Collateral

None

## Villa Arcadia Watcharapol

### Company

Top Property Co., Ltd.

### Location

Soi Watcharapol, Tha Raeng Sub-District, Bang Khen District, Bangkok, Thailand

### Type of Asset

Freehold land which will yield 270 units of two-storey detached houses when completed

### Asset Area

The Company holds a total gross area of 72-2-16.5 rai

### Net Book Value

Baht 756,789,311.00

### Appraisal Value

Baht 744,250,000.00

### Appraisal Dated

24 August 2017

### Appraisal Company

Agency For Real Estate Affairs

### Right / Possession

Freehold

### Collateral

None

## Sukhapiban 3 Mansion

### Company

Gold Star Property Co., Ltd.

### Location

22/1 Sukhapiban 3 Road, Hua Mak Sub-District, Bang Kapi District, Bangkok, Thailand

### Type of Asset

19-storey residential condominium with 1,024 units

### Asset Area

The Company owns 2 units with a total gross area of 119.21 sq.m.

### Net Book Value

Baht 2,390,000.00

### Appraisal Value

Baht 2,500,000.00

### Appraisal Dated

25 August 2017

### Appraisal Company

Agency For Real Estate Affairs

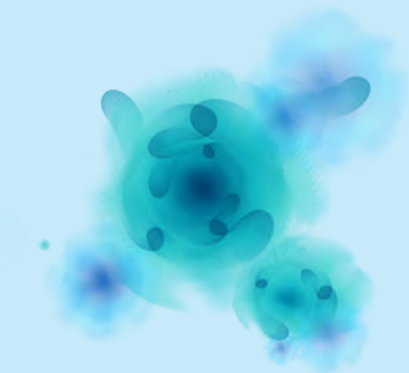
### Right / Possession

Freehold

### Collateral

None





### Villa Arcadia Srinakarin

**Company**

Thai-Kami Company Limited

**Location**

Bang Kaew Sub-District, Bang Phli District, Samut Prakan Province, Thailand

**Type of Asset**

Freehold land which will yield 365 units of two-storey detached houses when completed

**Asset Area**

The Company holds a total area of 34-1-5.8 rai

**Net Book Value**

Baht 124,497,876.00

**Appraisal Value**

Baht 183,300,439.00

**Appraisal Dated**

23 August 2017

**Appraisal Company**

Agency For Real Estate Affairs

**Right / Possession**

Freehold

**Collateral**

Partial mortgage

### Land at Tak

**Company**

Thai-Kami Company Limited

**Location**

1 Moo 5, Phaholyothin (TorLor. 1) Road, Mai Ngam Sub-District, Muang Tak District, Tak Province, Thailand

**Type of Asset**

The land is vacant with the factory having ceased operations since 2000, and was demolished in 2015. The machinery has been divested as at early 2002

**Asset Area**

The Company holds a total gross area of 60-2-70 rai

**Net Book Value**

Baht 25,483,500.00

**Appraisal Value**

Baht 25,483,500.00

**Appraisal Dated**

24 August 2017

**Appraisal Company**

Agency For Real Estate Affairs

**Right / Possession**

Freehold

**Collateral**

None

### Land at Ayutthaya

**Company**

NVV Development Company Limited

**Location**

Phahonyothin (Tor Lor 1) Road, Lamsai Sub-District, Wongnoi District, Ayutthaya Province, Thailand

**Type of Asset**

Vacant land and field

**Asset Area**

The Company holds a total gross area of 2,605-0-49.6 rai

**Net Book Value**

Baht 1,743,106,336.00

**Appraisal Value**

Baht 1,743,106,336.00

**Appraisal Dated**

25 August 2017

**Appraisal Company**

Agency For Real Estate Affairs

**Right / Possession**

Freehold

**Collateral**

Mortgage

# ASSETS OF THE COMPANY

## The Trio Chiang Mai (previously “Chiang Mai VIP Tower”)

### Company

Thai-Kami Company Limited

### Location

118 Moo 1, Huay Kaew Road,  
Chang Pueak Sub-District, Muang  
District, Chiang Mai Province,  
Thailand

### Type of Asset

Four-storey commercial building

### Asset Area

The Company owns four units with  
a total area of 890.88 sq.m

### Net Book Value

Baht 23,200,000.00

### Appraisal Value

Baht 23,200,000.00

### Appraisal Date

25 August 2017

### Appraisal Company

Agency For Real Estate Affairs

### Right / Possession

Freehold

### Collateral

None

## Land at Sukhumvit 31

### Company

S31 Limited

### Location

221/2 Soi Sukhumvit 31, Klongton  
Sub-District, Prakanong District,  
Bangkok, Thailand

### Type of Asset

Vacant land (ready for  
construction)

### Asset Area

The Company holds a total gross  
area of 0-2-60 rai

### Net Book Value

Baht 149,229,091.00

### Appraisal Value

Baht 145,600,000.00

### Appraisal Dated

20 July 2017

### Appraisal Company

Agency For Real Estate Affairs

### Right / Possession

Freehold

### Collateral

None

## Land at Sukhumvit 61

### Company

S61 Limited

### Location

Adjacent to Soi Sukhumvit 61,  
Sukhumvit Road, North Klongton  
Sub-District, Wattana District ,  
Bangkok, Thailand

### Type of Asset

Vacant land (ready for  
construction)

### Asset Area

The Company holds a total gross  
area of 1-1-98.4 rai

### Net Book Value

Baht 414,026,320.00

### Appraisal Value

Baht 406,910,000.00

### Appraisal Dated

7 August 2017

### Appraisal Company

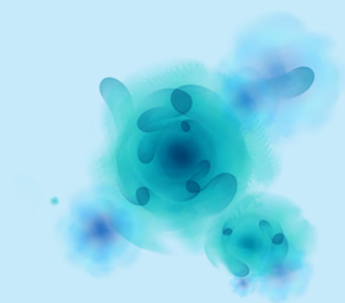
Sims Property Consultants

### Right / Possession

Freehold

### Collateral

Mortgage





## Land at Rama IV

**Company**

Praram 4 Limited

**Location**

Adjacent to Rama IV Road, Sipraya Sub-District, Bangrak District, Bangkok, Thailand

**Type of Asset**

Vacant land (ready for construction)

**Asset Area**

The Company holds a total gross area of 0-3-11.0 rai

**Net Book Value**

Baht 337,988,030.00

**Appraisal Value**

Baht 342,100,000.00

**Appraisal Dated**

7 August 2017

**Appraisal Company**

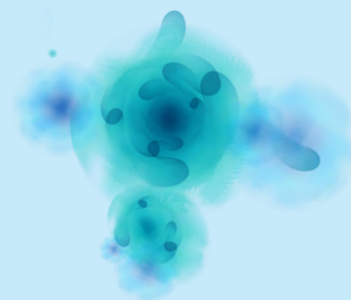
Sims Property Consultants

**Right / Possession**

Freehold

**Collateral**

None



# RISK FACTORS

Recognizing that risk management is an integral part of KWG's strategic and operational processes, the Company has in place a risk management framework to ensure swift response to potential challenges, as well as the ability and agility to leverage new opportunities and adapt in the changing business environment.

*KWG has identified the following key risks and the appropriate mitigating actions:*

## SHORTAGE OF QUALITY CONTRACTORS

The Company focuses on delivering quality products to our customers. Quality contractors with skilled labors are important key. Shortage of skilled labor will impact the quality and delivery time of work, resulting in higher costs and longer period of construction.

KWG had developed a strict evaluation process in place for the appointment of its contractors. We had developed database of contractors with reliable proved work records. We have continued to seek and interview new reliable contractors. We maintain and grow a reliable network with quality contractors.

During construction procedure, we have evaluation process to appraise contractors' work quality closely and constantly and feedback the contractors immediately for their performance improvement. We work closely with contractor to check and inspect all the construction procedure.

## LAND ACQUISITION

Land acquisition is a significant key of company competitiveness strategy. Land plot, situated closed to facilities with affordable land price and excellent connectivity is ideal land plot for real estate development.

High land costs could result in the Company facing challenges in acquiring good sites at competitive prices. KWG continues to work with selected agents and brokerage firms to source for well-located sites at good prices and also deals directly with landowners. KWG is constantly seeking opportunities to acquire land plots

with good value propositions and excellent connectivity to mass transits, expressways, and/or main roads.

## FLUCTUATIONS IN CONSTRUCTION MATERIAL PRICES

Construction material prices constantly fluctuate. According to Thailand's Real Estate Information Center, overall construction material price index in 2017 increased 0.7% year-on-year. KWG had developed database system to watch closely for the material price from reliable suppliers. To diversify risk, KWG purchased some specific construction materials while KWG's contractors are responsible to supply some specific materials on fixed payment sum.

KWG will continue to work closely with contractors to plan for and purchase materials at lower prices over extended periods of time.

## COMPETITION

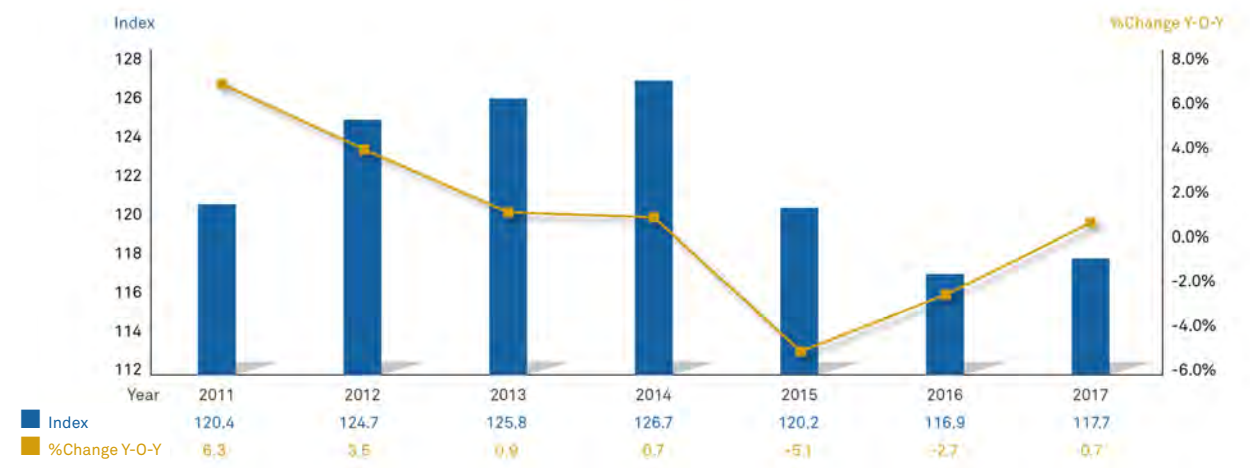
Property market in Bangkok and vicinity area has many competitors from local companies which have advantage over specific areas to large companies which have benefit of lower construction costs and strong brands. All companies are targeted to develop their project on good location with competitive products. The Company is facing challenge from competition to gain good location to develop products and to attract buyers.

Consequently the Company keeps closer look at the competitors including their products, strategies and performances. KWG has intensive research to conduct market study and competitor study. The Company utilized this information to gain competitive advantage and to be ahead of the competition.

## INTEREST RATE FLUCTUATIONS

KWG has a short-term project loan from a financial institution, its interest rate dependent on Money Markets' floating rates. Over the course of 2017, the Bank of Thailand maintained interest rates low, with local financial institutions also maintaining

Construction Material Price Index



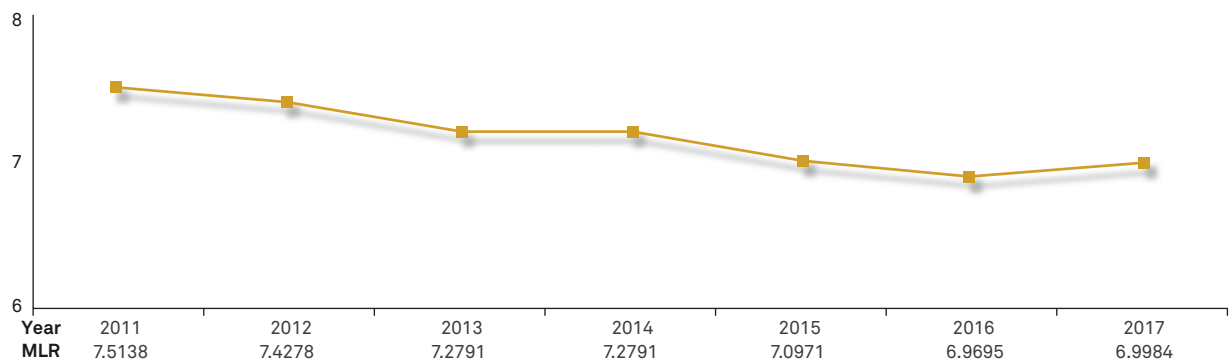
Source: Thailand's Real Estate Information Center

correspondingly low interest rates. However interest rate fluctuates following Bank of Thailand's and financial institute's policies. In the event of an economic expansion, local banks and financial institutions may hike up interest rates, resulting in higher financing cost for the Company. KWG will effectively utilize and seek various financial instruments where appropriate to hedge against interest rate fluctuations.

FOREIGN EXCHANGE RISK

KWG still hold some loans denominated in foreign currencies and is therefore subject to foreign exchange risk. The Company continues to seek funding options in Thai Baht to minimize its risk in foreign exchange fluctuations.

Minimum Loan Rate (MLR)

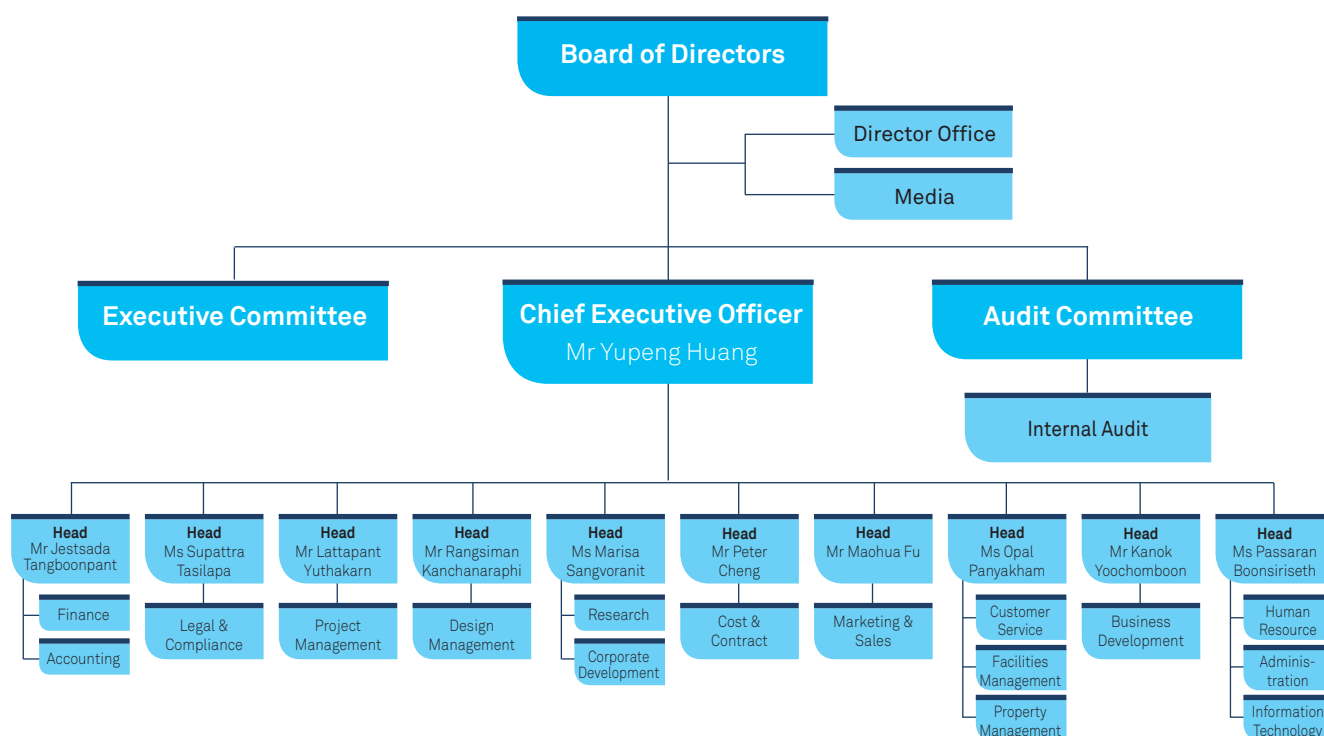


Source: Bank of Thailand



# ORGANIZATIONAL STRUCTURE AND MAJOR SHAREHOLDERS

As at 31 December 2017



## Top 10 Major Shareholders

(As at 14 February 2018)

	Shareholders	No. of Shares	%
1	KWT1499 (Thailand) Company Pte. Ltd.	444,960,000	46.96
2	Tommo (Thailand) Limited	314,275,219	33.17
3	Mrs Jantira Luesakul	50,292,900	5.31
4	Mr Boonyong Yongcharoenrat	12,178,615	1.29
5	King Wai International Holdings Company Limited	11,396,855	1.20
6	Thai NVDR Co., Ltd.	6,600,640	0.70
7	Mr Suvit Sriguruwal	5,007,300	0.53
8	Mrs Lamipalkaur Sriguruwal	4,384,000	0.46
9	Mrs Nattanan T-Thienprasert	2,250,000	0.24
10	Mrs Yanna Ma	1,890,000	0.20
	Total	853,235,529	90.04

## EXECUTIVE COMMITTEE

Dr King Wai Chan  
Chairman  
Mr Antonio Hang Tat Chan  
Member  
Mr Yupeng Huang  
Member

## AUDIT COMMITTEE

Mrs Jiraporn Pimpoorash  
Chairman  
Professor Chukiat Pramoolpol  
Member  
Mr Somprasong Makkasaman  
Member

# MANAGEMENT STRUCTURE

## BOARD OF DIRECTORS

As at 31 December 2017

Directors	Position
Dr King Wai Chan	Chairman, Board of Directors Chairman, Executive Committee
Mr Antonio Hang Tat Chan	Vice Chairman, Member, Executive Committee
Mr Hang Lee Chan	Director
Mr Yupeng Huang	Director Member, Executive Committee
Mr Boonyong Yongcharoenrat	Director
Mr Shaosan Zheng	Director
Mrs Jiraporn Pimpoorash	Independent Director Chairman, Audit Committee
Prof Chukiat Pramoolpol	Independent Director Member, Audit Committee
Mr Somprasong Makkasaman	Independent Director Member, Audit Committee

### Details of Changes of Directorship:

There were no changes of Directorship in 2017.

The number of the Boards established pursuant to the Company's Article of Association, Clause 16 stipulates that "there shall be no less than five (5) directors and no less than half of total number of directors residing in the Kingdom of Thailand".

## AUTHORISED SIGNATORY DIRECTORS

Any of these two signatories - Dr King Wai Chan, Mr Antonio Hang Tat Chan and Mr Yupeng Huang, affixed with the Company seal will be deemed valid.

Directors' attendances at the meetings of the Board and Board Committee for the year ended 31 December 2017 are as follows:

Directors	Board Committees		
	Board	Executive Committee	Audit Committee
<b>No. of meetings held</b>	<b>9</b>	<b>Nil</b>	<b>6</b>
Dr King Wai Chan	1	Nil	-
Mr Antonio Hang Tat Chan	5	Nil	-
Mr Hang Lee Chan	1	Nil	-
Mr Yupeng Huang	9	Nil	-
Mr Boonyong Yongcharoenrat	9	Nil	-
Mr Shaosan Zheng	-	Nil	-
Mrs Jiraporn Pimpoorash	9	Nil	6
Prof Chukiat Pramoolpol	9	Nil	6
Mr Somprasong Makkasaman	9	Nil	6

# MANAGEMENT STRUCTURE

## BOARD OF SUBSIDIARY COMPANIES

The Company holds shares in four subsidiary companies which are revenue-generating. Directors' attendances at the meetings of the Board for these subsidiaries for the year ended 31 December 2017 are as follows:

Directors	Board Meetings			
	Thai-Kami Company Limited	Top Property Co., Ltd.	Gold Star Property Co., Ltd.	Cornerstone Realty Co., Ltd.
Dr King Wai Chan	2/28	1/4	6/7	2/3
Mr Antonio Hang Tat Chan	28/28	4/4	7/7	3/3
Mr Yupeng Huang	28/28	4/4	7/7	3/3

Note: Number in the table refer to attendance/number of Board Meetings held during his/her term as Director

## EXECUTIVE OFFICER

The definition of the Company's Executive as per the Notification of Securities and Exchange Commission (SEC) shall be the CEO and the next four executives.

As at 31 December 2017, the Executive consists of eleven (11) persons:

Name	Position	Department / Function
Mr Yupeng Huang	CEO	
Mr Maohua Fu	Senior Vice President	Marketing & Sales
Dr Jestada Tangboonpant	Senior Assistant Vice President	Finance & Accounting
Mr Peter Cheng	Senior Assistant Vice President	Cost & Contract
Mr Rangsiman Kanchanaraphi	Consultant	Design Management
Mr Lattapant Yuthakarn	Assistant Vice President	Project Management
Ms Supattra Tasilapa	Assistant Vice President	Legal & Compliance
Ms Marisa Sangvoranit	Assistant Vice President	Corporate Development & Research
Ms Passaran Boonsiriseth	Senior Vice President	Human Resources, Administration & IT
Ms Opal Panyakham	Assistant Vice President	Customer Service, Facility Management and Property Management
Mr Kanok Yoochomboon	Manager	Business Development

## COMPANY SECRETARY

The Company has appointed Ms Supattra Tasilapa, Assistant Vice President, Legal & Compliance Department as Company Secretary since 6 August 2013 to comply with the Securities and Exchange Act (No.4) B.E. 2551 (2008).

### The responsibilities of the Company Secretary include:

- 1) Overseeing activities of the Board and ensuring that they comply with the requirements of SET, SEC and are in compliance with corporate legislation as well as the Articles of Association of the Company.
- 2) Arranging the Shareholders and Board of Directors meetings in accordance with the laws and regulations, the Company's Articles of Association and best practices. This responsibility will involve the issuing of proper notices of meetings, preparation of agenda, circulation of relevant papers and taking and producing minutes to record business transaction during the meetings as well as decisions made.
- 3) Maintaining the Company's statutory registers or books, including director registration, annual reports of the Company, notices and minutes of Board meetings and general shareholder meetings.



- 4) Ensuring that the directors and executives have filed reports on their interest and related persons' interests, as required by laws.
- 5) Communicating within internal business units and monitoring actions taken to ensure accuracy and compliance with the resolutions of Board and shareholder meetings.
- 6) Providing advice to the Board pertaining to laws, rules and regulations governing the Company's business, as well as monitoring compliance on a regular basis and reporting any significant changes to the Board.
- 7) Promoting understanding of corporate governance principles, providing relevant information, as well as monitoring compliance among the Board of Directors.
- 8) Coordinating between the Board and Executive.
- 9) Communicating and providing shareholders with information about the Company so as to enable them to exercise their rights.
- 10) Ensuring that disclosure of corporate information to regulatory agencies is in accordance with the relevant laws and regulations.
- 11) Taking any other actions as prescribed by the Capital Market Supervisory Board.

## REMUNERATION OF THE DIRECTORS AND EXECUTIVE OFFICERS

### Director's Remuneration

The Company's policy on remuneration of the Directors shall be reviewed and approved by shareholders at the Annual General Meeting (AGM) each year. The Directors' scope of duties, roles and responsibilities are also taken in for consideration. During the AGM held on 21 April 2017, the Directors' remuneration was approved. The details are as follows:

Chairman of the Board Baht 30,000/month

Board member Baht 20,000/month

In 2017, the Company paid or payable in cash and kind to the Board of Directors to a total amount of Baht 2,280,000.

Name of Director	Monetary Remuneration (Baht)				Other Membership (Baht)
	Board of Directors	Audit Committee	Executive Committee	Total (Baht)	
Dr King Wai Chan	360,000.00	-	Nil	360,000.00	0.00
Mr Antonio Hang Tat Chan	240,000.00	-	Nil	240,000.00	0.00
Mr Hang Lee Chan	240,000.00	-	-	240,000.00	0.00
Mr Yupeng Huang	240,000.00	-	Nil	240,000.00	0.00
Mr Boonyong Yongcharoenrat	240,000.00	-	-	240,000.00	0.00
Mr Shaosan Zheng	240,000.00	-	-	240,000.00	0.00
Mrs Jiraporn Pimpoorash	240,000.00	Nil	-	240,000.00	0.00
Prof Chukiat Pramoolpol	240,000.00	Nil	-	240,000.00	0.00
Mr Somprasong Makkasaman	240,000.00	Nil	-	240,000.00	0.00
<b>Total</b>	<b>2,280,000.00</b>	<b>-</b>	<b>-</b>	<b>2,280,000.00</b>	<b>0.00</b>

### Remuneration of the Executive Officers

The Company paid monetary remuneration, i.e. fixed salary to the executive officers and offered different forms of remuneration such as housing allowance, car allowance and phone bill allowance.

# MANAGEMENT STRUCTURE

## EMPLOYEE REMUNERATION

The Company established and registered for employees to contribute to a voluntary provident fund on 1 October 2013. Mandatory contribution from the employee and the Company is stipulated at 5%.

The remuneration package offered to employees consists of a fixed salary and other benefits, i.e. commission, social security fund, provident fund and allowance. In addition, the Company offered benefits to improve employee satisfaction, loyalty and staff retention. These include health insurance, life insurance, long-term service award, annual leave, recreational activities and seasonal parties. In 2017, the Company paid a total of Baht 71,528,073.59 for the remuneration of employees.

Type of Remuneration	Amount (Baht)
Fixed Salary	64,735,900.00
Bonus	0.00
Allowance (Overtime, Provident Fund, Commission, etc.)	6,792,173.59

## PERSONNEL

Total Number of Employees 87 persons

### Employees classified by department as of 31 December 2017:

Corporate Development	2	Customer Service	3
Research	2	Facilities Management	8
Business Development	3	Marketing & Sales	8
Legal & Compliance	6	Finance	4
Project Management	9	Accounting	7
Design Management	3	Information Technology	2
Cost & Contract	4	Administration	9
Director's Office	7	Human Resources	5
Media	2	Property Management	3

*Note: Includes staff in KWG's subsidiaries*

## HUMAN RESOURCES POLICY

The Company emphasizes human resources development in capability enhancement and good relationship establishment among employees at all levels.

### The Human Resources development policies of the Company are as follows:

- 1) Employees are encouraged to attend internal and external training programmes.
- 2) Employees are encouraged to acquire and develop relevant knowledge, skills and competencies to enhance career advancement opportunities.
- 3) The Company's core values are communicated to employees. Whenever possible, the Company encourages employees to participate in activities as a team outside of work in order to strengthen relations and encourage teamwork.

## TRAINING PROGRAMMES

In 2017, the Company supported employees in both internal and external trainings programmes, seminars and courses. The total training cost for 2017 amounted to Baht 77,374.00.

**The following are examples of programmes which employees attended during the year:**

- 144 Techniques for Tax Invoice or Technic Use and Issue tax invoices
- 2018 Prospects for Thailand Tourism and Tourism Ministry's Plan
- Report Standards 2018 for PAEs and NPAEs Related Assets
- Digital Tax (National E-payment)
- Up to date of Labor laws
- Value Added Tax
- Law and Regulation related to Real Estate No.65
- Certificate in Investor Relations 2017
- Technique to cope with Cheques
- English for Lawyers
- AGM Checklist for 2018
- Residential Market Trend vs Thai Economy 2017
- SCP Straight Through
- SET Portal Improvement
- Smart Disclosure Program
- Strategic Shareholder
- Brainstorm: Real of Estate Return Round 9th
- Set Listed Companies & Opportunities in CLMV Countries
- FAP Seminar Focus group on TFRS 16th Leases (Draft)
- BIM – Technology & Process
- Asean Legal Alliance Annual Conference
- Tea Talk – IFRS 15
- Smart Approach for Cybersecurity for Thailand 4.0
- EEC – Thailand Economic Connecting The World
- New Competition ACTs
- The Right Time for REIT Seminar
- Private Sector Collective Action against Corruption
- New Regulation on CFO & Chief Accountant qualification on stock exchange of Thailand
- Basic Valuation For IR
- Update the latest of Financial Statement and Problem for according to IFRS
- Training for Strategic Shareholders / FSCOM report
- Draft for IAS 12 (Income Taxes) and IFRS 16 (Leases)
- Draft for IFRS 15 (Revenue from contract with customer)
- Corporate Governance Code
- Smart Solution for Smart Real Estate
- Update taxation and guidelines for audit of Revenue Department in the year 2017
- Personal Income Tax
- Public Hearing on warning signs (TFRS9, TFRS7, TAS32 issues)
- China Policy Direction under communist party of China Resolution
- BMR Housing Markets outlook, Location Analysis 2018
- Introduction and Understanding to Group Health Insurance for 2018

### Summary of courses and training conducted in 2017

Course	No. of course	Attendance	Total (Hours)	Average per person (Hours)
In-house Training	1	11	278	4.0
External Training	42	58		



# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE POLICY

The Company is committed to achieving high standards of corporate governance and has put in place self-regulatory controls to protect shareholders' interest and ensure long-term shareholder value. The Board of Directors has implemented best practices in corporate governance based on the Code of Business Conduct. The Company has also fully complied with the principles of good corporate governance and best practices recommended by the Stock Exchange of Thailand (SET) as follows:

### A. RIGHTS OF SHAREHOLDERS

#### Protection of Rights

The Company recognizes the importance of protecting the rights of shareholders' and promotes the exercising of these rights. The basic legal rights of shareholders include the right to buy, sell or transfer shares, receive dividends, obtain relevant and adequate information in

a timely and regular basis, participate in shareholder meetings and express opinion or suggestion, propose the meeting agenda, vote for the appointment or removal of Directors and Auditors, determine their remuneration as well as partake in decisions that could have material impact on the Company such as acquisitions and mergers, liquidations of subsidiary companies, dividend payment, amendment to the Memorandum and the Articles of Association or by-laws, capital increase or decrease.

Besides these basic rights, the Company has also implemented best practices to promote and facilitate exercising of rights for shareholders. The Company appointed the Thailand Securities Depository Co., Ltd. (TSD) as the Securities Registrar and to facilitate its shareholders in matters relating to the Company's share and securities registration.



*KWG uphold high standard of corporate governance with law and regulation compliance practice.*

The Company recognizes the importance of accurate, complete and transparent disclosure to its shareholders with regards to financial results and other relevant information through the SET and the Company's website in both Thai and English to ensure that shareholders have access to information in a timely manner.

### Shareholders' Meeting

The Company holds its Annual General Meeting once a year within four months after the end of its accounting period, in addition, the Company shall hold the Extraordinary General Meeting of the Shareholders in case that significant matter occurs during the year and requires resolution from the Shareholders' Meeting. Date, time, and venue for the meetings shall be convenient and easily accessible for shareholders. The Company shall not arrange meetings on holiday or commercial bank holiday and non-business days. In 2017, the Company held its Annual General Shareholders Meeting at Eastin Grand Hotel Sathorn Bangkok whereas there were 3 (three) Extraordinary General Meeting of the Shareholders held at Le Meridien Bangkok Hotel and Eastin Grand Hotel Sathorn Bangkok which are easily accessible via public transportation systems such as the BTS and the BRT. The Company has implemented the barcode system for registration purposes and the printing of voting slips for each agenda to facilitate the registration process at the meeting.

In 2017, all relevant information was posted on the Company's website thirty (30) days before the date of the meeting to ensure that shareholders had adequate time to review the relevant information. In addition, the Company did not add items to the meeting agenda without advance notice to ensure fairness to its shareholders. Shareholders were also informed of the rules of the meeting and voting procedures to allow fair and equal opportunity to ask questions, comment, recommend, as well as give opinions during the meeting.

Board members and management of the Company were in attendance to explain the Company's operational performance and policy, as well as answer relevant questions at the meeting.

These recommendations and questions were recorded in minutes of the meeting and disclosed on the Company's website within 30 days after the date of the meeting.

The Company has a policy to disclose to the SET relevant resolutions for each agenda item as well as voting results by 9.00 a.m. of the next working day after the shareholders' meeting at latest.

### B. EQUITABLE TREATMENT OF SHAREHOLDERS

The Company ensures equitable treatment of all shareholders. KWG has in place policies to disclose complete and accurate information, including shareholder's rights to attend the general meeting, and carries out the shareholder meeting procedures as specified by laws and regulations of the SET.

*The Company strives to ensure the following:*

- 1) Provide equitable and fair treatment to all shareholders whether they are minority, institutional or foreign investors, and to allow them to exercise their rights accordingly.
- 2) If shareholders are unable to attend and vote at the meeting, KWG will allow them to send proxies to vote on their behalf. The proxy form and proposed list of independent directors are attached in notice of the meeting. The shareholders and/or proxies are encouraged to use voting ballots for each agenda.
- 3) To avoid insider trading and conflict of interest, the Company stipulates measures that prevent Directors, Executives, employees and related persons from misusing and/or disclosing sensitive information relating to the Company. There has been no report of insider trading within the organization to-date.
- 4) The Company has guidelines in place for Directors and Executives to disclose their stake in the Company and relation to the Directors, if any. The Company also discloses information of its Directors and Executives shareholding in the Company and subsidiaries in accordance with the requirements from regulators such as the Office of Securities and Exchange Commission (SEC) and the SET.

The Company allows all its shareholders to access the Company's information, as well as provides a variety of

# CORPORATE GOVERNANCE

channels of clear communications to its staff through the Company's website, or through other channels such as telephone, fax, post, or email. Interested parties can directly contact the Company at;

King Wai Group (Thailand) Public Company Limited  
47<sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road,  
Yannawa, Sathorn, Bangkok 10120 Thailand  
Tel : (662) 129-5999  
Fax : (662) 129-5998  
or by e-mail: info@kwgthai.com or visit the Company's  
website: www.kwgthai.com for more information.

## C. ROLE OF STAKEHOLDERS

The Company recognizes the legal rights and roles of stakeholders including its shareholders, employees, customers, business partners, creditors, competitors, communities and society as a whole. All stakeholders shall be treated fairly in accordance with their legal rights as specified in relevant laws and regulations. These relevant laws and regulations are also published as manuals and distributed to all staff to ensure strict compliance. The manuals are also distributed to:

**Shareholders:** The Company is determined to conduct its business with prudence and transparency to ensure sustainable growth and enhance long-term value for its shareholders.

**Employees:** The Company recognizes that its employees are the core driving force for the organization. The Company strives to continually enhance staff competency levels by providing opportunities for career advancements and a fair reward system. The Company is committed to training and developing its workforce, as well as providing a safe working environment for everyone.

In 2017, the Company organized a total of 278 training hours, for its staff. This included both internal and external training sessions.

**Customers:** The Company is committed to provide quality products and services to all customers, as well as to assist and provide solutions to their needs, while protecting customer confidentiality at the same time, unless stipulated by law or with the customer's written consent. Maintain customer relationship as well as sustainable improvement of relationship.

**Creditors:** The Company has policies in place to ensure that creditors are treated with equality and fairness. In case of non-compliance with any one of the conditions laid out in the agreement, the Company will promptly notify the creditor to jointly consider and resolve the issue in a fair manner.

**Business Partners:** All employees are expected to provide accurate and complete disclosure on their shareholding interest and that of their related kin, so as not to impede decisions of potential buyers or sellers of shares. Employees should also refrain from accepting gifts and/or rewards from buyers or sellers as well as attending private functions hosted by them, so as to avoid any accusation of special assistance rendered at a later occasion.

**Competitors:** The Company respects competition and does not engage in deals and/or discussion with employees of its competitors on issues and/or information that may impact either party's business.

**Community and Society:** The Company is committed to positively impact the community and society in the four focus areas of education, sports, society and the environment, as well as arts and culture.

### Others:

#### 1) Purchase of licensed software

The Company purchases computer software which is duly licensed and prohibits illegal use of unlicensed computer software. If the need arises to install any additional software applications, the



King Wai Group (Thailand) is devoted to incorporate safety to be operational culture.



Information Technology Department will ensure the relevant licenses prior to installation.

2) *Medical Benefits*

Employees are each provided with a health insurance card from the insurance company, and are entitled to a benefit plan which covers medical costs in the participating hospitals. Employees are also provided a complimentary annual health checkup.

3) *Safety*

The Company provides training for appointed fire wardens and shares updated fire evacuation plans for employees, within the office building as well as for the projects.

#### **D. DISCLOSURE AND TRANSPARENCY**

The Company ensures that all information on its finances or any other issues, which are beneficial to related parties, are disclosed in an accurate, complete, transparent, and timely manner as prescribed in the requirements of the SEC and SET. The Company's financial statements are also prepared in accordance with the Accounting Standards and generally accepted accounting principles to reflect the real operating performance of the Company.

The Company discloses all information through various communication channels including the SET and the Company's website in accordance with relevant regulations of related offices in both Thai and English to ensure that shareholders have timely access to information.

#### **Investor Relations**

The Company has appointed Ms Marisa Sangvoranit as an investor relations officer to provide timely information and news to shareholders. Interested parties can contact her directly for required information at;

King Wai Group (Thailand) Public Company Limited  
47<sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road,  
Yannawa, Sathorn, Bangkok 10120 Thailand  
Tel : (662) 129-5999  
Fax : (662) 129-5998  
or by e-mail: [info@kwgthai.com](mailto:info@kwgthai.com) or visit the Company's  
website: [www.kwgthai.com](http://www.kwgthai.com) for more information.

#### **E. RESPONSIBILITIES OF THE BOARD**

##### **Board Structure**

The Board consists of Directors with varied qualifications, skills, experiences and expertise that are beneficial to the Company and in accordance with the requirements of the SET. Directors are appointed in accordance with the principles and procedures of laws and Articles of Association of the Company. In 2017, the Board comprised three (3) executive Directors and six (6) non-executive Directors.

##### **Independence from the Management**

The Board acts independently from the management. There is a clear segregation of duties and responsibilities between the Board and management. The Board formulates policies, provides strategic business direction, as well as oversees and ensures that operations are carried out according to the highest levels of transparency and disclosure, and in accordance with the respective policies.

To ensure an appropriate balance of authority, increased accountability and a greater capacity of the Board for independent decision-making, the Company has a clear division of responsibilities at the top level, with the Chairman of the Board and the Chief Executive Officer of the Company having clearly separated roles.

##### **Appropriateness of the Board**

The number of Directors on the Board is in accordance with Clause 16 of the Articles of Association which stipulates that "there shall be no less than five Directors and no less than half of the total number of Directors who must reside in the Kingdom of Thailand". Clause 22 has prescribes that one-third of the Directors must retire at each Annual General Meeting. Should the number not be divisible by three, the number must be closest to one-third. A retiring Director is eligible for re-election.

##### **Effectiveness of the Board**

The Board has in place adequate internal control systems to ensure that the Company's operations are carried out responsibly, with integrity and in accordance with the regulations of the SEC and SET. Together with the Audit Committee (AC), the Board safeguards the resources of the Company and ensures that procedures and policies are adhered to in the management of the Company.

# CORPORATE GOVERNANCE

The Board is responsible for the Company's internal control system. It ensures that appropriate policies are in place for effective functioning of the Company's business operations. The Company has engaged the audit team from Mazars Limited to audit the Company at least once a year. The Internal Audit team then reports its findings to the Board of Directors and the AC.

The Board and the AC will then review all items to ensure compliance with relevant laws and regulations, as well as with internal policies with respect to the conduct of business. The AC will review the quarterly financial statements and report to the external auditors as well as Internal Audit team before seeking approval from the Board. The AC is satisfied that KWG and its subsidiaries have maintained adequate internal controls for the year 2017.

It is the Company's policy to appoint a Company Secretary in compliance with the applicable Securities and Stock Exchange Act (No.4) BE 2551 (2008) and principles of good corporate governance. The Company Secretary is further encouraged to attend appropriate training courses to enhance his or her skills.

The Board convenes on a quarterly basis and will call for additional meetings when required. The following reports and procedures are provided to the Board to allow them to better anticipate risks and key drivers ahead of events so that timely decisions can be made.

The reports and procedures include:

### Whistle-Blower Protection Policy

The purpose of this policy is to encourage reporting in good faith of suspected reportable conduct by establishing clearly defined processes through which such reports may be made with confidence that employees and other reporting parties will be treated fairly and protected from reprisal. This policy is one channel through which the Company receives information on suspected reportable conduct and addresses them in an appropriate and timely manner.

"Reportable Conduct" refers to any act or omission by an employee or contract worker appointed by the Company, which occurred in the course of work, whether or not the said act is within the scope of their employment. It includes:

- 1) Dishonesty including, but not limited to, theft or misuse of Company's resources;
- 2) Fraud;
- 3) Corruption;
- 4) Illegal activities;
- 5) Other serious improper conduct;
- 6) Unsafe work practices or ;
- 7) Any other conduct which may cause losses, financial or otherwise, to KWG or be seen as being detrimental to KWG's reputation.

### Staffs and/or shareholders may report their complaints directly to the following persons:

Receiving Officer		Contact information
Mr Yupeng Huang	: Office	: (622) 129-5999
Director, CEO	: E-mail	: Eric@kwgthai.com
King Wai Group (Thailand)	: Office Address	: 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road,
Public Company Limited		Yannawa, Sathorn, Bangkok 10120 Thailand

### Reporting procedure

- A Protected Report may be made orally or in writing. However, such reports should preferably be in writing so as to ensure a clear understanding of the matters raised. Oral reporting should be documented by the supervisor, Receiving Officer or AC Chairman, depending on who receives the report first. All

communications relating to the allegations made in a Protected Report should also be in writing.

- The Receiving Officer will retain all documents related to Protected Reports in a safe, secure and proper manner.
- Protected Reports (whether oral or written) should be factual rather than speculative, but need not



*King Wai Group (Thailand) is determined to conduct business with transparency to ensure sustainable growth and long term value for our stakeholders.*

be conclusive evidence of the alleged Reportable Conduct. The report should include the nature of the alleged Reportable Conduct, the name(s) of the person(s) alleged to be involved, the date and description of the alleged wrongdoing(s) and other pertinent information. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

- Whistle-Blowers must provide their names, phone numbers and addresses so that the Receiving Officer or AC Chairman may contact them for more information if need be.

#### *Confidentiality*

- Confidentiality of the identity of Whistle-Blowers and persons who participate (or who intend to participate) in investigations initiated under this policy will, to the extent possible, be maintained. Such persons should nevertheless be cautioned that their identity may become known for reasons outside of the control of all those involved in receiving the Protected Report and/or investigating the matters raised therein.

- The identity of the Investigation Subject(s) will similarly be maintained in confidence to the extent possible.

### **Enterprise Risk Management**

Enterprise Risk Management is a process designed to identify potential events that may impact the Company caused by changing economic, financial, social and legal situations, and to specify sufficient protection and suitable resolution measures to prevent and mitigate such risks, including analysis of circumstances as well as the probability of risky events occurring. KWG's enterprise risk management process is implemented on a quarterly basis.

### **Internal Audit Report**

An internal audit is conducted annually to review the adequacy and effectiveness of key controls, procedures and processes of the Company and its subsidiaries. A report is then generated to address three key areas, including the adequacy and effectiveness of existing internal controls and operational procedures, compliance with established policies and procedures, as well as the weaknesses and recommendations for improvement in the areas reviewed.



# CORPORATE GOVERNANCE

## Vision and Mission/ Core Value

*Vision :* To build a strong, sustainable and diversified business enterprise, driven by established goals to create shareholders' value and be mindful of social and environmental responsibilities

*Mission :* We commit to creating values and maximizing long-term sustainable returns while being mindful of our overall responsibilities.

*Slogan :* Responsibility creates value, Mission inspires endeavor.

### Core Values :

- Responsibility: We are responsible for our actions and understand their impact on others. We respect local culture, community and heritage and will strive to uphold the highest standards of corporate governance, ethics and environmental policy.
- Quality: We strive for professional excellence to the highest standards possible to deliver supreme quality products and services.
- Sustainability: We are a responsible institution who makes a difference by building and supporting sustainable communities and environment. We strive for providing sustainable growth and profitable returns.
- People: We value and strengthen relationship with all our stakeholders including, but not limit to, customers, shareholders, communities, suppliers, contractors, partners and employees.
- Creativity: We emphasize on continually enhancing our products, services and also our cultures by embracing innovation and encouraging the pursuit of new opportunities.

Such strategic will be reviewed annually years.

## Code of Conduct

The Company has a Code of Conducts in place which is circulated to related parties, Directors, Executives and all employees. The policy addresses standards

with regards to safety discrimination and workplace harassment, internal and external corruption or bribery, gifts as well as donations and contributions.

## BOARD COMMITTEES

The Board currently comprises three committees, namely, the Board of Directors, the Executive Committee (EC) and the Audit Committee (AC).

### Board of Directors

The Board of Directors assumes full authority over the management of the Company and ensures that the Company's operations meet its set objectives and complies with Articles of Association and shareholders' resolutions.

#### *Roles, Duties and Responsibilities of the Board of the Directors*

The principal functions of the Board are as follows:

- 1) Review and approve the Company's corporate policy and the authorization matrix.
- 2) Provide full and timely information disclosure to shareholders.
- 3) Be accountable to all shareholders by adopting best practices to enhance value for shareholders.
- 4) Manage the Company in accordance with relevant laws, objectives and Articles of Association of the Company including shareholders' resolutions.
- 5) Review, and where required, approve key strategies, objectives and plans of the Company and appropriate financial and operational matters.
- 6) Advise management on significant issues that may impact the Company.
- 7) Evaluate the adequacy of internal controls, risk management, financial reporting and compliance.
- 8) Nominate Directors and ensure that the structure and practices of the Board provide for sound corporate governance.
- 9) Supervise and appropriately remunerate senior management.

**The Company's Board of Directors as at 31 December 2017 includes:**

Name	Position	Appointment Date
Dr King Wai Chan	Chairman	18 May 2016
Mr Antonio Hang Tat Chan	Vice Chairman	18 May 2016
Mr Hang Lee Chan	Director	20 Jun 2016
Mr Yupeng Huang	Director	18 May 2016
Mr Boonyong Yongcharoenrat	Director	19 May 2016
Mr Shaosan Zheng	Director	20 Jun 2016
Mrs Jiraporn Pimpoorash	Independent Director	27 May 2004
Prof Chukiat Pramoolpol	Independent Director	21 Dec 2004
Mr Somprasong Makkasaman	Independent Director	27 May 2004

### Executive Committee

The Executive Committee (EC) consists of two non-Executive Directors and one Executive Director with the competencies and expertise to oversee the business, assets, affairs and performance of the Company. The EC focuses its activities regularly on the key requirements and policies of the Company.

*Roles, Duties and Responsibilities of the Executive Committee*

- 1) To operate the daily business of the Company in line with the Company's policy and budgets, set the directions, targets, organization and business operations of the Company, at the same time, monitor the Company's performance in achieving its targets.
- 2) To assess transactions of the Company and its subsidiaries which may have conflicts of interest with the Company. The EC would then have to propose the meeting of the AC and the Board before the transaction is approved.
- 3) To perform operations as assigned by the Board and to approve other business operations of the Company as delegated by the Board.
- 4) To approve credit and write-off debts within the authorized limits.
- 5) To approve the hiring of consultants and procurement of materials in accordance with procedures.

The Company's EC as at 31 December 2017 includes:

Dr King Wai Chan	Chairman
Mr Antonio Hang Tat Chan	Member
Mr Yupeng Huang	Member

### Chief Executive Officer (CEO)

Mr Yupeng Huang, Chief Executive Officer, has the responsibility to manage and lead daily business operations of the Company.

*Role, Duties and Responsibilities of the Chief Executive Officer*

- 1) Responsible for daily business operations and management of the Company.
- 2) To assure that the operations are in accordance with the policies, work plans, and within budget as approved by the EC and/or the Board.
- 3) Be the authorized person to manage the Company's operation to be in line with the Company's objectives, regulations, policies, standards, requirements, instructions and the resolution of the Board meeting and/or the shareholders' meeting.
- 4) Manage and lead business operations, and at the same time, evaluate Company's performance on regular basis so that proper action will be taken to prevent or minimize risks associated with external and internal factors.
- 5) To oversee any binding agreements with regards to the Company's business, as well as evaluate opportunities which may be beneficial to the Company. This includes overseeing the drafting of contracts to be further submitted to the EC and/or the Board.
- 6) Allocate sufficient funds for awards, and compensations to employees as previously approved by the Board.

# CORPORATE GOVERNANCE

- 7) To authorize employment, including transfer and rotation across departments/lines/sections, or termination of employment.
- 8) Determine rate of salary, compensation, bonus, and fringe benefits of employees.
- 9) To authorize and regulate issuance of announcements, and memorandums to ensure that the Company's policies are followed, to safeguard the Company's benefits, and to cultivate work discipline within the organization.
- 10) To perform other duties as assigned by the Board.

Actions of the Chief Executive Officer concerning the assignment of duties, responsibilities and authorization should not be in conflict with the interests of the Company and its subsidiaries. Such activities which may cause a conflict of interest have to be presented at the Board meeting or shareholders' meeting for consideration and approval in accordance with regulations of the Company, its subsidiaries, or applicable laws. However, there is an exception when such activities are part of regular business operations with a predetermined scope.

## Audit Committee

The Audit Committee (AC) is appointed by the Board in accordance with the requirements of the SET. The AC convenes at least four times a year to review the Company's business operations. In 2017, the AC called for six (6) meetings.

### *Roles, Duties and Responsibilities of the Audit Committee*

- 1) The AC is guided by the following terms of reference:
- 2) Review financial statements to ensure adequacy, accuracy and proper disclosure as required by accounting standards and relevant laws.
- 3) Review the efficiency of the internal audit system set by management.
- 4) Review business operations in accordance with the requirements of the Securities and Exchanges Act, Rules and Principle Standards of the SET or any other laws related to the Company's business.
- 5) Consider, select and nominate an independent person as the Company's auditor, and to propose the aforementioned person's remuneration, as well as to attend the meeting separately with external auditors to discuss any matters without

- the presence of management at least once a year.
- 6) Review relevant transactions for any conflicts of interest, adherence to related laws and regulations of compliance and to ensure that such transactions are transparent.
- 7) Ensure transparency and accuracy in the Company's disclosure of relevant transactions, conflicts of interest or any other operation which may cause significant impact on the Company.
- 8) Report on activities of the AC in the Company's annual reports which must be signed by the Chairman of the AC.
- 9) Perform any other act as assigned by the Board of Directors with the agreement of the AC.

The Company's Audit Committee as at 31 December 2017 includes:

Mrs Jiraporn Pimpoorash	Chairman
Prof Chukiat Pramoolpol	Member
Mr Somprasong Makkasaman	Member

Mrs Jiraporn Pimpoorash, with her extensive experience in the relevant industry for 29 years, is qualified to carry out the audits for KWG.

## SELECTION OF DIRECTORS AND EXECUTIVE OFFICER

### Directors and Executive Officer

The Board is responsible for the operations of the Company and has the duty to select qualified and accountable persons capable of maintaining good relations with the Board for Executive positions. To appoint the Directors and Management, the Company shall consider and propose qualified persons in accordance with the laws and the relevant regulations, including the Articles of Association of the Company. The Board and AC will recommend such persons.

*In appointing a member, the Board shall refer to the following for guidance:*

- Scenario 1: In the event of expiration of a Director's term, the Board shall recommend suitable candidates for election at the Annual General Meeting.
- Scenario 2: In the event that an existing Director leaves before the expiration of his or her



term, the Boards shall appoint a qualified person in his or her place with voting of no less than three-fourths and shall hold the office until the expiration of the term. The person appointed as new Board member shall serve the remainder of that term.

### **Independent Director**

The person who shall be qualified to be Independent Director must be in full compliance with the qualifications and independent criteria as prescribed by Capital Market Supervisory Board.

#### *Qualifications of Independent Directors*

- 1) Holding shares not exceeding 0.5% of the total number of shares with voting rights of the Company, parent company, subsidiary company, associate company, major shareholder or controlling person, including shares held by related persons of such Independent Director;
- 2) Neither being nor ever was an Executive Director, employee, staff, advisor who receives salary, or controlling person of the Company, parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person;
- 3) Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or subsidiary company;
- 4) Neither having nor ever had a business relationship with the Company, parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgement, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, parent company, subsidiary company, associate company, major shareholder or controlling person;

The term 'business relationship' shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial

assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or his counterparty being subject to debt payable to the other party in the amount of 3% or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. The amount of such debt shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The consideration of such debt shall include debt incurred during the period of one year prior to the date on which the business relationship with the person commences;

- 5) Neither being nor ever was an auditor of the Company, parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, parent company, subsidiary company, associate company, major shareholder or controlling person unless the foregoing relationship has ended no less than two years prior to the date of appointment;
- 6) Neither being nor ever was a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from the Company, parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services unless the foregoing relationship has ended no less than two years prior to the date of appointment;
- 7) Not being an appointed Director or representative of Directors of the Company, major shareholder or shareholder who is related to major shareholder;
- 8) Not being a Director assigned by the Board to take part in the business decision of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company;
- 9) Not undertaking any business in the same nature and in competition to the business of the Company or subsidiary company or not being a significant

# CORPORATE GOVERNANCE

partner in a partnership or being an Executive Director, employee, staff or advisor who receives salary or holding shares exceeding one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or subsidiary company;

- 10) Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operation.

However, the Company has not fixed the maximum term for Independent Directors. The Company has taken into consideration the knowledge, competency and professional experience of each Independent Director and his/her contribution for the benefits of all stakeholders and the Company's business growth, as well as the individual's performance assessment throughout the term of directorship. Each Independent Director has proved that his/her independence is maintained without any conflict of interest and/or material interest with the Company.

## ADDITIONAL TRAINING COURSES OR RELEVANT SEMINARS ATTENDED BY DIRECTORS

The Board encourages all Directors, Executives and the Company Secretary to attend training courses or participate in knowledge enhancement seminars, both internal and external, that support their work duties such as training courses offered by the Thai Institute of Directors (IOD), as well as courses arranged by other agencies so that they can apply the knowledge for the sound progress of the Company.

## BOARD MEETING POLICY

The Company requests for cooperation from all Directors to attend all meetings whenever possible. In 2017, there were nine (9) Board meetings. The Company has fixed the minimum quorum where at least one-half of total number of Directors should be present at each meeting.

## INSIDER INFORMATION CONTROL

The Company has adopted the insider trading policy, which is set out in its Code of Business Conduct.

The Company carefully monitors conflicts of interest by setting out clear policies and procedures regarding the safeguarding and utilization of sensitive information affecting trading of the Company's shares.

The policy prohibits internal stakeholders from trading in the securities of the Company if he/she is in possession of information which would, or would be likely to, have material effect on the financials of the Company.

*It is outlined as follows:*

- The Company carefully monitors the safeguarding and utilization of sensitive information which will affect the trading of the Company's shares. All Directors, Management and employees, including their spouse and children under the age of 20, are strictly prohibited to trade in the Company's securities within one month of the public disclosure of its inside information or financial statements.
- The Company is also required to file reports to the SET to disclose any changes in the Company's securities holdings for all Directors and management each time such changes occur.
- All staffs of the Company are required to acknowledge this policy upon hire. The Company is also required to review this policy annually to ensure compliance. Any employee who fails to observe the insider trading policy will be subjected to disciplinary action, including dismissal, in addition to civil and criminal penalties.

## AUDIT FEE

### Audit Fee

The Company and its subsidiaries engaged Pricewaterhouse Coopers ABAS Ltd. for auditing services and paid for audit fee expenses incurred in 2017 totaling of Baht 4,260,000.00.

Auditor's Fee for the Company	2,100,000.00 Baht
Auditor's Fee for subsidiaries	2,160,000.00 Baht

### Non-Audit Fee

There was no non-audit fee incurred in 2017.

# INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors and Audit Committee (AC) are of the opinion that King Wai Group (KWG) and its subsidiaries have in place adequate internal control systems and processes that safeguard and protect the Company's resources. The policies and procedures also ensure effective management of the Company.

KWG has engaged the Internal Audit team at Mazars Ltd. (Mazars) to provide professional and consultancy services at least once a year. The internal as well as external auditor reports, including recommendations made by these auditors are reviewed by the Audit Committee and then surfaced to the Board of Directors.

The Board of Directors and the AC are satisfied that the internal controls, addressing the financial, operational and compliance risks of the Company are adequate.



# RELATED PARTY TRANSACTIONS

## APPROVAL PROCEDURES OF RELATED PARTY TRANSACTIONS

In case that the Company, its subsidiaries, related persons or parties enter into related party transactions, the Company shall proceed in accordance with laws, regulations, notifications, orders and rules of the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to comply with corporate governance principles. It must also follow the rules of the related transaction disclosure and acquisition and disposal of the asset. Such related party transactions shall be agreed and approved by the Board and shareholders. However, no Director or Executive with conflict of interest in the matter shall be involved in the approval.

## POLICIES ON FUTURE RELATED PARTY TRANSACTIONS

The Audit Committee and the Company will oversee any future related party transactions together to ensure that they will be handled properly and approved in accordance with relevant procedures. The related party transactions shall be disclosed according to regulations of the SEC and the SET.

The Company will ensure that related party transactions shall be entered into for the best interest of the shareholders.

## RELATED PARTY TRANSACTIONS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### April 2017

The Company offered 355,731,019 new ordinary shares, which were the remaining shares from the offering to existing shareholders of the Company, at the price of THB 2.63 per share to Tommo (Thailand) Limited ("Tommo"). At that time, Tommo had the following relationship with the Company:

- Tommo had two directors, namely Mr Boonyong Yongcharoenrat and Mr Antonio Hang Tat Chan. Both directors of Tommo were also directors of the Company.
- Tommo had Mr King Wai Chan as an indirect major shareholder, who indirectly held approximately 48.70% of total issued shares in Tommo (through 100.00% indirect shareholding in Tomorrow Investments (Mauritius) Company Limited, which directly held 43.00% of shares in Tommo, and through 100.00% shareholding in Tomorrow Investments Partners (Mauritius) Company Limited, which indirectly held 5.70% of shares in Tommo).

Concurrently, Dr King Wai Chan was a director of the Company, as well as an indirect major shareholder of the Company (through 100.00% indirect shareholding in KWT1499 (Thailand) Company Pte. Ltd. ("KWT1499"), which held approximately 45.45% of total voting shares in the Company as of 5 January 2017, which was the latest date of the Company's disclosure of its share register prior to the entry into such transaction).

Therefore, the offering of new ordinary shares to Tommo was considered the Company's connected transaction in relation to Mr Boonyong Yongcharoenrat and Mr Antonio Hang Tat Chan, who were the Company's directors, and in relation to Dr King Wai Chan, who was the Company's director and indirectly held more than 10.00% of shares in the Company.

## December 2017

The Extraordinary Shareholders Meeting No.3/2017, on 22 December 2017, has approved the purchase of 749,700 ordinary shares in AEC City Co., Ltd. from King Wai International Holdings Company Limited (“KWII”) and Mr Boonyong Yongcharoenrat (representing approximately 85.00% of total issued shares in AEC City Co., Ltd.), at the total price of THB 74,969,995 where the Company would issue 23,575,470 new ordinary shares as payment to KWII and Mr Boonyong Yongcharoenrat. KWII and Mr Boonyong Yongcharoenrat have the following relationship with the Company:

- KWII has one shareholder, i.e. Dr King Wai Chan, who is a director of the Company, as well as an indirect major shareholder in KWT1499 and Tommo, by indirectly holding 100.00% of total issued shares in KWT1499 and indirectly holding approximately 48.70% of total issued shares in Tommo (through 100.00% indirect shareholding in Tomorrow Investments (Mauritius) Company Limited, which directly holds 43.00% of shares in Tommo, and through 100.00% shareholding in Tomorrow Investments Partners (Mauritius) Company Limited, which indirectly holds 5.70% of shares in Tommo).
- KWT1499 and Tommo respectively hold approximately 48.16% and 34.01% of total voting shares in the Company as of 20 November 2017, which is the Company’s latest record date. Therefore, the purchase of ordinary shares in AEC City Co., Ltd. from KWII is considered the Company’s connected transaction in relation to Dr King Wai Chan, who is the Company’s director and indirectly holds more than 10.00% of shares in the Company.
- Mr Boonyong Yongcharoenrat is a director of the Company, as well as an indirect major shareholder in Tommo, by indirectly holding approximately 51.30% of total issued shares in Tommo.

Since Tommo holds approximately 34.01% of total voting shares in the Company as of 20 November 2017, which is the Company’s latest record date, the purchase of ordinary shares in AEC City Co., Ltd. from Mr Boonyong Yongcharoenrat is considered the Company’s connected transaction in relation to Mr Boonyong Yongcharoenrat, who is the Company’s director and indirectly holds more than 10.00% of shares in the Company.

# CORPORATE SOCIAL RESPONSIBILITY



King Wai Group (Thailand) is determined to contribute to communities.

## SUSTAINABILITY FRAMEWORK

As a responsible corporate institution, we seek to build trusting and lasting relationships with our many stakeholders to generate values in society and deliver the long-term shareholder returns. We strive to achieve the following for our key stakeholders:

### **Customers:**

*To develop quality products of enduring values*

### **Shareholders:**

*To deliver sustainable earnings and maximize shareholder returns*

### **Employees:**

*To provide employees a safe working environment, as well as empower them through training and development*

### **Business Partners:**

*To build long-term and mutually beneficial relationships*

### **Communities:**

*To be responsible for making a difference by building and supporting sustainable communities*

## BUSINESS ETHICS

KWG is in compliance with Thailand's laws and regulations as well as the Stock Exchange of Thailand's (SET) regulations on good corporate governance. The Company conducts its business with integrity, fairness, and impartiality, in an ethical and proper manner with all stakeholders, including customers, suppliers, communities and employees.

KWG employees are to comply with all laws and regulations and act in the best interest of the Company. The Company aims for sustainable growth and treats all shareholders equally.

## INTELLECTUAL PROPERTY POLICY

KWG complies with Thailand's law on intellectual property. The Company encourages staff to respect intellectual property. Employees are prohibited against using the Company's resources, including computers, for unlawful activities. The Company also prohibits the use of unauthorized software without proper business licenses. Non-compliance will result in disciplinary

action. Information Technology team has made random inspection for illegal use of unauthorized software on company computers from time to time. This is part of risk management process.

Records of software must be maintained and subsequent actions that verify sufficient software licenses kept. Proof of ownership must be documented and made available for all installed software. Paid invoices are a legitimate record of software licenses. This information is useful during a software audit.

### ANTI-CORRUPTION

KWG has anti-corruption policies and measures to protect its businesses, resources and reputation. The Human Resources team conducted its annual briefing to all staff on the Company's anti-corruption policy, after which all staff were required to sign an acknowledgment form. In 2017, the Company organized 3 sessions of annual policy briefing for all head office staff and site staff on 31 October 2017, and 1-2 November 2017.

The anti-corruption policy is as follows:

- The Company's employees must under no circumstances offer, promise, give or authorize the giving, directly or through third parties, of any bribe, kickback, illicit payment, benefit in-kind or any other advantage to any customer, supplier, contractor, or any other person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Facilitation payments are also considered bribery. Employees should not make any facilitation payments on behalf of the Company.
- Similarly, KWG staff must not under any circumstances solicit or accept, directly or indirectly, any bribe, kickback, illicit payment, benefit in-kind or any other advantage from any customer, supplier, contractor, or any other person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.
- Reporting Mechanism: The Company has a channel of anti-corruption reporting in place. Employees are encouraged to lodge a protected report in relation to suspected reportable conduct to his supervisor and/or the Audit Committee Chairman.

- Investigation: The Company monitors all investigations closely. The Audit Committee Chairman will review the information gathered, following which he will interview and determine whether the circumstance warrants an investigation and if so, decide on the appropriate investigative process to be executed and corrective actions (if any) to be taken.

### HUMAN RIGHTS

KWG is a strong supporter of human rights of its employees and others involved in KWG's operations, including workers of contractors.

The Company's policy prohibits discrimination of any kind, and will not tolerate any bias including but not limited to ethnicity, gender, religion, nationality, age or physical disability. KWG aims to provide a work environment that fosters mutual employee respect and promotes harmonious working relationships.

### SAFETY

At KWG, safety is a core value. KWG conducts its business in a manner that protects the safety of all its employees and others involved in its operations, as well as customers and the public to achieve a zero-harm workplace. Project Management department has weekly safety review for construction procedure. The review is to protect and foresee the possibility of any harm.

All employees will be held accountable for filling out a report immediately after an injury occurs. Compliance with applicable laws and company safety rules and regulations is a condition of employment. Safety violation notice(s) shall be issued to any employee, subcontractor, or anyone on the jobsite violating the safety rules or regulations. Any violation of safety rules can result in suspension or immediate termination.

It is KWG policy to inform about injury in workplace. The sign for no of injury would be installed in front of construction site.

"During 2017, the construction site of the Company achieved a zero-harm workplace."



# CORPORATE SOCIAL RESPONSIBILITY

## FAIR TREATMENT TO LABOUR

KWG conducts its business operations in accordance to Thailand's labour laws. The Company is committed to protect human dignity, rights and liberty of its employees through its oversight of operations. The Company provides equitable treatment to all employees.

KWG has a human resources development plan in place which includes professional training to develop the skills of employees according to clear performance indicators and promotion procedures.

The Company also provides annual medical check-ups, medical payment plan as well as medical care seminars for all employees. In 2017, the medical check-ups were held during October.

## POLICY FOR RESOURCE USAGE

The Company established the policy for resource use. Staff would operate with resource usage saving mindset. Within operation, staff encourages to do as examples below:

- Set up automatic screen saving mode when no one attends the computer. IT department set up the mode in every computer and inspects the usage of such mode.
- Paper saving. Staff encourages to print paper out when necessary only. 2-side paper usage is strong encouraged.
- Water saving: Water saving is encouraged in office usage and operation.
- Electricity saving: Electricity should be turned off when no one is in the room.

## CARE FOR ENVIRONMENT

KWG strives to operate our business with environment care in mind. The Company conducts business with environmental friendly processes and targets to protect the environment. The Company's Project Management Department operates the construction procedure with environment friendliness policy. The policy is communicated to the Company's contractors, and the Company inspects the compliance.

## RESPONSIBILITY TO CUSTOMERS

KWG is responsible for providing correct and accurate portrayal of its products and services as well as of the Company to its customers. The Company aims to

deliver products of quality and value to customers. The Company provides after sales service and also has avenues for customer feedback.

KWG has continued to conduct Customer Relation Management (CRM) activities and has a policy to build and maintain mutual long-term relationship with customers. Every year, the Company organizes various CRM activities and invites customers to attend. The Company and customers would meet up and develop relationship together during organized scented bag making and napkin folding activity. This activity would give us a chance to strengthen the relationship with our customers and collect their feedback on their suggestion and preference for market trend, which helps us to gain the insights on the competitive advantage for our marketing plan.

We are conscious of any potential external risk that does harm to our customers and their properties and strive to take any possible preventive measure to minimize the impact of the uncontrollable risk.

KWG conducted Business Continuity Drill for flood protection on 30 October 2017 at single detached house property, Villa Arcadia Watcharapol. This is part of our customer care. Our property management team at Villa Arcadia Watcharapol, an area which is located at North of Bangkok and once experienced the 2011 Thailand flooding, conducted a flooding drill with planned procedures to better prepare the villagers for the flooding. The staff practiced how to protect the project from sudden floods and how to communicate with tenants during the flood.



*KWG conducts customer relationship management (CRM) activities to strengthen the bonding.*

## SUPPORT COMMUNITIES

During July-August 2017, Sakon Nakhon province, located in Northeastern region of Thailand had been hit by flood, the worst in 2 decades. The flood caused hospitals, schools, and airport to be shut down.

Thousands had to evacuate from their own residents, and many areas did not have water and electricity. KWG promptly donated financial support for flood relief to help the residents.

## CHILDREN DEVELOPMENT AND EDUCATION

Children education and development is always the main of KWG's social contribution. We strive to contribute to help children development where is in need.

In 2 June 2017, as a part of ongoing corporate social responsibility endeavors, KWG organized a Children Care Initiative. The Vice Chairman of KWG, Mr Antonio Hang Tat Chan, together with other volunteered employees paid a visit to two schools in Phetchaburi province, Thailand to spend some quality time with the children there. Ban Song Phi Nong School and Ban Hui Pladuk School are the two destinations for the program today. And the facilities and faculty level in both schools need improvement and support to some extent.

Led by its belief "Contribute and fulfill the duty of cherishing the Thai society", KWG Thailand held this event to inspire more children in need. The Group's Vice Chairman, Mr Antonio Hang Tat Chan said at the event, "1<sup>st</sup> June is Children's Day in China, so we would like to select the following day (2<sup>nd</sup> June) to celebrate with the Thai kids and share the happiness with them in a Chinese way. For that reason, I specifically chose panda, China's national treasure as my cartoon painting on the canteen wall of Ban Song Phi Nong School.

"It was such a delight to meet so many kids. Their meeting with us was all smiles and full of joy. Seeing them happy and offering them help gave us immense pleasure. "KWG Thailand attaches great importance to children's education and will make every effort to invest in schools and related facilities. Today's experience was extremely refreshing and we would love to be involved in as many similar meaningful events as possible in the future."

On 26 August 2017, KWG went back to Ban Hui Pladuk School to donate 5 TV sets as we learned in our previous visit that the school did not have enough teachers and the students learn via distance satellite learning program. To help them to develop their learning, KWG donated larger TV sets for students to have clearer vision.



*KWG CSR day is the opportunity for KWG management and staff to join force together to put our hands on society contribution project.*



*Children development and education is one of core concentration for King Wai Group (Thailand) to support.*

# CORPORATE SOCIAL RESPONSIBILITY

## THE HONG KONG SCHOLARSHIP PROGRAM FOR “BELT AND ROAD” STUDENTS (THAILAND)

Chairman of The Group, Dr King Wai Chan intends to support international standard education and increase opportunities for Thai students to study in Hong Kong. The Hong Kong Scholarship Program for “Belt and Road” Students (Thailand), set up by a donation of HK\$20 million (about 84,000,000 Baht) from Dr King Wai Chan, founder and Chairman of King Wai Group and Chairman of King Wai Group (Thailand) have been successfully implemented. Under this program, ten (10) scholarships have been offered annually to Thai students to enroll in undergraduate program of publicly funded institutions in Hong Kong for three academic

years starting from 2017/2018. Each scholar receives a scholarship of up to HK\$120,000 (about 504,000 Baht) per annum, and each financially needy scholar will receive a grant of not over HK\$50,000 (about Baht 210,000) per annum. The students are attending five of top universities in Hong Kong, which are;

- Hong Kong Baptist University
- The Chinese University of Hong Kong
- City University of Hong Kong
- The University of Hong Kong
- The Hong Kong University of Science and Technology

The students are studying in various fields of their choices including business, engineering, communication, sciences and global study.



*With strong intention to support education for Thai students, the Hong Kong Scholarship Program for “Belt and Road” Students (Thailand) have been successfully implemented.*



# MANAGEMENT DISCUSSION AND ANALYSIS

In Y2017, the healthy growth of world economy, especially in America and Europe, enhanced the export sector and manufacture sector of Japan and also strengthened the continuous growth of China's economic. These main factors in Y2017 virtually contributed Thailand not only export sector, but also the tourism which have expanded continually are from the new public transportation route that interchange between cities and towns of Thailand and neighbor countries and the improvement in volume and qualities of Chinese tourists. Similar to the investment from Property sector which upsized after the recent clearance of housing units brought about to the improvement of household consumption expenditure in upper-middle-income level. Although the low-income level still confronted the high household debt issues and the flat growth of agricultural income. From the healthy expansion of economic in Y2017 and the forecast of continuous growth of world economy and Thailand economy made the company bought the key strategic land plots located along the high speed public rail route at Wangnoi, Ayutthaya province and acquired AEC City Co., Ltd which is landlord in Chachoengsao Province and their land plots are beneficial from government's "Eastern Economic Corridor" (EEC) industrial policy. The company planned to invest in Insurance business by acquiring QBE Insurance (Thailand) Public Co., Ltd. which the company foresee the high potentiality in Thailand's Insurance businesses.

In Y2017, Thailand's economy upsized with higher public consumption of upper-middle-income level made the company recorded total income Baht 406.0 million, increased by 23.63% compared to Baht 328.4 million in Y2016, with property sales accounting for Baht 363.6 million and service income accounting for Baht 42.4 million, or in equivalent to 90.00% and 10.00% respectively by comparing to total incomes. In Y2017, the company generated gross profit of Baht 113.7 million, an increase of 14.96% comparable to Baht 98.9 million in Y2016. The operating result in Y2017 presented profit Baht 69.7 million for the parent company, increased by Baht 8.9 million or 14.64% comparable to Baht 60.8 million in Y2016. The main

reason of this increment is due to recognition of gain from fair value adjustment on its investment property and margin from property sales and service income in Y2017.

In Y2017, from acquisition of new key strategic businesses, the company had total assets of Baht 4,738.4 million, increased by Baht 2,309.0 million or 95.04 % comparable to Baht 2,429.4 million in Y2016. Total current assets were Baht 2,299.3 million, increased by Baht 1,078.3 million or 88.31% comparable to Baht 1,221.0 million in Y2016. The main reason of this increment was from the upsize of Property development cost, by acquiring new Land for developing 3 Condominium projects. The company had net Investment property of Baht 2,163.8 million, increased by 1,028.6 million or 90.61% comparable to Baht 1,135.2 million in Y2016, mainly from acquiring an additional land at Wangnoi, Ayutthaya Province.

## BUSINESS OPERATION

### Revenue

Income of the Company and its subsidiaries consists of revenue from rental service of the office building and sale of land and houses. In Y2017, the Company generated Baht 42.4 million from rental service of the office building, an increase of Baht 1.6 million or 3.92% from Baht 40.8 million in Y2016. Revenue from sales of land and houses in 2017 amounted to Baht 363.6 million, an increase of 76.0 million or in equivalent to 26.43% from Baht 287.6 million in Y2016. Gross profit margin was 28.00%, decreased by 2.12% from 30.12% in Y2016 or decreased in equivalent to 7.04%. The Company recorded an unrealised fair value gain on its investment properties in the amount Baht 230.0 million in Y2017 decreased by Baht 6.2 million or -2.62%, comparable to Baht 236.2 million in 2016. Gain from exchange rate from foreign currency loan was Baht 5.1 million, declined by Baht 5.3 million or 50.96% from Baht 10.4 million in Y2016. The Company recorded other income of Baht 2.7 million in Y2017, a increase of Baht 1.8 million or in equivalent to 200.00% from Baht 0.9 million in Y2016, that was mainly from interest income.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Expense

In Y2017, KWG incurred cost of property sold of Baht 278.1 million, an increase of Baht 62.3 million or 28.87% from Baht 215.8 million in 2016. Administrative expense was Baht 147.8 million, an increase of Baht 47.9 million or 47.95% from Baht 99.9 million in Y2016. These main reasons of increment were due to Staff cost, Office rental, Professional fee which contributed to the company expansion. Finance cost was Baht 63.8 million, an increase of Baht 10.7 million or 20.15% from Baht 53.1 million in Y2016. Selling expense was Baht 26.5 million, an increase of Baht 5.9 million or 28.64% from Baht 20.6 million in Y2016, mainly due to the Property tax and commission payment which paralleled with higher volume of sold units of properties.

## Income Tax Expense

In Y2017, the deferred income tax from net gain from fair value adjustment on its investment properties amounting to Baht 46.0 million, decreased by Baht 1.0 million or 2.13% from Baht 47.0 million in Y2016.

## FINANCIAL POSITION

### Assets

As ended of Y2017, the company had total assets amounting to Baht 4,738.4 million, increased by Baht 2,309.0 million or 95.04% compared to Baht 2,429.4 million in Y2016. Total current assets were Baht 2,299.3 million, increased by 1,078.3 million or 88.31% compared to Baht 1,221.0 million in Y2016 mainly due to the Cash and Cash equivalent which valued at Baht 475.4 million, increased by Baht 420.9 million or 772.29% compared to Baht 54.5 million in Y2016. The cost of property development were Baht 1,808.1 million, an increase of Baht 650.1 million or 56.14% compared to Baht 1,158.0 million in Y2016, mainly due to the acquisition of land plot for 3 condominium projects. And the investment property were Baht 2,163.8 million, increased by Baht 1,028.6 million or 90.61% from Baht 1,135.2 million mainly due to the land acquisition at Wangnoi, Ayutthaya province. In Y2017, Return from Assets (ROA) was 1.88%, decreased by -68.98% from 6.06% in Y2016. And total asset turnover ratio was 0.11%, decreased by -31.25% from 0.16% in Y2016

## Liabilities

As ended of Y2017, total liabilities were Baht 2,585.0 million, increased by Baht 363.1 or 16.34% compared to Baht 2,221.9 million in Y2016, mainly due to increasing in bank loan which were Baht 1,948.7 million, increased by Baht 328.2 million or 20.25% compared to Baht 1,620.5 million in Y2016, mainly due to the land acquisition for future project development. Total of short term loan and current portion of long-term loan which the amount of principal that will be due within one year were Baht 916.6 million, decreased by Baht 265.9 million or -22.49% compared to Baht 1,182.5 million in Y2016. Long-term loans from financial institution were Baht 1,032.1 million, increased by Baht 594.1 million or 135.64% compared to Baht 438.0 million in Y2016. The company had settled Baht 31.2 million to the long-term loans from related parties of Y2016. A debt to equity ratio equaled to 1.20x, decreased by 88.80% from 10.71x in Y2016 quick ratio equaled to 0.36x increased by 620.00% from 0.05x in 2016 and Liquidity Ratio equaled to 1.71x, increased by 72.73% from 0.99x in Y2016.

## Shareholders' Equities

As ended of Y2017, the company posted a total shareholders' equity of Baht 2,153.5 million, increased by Baht 1,946.0 million or 937.83% compared to Baht 207.5 million in Y2016, mainly due to the increase of registered capital amounting to 704.0 million ordinary shares at Par value of Baht 10.00 per share and the offering price of Baht 2.63 per share. The company maintained their proportion of equity capital in the entire group in equivalent to Baht 2,162.1 million, increased by Baht 1,948.2 million or 910.80% compared to Baht 213.9 million in Y2016. Return on equity (ROE) was 5.72%, decreased by 93.91% compared to Baht 93.99% in Y2016.

On 22 December 2017, the Board of Director Meeting No.9/2017 has approved to set up King Wai Capital Co., Ltd., owned 99.98% of total ordinary shares, to purchase the ordinary shares of QBE Insurance (Thailand) Public Company Limited ("QBE Thailand") from the existing shareholders as follows;

- 1) 34,670,029 common shares or 47.49% of total issued shares from QBE Asia Pacific Holding Limited
- 2) 37,043,594 common shares or 50.75% of total issued shares from Sinkaonamaharn Company Limited.

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Accordingly, the Subsidiary will become a holder of 71,713,623 ordinary shares in QBE Thailand, representing approximately 98.24% of total issued shares in QBE Thailand. The initial purchase price for the Sale Shares is THB 815,000,000.00 and the final purchase price will comprise THB 295,000,000.00 and the amount equal to 98.24% multiplied by net assets of QBE Thailand as of the completion date.

The Extraordinary General Meeting of the Shareholders No. 1/2018, held on 6 February 2018, has approved the increase of the Company's registered capital and the purchase, by a subsidiary which will be incorporated and wholly owned by the company, of

98.24% shares in QBE Thailand. The Company will increase registered capital from Baht 9,475,754,700.00 to Baht 13,170,534,700.00 by issuing 369,478,000 newly ordinary shares (approximately 28.05% of total issued shares after completion of registered the change of registered capital) with a par value of Baht 10.00 per share for offering to sell to the existing shareholders of the Company in proportion to their respective shareholdings at the offering ratio of 2.564633 existing share to 1 newly issued ordinary shares, at the offering price at Baht 2.49 per share. The company will define the name list of existing shareholders who have right to subscribe for the newly issued ordinary shares in 14 February 2018.

# DIRECTOR'S REPORT & FINANCIAL STATEMENT

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# REPORT OF THE AUDIT COMMITTEE

To the Shareholders of King Wai Group (Thailand) Public Company Limited

The Audit Committee of King Wai Group (Thailand) Public Company Limited (KWG) has been appointed by the KWG's Board of Executive Directors. The Audit Committee consists of 3 following independent directors with qualification and experience in accounting, audit, laws and management.

- |                                 |                                    |
|---------------------------------|------------------------------------|
| 1. Mrs Jiraporn Pimpoorash      | Chairperson of the Audit Committee |
| 2. Professor Chukiat Pramoolpol | Member of the Audit Committee      |
| 3. Mr Somprasong Makkasaman     | Member of the Audit Committee      |

Mr. Paisan Supornpun, the Assistant Vice President (Accounting) of the Company has assisted as the Secretary to the Audit Committee.

The audit committee periodically reviewed the consolidated and separate financial statements of the company and subsidiaries, the internal control system and has meetings with the Company's executive directors about Company's plan and business. The Audit Committee performed its role in accordance with guidance for corporate governance and the rules defined by the Stock Exchange of Thailand.

During the year 2017 the Audit Committee Members convened 15 meetings of which 9 meetings were Board of Directors meetings and 6 meetings were Audit Committee meetings. The Audit Committee meetings were also attended by the Executive Directors of the Company to discuss and inform the Audit Committee of the Company's business. In every quarter, as part of Audit Committee meeting, the Audit Committee has arranged to meet the Company's external auditor to discuss significant findings during the course of audit. The Audit Committee's role and meetings content could be summarized as follows;

## Financial Statements

The Audit Committee members together with KWG's executive accounting staff reviewed essential information of quarterly and annual consolidated and separate financial statements of the Company and subsidiaries for the year 2017 to ensure its compliance with Thailand financial reporting standard, its reliability and adequacy disclosures. The Audit Committee, every quarter, had a meeting with the Company's external auditor without participant of Company's executives or management to discuss and inquire issues noted or resulted from the audit by the external auditor. The Audit Committee reviewed and agreed with the external auditor on Key Audit Matters raised by the external auditor.

The Audit Committee is of the opinion that the financial statements of the Company and its subsidiaries are in accordance with the Financial Reporting Standard and with sufficient disclosures. The external auditors communicated to the Audit Committee that no material weaknesses in the control system were identified and no indication of inappropriate use of assets or concealment.

## Related Transactions

The Audit Committee had considered and given opinion about transactions that may give rise to a conflict of interest with the Company and its subsidiaries. The purpose is taking into account the interest of the stakeholders and adequate information in line with the conditions guided by the Stock Exchange of Thailand.



# REPORT OF THE AUDIT COMMITTEE

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In the fourth quarter of 2017 we have taken into consideration appropriate plan and reasons raised by the Company in purchase of shares in AEC City Co., Ltd. We have satisfied with completely procedures taken by the Company in carefully process in this acquisition.

## Internal Control and Internal Audit Supervision

The Audit Committee has reviewed the internal audit report on the Company's and its subsidiaries' procedures and internal control for the year 2017 done by the appointed internal auditor, Mazars Limited. There were no significant unusual issues or matters found.

## Regulatory Compliance

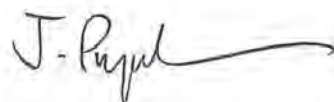
The Audit Committee reviewed the Company's business operation to ensure that it is in line with the securities and exchange law, regulation of the Stock Exchange of Thailand and laws related to the Company's business. In the year 2017 KWG had purchased pieces of land and acquired business to carry on committed target. The Audit Committee is of the opinion that the management of KWG has initiated strategic business plan to do business in Thailand that is in compliance with relevant regulations.

## Appointment of the External Auditor for the year 2018

In selection of external auditor, the Audit Committee has considered the auditor's independence, competence, skill, experience and reasonable audit fees. We have considered 3 reputable independent audit firms. The Audit Committee has agreed with the Board of Directors of KWG to select the firm of its comfortable deals. Therefore, the Audit Committee has agreed with the Board of Director of KWG to propose to the shareholders for approval to appoint Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd as the Company's and its subsidiaries' external auditor for the year ending December 2018. The appointed auditors were as follows:

Dr Suphamit Techamontrikul	C.P.A. (Thailand) registration No. 3356
Mr Choopong Surachutikarn	C.P.A. (Thailand) registration No. 4325
Mr Manoon Manusook	C.P.A. (Thailand) registration No. 4292
Mr Wee Sujarit	C.P.A. (Thailand) registration No. 7103

In summary the Audit Committee was satisfied with the management of KWG in operating KWG's business with prudence, in line with the principles of good corporate governance. The Audit Committee was of the view that for the year ended December 31, 2017, the Company and its subsidiaries had performed at its proper benefit. The Company had established procedures that helped build confidence in Company's operation in accordance with laws and regulation with compilation and disclosure of adequate and reliable Company's financial information.



Mrs Jiraporn Pimpoorash  
Chairperson of the Audit Committee  
19 March 2018

# INDEPENDENT AUDITOR'S REPORT

To the shareholders of King Wai Group (Thailand) Public Company Limited

## My opinion

In my opinion, the consolidated financial statements of King Wai Group (Thailand) Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

## Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine one key audit matter : Valuation of investment property. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

# INDEPENDENT AUDITOR'S REPORT

Key audit matter	How my audit addressed the key audit matter
<p><b>Valuation of investment property</b></p> <p>The Group has investment property comprising land and office buildings. After initial recognition, investment property is carried at fair value, which is acceptable under the Thai Accounting Standards (TAS40: Investment property).</p> <p>As at 31 December 2017, the Group recorded the fair value of investment property at Baht 2,164 million in the consolidated financial statements and at Baht 395 million in the separate financial statements. It also recognised a net gain from fair value adjustments on investment property of Baht 230 million in the consolidated statement of comprehensive income and recognised a net loss from fair value adjustments on investment property Baht 1 million in the separate statement of comprehensive income. This is explained in note 15 to the financial statements.</p> <p>The valuations of the Group's investment property were carried out by an independent professional valuer who was engaged by the Group after their qualifications and expertise were assessed. The valuation is determined using the 'market approach'. This approach involves a comparative analysis of the available market data on identical or comparable property in the same or nearby locations. The valuer takes into account other relevant information, including legal rights, the individual nature of each property, utilisation, economic outlook and industry forecasts.</p> <p>I focused on this area because of the magnitude of the change in the value of investment property and because the valuation model depends on judgement to determine the valuation of the market price of property and the appropriateness and reliability of market data.</p>	<p>I read the valuation report of the independent professional valuer. I discussed the method used to gather the market data used for comparative analysis to determine the appropriate price with the valuer. I also assessed the appropriateness of the utilisation of property and the appraisal price based on industry forecasts.</p> <p>I evaluated the appropriateness of the valuation method used for the investment property, which is the 'market approach', by comparing the value of the Group's property with the selling price of identical or comparable properties in the same or nearby locations.</p> <p>I compared the current year valuation against the prior year valuation, and assessed that the changes appear to be in line with the overall shifts in the market.</p> <p>I also assessed the valuer's qualifications and expertise and read the terms of their engagement with the Group to determine whether there were any matters that might have affected their objectivity or imposed a limitation on the scope of their work.</p> <p>Based on above procedures, I found that investment property's valuation method assessment is appropriate.</p>

## Other information

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

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other

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information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

### **Responsibilities of the directors for the consolidated and separate financial statements**

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

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that



## INDEPENDENT AUDITOR'S REPORT

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a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.


- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

PricewaterhouseCoopers ABAS Ltd.



**Vichien Khingmontri**

Certified Public Accountant (Thailand) No. 3977

Bangkok

20 February 2018

# STATEMENT OF FINANCIAL POSITION

King Wai Group (Thailand) Public Company Limited  
As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	475,390,883	54,494,270	387,664,182	27,388,645
Trade and other receivables	9	14,189,088	7,884,239	10,321,736	2,907,018
Cost of property development - net	10	1,808,120,627	1,158,012,818	-	-
Other current assets		1,565,521	626,430	1,410,438	567,944
<b>Total current assets</b>		<b>2,299,266,119</b>	<b>1,221,017,757</b>	<b>399,396,356</b>	<b>30,863,607</b>
<b>Non-current assets</b>					
Refundable withholding tax		32,299,896	26,714,974	17,827,513	15,383,360
Restricted bank deposits	11	35,200,173	32,198,701	-	-
Investments in subsidiaries - net	12	-	-	280,677,293	94,678,793
Advance payment for investment	13	150,000,000	-	150,000,000	-
Other long-term investments - net	14	510,750	433,700	510,750	433,700
Long-term loans to and interest receivables from subsidiaries	29 b)	-	-	2,141,157,244	1,450,092,433
Investment property	15	2,163,787,271	1,135,194,885	395,197,435	358,514,885
Plant and equipment - net	16	51,638,793	6,705,247	44,560,628	5,099,153
Intangible assets - net	17	1,460,960	496,155	1,430,473	495,722
Deposits		4,280,782	6,627,586	3,491,468	3,523,552
<b>Total non-current assets</b>		<b>2,439,178,625</b>	<b>1,208,371,248</b>	<b>3,034,852,804</b>	<b>1,928,221,598</b>
<b>Total assets</b>		<b>4,738,444,744</b>	<b>2,429,389,005</b>	<b>3,434,249,160</b>	<b>1,959,085,205</b>

The accompanying notes on pages 76 to 121 are an integral part of these consolidated and separate financial statements.

# STATEMENT OF FINANCIAL POSITION

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Notes	Baht	Baht	Baht	Baht
<b>Liabilities and Equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	18 a)	770,196,739	1,182,492,376	770,196,739	1,182,492,376
Current portion of long-term loan from and interest payable to a related company	29 d)	373,374,599	-	-	-
Current portion of long-term loan from a financial institution - net	18 b)	146,400,000	-	-	-
Trade and other payables	19	49,663,215	53,085,599	32,078,125	17,851,766
Advances received from customers		4,502,500	2,175,000	-	-
Other current liabilities		1,312,034	1,238,125	954,489	542,805
<b>Total current liabilities</b>		1,345,449,087	1,238,991,100	803,229,353	1,200,886,947
<b>Non-current liabilities</b>					
Long-term loans from financial institutions - net	18 b)	1,032,144,181	438,000,000	-	-
Long-term loan from and interest payable to a related party	29 d)	-	366,062,735	-	-
Long-term loans from and interest payable to subsidiaries	29 c)	-	-	64,183,483	49,405,208
Long-term loans from related person	29 e)	-	31,186,234	-	-
Employee benefit obligations	20	9,570,092	8,752,853	7,815,542	6,811,887
Deposit from customers		12,107,791	10,802,350	10,434,711	9,509,270
Deferred tax liabilities	21	158,421,304	105,846,393	72,064,862	65,752,193
Prepayment from customers for housing estate juristic person		25,276,111	22,274,839	-	-
Other non-current liabilities		2,000,000	-	2,000,000	-
<b>Total non-current liabilities</b>		1,239,519,479	982,925,404	156,498,598	131,478,558
<b>Total liabilities</b>		2,584,968,566	2,221,916,504	959,727,951	1,332,365,505

The accompanying notes on pages 76 to 121 are an integral part of these consolidated and separate financial statements.

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Notes	Baht	Baht	Baht	Baht
<b>Liabilities and Equity</b> (Cont'd)					
<b>Equity</b>					
Share capital	22				
Authorised share capital					
924,000,000 ordinary shares					
at par value of Baht 10 each		9,240,000,000		9,240,000,000	
220,000,000 ordinary shares					
at par value of Baht 10 each			2,200,000,000		2,200,000,000
Issued and paid-up share capital					
924,000,000 ordinary shares					
paid up of Baht 10 each		9,240,000,000	-	9,240,000,000	-
220,000,000 ordinary shares					
paid up of Baht 10 each		-	2,200,000,000	-	2,200,000,000
Share discount	22	(5,945,541,485)	(749,997,158)	(5,945,541,485)	(749,997,158)
Retained earnings (deficit)					
Appropriated - legal reserve	23	12,525,332	12,525,332	2,075,332	2,075,332
Unappropriated		(1,171,066,349)	(1,244,092,986)	(848,234,664)	(820,792,174)
Other components of equity		26,222,026	(4,566,300)	26,222,026	(4,566,300)
<b>Equity attributable to owners of the parent</b>		2,162,139,524	213,868,888	2,474,521,209	626,719,700
Non-controlling interests		(8,663,346)	(6,396,387)	-	-
<b>Total equity</b>		2,153,476,178	207,472,501	2,474,521,209	626,719,700
<b>Total liabilities and equity</b>		4,738,444,744	2,429,389,005	3,434,249,160	1,959,085,205

The accompanying notes on pages 76 to 121 are an integral part of these consolidated and separate financial statements.



# STATEMENT OF COMPREHENSIVE INCOME

King Wai Group (Thailand) Public Company Limited  
For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Revenue from sales of property		363,600,000	287,600,000	-	-
Rental and service income		42,439,299	40,817,947	41,672,921	40,289,320
Cost of property sold		(278,127,273)	(215,775,020)	-	-
Cost of rental and service		(14,225,585)	(13,717,438)	(13,631,818)	(13,186,675)
<b>Gross profit</b>		113,686,441	98,925,489	28,041,103	27,102,645
Other income	24	237,814,908	247,493,089	88,904,182	101,043,244
Selling expenses		(26,489,712)	(20,636,928)	(1,017,409)	(1,042,517)
Administrative expenses		(147,770,853)	(99,912,358)	(111,111,448)	(83,352,375)
<b>Profit before finance costs and income tax expense</b>		177,240,784	225,869,292	4,816,428	43,750,997
Finance costs	25	(63,823,177)	(53,065,877)	(34,928,245)	(40,228,741)
<b>Profit (loss) before income tax expense</b>		113,417,607	172,803,415	(30,111,817)	3,522,256
Income tax expense	27	(45,997,092)	(47,005,138)	265,150	(7,001,632)
<b>Profit (loss) for the year</b>		67,420,515	125,798,277	(29,846,667)	(3,479,376)

The accompanying notes on pages 76 to 121 are an integral part of these consolidated and separate financial statements.

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
<b>Profit (loss) for the year</b>		67,420,515	125,798,277	(29,846,667)	(3,479,376)
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurement of post-employment benefit obligations	20	3,337,663	(3,261,290)	2,404,177	(2,490,479)
Revaluation surplus of investment property which was transferred from plant and equipment		32,889,095	-	32,889,095	-
Income tax relating to items that will not be reclassified		(6,577,819)	-	(6,577,819)	-
<b>Total items that will not be reclassified subsequently to profit or loss</b>		29,648,939	(3,261,290)	28,715,453	(2,490,479)
<i>Item that will be reclassified subsequently to profit or loss:</i>					
Reclassification of changes in value of available-for-sale investment to profit or loss	14	4,400,000	-	4,400,000	-
Changes in value of available-for-sale investments	14	77,050	57,250	77,050	57,250
Income tax relating to item that will be reclassified		-	-	-	-
<b>Total item that will be reclassified subsequently to profit or loss</b>		4,477,050	57,250	4,477,050	57,250
<b>Other comprehensive income (expense) for the year, net of tax</b>		34,125,989	(3,204,040)	33,192,503	(2,433,229)
<b>Total comprehensive income (expense) for the year</b>		101,546,504	122,594,237	3,345,836	(5,912,605)
<b>Profit (loss) attributable to:</b>					
Owners of the parent		69,688,974	60,767,531	(29,846,667)	(3,479,376)
Non-controlling interests		(2,268,459)	65,030,746	-	-
		67,420,515	125,798,277	(29,846,667)	(3,479,376)
<b>Total comprehensive income (expense) attributable to:</b>					
Owners of the parent		103,814,963	57,614,645	3,345,836	(5,912,605)
Non-controlling interests		(2,268,459)	64,979,592	-	-
		101,546,504	122,594,237	3,345,836	(5,912,605)
<b>Earnings (loss) per share</b>					
Basic earnings (loss) per share	28	0.09	0.28	(0.04)	(0.02)

The accompanying notes on pages 76 to 121 are an integral part of these consolidated and separate financial statements.

# STATEMENT OF CHANGES IN EQUITY

King Wai Group (Thailand) Public Company Limited  
For the year ended 31 December 2017

	Consolidated financial statements											
	Attributable to owners of the parent						Non-controlling interests					
	Retained earnings (deficit)			Other component of equity			Total owners of the parent			Total equity		
	Share discount	Appropriated - legal reserve	Unappropriated	Revaluation surplus of property	Available-for-sale investments	Total other component of equity	Share discount	Appropriated - legal reserve	Unappropriated	Revaluation surplus of property	Available-for-sale investments	Total other component of equity
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Opening balance as at 1 January 2016</b>	2,200,000,000	(749,997,158)	12,525,332	(1,301,650,381)	-	(4,623,550)	156,254,243	(95,875,979)	60,378,264			
<b>Changes in equity for the year 2016</b>												
Effect from assets acquisition	-	-	-	-	-	-	-	24,500,000	24,500,000			
Profit for the year	-	-	-	60,767,531	-	-	60,767,531	65,030,746	125,798,277			
Other comprehensive income (expense) for the year	-	-	-	(3,210,136)	-	57,250	(3,152,886)	(51,154)	(3,204,040)			
<b>Closing balance as at 31 December 2016</b>	2,200,000,000	(749,997,158)	12,525,332	(1,244,092,986)	-	(4,566,300)	213,868,888	(6,396,387)	207,472,501			
<b>Changes in equity for the year 2017</b>												
Issue of shares (Note 22)	7,040,000,000	(5,195,544,327)	-	-	-	-	1,844,455,673	-	1,844,455,673			
Increase of non-controlling interests from investment in subsidiaries	-	-	-	-	-	-	-	1,500	1,500			
Profit (loss) for the year	-	-	-	69,688,974	-	-	69,688,974	(2,268,459)	67,420,515			
Other comprehensive income for the year	-	-	-	3,337,663	26,311,276	4,477,050	34,125,989	-	34,125,989			
<b>Closing balance as at 31 December 2017</b>	9,240,000,000	(5,945,541,485)	12,525,332	(1,171,066,349)	26,311,276	(89,250)	2,162,139,524	(8,663,346)	2,153,476,178			

The accompanying notes on pages 76 to 121 are an integral part of these consolidated and separate financial statements.

Separate financial statements												
Retained earnings (deficit)					Other component of equity							
			Appropriated - legal reserve		Unappropriated		Revaluation surplus of property		Available-for-sale investments		Total other component of equity	
Issued and paid-up share capital	Baht	Baht	Share discount	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Total equity
	2,200,000,000		(749,997,158)		2,075,332	(814,822,319)		-	(4,623,550)		(4,623,550)	632,632,305
	-		-		-	(3,479,376)		-	-		-	(3,479,376)
	-		-		-	(2,490,479)		-	57,250		57,250	(2,433,229)
	2,200,000,000		(749,997,158)		2,075,332	(820,792,174)		-	(4,566,300)		(4,566,300)	626,719,700
	7,040,000,000		(5,195,544,327)		-	-		-	-		-	1,844,455,673
	-		-		-	(29,846,667)		-	-		-	(29,846,667)
	-		-		-	2,404,177		26,311,276	4,477,050		30,788,326	33,192,503
	9,240,000,000		(5,945,541,485)		2,075,332	(848,234,664)		26,311,276	(89,250)		26,222,026	2,474,521,209

The accompanying notes on pages 76 to 121 are an integral part of these consolidated and separate financial statements.



# STATEMENT OF CASH FLOWS

## King Wai Group (Thailand) Public Company Limited For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Profit (loss) before income tax		113,417,607	172,803,415	(30,111,817)	3,522,256
Adjustments to reconcile profit (loss) before tax to net cash for operating activities:					
Depreciation	16	5,718,515	1,715,955	4,595,830	918,157
Amortisation	17	153,043	154,915	150,997	122,461
Loss on impairment of available-for-sales investment	14	4,400,000	-	4,400,000	-
Loss on write-off of equipment	16	-	4,650	-	4,646
Gain on disposal of equipment	24	(158,863)	-	(158,865)	-
Unrealised (gain) loss on foreign exchange		(5,120,190)	(10,387,476)	-	8,971
Net gain (loss) from fair value adjustments on investment property	24	(229,985,459)	(236,235,688)	1,325,752	(35,008,158)
Employee benefit obligations	20	4,154,902	925,444	3,407,832	824,284
Reversal of employee benefit obligations		-	(3,000,485)	-	(3,000,485)
Interest income	24	(2,013,544)	(192,719)	(69,030,721)	(49,905,163)
Finance costs	25	62,535,304	50,889,055	34,891,384	38,432,714
Allowance for decrease in value of cost of property development	10	3,736,030	2,670,707	-	-
Loss on impairment of investment in subsidiaries		-	-	-	12,058,267
Reversal of allowance for loss on impairment of investment in subsidiaries		-	-	-	(1,165,153)
Loss from liquidation of subsidiaries		-	-	-	1,160,392
<b>Changes in working capital</b>		(43,162,655)	(20,652,227)	(50,529,608)	(32,026,811)
Trade and other receivables		(6,304,724)	111,569	(7,414,718)	426,217
Cost of property development		(653,843,839)	109,957,454	-	-
Other current assets		(939,091)	(177,979)	(842,494)	(136,989)
Other non-current assets		2,346,804	(4,877,817)	32,084	(3,246,663)
Trade and other payables		(14,742,091)	(19,815,130)	(2,805,965)	2,517,747
Deposits and advances from customers		2,327,500	(3,840,000)	-	-
Other current liabilities		73,909	(412,110)	411,684	(80,149)
Refundable withholding tax		518,202	-	-	-
Other non-current liabilities		4,306,713	3,470,553	925,441	565,657
<b>Cash generated from (used in) operating activities</b>		(709,419,272)	63,764,313	(60,223,576)	(31,980,991)
Income tax paid		(6,103,124)	(5,634,508)	(2,444,153)	(2,743,989)
<b>Net cash generated from (used in) operating activities</b>		(715,522,396)	58,129,805	(62,667,729)	(34,724,980)

The accompanying notes on pages 76 to 121 are an integral part of these consolidated and separate financial statements.

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Notes	Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Increase in restricted bank deposits		(3,001,472)	(2,611,196)	-	-
Cash receipt from liquidation of subsidiaries		-	-	-	2,838,808
Cash payment for investment in subsidiaries		-	(25,194,962)	(185,998,500)	(26,249,850)
Advance payment for investment	13	(150,000,000)	-	(150,000,000)	-
Cash payment for long-term loans to subsidiaries		-	-	(1,238,762,512)	(234,613,185)
Cash receipt from long-term loans to subsidiaries		-	-	-	20,000
Cash payment for investment property		(760,337,825)	(1,507,083)	(1,023,200)	(1,507,083)
Cash payment for purchase of building improvement and equipment		(44,618,467)	(1,882,337)	(38,020,154)	(1,070,556)
Cash payment for purchase of computer software		(388,684)	(347,424)	(356,584)	(347,424)
Cash receipt from disposal of equipment		162,434	-	158,879	-
Cash receipt from interest income		2,013,419	193,026	1,957,533	819,869
<b>Net cash used in investing activities</b>		(956,170,595)	(31,349,976)	(1,612,044,538)	(260,109,421)
<b>Cash flows from financing activities</b>					
Cash receipt from short-term loans from financial institutions	18	40,000,000	1,206,863,364	40,000,000	1,206,863,364
Cash payment for short-term loans from financial institutions	18	(452,295,637)	(1,150,364,794)	(452,295,637)	(1,150,364,794)
Cash receipt from long-term loans from subsidiaries		-	-	632,900,000	306,947,363
Cash payment for long-term loans from subsidiaries		-	-	-	(20,000)
Cash payment for long-term loan from a related person		(31,186,234)	(32,459,141)	-	-
Cash receipt from long-term loan from financial institution		739,250,000	-	-	-
Cash receipt for paid-up share capital		1,851,520,000	-	1,851,520,000	-
Cash payment for issuing share capital		(7,064,327)	-	(7,064,327)	-
Cash receipt for from issued share capital of subsidiaries		1,500	-	-	-
Cash payment for interest expenses		(47,635,698)	(34,536,795)	(30,072,232)	(43,751,587)
<b>Net cash generated (used in) from financing activities</b>		2,092,589,604	(10,497,366)	2,034,987,804	319,674,346
<b>Net increase in cash and cash equivalents</b>		420,896,613	16,282,463	360,275,537	24,839,945
Cash and cash equivalents at beginning of the year		54,494,270	38,211,807	27,388,645	2,548,700
<b>Cash and cash equivalents at ending of the year</b>		475,390,883	54,494,270	387,664,182	27,388,645
<b>Non-cash transactions</b>					
Increase on change in value of available-for-sale investments	14	77,050	57,250	77,050	57,250
Net offsetting of interest receivables and interest payable		-	-	66,222,376	47,097,912

The accompanying notes on pages 76 to 121 are an integral part of these consolidated and separate financial statements.

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 1 General information

King Wai Group Public (Thailand) Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The address of the Company’s registered office is as follows:

Head office : 30<sup>th</sup> Floor, Jewellery Centre Building, 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500

Branch : 47<sup>th</sup> Floor, Empire Tower Building, 1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120

For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The Group is engaged in property development in Thailand.

The consolidated and separate financial statements were authorised by the Board of Directors on 20 February 2018.

## 2 Accounting policies

The principal of accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

### 2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai financial reporting standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except the measurement of available-for-sale investments and investment property at fair value, which has been explained in the relevant accounting policies.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 5.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### 2.2 Revised accounting standards and financial reporting standards

2.2.1 Revised accounting standards and financial reporting standards which are effective for the periods beginning on or after 1 January 2017, which have significant changes and are relevant to the Group:

TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 38 (revised 2016)	Intangible assets
TFRS 11 (revised 2016)	Joint arrangements

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

The above revised standards have no material impact on the Group.

- 2.2.2 Revised accounting standards and financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

Revised accounting of standards and financial reporting standards, which have significant changes and are relevant to the Group:

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.



# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

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- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

## 2.3 Group Accounting – Investments in subsidiaries and associates

### (1) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in statement of comprehensive income.

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Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## **(2) Transactions and non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## **(3) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

## **(4) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

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In the separated financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

## 2.4 Foreign currency translation

### (a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Thai Baht, which is the company's functional and the Group's presentation currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

## 2.5 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

## 2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and are recognised in profit or loss within administrative expenses.

## 2.7 Inventories

The Group's inventories comprise condominium units, land and single detached houses for sale. Inventories are stated at the lower of cost or net realisable value.

Costs of condominium units, land and single detached houses for sale are determined by the actual cost incurred of each project.

The cost of inventory comprises, construction costs and other direct costs. Net realisable value is the estimate of the selling price in the ordinary course of business less costs of completions and applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

## 2.8 Costs of property development

Costs of property development are stated at cost less allowance for loss on projects. Costs include cost of land, cost of land development, costs of constructions, other development cost which are preparation cost for construction, infrastructure and related borrowing costs.

The Group recognises cost of sales from costs of property development upon the transfer of title ship to the buyer.

## 2.9 Investments

Investments other than investments in subsidiaries, associates and joint ventures are classified into the following two categories: (1) available-for-sale investments; and (2) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (2) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Available for sale investments are subsequently measured at fair value. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

## 2.10 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property of the Group is land and building held for long-term rental yields, including certain building under construction.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.



# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

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Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

After initial recognition, investment property is carried at fair value based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Changes in fair values are recognised in profit or loss. Investment property are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net gain from fair value adjustment on investment property.

If an item of owner occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under TAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in gain on asset revaluation. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised gain on asset revaluation, with any remaining decrease charged to profit or loss.

## 2.11 Plant and equipment

Plant and equipment are stated at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Plant and equipment are stated at historical cost less accumulated depreciation cost and allowance of impairment loss (if any).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives as follows:

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Buildings and buildings improvement	20 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss within other income and other expense, respectively.

## 2.12 Intangible assets

Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Computer software development costs recognised as intangible assets are amortised using the straight-line method over their estimated useful lives, which does not exceed 10 years.

## 2.13 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.14 Leases

### Lease - where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

## **Lease - where the Group is the lessor**

Assets leased out under operating leases are included in investment property. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

## **2.15 Borrowings**

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **2.16 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the statement of financial position.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **2.17 Employee benefits**

### **2.17.1 Post-employment**

The Group operate various post-employment benefit schemes. The Group has both defined benefit and defined contribution plans.

#### **2.17.1.1 Defined contribution**

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an assets to the extent that a cash refund or a reduction in the future payment is available.

#### **2.17.1.2 Retirement benefits**

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by the Group's management using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.



# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

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## 2.17.2 Bonus plan

The Group recognises a liability and an expenses for bonuses is a past practice that has created a construction obligation.

## 2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of land and detached house and service for utilities. Revenues from sales of land and single detached house and condominium units are recognised upon the transfer of the title ship to the buyer. Revenue is shown net of rebates and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Service income is recognised as services are provided.

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time proportion basis, taking account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group. Dividends are recognised when the right to receive payment is established.

Other income is recognised on an accrual basis.

## 2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer that makes strategic decisions.

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Segment information is presented in respect of the Group's business segments which is based on the Group's management and internal reporting structure (See more information in Note 7).

### **3 Financial risk management**

#### **3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity

##### **3.1.1 Foreign exchange risk**

The Group exposed to foreign exchange risk arising mainly from borrowing denominated in Singapore Dollar. However, the borrowing due to a related party, for which the Group can manage the repayment schedule at the opportune exchange rate. The Group had no forward contracts.

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

The Group's income and operating cash flows are not substantially independent of changes in market interest rates. The Group has interest rate risk arising from borrowings with floating and fixed interest rates. However, since most of the financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate.

##### **3.1.3 Credit risk**

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history.

##### **3.1.4 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Cash and deposits are placed with financial institutions with high credit rating.

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## 4 Fair value estimation

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2017 and 2016.

	Consolidated financial statements					
	2017			2016		
	Level 1 Baht	Level 2 Baht	Total Baht	Level 1 Baht	Level 2 Baht	Total Baht
Available- for-sales investments (Note 14)	510,750	-	510,750	433,700	-	433,700
Investment property (Note 15)	-	2,163,787,271	2,163,787,271	-	1,135,194,885	1,135,194,885
<b>Total assets</b>	<b>510,750</b>	<b>2,163,787,271</b>	<b>2,164,298,021</b>	<b>433,700</b>	<b>1,135,194,885</b>	<b>1,135,628,585</b>

	Separate financial statements					
	2017			2016		
	Level 1 Baht	Level 2 Baht	Total Baht	Level 1 Baht	Level 2 Baht	Total Baht
Available- for-sales investments (Note 14)	510,750	-	510,750	433,700	-	433,700
Investments property (Note 15)	-	395,197,435	395,197,435	-	358,514,885	358,514,885
<b>Total assets</b>	<b>510,750</b>	<b>395,197,435</b>	<b>395,708,185</b>	<b>433,700</b>	<b>358,514,885</b>	<b>358,948,585</b>

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price by reference to the Stock Exchange of Thailand. These instruments are included in Level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

(c) Financial instruments in level 3.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no transfers between levels 1 and 2 during the year.

There were no other changes in valuation techniques during the period.

## 5 Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

### 5.1 Impairment of short-term loans to related parties, investment in subsidiaries and other long-term investments

The Group estimates the possibility of the recoverability of loans to and receivables from related parties by considering the ability of settlement. For the investments in subsidiaries and other long-term investments, the Group reviews whether the investments have suffered any impairment. The recoverable amounts have been determined based on their expected future cash flow.

### 5.2 Project development costs estimation

In calculating cost of land and houses sold, the subsidiaries have to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs, borrowing costs and other related costs. The management estimates these costs based on their business experience and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

### 5.3 Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probably that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be deducted. The Group has determined the future taxable profits by referencing to the latest available financial forecasts. The recognition, therefore, involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised.

### 5.4 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for employee benefit include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit obligations.

Additional information of other key assumptions for employee benefit obligations is disclosed in Note 20.

## 6 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.



# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## 7 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.

Internal reporting reviewed by the chief operating decision maker is separated into 2 operating segments with different products and services as follows:

- The real estate business segment, which develops residential housing projects.
- The rental and service business segment, which provides rental and other services for its office space.

	Consolidated financial statements (Million Baht)					
	For the year ended 31 December					
	Real estate business segment		Rental and service business segment		Total	
	2017	2016	2017	2016	2017	2016
Revenue	596 <sup>(1)</sup>	489 <sup>(1)</sup>	40 <sup>(2)</sup>	75 <sup>(2)</sup>	636	564
Operating profit (loss)	255	211	(86)	4	169	215
Unallocated income (expenses)						
Other income					3	1
Gain on foreign exchange					5	10
Income tax expense					(46)	(47)
Finance cost					(64)	(53)
Profit for the year					67	126

<sup>(1)</sup> Revenues from the real estate business segment for the year ended 31 December 2017 included a net gain from fair value adjustments on investment property of Baht 231 million (2016 : Baht 201 million), which was presented as an integral part of other income in the statement of comprehensive income.

<sup>(2)</sup> Revenues from the rental and service business segment for the year ended 31 December 2017 included a net loss from fair value adjustments on investment property of Baht 1 million (2016 : a net gain from fair value adjustments on investment property of Baht 35 million), which was presented as an integral part of other income in the statement of comprehensive income.

	Consolidated financial statements (Million Baht)					
	As at 31 December					
	Real estate business segment		Rental and service business segment		Total	
	2017	2016	2017	2016	2017	2016
Segment fixed assets	1,776	778	439	364	2,215	1,142
Unallocated other assets	1,950	1,237	573	50	2,523	1,287
Consolidated total assets					4,738	2,429

### Geographic information

The Group's revenue from external customers is generated in the country only.

## Major customers

The Group has no revenue from transactions with a single external customer that amounts to 10% or more of the Group's revenue. Therefore, the Group does not present the information about major customers

## 8 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Cash on hand	176,000	116,000	64,000	64,000
Deposits at banks - current	6,261,828	26,080,634	1,984,037	24,086,051
- savings	468,953,055	28,297,636	385,616,145	3,238,594
	475,390,883	54,494,270	387,664,182	27,388,645

As at 31 December 2017, savings accounts bear interest at the rates between 0.10% and 1.875% per annum (2016: 0.10% and 0.75% per annum).

## 9 Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Trade account receivables	1,138,674	960,594	1,138,674	960,594
Other receivables	231,000	277,079	-	32,299
Interest receivables	11,894	11,769	-	-
Prepayments	11,229,415	987,599	9,145,611	818,215
Others	1,578,105	5,647,198	37,451	1,095,910
	14,189,088	7,884,239	10,321,736	2,907,018

Aging analysis of trade account receivables, from invoice date, is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Trade account receivables under credit term	664,799	960,594	664,799	960,594
Trade account receivables over due for payment - less than 3 months	473,875	-	473,875	-
	1,138,674	960,594	1,138,674	960,594

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## 10 Cost of property development – net

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Land and single detached house for sales	160,277,237	297,876,595	-	-
Land under development	879,835,509	-	-	-
Land development cost	276,016,012	284,597,051	-	-
Construction in progress	74,750,340	159,557,084	-	-
Other development cost	404,166,355	399,170,884	-	-
Condominium unit held for sales	25,590,000	25,590,000	-	-
	1,820,635,453	1,166,791,614	-	-
<u>Less</u> Allowance for decrease in value				
- land and single detached house for sales	(12,514,826)	(8,778,796)	-	-
	1,808,120,627	1,158,012,818	-	-

As at 31 December 2017, the subsidiary mortgaged the cost of property development with a financial institution amounting to Baht 538 million (2016: Baht 354 million) as collateral for secure credit facility of a short-term loan from a financial institution (Note 18) and letter of guarantees facility of the subsidiary amounting to Baht 6.93 million (2016: Baht 6.93 million) (Note 30 c)).

During the year ended 31 December 2017, borrowing costs of Baht 20.27 million (2016 : Baht 4.28 million) were capitalised as cost of property development.

## 11 Restricted bank deposits

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
3-month fixed deposit at bank	9,911,561	9,911,561	-	-
12-month fixed deposit at bank	25,288,612	22,287,140	-	-
	35,200,173	32,198,701	-	-

As at 31 December 2017, the 3-month fixed deposit amounting to Baht 10 million (2016 : Baht 10 million) are pledged as collateral for the letter of guarantees issuance (Note 30 c). The 12-month fixed deposit amounting to Baht 25 million (2016: Baht 22 million) of the subsidiaries represent the payments received from customers for maintenance and management of facilities and public service of the project under the contract to buy and sell land and houses. The subsidiary will deliver the amount to the housing estate juristic person after its establishment.

## 12 Investments in subsidiaries - net

Details of investments in subsidiaries as at 31 December 2017 and 2016 are as follows:

Company's name	Business	Separate financial statements									
		Paid-up share capital		Shareholding percentage		Cost method		Allowance for impairment of investments		Net book value (cost method)	
		2017 Baht	2016 Baht	2017 (%)	2016 (%)	2017 Baht	2016 Baht	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Thai-Kami Co., Ltd.	Property development	374,750,000	374,750,000	100	100	374,749,940	374,749,940	(374,749,940)	(374,749,940)	-	-
Top Property Co., Ltd.	Property development	563,400,000	563,400,000	61	61	343,674,000	343,674,000	(343,674,000)	(343,674,000)	-	-
Gold Star Property Co., Ltd.	Property development	409,100,000	409,100,000	100	100	409,099,940	409,099,940	(340,920,947)	(340,920,947)	68,178,993	68,178,993
Cornerstone Realty Co., Ltd.	Property development	1,000,000	1,000,000	100	100	999,100	999,100	(999,100)	(999,100)	-	-
KWG Explore Co., Ltd.	Property development	1,000,000	1,000,000	100	100	999,800	999,800	-	-	999,800	999,800
NVV Development Co., Ltd.	Property development	230,000,000	50,000,000	89	51	205,500,000	25,500,000	-	-	205,500,000	25,500,000
S31 Limited	Property development	1,000,000	-	100	-	999,700	-	-	-	999,700	-
S61 Limited	Property development	1,000,000	-	100	-	999,700	-	-	-	999,700	-
Param4 Limited	Property development	1,000,000	-	100	-	999,700	-	-	-	999,700	-
King Wai Construction Limited	Construction	1,000,000	-	100	-	999,800	-	-	-	999,800	-
King Wai Media Limited	Advertising and marketing services	1,000,000	-	100	-	999,800	-	-	-	999,800	-
King Wai Property Limited	Property management and agent	1,000,000	-	100	-	999,800	-	-	-	999,800	-
Total						1,341,021,280	1,155,022,780	(1,060,343,987)	(1,060,343,987)	280,677,293	94,678,793

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

The movement of investments in subsidiaries - net for the years ended 31 December 2017 and 2016 are as follows:

	Separate financial statements	
	2017 Baht	2016 Baht
Opening net book amount	94,678,793	83,321,257
Additional investment in subsidiaries	185,998,500	26,249,850
Reversal of allowance for impairment of investment in liquidated subsidiaries	-	1,165,153
Allowance for impairment of investment in a subsidiary	-	(12,058,267)
Write-off investment in liquidation of subsidiaries	-	(3,999,200)
Closing net book amount	280,677,293	94,678,793

## Significant events

Significant transactions with related parties are summarised as follows:

### Investment in subsidiaries

#### NVV Development Co., Ltd.

At Board of Directors' Meeting no. 4/2017 on 11 May 2017, it was unanimously resolved to approve an additional investment of a Baht 180,000,000 increase in NVV Development's share capital comprising 1,800,000 shares at a par value of Baht 100 per share. The Company had fully paid the call-up share capital as at 25 May 2017. Its investment in NVV Development increased from 255,000 shares totalling Baht 25,500,000 to 2,055,000 shares totalling Baht 205,500,000. The shareholding percentage increased from 51.00% to 89.35%.

At Board of Directors' Meeting no. 6/2017 on 14 September 2017, it was unanimously resolved to approve an additional investment of a Baht 24,500,000 in NVV Development's share capital by purchasing 245,000 shares from an existing shareholder at a par value of Baht 100 per share. Its investment in NVV Development will be increased from 2,055,000 shares totalling Baht 205,500,000 to 2,300,000 shares totalling Baht 230,000,000. The shareholding percentage increased from 89.35% to 99.99% of the registered share capital. As at 31 December 2017, the Company has not yet paid up share capital to existing shareholders.

#### S31 Limited

On 19 May 2017, the Company incorporated S31 Limited in Thailand with an authorised share capital of Baht 1,000,000, which comprised 10,000 ordinary shares at a par value of Baht 100 each. The Company invested in 9,997 shares totalling Baht 999,700, which is a 99.97% shareholding.

#### S61 Limited

On 3 April 2017, the Company incorporated S61 Limited in Thailand with an authorised share capital of Baht 1,000,000, which comprised 10,000 ordinary shares at a par value of Baht 100 each. The Company invested in 9,997 shares totalling Baht 999,700, which is a 99.97% shareholding.

#### Praram4 Limited

On 18 May 2017, the Company incorporated Praram4 Limited in Thailand with an authorised share capital of Baht 1,000,000, which comprised 10,000 ordinary shares at a par value of Baht 100 each. The Company invested in 9,997 shares totalling Baht 999,700, which is a 99.97% shareholding.



### **King Wai Construction Limited**

On 20 June 2017, the Company incorporated King Wai Construction Limited in Thailand with an authorised share capital of Baht 1,000,000 comprising 10,000 ordinary shares at a par value of Baht 100 each. The Company invested in 9,997 shares totalling Baht 999,700, which is a 99.97% shareholding.

### **King Wai Media Limited**

On 22 May 2017, the Company incorporated King Wai Media Limited in Thailand with an authorised share capital of Baht 1,000,000 comprising 10,000 ordinary shares at a par value of Baht 100 each. The Company invested in 9,997 shares totalling Baht 999,700, which is a 99.97% shareholding.

### **King Wai Property Limited**

On 22 May 2017, the Company incorporated King Wai Property Limited in Thailand with an authorised share capital of Baht 1,000,000 comprising 10,000 ordinary shares at a par value of Baht 100 each. The Company invested in 9,997 shares totalling Baht 999,700, which is a 99.97% shareholding.

### **AEC City Co., Ltd.**

At the Extraordinary General Shareholders' Meeting no. 3/2017 on 22 December 2017, it was resolved to approve investment in share capital of AEC City Co., Ltd (AEC), a related company. The approved investment comprised 749,700 shares totalling Baht 74,969,995 or 85% of total registered shares of AEC. The shares will be bought from the existing shareholders, King Wai International Holdings Company Limited and Mr. Boonyong Yongcharoenrat (collectively 'the Sellers'), who are related parties.

For this purchase, the Company will increase its registered share capital from Baht 9,240,000,000 to Baht 9,475,754,700 by issuing 23,575,470 new ordinary shares at a par value of Baht 10 per share. The newly issued shares will be allocated to the private placement at Baht 3.18 per share under a private placement at Baht 3.18 per share in lieu of cash payment as disclosed in Note 22 to the financial statements.

### **Subsidiaries with material non-controlling interests**

The summarised financial information for each subsidiary that has non-controlling interests that are material is as follows:

	Shareholder percentage and the proportion of the voting rights of non-controlling interests		Total comprehensive income (expense) attributable to non-controlling interests		Accumulated non-controlling interests	
	2017 %	2016 %	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Top Property Co., Ltd.	39	39	(13,608,746)	(12,548,606)	(121,883,824)	(108,275,078)
NVV Development Co., Ltd	11	49	11,418,040	77,540,147	88,958,188	77,540,147

### **Summaries financial information on subsidiaries with material non-controlling interests**

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## Summarised statement of financial position

	Top Property Co., Ltd.		NVV Development Co., Ltd.	
	As at 31 December		As at 31 December	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
<b>Current</b>				
Assets	697,117,059	702,445,410	53,331,865	189,932
Liabilities	(1,573,386)	(1,676,635)	(147,187,188)	(1,373,000)
Total current net assets	695,543,673	700,768,775	(93,855,323)	(1,183,068)
<b>Non-current</b>				
Assets	13,308,552	381,151	1,743,108,434	751,200,019
Liabilities	(1,021,374,851)	(978,778,331)	(1,125,531,344)	(501,768,245)
Total non-current net assets	(1,008,066,299)	(978,397,180)	617,577,090	249,431,774
<b>Net assets</b>	(312,522,626)	(277,628,405)	523,721,767	248,248,706
<b>Accumulated NCI</b>	(121,883,824)	(108,275,078)	113,486,760	121,641,866

## Summarised statement of comprehensive income

	Top Property Co., Ltd.		NVV Development Co., Ltd.	
	For the year ended 31 December		For the year/period ended 31 December	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Revenue	5,199,061	10,482,130	216,129	1,875
Net gain from fair value adjustments on investment property	-	-	231,307,711	200,017,530
Expense	(40,257,212)	(42,526,877)	(49,785,731)	(1,770,700)
Profit before income tax	(35,058,151)	(32,044,747)	181,738,109	198,248,705
Income tax expense	-	-	(46,261,542)	(40,003,506)
Net profit (loss) for the year/period	(35,058,151)	(32,044,747)	135,476,567	158,245,199
Other comprehensive income (expense)	163,930	(131,165)	-	-
Total comprehensive income (expense) for the year/period	(34,894,221)	(32,175,912)	135,476,567	158,245,199
Total comprehensive income (loss) allocated to non-controlling interests	(13,608,746)	(12,548,606)	11,418,040	77,540,147

### Summarised statement of cash flows

	Top Property Co., Ltd.		NVV Development Co., Ltd.	
	For the year ended as at 31 December		For the year/period ended as at 31 December	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Net cash used in operating activities	(15,055,231)	(31,477,843)	(5,680,962)	(430,840)
Net cash generated from (used in)				
investing activities	48,438	13,027,193	(760,388,830)	(551,182,470)
Net cash generated from financing activities	15,529,436	30,895,030	819,206,725	551,645,375
Net increase in cash and cash equivalents	522,643	12,444,380	53,136,933	32,065
Cash and cash equivalents				
at beginning of the year/period	33,093	650,622	32,065	-
Cash and cash equivalents at ending of the year/period	555,736	13,095,002	53,168,998	32,065

### 13 Advance payment for investment

At the Board of Directors' Meeting no. 9/2017 held on 22 December 2017, it was resolved to approve the purchase, of 71,713,623 ordinary shares, equivalent to 98.24% of the total issued shares, of QBE Insurance (Thailand) Public Company Limited (QBE Thailand). The shares will be purchased from the existing shareholders which are QBE Asia Pacific Holdings Limited (QBE Asia) (34,670,029 shares, 47.49% of the total issued shares of QBE Thailand) and Sinkaonamahasarn Company Limited (SIN) (37,043,594 shares, 50.75% of the total issued shares of QBE Thailand). The purchase will be made by a new subsidiary, which will be incorporated and owned by the Company 99.98%. The initial purchase price is Baht 815,000,000. The final price will be Baht 295,000,000 plus the amount equal to 98.24% of the net assets of QBE Thailand as of the completion date.

In addition, there was approval of the execution of a Share Sale and Purchase Agreement (with conditions precedent) in respect to the Sale Shares among the Company, Hong Kong King Wai Group Company Limited, QBE Asia and SIN. Hong Kong King Wai Group Company Limited is the guarantor for the performance of the Company's obligations under the Share Sale and Purchase Agreement.

On 25 December 2017, the Company paid an advance for the approved investment to QBE Asia amount of Baht 72,517,500 and SIN amount of Baht 77,482,500 and presented under 'Advance payment for investment'.

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## 14 Other long-term investments – net

Equity securities - Available-for-sale  
Change in fair value of investments  
Less Lossess on impairment

Consolidated / Separate financial statements	
2017 Baht	2016 Baht
5,000,000	5,000,000
(89,250)	(4,566,300)
(4,400,000)	-
510,750	433,700

**Movement of other long-term investments net for the years ended 31 December 2017 and 2016 are as follows:**

Opening net book amount  
Reclassification adjustments included in profit or loss  
Losses on impairment  
Gains on change in fair value measurement during the year  
Closing net book amount

Consolidated / Separate financial statements	
2017 Baht	2016 Baht
433,700	376,450
4,400,000	-
(4,400,000)	-
77,050	57,250
510,750	433,700

## 15 Investment property

The Group's investment property is measured at fair value.

Fair value hierarchy  
Fair value at 1 January 2016  
Additions  
Subsequent expenditure  
Net gain from fair value adjustments on investment property  
Fair value at 31 December 2016  
Additions  
Subsequent expenditure  
Transfer from plant and equipment - net  
Net gain from fair value adjustments on investment property  
Fair value at 31 December 2017

Consolidated financial statements		
Land Baht	Office building for rent Baht	Total Baht
2	2	
24,270,000	321,999,644	346,269,644
551,182,470	-	551,182,470
-	1,507,083	1,507,083
201,227,530	35,008,158	236,235,688
776,680,000	358,514,885	1,135,194,885
760,598,625	-	760,598,625
-	1,307,617	1,307,617
-	36,700,685	36,700,685
231,311,211	(1,325,752)	229,985,459
1,768,589,836	395,197,435	2,163,787,271

As at 31 December 2017, the subsidiary mortgaged land with a financial institution amounting to Baht 1,743 million (2016: Baht 751 million) as collaterals for secured long-term loan from a financial institution (Note 18).

	Separate financial's statements
	Office building for rent Baht
Fair value hierarchy	2
Fair value at 1 January 2016	321,999,644
Subsequent expenditure	1,507,083
Net gain from fair value adjustments on Investment property	35,008,158
Fair value as at 31 December 2016	358,514,885
Subsequent expenditure	1,307,617
Transfer from plant and equipment - net	36,700,685
Net loss from fair value adjustments on Investment property	(1,325,752)
Fair value as at 31 December 2017	395,197,435

The Group assessed the fair value of investment property using the 'market approach' which uses significant observable inputs in the same location. The fair value measurement has therefore been classified to level 2.

#### Valuation processes

The Group's investment property were valued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held among the CFO, AC, the valuation team and the independent valuers on a regular basis. At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

There were no changes to the valuation techniques during the year.

Amounts recognised in profit and loss that are related to investment property are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Rental income	29,638,834	28,479,337	29,638,834	28,479,337
Direct operating expense arise from investment property that generated rental income	1,100,815	1,169,789	1,076,815	1,095,183
Direct operating expense arise from investment property that did not generate rental income	6,994,194	280,226	373,426	263,530



# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## 16 Property, plant and equipment - net

	Consolidated financial statements				
	Land Baht	Buildings and buildings improvement Baht	Furniture, fixtures and office equipment Baht	Vehicles Baht	Total Baht
<b>As at 1 January 2016</b>					
Cost	2,011,784	41,715,120	33,477,574	3,111,000	80,315,478
<u>Less</u> Accumulated depreciation	-	(39,809,077)	(30,851,889)	(3,110,997)	(73,771,963)
Net book amount	2,011,784	1,906,043	2,625,685	3	6,543,515
<b>For the year ended 31 December 2016</b>					
Opening net book amount	2,011,784	1,906,043	2,625,685	3	6,543,515
Additions	-	-	1,882,337	-	1,882,337
Write-off - net	-	-	(4,650)	-	(4,650)
Depreciation	-	(321,167)	(1,394,788)	-	(1,715,955)
Closing net book amount	2,011,784	1,584,876	3,108,584	3	6,705,247
<b>As at 31 December 2016</b>					
Cost	2,011,784	41,715,120	35,355,261	3,111,000	82,193,165
<u>Less</u> Accumulated depreciation	-	(40,130,244)	(32,246,677)	(3,110,997)	(75,487,918)
Net book amount	2,011,784	1,584,876	3,108,584	3	6,705,247
<b>For the year ended 31 December 2017</b>					
Opening net book amount	2,011,784	1,584,876	3,108,584	3	6,705,247
Additions	-	1,517,767	46,218,527	6,730,928	54,467,222
Reclassification	(2,011,784)	2,011,784	-	-	-
Revaluation surplus	-	32,889,095	-	-	32,889,095
Transfer to investment property - net	-	(36,700,685)	-	-	(36,700,685)
Write-off - net	-	-	(3,571)	-	(3,571)
Depreciation	-	(87,330)	(5,122,216)	(508,969)	(5,718,515)
Closing net book amount	-	1,215,507	44,201,324	6,221,962	51,638,793
<b>As at 31 December 2017</b>					
Cost	-	6,177,295	72,611,556	9,841,928	88,630,779
<u>Less</u> Accumulated depreciation	-	(4,961,788)	(28,410,232)	(3,619,966)	(36,991,986)
Net book amount	-	1,215,507	44,201,324	6,221,962	51,638,793

	Separate financial statements			
	Land Baht	Buildings and buildings improvement Baht	Furniture, fixtures and office equipment Baht	Total Baht
<b>As at 1 January 2016</b>				
Cost	2,011,784	41,715,120	21,507,316	65,234,220
<u>Less</u> Accumulated depreciation	-	(39,809,077)	(20,473,743)	(60,282,820)
Net book amount	2,011,784	1,906,043	1,033,573	4,951,400
<b>For the year ended 31 December 2016</b>				
Opening net book amount	2,011,784	1,906,043	1,033,573	4,951,400
Additions	-	-	1,070,556	1,070,556
Write-off - net	-	-	(4,646)	(4,646)
Depreciation	-	(321,167)	(596,990)	(918,157)
Closing net book amount	2,011,784	1,584,876	1,502,493	5,099,153
<b>As at 31 December 2016</b>				
Cost	2,011,784	41,715,120	22,573,226	66,300,130
<u>Less</u> Accumulated depreciation	-	(40,130,244)	(21,070,733)	(61,200,977)
Net book amount	2,011,784	1,584,876	1,502,493	5,099,153
<b>For the year ended 31 December 2017</b>				
Opening net book amount	2,011,784	1,584,876	1,502,493	5,099,153
Additions	-	1,517,767	46,351,142	47,868,909
Reclassification	(2,011,784)	2,011,784	-	-
Revaluation surplus	-	32,889,095	-	32,889,095
Transfer to investment property	-	(36,700,685)	-	(36,700,685)
Write-off - net	-	-	(14)	(14)
Depreciation	-	(87,330)	(4,508,500)	(4,595,830)
Closing net book amount	-	1,215,507	43,345,121	44,560,628
<b>As at 31 December 2017</b>				
Cost	-	6,177,295	64,694,389	70,871,684
<u>Less</u> Accumulated depreciation	-	(4,961,788)	(21,349,268)	(26,311,056)
Net book amount	-	1,215,507	43,345,121	44,560,628

**Depreciation charge for the years ended 31 December 2017 and 2016 are as follows:**

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Depreciation charge for plant and equipment				
- Cost of property sold	92,768	-	135,902	-
- Administrative expenses	5,625,747	1,715,955	4,459,928	918,157
	5,718,515	1,715,955	4,595,830	918,157

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## 17 Intangible assets - net

	Consolidated financial statements			Separate financial statements		
	Computer software Baht	Computer software under installation Baht	Total Baht	Computer software Baht	Computer software under installation Baht	Total Baht
<b>As at 1 January 2016</b>						
Cost	2,141,234	-	2,141,234	742,391	-	742,391
<u>Less</u> Accumulated amortisation	(1,837,588)	-	(1,837,588)	(471,632)	-	(471,632)
Net book amount	303,646	-	303,646	270,759	-	270,759
<b>For the year ended 31 December 2016</b>						
Opening net book amount	303,646	-	303,646	270,759	-	270,759
Additions	347,424	-	347,424	347,424	-	347,424
Amortisation	(154,915)	-	(154,915)	(122,461)	-	(122,461)
Closing net book amount	496,155	-	496,155	495,722	-	495,722
<b>As at 31 December 2016</b>						
Cost	2,488,658	-	2,488,658	1,089,815	-	1,089,815
<u>Less</u> Accumulated amortisation	(1,992,503)	-	(1,992,503)	(594,093)	-	(594,093)
Net book amount	496,155	-	496,155	495,722	-	495,722
<b>For the year ended 31 December 2017</b>						
Opening net book amount	496,155	-	496,155	495,722	-	495,722
Additions	202,316	915,532	1,117,848	170,216	915,532	1,085,748
Amortisation	(153,043)	-	(153,043)	(150,997)	-	(150,997)
Closing net book amount	545,428	915,532	1,460,960	514,941	915,532	1,430,473
<b>As at 31 December 2017</b>						
Cost	2,690,974	915,532	3,606,506	1,260,031	915,532	2,175,563
<u>Less</u> Accumulated amortisation	(2,145,546)	-	(2,145,546)	(745,090)	-	(745,090)
Net book amount	545,428	915,532	1,460,960	514,941	915,532	1,430,473

Amortisation charge for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Amortisation charge for computer software				
- Cost of property sold	-	-	-	-
- Administrative expenses	153,043	154,915	150,997	122,461
	153,043	154,915	150,997	122,461

## 18 Borrowings

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
<b>Current</b>				
Short-term loans from financial institutions	770,196,739	1,182,492,376	770,196,739	1,182,492,376
Current portion of long-term loan from financial institution	146,400,000	-	-	-
Total current borrowing	916,596,739	1,182,492,376	770,196,739	1,182,492,376
<b>Non-current</b>				
Long-term loans from financial institutions	1,041,600,000	438,000,000	-	-
<u>Less</u> Deferred financing costs of Long-term loan	(9,455,819)	-	-	-
Total non-current borrowing	1,032,144,181	438,000,000	-	-
<b>Total borrowing</b>	<b>1,948,740,920</b>	<b>1,620,492,376</b>	<b>770,196,739</b>	<b>1,182,492,376</b>

### 18 a) Short-term loans from financial institutions

Short-term loans from financial institutions as at 31 December 2017 and 2016 are detailed as follows:

				Consolidated / Separate financial statements	
No.	Credit facilities	Secured by	Interest % per annum	2017 Baht	2016 Baht
<u>The Company</u>					
1	1,350,000,000	Letter of guarantee	MLR minus a fixed percentage	-	371,863,364
2	1,500,000,000	Standby letter of credit	MLR minus a fixed percentage	770,196,739	810,629,012
				770,196,739	1,182,492,376

The movement of short-term loans from financial institutions for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated / Separate financial statements	
	2017 Baht	2016 Baht
Opening net book amount	1,182,492,376	1,125,993,806
Addition during the year	40,000,000	1,206,863,364
Repayment during the year	(452,295,637)	(1,150,364,794)
Ending net book amount	<b>770,196,739</b>	<b>1,182,492,376</b>

### Fair value

The fair value of short-term loans from financial institutions equal their carrying amount as the impact of discounting is not significant.

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## Borrowing facilities

The Group has the following undrawn committed short-term borrowing facilities as follows:

	Consolidated financial statements		Separate financial statements	
	31 December 2017 Baht	31 December 2016 Baht	31 December 2017 Baht	31 December 2016 Baht
Floating rate				
- expiring within one year	729,803,261	1,667,507,624	729,803,261	1,667,507,684

Short-term borrowing facility of the Company was secured standby letter of credit. Short-term borrowing facility of the subsidiary was secured by mortgaged land and single detached house and construction in progress as disclosed in Note 10.

## 18 b) Long-term loan from financial institutions

Long-term loans from a financial institution as at and 31 December 2017 and 2016 comprise the following:

Contract No.	Condition of loan			Consolidated financial statement	
	Payment term	Secured by	Interest rate % per annum	31 December 2017 Baht	31 December 2016 Baht
<b>Subsidiary</b>					
1	The principal is due for payment on monthly basis. The first principal repayment is due on the 13th month from the first drawn down.	Mortgage of land	MLR minus a fixed percentage as stipulated in the contract	438,000,000	438,000,000
2	The principal is due for payment on monthly basis. The first principal repayment is due on the 25th month from the first drawn down.	Mortgage of land	MLR minus a fixed percentage as stipulated in the contract	600,000,000	-
3	The principal is due for payment within 42 months from agreement date. The first principal repayment is due on sale and release land and buildings.	Mortgage of land and buildings	MLR minus a fixed percentage as stipulated in the contract	150,000,000	-
	Total long-term loans from financial institution			1,188,000,000	438,000,000
	<u>Less</u> current portion of long-term loans			(146,400,000)	-
	Long-term loans			1,041,600,000	438,000,000



The movement of long-term loans from financial institutions - net for the year ended 31 December 2017 and 2016 is as follows:

	Consolidated financial statement	
	2017 Baht	2016 Baht
Opening book amount - net	438,000,000	-
Addition during the year	750,000,000	438,000,000
Long-term loans	1,188,000,000	438,000,000
Financing costs of long-term loan	(10,750,000)	-
<u>Less</u> Amortisation of deferred financing costs of long-term loan	1,294,181	-
	1,178,544,181	438,000,000
<u>Less</u> Current portion of long-term loans	(146,400,000)	-
Ending book amount - net	1,032,144,181	438,000,000

#### Fair value

The carrying amounts and fair values of long-term loans from financial institutions are as follows:

	Consolidated financial statements			
	Carrying amounts		Fair values	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Long-term loans from financial institutions	1,178,544,181	438,000,000	1,188,445,684	438,000,000
<b>Total</b>	1,178,544,181	438,000,000	1,188,445,684	438,000,000

The fair value of current portion of borrowings equal their carrying amount as the impact of discounting is not significant.

The fair value of long-term loans are based on discounted cash flows using a discount rate based upon the borrowing rate of 4.73% to 5.69% (2016 : 4.75%) and are within level 2 of the fair value hierarchy.

Maturity of long-term loans:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Within 1 year	146,400,000	-	-	-
Later than 1 year but not later than 5 years	1,032,144,181	438,000,000	-	-
	1,178,544,181	438,000,000	-	-

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## Borrowing facilities

The Group have the following undrawn committed borrowing facilities:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Floating rate				
- expiring within one year	-	-	-	-
- expiring beyond one year	410,810,000	-	-	-
	410,810,000	-	-	-

The facilities expiring within one year are annual facilities subject to review at various dates during year. The other facilities have been arranged to help finance the proposed expansion of the Group and the Company activities as disclosed in Note 10.

The interest rate exposure on the borrowings from financial institutions of the Group is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Loans				
- at fixed rates	-	-	-	-
- at floating rates	1,948,740,920	1,620,492,376	770,196,739	1,182,492,376
Total loans	1,948,740,920	1,620,492,376	770,196,739	1,182,492,376

The effective interest rates at the statement of financial position date are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Short-term loans from financial institutions	3.40%	3.40% to 3.50%	3.40%	3.40% to 3.50%
Long-term loans from financial institutions	4.73% to 5.69%	4.75%	-	-

## 19 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Trade accounts payable	4,400,591	4,393,997	308,440	32,884
Accounts payable - others	14,143,651	9,198,170	12,763,044	-
Accrued expense	14,934,934	19,715,842	11,467,362	13,942,386
Interest payable	6,338,159	5,164,788	4,376,406	3,793,582
Retention	9,845,880	14,612,802	3,162,873	82,914
	49,663,215	53,085,599	32,078,125	17,851,766

## 20 Employee benefit obligations

The movement in the defined benefit obligations over the year are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Opening book amount	8,752,853	7,566,604	6,811,887	6,497,609
Past service cost	-	(3,000,485)	-	(3,000,485)
Current service cost	3,766,032	562,709	3,106,497	523,183
Interest expense	388,870	362,735	301,335	301,101
Remeasurement (Gain) loss from change in actuarial assumptions	(3,337,663)	3,261,290	(2,404,177)	2,490,479
Closing book amount	9,570,092	8,752,853	7,815,542	6,811,887

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.24% - 2.93%	3.38%	2.24%	3.38%
Salary growth rate	3.98%	5.28%	3.98%	5.28%

Sensitivity analysis for each significant assumption used are as follows:

	Consolidated financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease by 11%	Decrease by 11%	Increase by 13%	Increase by 13%
Salary growth rate	0.2%	1%	Increase by 3%	Increase by 13%	Decrease by 3%	Decrease by 11%

	Separate financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease by 10%	Decrease by 10%	Increase by 12%	Increase by 12%
Salary growth rate	0.2%	1%	Increase by 2%	Increase by 12%	Decrease by 2%	Decrease by 10%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions calculated the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

Through its defined benefit retirement plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

## Changes in bond yields

A decrease in Government bond yields will increase plan liabilities.

The weighted average duration of the defined benefit obligation for the Group is 9.50 to 25.50 years (2016 : 13.40 to 28.80 years) and for the Company is 23.97 years (2016 : 25.73 years).

The Group use the cash flows from operating activities to pay the retirement and other long-term benefits.

Expected maturity analysis of undiscounted retirement:

	Consolidated financial statements			
	Less than a year Baht	Between 1-5 years Baht	More than 5 years Baht	Total Baht
Retirement benefits	-	6,490,886	136,246,487	142,737,373

	Separate financial statements			
	Less than a year Baht	Between 1-5 years Baht	More than 5 years Baht	Total Baht
Retirement benefits	-	6,490,886	114,877,413	121,368,299

## 21 Deferred income taxes

The analysis of deferred tax liabilities as at 31 December 2017 and 2016 is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
<b>Deferred tax liabilities:</b>				
Deferred income tax liabilities to be settled within 12 months	-	-	-	-
Deferred income tax liability to be settled after more than 12 months	(158,421,304)	(105,846,393)	(72,064,862)	(65,752,193)
Deferred income tax liabilities	(158,421,304)	(105,846,393)	(72,064,862)	(65,752,193)

The movements of deferred income tax accounts for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
At 1 January	(105,846,393)	(58,841,255)	(65,752,193)	(58,750,561)
Charged to profit or loss (Note 27)	(45,997,092)	(47,005,138)	265,150	(7,001,632)
Charged to other comprehensive income	(6,577,819)	-	(6,577,819)	-
At 31 December	(158,421,304)	(105,846,393)	(72,064,862)	(65,752,193)

The movements of deferred tax liabilities during the year is as follow:

	Consolidated financial statements		
	Net gain from fair value adjustments on investment property Baht	Revaluation surplus of property Baht	Total Baht
<b>Deferred tax liabilities</b>			
At 1 January 2017	(105,846,393)	-	(105,846,393)
Charge to profit or loss	(45,997,092)	-	(45,997,092)
Charged to other comprehensive income	-	(6,577,819)	(6,577,819)
At 31 December 2017	(151,843,485)	(6,577,819)	(158,421,304)
At 1 January 2016	(58,841,255)	-	(58,841,255)
Charged to profit or loss	(47,005,138)	-	(47,005,138)
At 31 December 2016	(105,846,393)	-	(105,846,393)

	Separate financial statements		
	Net gain from fair value adjustments on investment property Baht	Revaluation surplus of property Baht	Total Baht
<b>Deferred tax liabilities</b>			
At 1 January 2017	(65,752,193)	-	(65,752,193)
Charge to profit or loss	265,150	-	265,150
Charged to other comprehensive income	-	(6,577,819)	(6,577,819)
At 31 December 2017	(65,487,043)	(6,577,819)	(72,064,862)
At 1 January 2016	(58,750,561)	-	(58,750,561)
Charged to profit or loss	(7,001,632)	-	(7,001,632)
At 31 December 2016	(65,752,193)	-	(65,752,193)

As at 31 December 2017 and 2016, the Group has the unused tax losses but no deferred tax assets are recognised in the statement of financial position because the Company's managements considered that it is not probable that the Company will have future taxable profit which the tax loss can be utilised in the amount of Baht 402.69 million (2016 : Baht 463.34 million). The expiry date of unused tax losses of the Group and the Company is as follow:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Expiring within 1 year	124,603,267	117,715,838	6,448,412	6,429,840
Expiring over 1 year but not later than 5 years	278,085,991	345,621,930	67,437,041	53,861,465
Expiring over 5 years	-	-	-	-
At 31 December	402,689,258	463,337,768	73,885,453	60,291,305



# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## 22 Share capital and discount on share capital

	Consolidated/Separate financial statements				
	Registered capital		Issued and paid-up		Share discount
	shares	Baht	shares	Baht	Baht
As at 1 January 2016	220,000,000	2,200,000,000	220,000,000	2,200,000,000	(749,997,158)
Issue of shares	-	-	-	-	-
As at 31 December 2016	220,000,000	2,200,000,000	220,000,000	2,200,000,000	(749,997,158)
Issue of shares during the year	704,000,000	7,040,000,000	704,000,000	7,040,000,000	(5,195,544,327)
As at 31 December 2017	924,000,000	9,240,000,000	924,000,000	9,240,000,000	(5,945,541,485)

At the Extraordinary General Meeting of Shareholders no. 1/2017 on 22 February 2017, it was approved to increase the Company's registered share capital from Baht 2,200,000,000 to Baht 9,240,000,000 by issuing 704,000,000 new ordinary shares with a par value of Baht 10 per share. The newly issued shares will be offered for sale to the existing shareholders of the Company based on their current shareholding at the rate of one existing share to 3.20 newly issued ordinary shares, at an offer price of Baht 2.63 per share. Any fraction of a share will be rounded down. The existing shareholders can subscribe for newly issued ordinary shares in excess of their rights (i.e. oversubscription is allowed). The shareholders who are eligible to subscribe for the newly issued ordinary shares are those whose names are recorded in the share register book on 6 March 2017. The list of eligible people will be compiled in line with Section 225 of the amended Securities and Exchange Act B.E. 2535 by closing the share register book on 7 March 2017. The subscription and payment period for the share offering to the Company's existing shareholders will end on 30 March 2017.

The remaining shares after the allocation and/or share offer to existing shareholders and oversubscription will be offered for sale to Tommo (Thailand) Limited, a related company. They will be offered under a private placement scheme at Baht 2.63 per share, which equals the offer price to existing shareholders.

The Company registered the increase in share capital with the Ministry of Commerce on 6 March 2017.

On 31 March 2017, the Company received money from existing shareholders who exercised their right to purchase the increased share capital. The total number of shares bought was 349,951,536, amounting to Baht 920,372,540.

The Company completed the allocation of the newly issued ordinary shares to its existing shareholders and a private placement. The Company received the fully paid-up share capital on 3 April 2017 and registered the increased share capital with the Ministry of Commerce on 4 April 2017.

After the increase of registered share capital, the Company's two major shareholders were KWT1499 (Thailand) Company Pte. Ltd., (incorporated in Singapore under the King Wai Group) and Tommo Co., Ltd., (incorporated in Thailand).

The issue of share capital generated a discrepancy between the par value and the selling price. The selling price incurred a share discount of Baht 5,188,480,000. The cost of issuing share capital (net of tax) was Baht 7,064,327, which was presented as a Baht 5,195,544,327 increase in share discount during the year.

Subsequently, at the Extraordinary General Meeting of shareholders no. 3/2017 on 22 December 2017, it was approved to increase the Company's registered share capital from Baht 9,240,000,000 to Baht 9,475,754,700 by issuing 23,575,470 new ordinary shares with a par value of Baht 10 per share. Approval was also given to an amendment of clause 4 of the Memorandum of Association to reflect the increase of the Company's

registered share capital for investment in AEC City Co., Ltd., as disclosed in Note 12 to financial statements. The newly issued shares will be allocated to the existing shareholders King Wai International Holdings Company Limited (11,396,855 shares, Baht 36,241,999) and Mr. Boonyong Yongcharoenrat (12,178,615 shares, Baht 38,727,996) under a private placement scheme. They will be issued at a par value of Baht 10 per share, at an offer price of Baht 3.18 per share. King Wai International Holding Company Limited and Mr. Boonyong Yongcharoenrat will exchange 364,420 and 387,280 shares, respectively, in AEC City Co., Ltd. to pay for the newly issued ordinary shares of the Company, in lieu of cash payments.

Subsequently, at the Board of Directors' Meeting no. 9/2017 on 22 December 2017, approval was given to a proposal for the Extraordinary General Meeting of Shareholders no. 1/2018, scheduled for 6 February 2018, to consider approving an increase in the Company's registered share capital from Baht 9,475,754,000 to Baht 13,170,534,700 by issuing 369,478,000 new ordinary shares with a par value of Baht 10 per share. The newly issued shares will be offered for sale to the existing shareholders of the Company based on their current shareholding at the rate of 2.564633 existing shares to one newly issued ordinary share, at an offer price of Baht 2.49 per share. Any fraction derived from the calculation will be rounded down. The existing shareholders can subscribe for the newly issued ordinary shares in excess of their rights (i.e. oversubscription is allowed). The oversubscription shares will be allocated to the oversubscribing shareholders only after newly issued ordinary shares are proportionately allocated to all shareholders in the first round. The shareholders who are eligible to subscribe for the newly issued ordinary shares will be those whose names are recorded in the share register book on 14 February 2018. The subscription and payment period for the newly issued ordinary shares to the existing shareholders will be 9 to 15 March 2018. The Company will register the change of its share capital within 14 days of the date of receiving full payment from the newly issued ordinary shares. The money proceed from increased share capital will use for financing a new subsidiary which will be incorporate and owned by the Company. The Subsidiary will make a payment to purchase shares in QBE Thailand as disclosed in Note 13 to the financial statements

## 23 Legal reserve

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

## 24 Other income (expenses)

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Interest income	2,013,544	192,719	69,030,721	49,905,163
Management income	-	-	20,852,264	16,059,748
Gain (loss) on exchange rate - net	5,125,838	10,392,125	-	(6,208)
Net gain (loss) from fair value adjustments on investment property	229,985,459	236,235,688	(1,325,752)	35,008,158
Gain on disposal of equipment	158,863	-	158,865	-
Others	531,204	672,557	188,084	76,383
	237,814,908	247,493,089	88,904,182	101,043,244

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## 25 Finance costs

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Interest expenses	62,535,304	50,889,055	34,891,384	38,432,714
Financing fees	1,287,873	2,176,822	36,861	1,796,027
	63,823,177	53,065,877	34,928,245	40,228,741

## 26 Expense by nature

The following expenditure items for the years ended 31 December 2017 and 2016, classified by nature, have been charged in profit before finance costs and income tax expense.

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Cost of construction	278,127,273	215,775,010	-	-
Staff costs	63,356,341	60,572,149	59,835,623	52,783,736
Depreciation and amortisation	5,871,558	1,870,870	4,746,827	1,040,618
Marketing expenses	13,397,427	10,891,032	1,557,477	1,504,809
Repair and maintenance	6,749,449	6,128,670	643,903	564,675
Services and consulting fee	20,938,366	17,282,478	11,965,865	9,191,938
Utilities expenses	16,003,614	9,165,381	13,859,281	7,103,958
Special business tax	11,999,794	9,490,804	-	-
Loss on impairment of investment in a subsidiary	-	-	-	12,058,267
Loss from liquidation of a subsidiary	-	-	-	1,160,392

## 27 Income tax expenses

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Current income tax	-	-	-	-
Deferred income tax (Note 21)	(45,997,092)	(47,005,138)	265,150	(7,001,632)
<b>Income tax expenses (income)</b>	<b>(45,997,092)</b>	<b>(47,005,138)</b>	<b>265,150</b>	<b>(7,001,632)</b>

The tax on the Group's profit (loss) before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Profit (loss) before tax	113,417,607	172,803,415	(30,111,817)	3,522,256
Tax calculated at a tax rate of 20%	(22,683,522)	(34,560,683)	6,022,363	(704,451)
Tax effect of:				
Expenses not deductible for tax purpose	(9,072,996)	(224,749)	(190,849)	(201,997)
Tax losses for which no deferred income tax asset was recognised	(11,658,941)	(9,981,864)	(4,004,798)	(4,351,801)
Temporary differences which no deferred income tax asset was recognised	(2,581,633)	(2,237,842)	(1,561,566)	(1,743,383)
Income tax expenses (income)	(45,997,092)	(47,005,138)	265,150	(7,001,632)

## 28 Earnings (loss) per share

Basic earnings (loss) per share of shareholders of the parent are calculated by dividing the net profit (loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net profit (loss) attributable to ordinary shareholders of the Company (Baht)	69,688,974	60,767,531	(29,846,667)	(3,479,376)
Weight average number of ordinary shares outstanding (shares)	749,429,739	220,000,000	749,429,739	220,000,000
Basic loss per share of shareholders of the parent (Baht)	0.09	0.28	(0.04)	(0.02)

## 29 Related-party transactions

Individual and entities that directly, or indirectly control or are controlled by or are under common control with the Company, including investment entities, associates, joint ventures and individuals or entities having significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Group is controlled by KWT1499 (Thailand) Company Pte. Ltd., incorporated in Singapore under King Wai Group which owns 48.16% of the Company's shares.

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

The relationship with the related parties are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries as at 31 December 2016 are listed below.

The Company's name	Type of business	Type of relationship
<u>Subsidiaries</u>		
Thai-Kami Co., Ltd.	Property development	Direct shareholding, common shareholders and directorship
Top Property Co., Ltd.	Property development	Direct shareholding, common shareholders and directorship
Gold Star Property Co., Ltd.	Property development	Direct shareholding, common shareholders and directorship
Cornerstone Realty Co., Ltd.	Property development	Direct shareholding, common shareholders and directorship
KWG Explore Co., Ltd.	Property development	Direct shareholding, common shareholders and directorship
NVV Development Co., Ltd.	Property development	Direct shareholding, common shareholders and directorship
S31 Limited	Property development	Direct shareholding, common shareholders and directorship
S61 Limited	Property development	Direct shareholding, common shareholders and directorship
Param4 Limited	Property development	Direct shareholding, common shareholders and directorship
King Wai Construction Limited	Construction	Direct shareholding, common shareholders and directorship
King Wai Media Limited	Advertising and marketing services	Direct shareholding, common shareholders and directorship
King Wai Property Limited	Property management and agent	Direct shareholding, common shareholders and directorship
<u>Related company</u>		
KW Thai Commerce (BVI) Company Limited	Investment	Ultimate parent company's subsidiary

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Management fee income	Contractually agreed prices
Interest incomes	At the maximum interest rate from external sources of finance, at the Minimum Loan Rate and at the borrowing costs of the bank rate
Interest expenses	At the maximum interest rate from external sources of finance, at the Minimum Loan Rate and at the borrowing costs of the bank rate



The following significant transactions were carried out with related parties which summarised as follows:

a) Transactions with related parties for the year ended 31 December 2017 and 2016 is as follow:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Transactions with subsidiaries:				
- Management fee income	-	-	20,852,264	16,059,748
- Interest income	-	-	67,332,151	49,809,765
- Interest expense	-	-	3,729,435	2,000,558
Transactions with related companies:				
- Management fee	-	1,776,555	-	806,251
- Interest expense	13,197,478	13,085,692	-	-

b) Long-term loans to and interest receivables from subsidiaries

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Long-term loans to subsidiaries				
Thai-Kami Co., Ltd.	-	-	201,983,856	446,525,454
Top Property Co., Ltd.	-	-	529,065,800	513,536,364
Cornerstone Realty Co., Ltd.	-	-	205,214,307	203,463,086
KWG Explore Co., Ltd.	-	-	12,717	-
NVV Development Co., Ltd.	-	-	150,264,809	32,459,141
S31 Limited	-	-	146,181,532	-
S61 Limited	-	-	257,794,262	-
Param4 Limited	-	-	331,359,620	-
King Wai Media Limited	-	-	842,569	-
King Wai Property Limited	-	-	32,350	-
King Wai Construction Limited	-	-	32,250	-
	-	-	1,822,784,072	1,195,984,045
Interest receivables from				
Thai-Kami Co., Ltd.	-	-	118,500,958	105,124,962
Top Property Co., Ltd.	-	-	115,490,313	95,749,639
Cornerstone Realty Co., Ltd.	-	-	60,786,926	52,995,246
KWG Explore Co., Ltd.	-	-	488,812	175,877
NVV Development Co., Ltd.	-	-	3,616,160	62,664
S31 Limited	-	-	3,166,367	-
S61 Limited	-	-	9,140,255	-
Param4 Limited	-	-	7,177,959	-
King Wai Media Limited	-	-	4,821	-
King Wai Property Limited	-	-	292	-
King Wai Construction Limited	-	-	309	-
	-	-	318,373,172	254,108,388
	-	-	2,141,157,244	1,450,092,433

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

As at 31 December 2017, long-term loans to subsidiaries amounting Baht 1,823 million (2016: Baht 1,196 million) were unsecured and due to payment on 30 June 2022 (2016: Baht 514 million due to payment on 30 June 2019 and Baht 682 million due to payment on 30 June 2022) and bear interest at the rate of cost of lender's fund which was 3.40% - 4.85% per annum (31 December 2016: 3.58% - 4.15% per annum).

The movement of long-term loans to and interest receivables from subsidiaries for the years ended 31 December 2017 and 2016 are as follows:

	Separate financial statements	
	2017 Baht	2016 Baht
Opening balance	1,450,092,433	1,448,153,932
Increase during the year	691,064,811	1,938,501
Closing balance	2,141,157,244	1,450,092,433

## c) Long-term loans from and interest payables to subsidiaries

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Long-term loans from subsidiaries				
Gold Star Property Co., Ltd.	-	-	50,900,000	29,900,000
KWG Explore Co., Ltd.	-	-	-	632,731
	-	-	50,900,000	30,532,731
Interest payables to subsidiaries				
Gold Star Property Co., Ltd.	-	-	13,283,483	18,872,477
	-	-	13,283,483	18,872,477
Total	-	-	64,183,483	49,405,208

As at 31 December 2017, long-term loans from subsidiaries were unsecured and due to payment on 30 June 2022 (2016 : 30 June 2019) and bearing interest at the rate of cost of lender's fund which was 3.40% - 4.85% per annum (2016: 3.58% - 4.15% per annum).

The movement of long-term loans from and interest payables to subsidiaries for years ended 31 December 2017 and 2016 are as follows:

	Separate financial statements	
	2017 Baht	2016 Baht
Opening balance	49,405,208	31,432,058
Increase during the year	22,065,896	27,174,353
Decrease during the year	(7,287,621)	(9,201,203)
Closing balance	64,183,483	49,405,208

## Fair value

The carrying amount and fair value of long-term loans form subsidiaries are as follows:

	Separate financial statements			
	Carrying amounts		Fair values	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Long-term loans form subsidiaries	50,900,000	30,532,731	51,037,101	30,680,296

The fair value are based on discounted cash flows using a discount rate based upon the borrowing rate of 4.85% (31 December 2016 : 4.15%) and are within level 2 of the fair value hierarchy.

The interest rate exposure on the borrowings from subsidiaries is as follows:

	Separate financial statements	
	2017 Baht	2016 Baht
Loans		
- at fixed rates	-	-
- at floating rates	64,183,483	49,405,208
Total loans	64,183,483	49,405,208

d) Long-term loan from and interest payables to a related company

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Long-term loan from a related company				
KW Thai Commerce				
(BVI) Company Limited	269,248,039	273,016,297	-	-
Interest payables to a related company				
KW Thai Commerce				
(BVI) Company Limited	104,126,560	93,046,438	-	-
Total	373,374,599	366,062,735	-	-
<u>Less</u> Current portion of long-term loan	(373,374,599)	-	-	-
	-	366,062,735	-	-

As at 31 December 2017 and 2016, long-term loan from a related company was an unsecured SGD 11 million loan bearing interest at the rate of cost of lender's fund plus 1.10% per annum which was 4.15% per annum (2016 : 4.15% per annum) and due on 30 April 2018.

# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

The movement of long-term loan from and interest payables to a related company for years ended 31 December 2017 and 2016 are as follow:

	Consolidated financial statements	
	2017 Baht	2016 Baht
Opening balance	366,062,735	363,383,827
Increase from interest expense during the year	12,432,054	13,085,692
Unrealised gain on foreign exchange	(5,120,190)	(10,406,784)
Closing balance	373,374,599	366,062,735

## Fair value

The carrying amount and fair value of long-term loan form a related company are as follows:

	Consolidated financial statements			
	Carrying amounts		Fair values	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Long-term loan form a related company	269,248,039	273,016,297	268,426,995	274,335,785

The fair value of long-term loan from a related company is based on discounted cash flows using a discount rate based upon the borrowing rate of 4.15% per annum (31 December 2016 : 4.15% per annum) and is within level 2 of the fair value hierarchy.

The interest rate exposure on the borrowings from a related company is as follows:

	Consolidated financial statements	
	2017 Baht	2016 Baht
Loans		
- at fixed rates	-	-
- at floating rates	269,248,039	273,016,297
Total loans	269,248,039	273,016,297

## Borrowing facilities

The Group has the following undrawn committed borrowing facilities as follows:

	Consolidated financial statements	
	2017 Singapore Dollar	2016 Singapore Dollar
Floating interest rate		
- expiring within one year	3,000,000	-
- expiring beyond one year	-	3,000,000
	3,000,000	3,000,000

e) Long-term loan from and interest payables to a related person

	Consolidated financial statements	
	2017 Baht	2016 Baht
Long-term loan from a related person	-	31,186,234

As at 31 December 2017, long-term loan from represent loan of the subsidiary from its shareholder, which due to payment on 14 December 2018 and bearing interest at the rate of cost of lender's fund which was 4.15% per annum. However, the Company fully paid the outstanding loan in 2017.

**Fair value**

The carrying amount and fair value of long-term loan form a related person is as follows:

	Consolidated financial statements			
	Carrying amounts		Fair values	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Long-term loans form related person	-	31,186,234	-	31,186,234

As at 31 December 2016, the fair value of long-term loan form related person is based on discounted cash flows using a discount rate based upon the borrowing rate of 4.15% per annum and are within level 2 of the fair value hierarchy.

The interest rate exposure on the borrowings from a related person is as follows:

	Consolidated financial statements	
	2017 Baht	2016 Baht
Loans		
- at fixed rates	-	-
- at floating rates	-	31,186,234
Total loans	-	31,186,234

f) Key management compensation

Key management includes directors (executive and non-executive) and members of the executive committee. The compensation paid or payable to key management for employee services is shown below:

	Consolidated / Separate financial statements	
	2017 Baht	2016 Baht
Short-term employee benefits	18,591,933	15,353,798
Post-employment benefits	804,702	(3,116,693)
	19,396,635	12,237,105



# NOTES TO THE CONSOLIDATED AND SEPERATE FINANCIAL STATEMENTS

## 30 Contingent and commitment liabilities

### a) Capital commitments

As at 31 December 2017 and 2016, the subsidiaries had the outstanding commitments for construction of projects, which contracts have already been signed. These contracts are summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Construction costs for projects	20,628,954	19,759,594	-	-
Acquisition of builds improvement and equipment	2,767,769	-	2,767,769	-
Acquisition of investment property	203,073	-	203,073	-
Acquisition of computer software	770,400	-	770,400	-
Total	24,370,196	19,759,594	3,741,242	-

### b) Operating lease commitments

As at 31 December 2017 and 2016, the Group and the Company have entered into several operating lease agreements in respect of the lease of office equipment and motor vehicles. The terms of the agreements are generally between 1 and 4 years and have future minimum payments under these non-cancellable operating leases agreements and related service agreements were as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
- Within 1 year	15,147,515	615,811	15,069,274	563,316
- Later than 1 year but not later than 4 years	13,807,637	447,795	13,739,447	447,795
	28,955,152	1,063,606	28,808,721	1,011,111

### c) Contingent liabilities

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
<b>Contingent liabilities:</b>				
- Bank guarantees	16,837,842	16,837,842	-	-

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## 31 Event after the reporting date

### 31.1 Paid-up share capital

As disclosed in Note 22 to the financial statements, at the Extraordinary General Meeting of Shareholders no.3/2017 on 22 December 2017, it was approved to increase the Company's registered share capital from Baht 9,240,000,000 to Baht 9,475,754,700 by issuing 23,575,470 new ordinary shares with a par value of Baht 10 per share and to offer to the private placement at an offer price of Baht 3.18 per share.

On 24 January 2018, the Company completed the allocation of the newly issued ordinary shares to the private placement. The Company also received ordinary shares of AEC City Co., Ltd in lieu of cash payments and registered the increased share capital with the Ministry of Commerce on 26 January 2018.

### 31.2 Increase share capital

As disclosed in Note 22 to financial statements, at the Board of Directors' Meeting no. 9/2017 on 22 December 2017, approval was given to a proposal for the Extraordinary General Meeting of Shareholders no. 1/2018, scheduled for 6 February 2018, to consider approval of increase the Company's registered share capital and to allocate the newly issued shares to the existing shareholders based on their current shareholding. The increase was for investment in shares of QBE Thailand. At the Extraordinary General Meeting of Shareholders, it was approved according to the resolution of the Board of Directors' Meeting.

### 31.3 Investment in subsidiaries

#### **AEC City Co., Ltd.**

As disclosed in Note 12 to the financial statements, the Extraordinary General Meeting of Shareholders no.3/2017 on 22 December 2017 approved investing in AEC City Co., Ltd. by increasing its registered share capital to exchange for shares of AEC City Co., Ltd. in lieu of a cash payment. The Company had fully paid-up share capital on 24 January 2018. Accordingly, AEC City Co., Ltd. is the Company's subsidiary.

#### **NVV Development Co., Ltd.**

As disclosed in Note 12 to the financial statements, the Board of Directors' Meeting no. 6/2017 on 14 September 2017 approved an additional investment in NVV Development Co., Ltd by purchasing shares from an existing shareholder. The Company purchased shares from an existing shareholder on 16 January 2018. The percentage of shareholding will increase from 89.35% to 99.99%.

#### **S61 Limited**

At the Board of Directors' Meeting no. 1/2018 on 20 February 2018, an additional investment in S61 Limited was approved. The investment means an increased share capital of 1,000,000 shares at a par value of Baht 100 per share, totalling Baht 100,000,000. The investment in S61 Limited will increase from 9,998 shares amounting to Baht 999,800 to 1,009,998 shares amounting to Baht 100,999,800.

#### **King Wai Capital Limited**

At the Board of Directors' Meeting no. 1/2018 on 20 February 2018, it was approved to incorporate King Wai Capital Limited. King Wai Capital (Thailand) Limited has a total authorised share capital of Baht 1,000,000 comprising 10,000 ordinary shares a par value of Baht 100 each. The Company will invest in 9,998 shares totalling Baht 999,800, which is a 99.98 shareholding.

Investors can obtain more information about King Wai Group (Thailand) from the Annual Information Disclosure (Form 56-1) which published at these websites - [www.sec.or.th](http://www.sec.or.th) and [www.kwgthai.com](http://www.kwgthai.com)



**KING WAI GROUP**

**King Wai Group (Thailand) Public Company Limited**

Head Office: No. 138/108 Jewellery Centre Building, 30<sup>th</sup> Floor,  
Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand

Branch Office: No. 1 Empire Tower, 47<sup>th</sup> Floor,  
South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand

Tel: (662) 129-5999 | Fax: (662) 129-5998  
Email: [info@kwgthai.com](mailto:info@kwgthai.com)



[www.kwgthai.com](http://www.kwgthai.com)