



*Accelerate Growth*

2018

ANNUAL REPORT

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED





# CONTENTS

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## Company Overview

Chairman's Statement	2
Vice Chairman's Statements	4
Vision, Mission and Core Values	8
Group Financial Highlights 2018	10
Board of Directors	11
Corporate Information	17
Key Events in Year 2018	21

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## Business Overview

Policy and Business Overview	22
Nature of Business	25
Assets of The Company	32
Risk Factors	36

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## Management & Governance

Organizational Structure	39
Management Structure	41
Corporate Governance	47
Internal Control and Risk Management	62
Connected Transactions	63
Corporate Social Responsibility	65
Dividend Payment Policy	72
Management Discussion and Analysis	73

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## Financial Information

Report of the Audit Committee	77
Report of the Independent Certified Public Accountants	79
Statements of Financial Position	85
Statements of Comprehensive Income	89
Statements of Changes in Shareholders' Equity	91
Statements of Cash Flows	93
Notes to the Financial Statements	97



# Chairman's Statement



**Dr. King Wai Chan**  
Chairman

**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 2018 and wish to extend my sincere gratitude for your continuous support.

## **Group Strategy and Outlook**

For approximately 4 decades-long commendable performances of King Wai Group, we have already established a solid foundation with strong, credible and diversified businesses in China. With the success in our home country, we would like to share the valuable experience with the Thailand market. We are committed to looking for global expansion in order to bring our expertise to benefit local customers and communities. We have an aspiration to develop our business focusing on Real Estate and Financial Services. The Group now has presence in key strategic regions including Europe, North America, East Asia, and Southeast Asia.



Thailand, the landmark of South East Asia, is selected as the strategic regional hub for the Group to emerge across the ASEAN region. For over a decade, Thailand has proved herself to be capable of leading Southeast Asia as the economic hub with its resilient economy. With the government's policies and promising infrastructure investments, the consumption rate increased from 3.2% to 4.7% which encouraged the positive growth of GDP from 3.9% to 4.2%, according to the figures from Thailand Chamber of Commerce and Bank of Thailand. However, in 2019, international trade and investment are moderating due to the elevating trade tensions between China and the US and the tightened financing conditions. Amid recent episodes of financial stress, growth in emerging markets including Thailand may have lost momentum and is projected to stall at average of 2.9%.

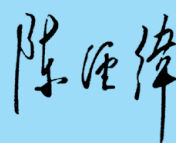
Even Thai economy in 2019 may experience moderating growth; however, with One Belt One Road Initiative by Chinese government and our anticipation of Thailand's capability of becoming the hub to the Southeast Asia business in future, we still believe KWG Thailand will have a high potential to grow, bringing the Group further business opportunities in the future.

### **Commitment to Good Governance**

The Board of Directors are committed to the highest standard of corporate governance and corporate social responsibility to enhance efficiency, effectiveness, transparency, and accessibility of the management for the confidence and long-term benefits to all stakeholders, shareholders, investors, society, and environment. According to the announcement made by the Thai Institute of Directors Association in 2018, I am delighted to inform you that KWG has achieved the Corporate Governance scores of "Good" level, which was publicized in the Corporate Governance Report of Thai Listed Companies 2018.

I would like to express my sincere appreciation to our shareholders, customers, business partners, employees and stakeholders as well as the Board and management for their continued support. With your trust and our strategic plans, I am confident that in 2019, the Company is well positioned for challenges to achieve significant results and enhance shareholders' values.

Yours sincerely,



Dr. King Wai Chan  
Chairman of the Board

# Vice Chairman's Statement



**Mr. Antonio Hang Tat Chan**

Vice Chairman

**Dear Shareholders,**

With the One-Belt-One-Road Initiative launched by the Chinese government and our anticipation of Thailand's capability of becoming the hub for the business opportunities in Southeast Asia in the future, KWG is confident that Thailand has a high potential growth in the financial and real estate businesses in coming years. We will continue to create value with our existing assets, nurture growth in a sustainable manner.

We have accomplished another milestone by completing the sales of our housing project "Villa Arcadia Srinakarin" in the fourth quarter of 2018. Moving forward to 2019, Thailand's real estate market will be facing series of changes including the increased policy rate and tighter mortgage regulations while the new land and property tax, and the new Bangkok City Plan are expected to come into effect in 2020.



KWG has been strategically investing and expanding our business in targeted markets. After we found a solid financial business in China, we continue to expand our financial service including insurance business by acquiring QBE Insurance (Thailand) in May 2018 and renamed it as “King Wai Insurance Public Company Limited” or “KWI”. We strive to deliver the best professional service to our customers by leveraging our experience and expertise within the insurance sector which allow us to be a trusted insurance partner.

As a socially responsible corporation, we have been supportive to aligning our business strategies with corporate social responsibility activities, for the healthy and continuous growth of the Group as well as to giving back to the society. We support education and youth development as they are crucial elements to improve people’s lives and for sustainable growth.

In 2018, we leveraged our expertise in the real estate sector to restore a school in the Saraburi Province of Thailand and provided teachers for disadvantaged children. We supported the Hong Kong Scholarship Program for “Belt and Road” Students (Thailand) by setting up a donation from Dr. King Wai Chan, Founder and Chairman of King Wai Group, offering full scholarships to 10 outstanding Thai students to pursue undergraduate studies at five top universities in Hong Kong. The scholarship awardees can act as ambassadors to strengthen exchanges and people-to-people bonds between Thailand and Hong Kong.

Considered as the “University Oscar”, the first “Global University Film Awards” (GUFA) was proudly presented by King Wai Group in 2018. The competition attracted over 1,800 submissions from film schools in 100 countries and regions, including Thailand, China, Hong Kong, United States and Europe. We aimed to encourage and recognize emerging filmmakers among university students, provide a global platform to showcase talents and to foster creative exchange among film students around the world.

KWG places standard corporate governance as a fundamental principle of our operational excellence to create sustainable benefits to all stakeholders. We are committed to carrying out our business ethically, responsibly and with integrity.

On behalf of the Board of Directors, I wish to extend my sincere gratitude to all shareholders, customers and stakeholders for your confidence and support given to KWG throughout 2018. I would also like to thank our management and employees for their efforts and contributions to the company. 2019 will be another challenging year for everyone to keep KWG as one of the top real estate developers in Thailand along with fulfilling our social contributions continually.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Antonio Hang Tat Chan', with a stylized flourish at the end.

Mr. Antonio Hang Tat Chan  
Vice Chairman

# Vice Chairman's Statement



**Mr. Hang Lee Chan**  
Vice Chairman

## Dear Shareholders,

The year of 2018 was a challenging year for King Wai Group (Thailand) Public Company Limited. We continued to make a good progress with respect to our strategic priorities. At the present, Thailand GDP growth is moving into a good projectile, thanks to increases in trade, tourism and the investment in infrastructure. The economic movement and the expansion in mass transit system have advanced our business, especially, the real estate sector. Our first three quarters are a good start and very much in line with our expectation. As Thailand is moving forward to become Thailand 4.0 with the help of innovation, sustainable development, investment and connectivity. The government's visions have translated into the Eastern Economic Corridor (EEC) policy,



which covered three provinces, namely, Chonburi, Rayong and Chachoengsao. The EEC will become the focal point of investment and national strategic for the future of Thailand. KWG has confident and place our investment in the area by already acquired 2,000 Rai of land and in the year ahead, we are aiming to establish a community by finishing the master plan of “Smart city”, our mega project in Chachoengsao province.

As of 2018, our housing project; Villa Arcadia Srinakarin was sold out. Now we are committed to expanding our high and low-rise property business. We launched “S61 Sukhumvit by KWG”, a luxury condominium in Sukhumvit area in November. In 2019, we are moving forward to deliver more housing and condominium projects as well as our approach strategy to expand and adhere to sustainability development of growth. We care and aim to strive offering the best quality product and best innovative solution for advancing our customer modern life. And according to our core businesses and inclusive vision of our Chairman, we managed to sign a Letter of Intent (LOI) with Thailand’s Ministry of Commerce to form a strategic partnership which will strongly enhance Thai entrepreneurs expanding their market and accelerating Sino-Thai trade.

In summary, 2018 was another year of great movement. We have demonstrated, we have the right strategy, the right culture and the right geographical footprint to deliver consistent and sustained value for our shareholders. Finally, we would like to thank all our customers, business associates and shareholders for their staunch support. We look forward to journeying with you as we continue to deliver innovation, growth and value to shareholders.

Yours Sincerely,

A handwritten signature in black ink, consisting of a stylized 'A' shape with a horizontal line crossing it, followed by a small dot.

**Mr. Hang Lee Chan**

Vice Chairman

## Vision

To build a strong, sustainable and diversified business enterprise, driven by established goals to create shareholder 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.*

## 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.

# GROUP FINANCIAL HIGHLIGHTS 2018

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

		31 December	31 December	31 December
	Unit	2018	2017	2016
Total Assets	Million Baht	8,170.2	4,738.4	2,429.4
Total Liabilities	Million Baht	5,111.0	2,585.0	2,221.9
Total Shareholders' Equity	Million Baht	3,059.2	2,153.5	207.5
Net Tangible Assets for the year	Million Baht	2,771.9	2,158.2	212.4
<b>Liquidity Ratio</b>				
Current Ratio	Times	1.66	1.71	0.99
Quick Ratio	Times	0.44	0.36	0.05
<b>Financial Policy Ratio</b>				
Debt Equity Ratio	Times	1.67	1.20	10.71
Total Revenues	Million Baht	764.5	643.9	575.9
Total Expenses	Million Baht	509.3	466.6	350.0
Profit/ (Loss) before Finance Cost and Tax	Million Baht	255.2	177.2	225.9
Net Profit/ (Loss) for the year	Million Baht	69.1	67.5	125.8
Total Number of Listed Shares	Million Shares	1,317.1	924.0	220.0
Net Profit/ (Loss) per Share for the year	Baht	0.06	0.07	0.56
Net Profit/ (Loss) per Share (of the company) for the year	Baht	0.03	0.09	0.28
<b>Profitability Ratio</b>				
Gross Profit Margin	%	46.05	28.00	30.12
Net Profit Margin	%	9.04	10.57	21.83
Return on Equity	%	2.65	5.72	93.93
<b>Efficiency Ratio</b>				
Return on Total Assets	%	1.07	1.88	6.06
Total Assets Turnover	Times	0.04	0.11	0.16



## BOARD OF DIRECTORS



### Dr. King Wai Chan

Chairman of Board of Directors,  
Chairman of Executive Committee

**Age** 70 years  
**Date of Appointment** 18 May 2016

- Honorary Doctorate degree from PSB Paris School of Business
- Chairman of Board of Directors, Chairman of Executive Committee of King Wai Group (Thailand) Public Company Limited
- Chairman of Hong Kong King Wai Group Company Limited
- Chairman of King Wai Financial Holdings (Shanghai) Company Limited
- Member of 12<sup>th</sup> National Committee of CPPCC (Chinese People's Political Consultative Conference) and the Associate Director of the Committee for Economic Affairs in CPPCC
- Chairman of 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



**Mr. Antonio Hang Tat Chan**

Vice Chairman of Board of Directors,  
Member of Executive Committee

**Age** 34 years  
**Date of Appointment** 18 May 2016

- Bachelor of Finance from University of Toronto, Canada
- Vice Chairman of Board of Directors, Member of Executive Committee of King Wai Group (Thailand) Public Company Limited
- Vice Chairman of Hong Kong King Wai Group Company Limited
- Vice Chairman of King Wai Financial Holdings (Shanghai) Company Limited
- Vice Chairman of China Chamber of International Commerce
- Executive Vice Chairman of Hong Kong China Chamber of Commerce
- Executive Vice Chairman of Hong Kong Mainland International Investment Society
- Vice Chairman of Thai Chamber of Commerce & Industry
- Advisor of Thai Young Chinese Chamber of Commerce



## Mr. Hang Lee Chan

Vice Chairman of Board of Directors,  
Member of Executive Committee, Chief Executive Officer

**Age** 33 years

**Date of Appointment** 20 June 2016

- Bachelor degree in Economics and Financial Management from University of Toronto, Canada
- Vice Chairman of Board of Directors, Member of Executive Committee and Chief Executive Officer of King Wai Group (Thailand) Public Company Limited
- Chairman of Shanghai KJT.com International Trading Company Limited
- Chairman of King Wai Supply-Chain Management (Beijing) Company Limited
- Director of King Wai Property Development Company Limited
- Executive Director & Legal Representative of King Wai Oasis City (Tianjin) Property Development Company Limited
- Executive Director & Legal Representative of International Commodities Exchange & Exhibition Company Limited





**Mr. Yupeng Huang**  
Director

<b>Age</b>	39 years
<b>Date of Appointment</b>	18 May 2016
<b>Education / Training</b>	<ul style="list-style-type: none"> <li>• Bachelor degree in Environmental Engineering from Tongji University, China</li> <li>• Executive education from University of Michigan's Ross School of Business, USA</li> </ul>
<b>Work Experiences</b>	<ul style="list-style-type: none"> <li>• 2012-2012 Director and China Portfolio Manager of Deutsche Bank</li> <li>• 2012-2014 General Manager Corporate Development of Shui On Land</li> </ul>
<b>Current Position</b>	
<b>Position in listed company</b>	<ul style="list-style-type: none"> <li>• Director of King Wai Group (Thailand) Public Company Limited</li> </ul>
<b>Positions in other company</b>	<ul style="list-style-type: none"> <li>• Deputy CEO of Hong Kong King Wai Group Company Limited</li> <li>• CEO, Member of Investment Committee, Member of Risk and Capital Management Committee of King Wai Insurance Public Company Limited</li> </ul>



**Mr. Boonyong Yongcharoenrat**  
Director

<b>Age</b>	55 years
<b>Date of Appointment</b>	19 May 2016
<b>Education / Training</b>	<ul style="list-style-type: none"> <li>• Master of Business Administration from Beijing Economic Management Cadre College, China</li> </ul>
<b>Work Experiences</b>	<ul style="list-style-type: none"> <li>• 2013-Present, Director of Thai-China Cultural Industries Group</li> </ul>
<b>Current Position</b>	
<b>Position in listed company</b>	<ul style="list-style-type: none"> <li>• Director of King Wai Group (Thailand) Public Company Limited</li> </ul>
<b>Positions in other company</b>	<ul style="list-style-type: none"> <li>• Director of Thai-China Cultural Industries Group</li> </ul>



## Mr. Shaosan Zheng

Director

<b>Age</b>	54 years
<b>Date of Appointment</b>	20 Jun 2016
<b>Education / Training</b>	<ul style="list-style-type: none"> <li>• Bachelor degree, Analytical Chemistry from Guangdong University of Technology, China</li> </ul>
<b>Work Experiences</b>	<ul style="list-style-type: none"> <li>• 2008-2016 Vice President of Guangzhou Textile Industry and Trading Company Limited</li> </ul>
<b>Current Position</b>	
<b>Position in listed company</b>	<ul style="list-style-type: none"> <li>• Director of King Wai Group (Thailand) Public Company Limited</li> </ul>
<b>Positions in other company</b>	-



## Mrs. Jiraporn Pimpoorash

Independent Director,  
Chairman of Audit Committee

<b>Age</b>	61 years
<b>Date of Appointment</b>	27 May 2004
<b>Education / Training</b>	<ul style="list-style-type: none"> <li>• Master of Business Administration, Kasetsart University, Thailand</li> <li>• Bachelor of Accountancy and Higher Diploma in Auditing, Chulalongkorn University, Thailand</li> <li>• Director Certification Programme (DCP) 62/2005</li> </ul>
<b>Work Experiences</b>	<ul style="list-style-type: none"> <li>• 2004-Present, Managing Director, Audit and Certified Public Accountant of S &amp; J Business Consultant Company Limited</li> </ul>
<b>Current Position</b>	
<b>Position in listed company</b>	<ul style="list-style-type: none"> <li>• Independent Director/ Chairman of Audit Committee of King Wai Group (Thailand) Public Company Limited</li> </ul>
<b>Positions in other company</b>	<ul style="list-style-type: none"> <li>• Independent Director/ Chairman of Audit Committee of King Wai Insurance Public Company Limited</li> <li>• Managing Director, Audit and Certified Public Accountant of S &amp; J Business Consultant Company Limited</li> </ul>



## Professor Chukiat Pramoolpol

Independent Director,  
Member of Audit Committee

<b>Age</b>	87 years
<b>Date of Appointment</b>	21 Dec 2004
<b>Education / Training</b>	<ul style="list-style-type: none"> <li>• Master of Business Administration, Wharton School, University of Pennsylvania, USA</li> <li>• Bachelor of Law, Thammasat University, Thailand</li> </ul>
<b>Work Experiences</b>	<ul style="list-style-type: none"> <li>• 2004-2012 Advisor of Thaiwivat Public Company Limited</li> </ul>
<b>Current Position</b>	
<b>Position in listed company</b>	<ul style="list-style-type: none"> <li>• Independent Director, Member of Audit Committee of King Wai Group (Thailand) Public Company Limited</li> </ul>
<b>Positions in other company</b>	<ul style="list-style-type: none"> <li>• Independent Director, Chairman of Risk and Capital Management Committee of King Wai Insurance Public Company Limited</li> <li>• Lecturer of Siam University</li> </ul>



## Mr. Somprasong Makkasaman

Independent Director,  
Member of Audit Committee

<b>Age</b>	63 years
<b>Date of Appointment</b>	27 May 2004
<b>Education / Training</b>	<ul style="list-style-type: none"> <li>• Master of Business Administration, Kasetsart University, Thailand</li> <li>• Bachelor of Law, Chulalongkorn University, Thailand</li> <li>• Director Accreditation Programme (DAP) 35/2005</li> <li>• Director Certification Programme (DCP) 62/2005</li> <li>• Audit Committee Programme (ACP) 9/2005</li> </ul>
<b>Work Experiences</b>	<ul style="list-style-type: none"> <li>• 2005-Present, Audit Committee of Unique Engineering and Construction Public Company Limited</li> </ul>
<b>Current Position</b>	
<b>Position in listed company</b>	<ul style="list-style-type: none"> <li>• Independent Director, Member of Audit Committee of King Wai Group (Thailand) Public Company Limited</li> <li>• Audit Committee of Unique Engineering and Construction Public Company Limited</li> </ul>
<b>Positions in other company</b>	<ul style="list-style-type: none"> <li>• Independent Director, Member of Audit Committee of King Wai Insurance Public Company Limited</li> <li>• Partner of Executive Director of Legal Advisory Council Limited</li> </ul>



# 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. Hang Lee Chan

### AUDIT COMMITTEE

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

### COMPANY SECRETARY

Ms. Montira Kiatsunthorn

### 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 No. : (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 No. : (662) 009 9000  
 Telefax : (662) 009 9991  
 Website : www.tsd.co.th

### AUDITOR

Dr. Suphamit Techamontrikul  
 Certified Public Accountant (Thailand) No. 3356  
 Deloitte Touche Tohmatsu Jaiyos Co., Ltd.  
 AIA Sathorn Tower, 23-27<sup>th</sup> Floor, 11/1 South Sathorn  
 Road, Yannawa, Sathorn, Bangkok 10120 Thailand  
 Telephone No. : (662) 676 5700

### SECURITY SYMBOL

KWG

### NATURE OF BUSINESS

Property Development

### REGISTRATION NUMBER

0107537001951

### REGISTERED AND PAID-UP CAPITAL

Baht 13,170,534,700

### TOTAL SHARES ISSUED

1,317,053,470 shares

### Par Value

Baht 10 per share

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

### THAI-KAMI Co., Ltd.

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998

### CORNERSTONE REALTY Co., Ltd.

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998

### KWG EXPLORE LIMITED

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998

### NVW DEVELOPMENT Co., Ltd.

Shares held by KWG : 100%

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998

**PRARAM 4 LIMITED**

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998

**S31 LIMITED**

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998

**S61 LIMITED**

Shares held by KWG : 100%

Registration No : 0105560055190

Business : Property Development

Register Capital : Baht 101,000,000

Par Value : Baht 100 per share

Total Share Issued : 1,010,000 shares

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998

**KING WAI CONSTRUCTION LIMITED**

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998

**KING WAI MEDIA LIMITED**

Shares held by KWG : 100%

Registration No : 0105560083487

Business : Marketing and Advertising

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998

**KING WAI PROPERTY LIMITED**

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998



#### **AEC CITY Co., Ltd.**

Shares held by KWG : 100%

Registration No : 0105556058074

Business : Property Development

Register Capital : Baht 88,200,000

Par Value : Baht 100 per share

Total Share Issued : 882,000 shares

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998

#### **KING WAI CAPITAL Co., Ltd.**

Shares held by KWG : 100%

Registration No : 0105561056262

Business : Investment

Register Capital : Baht 1,000,000,000

Par Value : Baht 100 per share

Total Share Issued : 10,000,000 shares

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

Telephone : (662) 129 5999

Telefax : (662) 129 5998

#### **KING WAI INSURANCE PUBLIC COMPANY LIMITED (PREVIOUS NAME QBE INSURANCE (THAILAND) PUBLIC COMPANY LIMITED**

Shares held by : 99%

KWGCAP

Registration No : 0107556000019

Business : Insurance

Register Capital : Baht 679,000,000

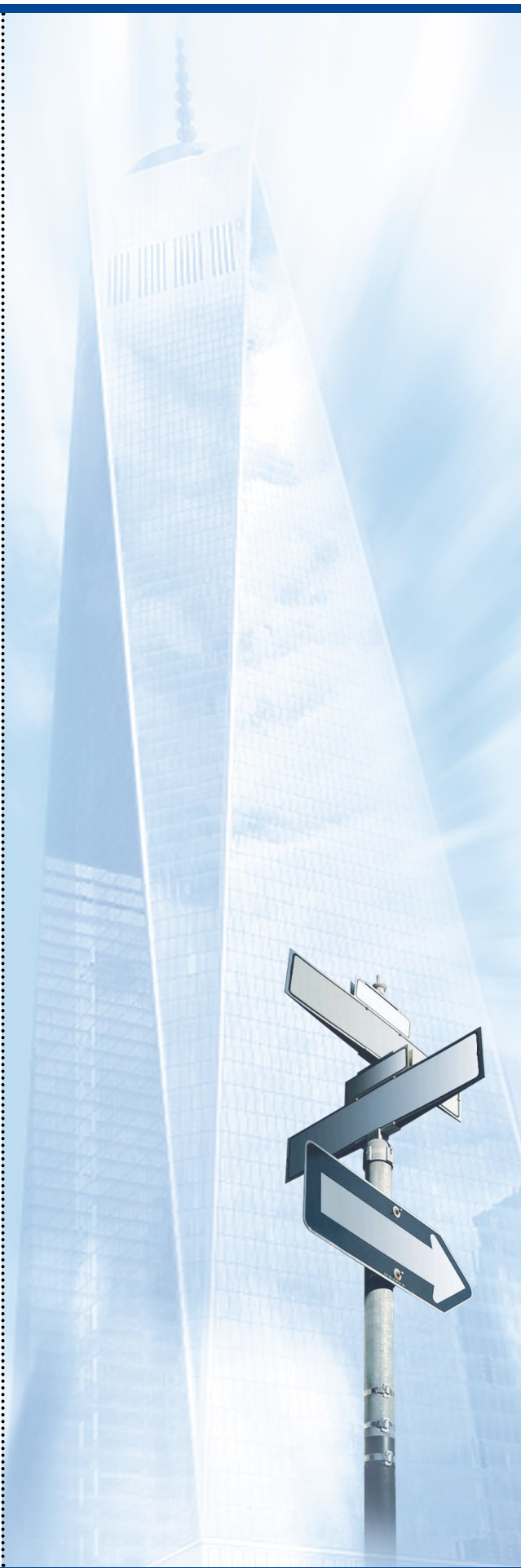
Par Value : Baht 5 per share

Total Share Issued : 135,800,000 shares

Registered Office : 15<sup>th</sup> Floor, U Chu Liang Building,  
No.968 Rama IV Road, Silom,  
Bangrak, Bangkok 10500

Telephone : (662) 624 1000

Telefax : (662) 238 0836



## KEY EVENTS IN YEAR 2018

### March

- The Company registered a new subsidiary company which was King Wai Capital Limited on 27 March 2018

### May

- The registered capital of King Wai Capital Limited has been increased from THB 1 million to be THB 1 billion.
- The Company by King Wai Capital Limited completed the acquisition of QBE Insurance (Thailand) PCL and later renamed it to be King Wai Insurance Public Company Thailand.

### July

- The registered capital of S61 Limited has been increased from THB 1 million to be THB 101 million.
- The Board Meeting no. 4/2018 on 11 July 2018, approved on the acquisition of shares in a subsidiary, AEC City Co., Ltd. ("AEC") from three sellers as follow:
  - LCK Land Co., Ltd. in amount of 44,100 shares
  - HP Advanced Ceramics Co., Ltd., in amount of 44,100 shares
  - Mahachai Salt Co., Ltd. in amount of 44,100 shares

The total acquisition was 132,300 shares, with the purchase price at 148,490,016.50 Baht, as a result the Company's shareholding in AEC has increased from 85 percent up to 100 percent of its registered capital.

- The appointment of Mr. Hang Lee Chan as Vice Chairman of the Board of directors and also an authorized director in 11 subsidiary companies.

### November

- Opened the show sales gallery on Rama IV Road of the Company's planned condominium projects.
- Launched the condominium project "S61 SUKHUMVIT BY KWG" located in Soi Sukhumvit 61.



## 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% of the Company's total shares.

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 and Insurance are the core business of KWG, which has the registered and paid-up capital of Baht 13.17 billion as of 31 December 2018.

### **KING WAI GROUP**

King Wai Group, one of the Hong Kong based, China's reputable and renowned conglomerates in Asia with a proven record of accomplishment of nearly 40 years.

The founder, Dr King Wai Chan, 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 late 1980s, 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 Shanghai King Wai City Oasis. The Shanghai King Wai Oasis project is 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 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 "One Belt One Road" program which is collaboration between 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 2018, 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 has launched 1 condominium project in Bangkok while other 2 planned developments will follow as scheduled.

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

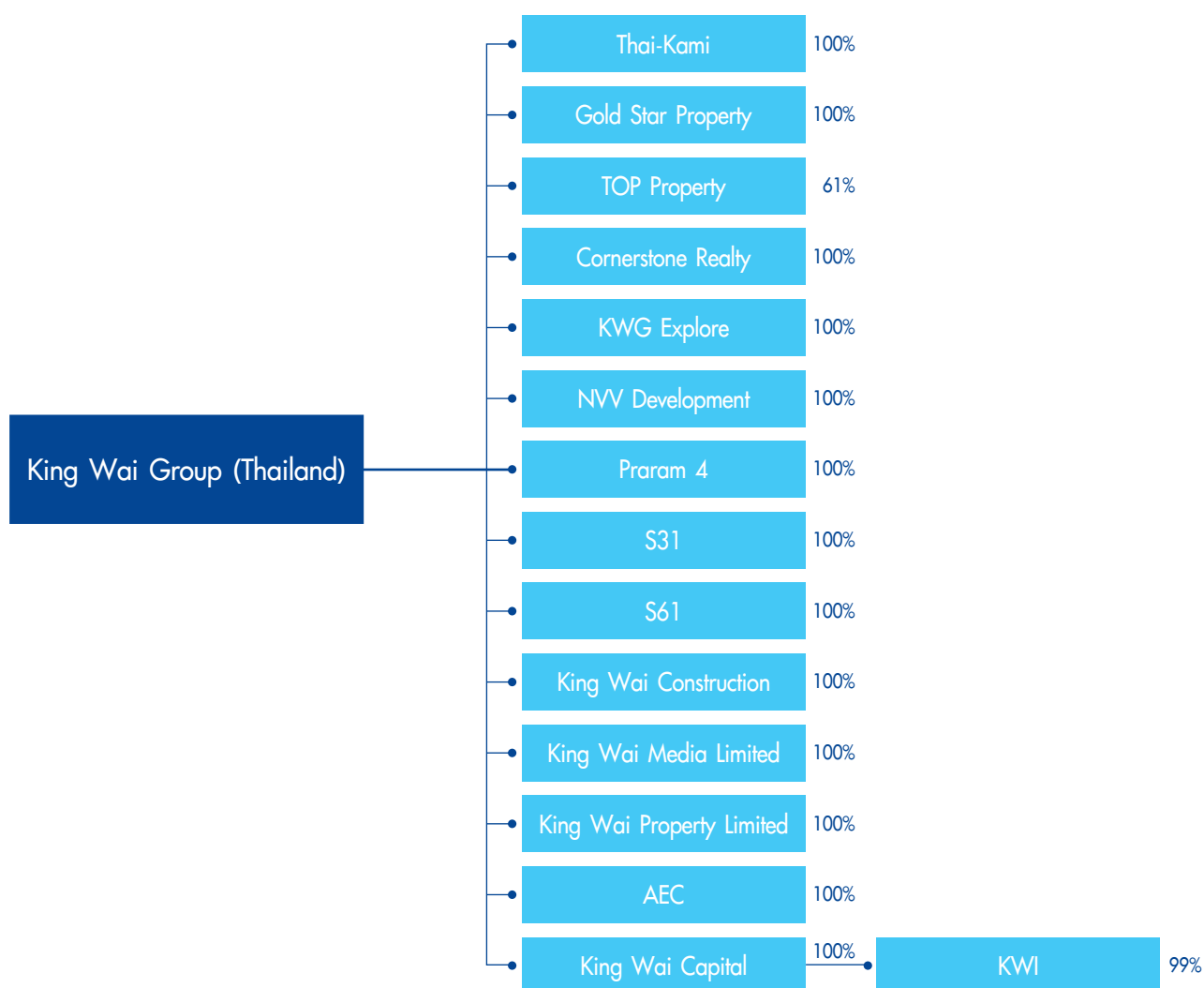
In May 2018, KWG has completed its acquisition of QBE Insurance (Thailand) and renamed the company as “King Wai Insurance Public Company Limited” or “KWI” to deliver the best professional service in insurance business.

## 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.

### INVESTMENT STRUCTURE OF KWG

As at 31 December 2018



# NATURE OF BUSINESS

## BUSINESS OPERATIONS OF THE COMPANY AND ITS SUBSIDIARIES

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

### 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 2021, 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 approximately 99% sold as at 31 December 2018.

#### Single Detached House Project in Watcharapol area

This single detached house project which is continued development from Villa Arcadia Watcharapol. Well-connected by the Ramindra-At Narong Expressway and Kanchanaphisek Outer Ring Road, 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 2019 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.

Approximately 60.0% of the 45 launched units have been sold as at 31 December 2018.

### Condominium Development

#### Condominium project at Sukhumvit 61

Low rise condominium located in peaceful Sukhumvit 61 was launched in 4Q 2018. 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 (Thonglor) and Sukhumvit 63 (Ekkamai). The project is easy to commute via skytrain mass transit system.

#### Condominium project at Sukhumvit 31

Low rise condominium, located in residential area of Sukhumvit 31. 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. The project is on EIA approval process.

#### Condominium at Rama IV

High rise condominium located on Rama IV Road. The project is located just next door to Bangkok’s CBD and opposite



Thailand's top university, Chulalongkorn University as well as top hospital, Chulalongkorn hospital. BTS and MRT stations are in walking distance. The project is easy access to prime shopping centers and both famous private and international schools. The project is on design process and document preparation for EIA approval.

### **Mix-Use Project Development**

#### **AEC City Project**

Land in Chachoengsao city, Chachoengsao Province, Our subsidiary, AEC City Co., Ltd. (AEC) has acquired a land plot, 18-2-16 Rai in Nong Jok district, Bangkok and 32 plots, 1,978-4-22 Rai in Chachoengsao city, Chachoengsao Province. The total land area is 1,997-2-38 Rai for total 33 plots.

AEC has a plan to develop mix-use project. Team Consultant Company was engaged for design. Preparation of feasibility studies and documents to submit Eastern Economic Corridor Department (EEC) for proceed approval. Team Consultant PCL will involve with departments and will provide consultancy services on study method, prohibition, and limitation as well as prevention guidelines of development project. Team Consultant PCL's may include consulting with chachoengsao office of public works and town & country planning not only these but some business partners also were connected for increasing the confidence that the project was developed in the effective way.

The AEC's Development plan in Chachoengsao area consists of wellness center (i.e. study, research and management

of health) modern distribution center, residential and commercial area. Presently, AEC project is preparing document for submit to EEC department.

#### **NVW Project**

Land in Wang Noi district in Ayutthaya province was acquired by our subsidiary, NVW Development Co., Ltd. The acquired land area is 2,605-0-49.6 Rai, connected to phaholyothin main road which was easily to the north east and the north of Thailand. The land's location is also near the eastern outer ring being convenient to travel to the southern and the west of Thailand and near the large scale industry estate. The back of the land plot has Bang Pa-In - Nakhon Ratchasima Intercity Motorway Project. The route alignment starts where it connects with the northern segment of the existing Outer Ring Road (or Kanchanaphisek Road) at Bang Pa-In District of Ayutthaya Province, Saraburi Province and ends at the approach to the western Nakhon Ratchasima bypass in Muang District, Nakhon Ratchasima Province. This route connects Bangkok, central region and the center of the north eastern to support the connectivity to Cambodia, Laos, Vietnam and Southern China. This route is expected to open in 2020.

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

The building was approximately 90% leased out as at 31 December 2018.

#### **King Wai Insurance Public Company Limited**

After the success of business expansion in Thailand, King Wai Group aims to continue expanding into the financial service sector including insurance business. On 16 May



2018, KWG (Thailand) completed its acquisition of QBE Insurance (Thailand) and renamed the company as “King Wai Insurance Public Company Limited” or “KWI”

Being a member of King Wai Group, King Wai Insurance Public Company Limited continues to strive to deliver the best

professional service to customers. KWI maintains strong agency and broker relationships, as well as being able to deliver solutions to direct clients. In addition to expertise in meeting the needs of the market with generic insurance lines, KWI has developed specialized expertise in Marine, Professional Indemnity.

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

As at 31 December 2018

Revenue (Million Baht)								
Product Line / Business Group	Operated by	% Shares held by KWG	2018	%	2017	%	2016	%
Lease and Services of Office space	KWG	-	46.87	6.04	42.44	6.59	40.82	7.09
Sale of land and houses	Thai-Kami	100%	200.15	25.79	342.38	53.18	266.30	46.24
	Gold Star	100%	-	-	21.22	3.30	21.30	3.70
Others	-	-	529.01	68.17	237.81	36.93	247.49	42.97
Total	-	-	776.03	100.0	643.85	100.0	575.91	100.0

### 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 2018, Thailand's economy had expanded. Main economic drivers include private consumption and export had improved.

### Thailand Economic Data

% Growth Year on Year	2016	2017	2018	2019(F)
Gross Domestic Product (GDP)	3.2	3.9	4.2	4.0
Inflation rate	0.2	0.7	1.1	1.0
Private Consumption	3.1	3.2	4.7	4.0
Export of Good and Service	-0.6	9.3	7.0	3.8

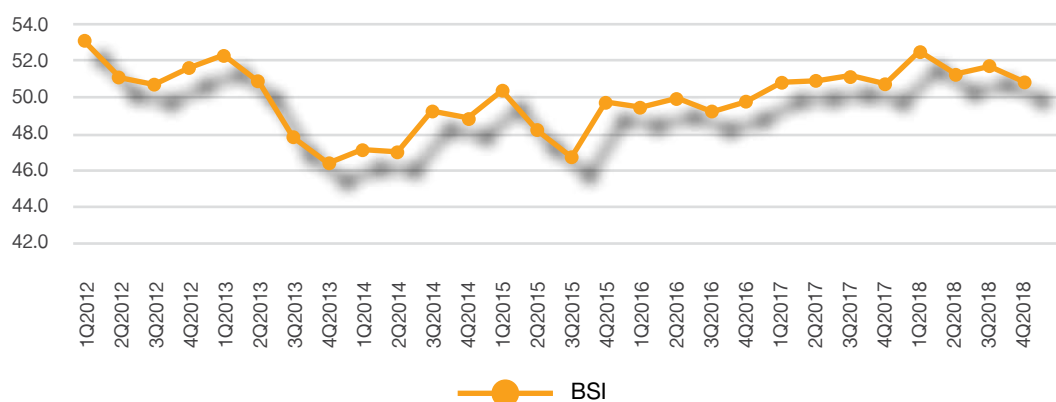
Source : Bank of Thailand

Thailand economy outlook in 2019 is positive. Driving factors in 2019 are;

- the improvement of private investment
- the intensive government investment
- the expansion of merchandise exports
- the improvement of employment and income

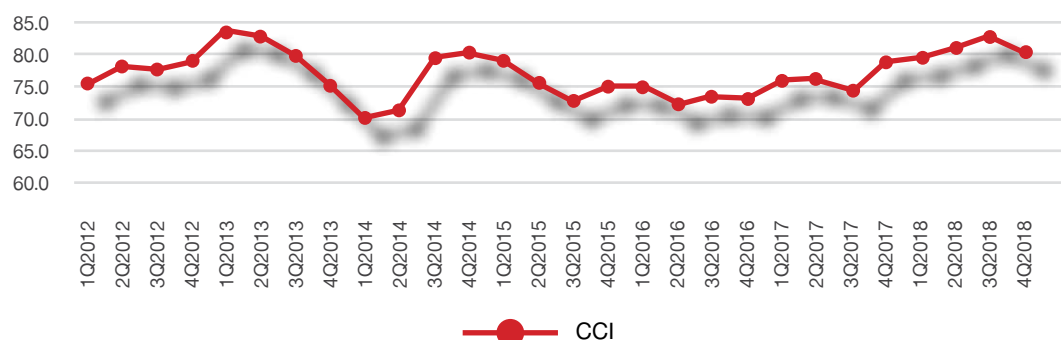
Economy in 2019 is forecasted to expand at 4.0% Y-o-Y. Private investment is expected to expand 4.5%, comparing to 2018. Public spending is expected to expand 6.6%, comparing to 2018. General election is expected to be held in 1H2019.

### Business Sentiment Index (BSI)



Source : Bank of Thailand

### Consumer Confidence Index (CCI)



Source : University of Thai Chamber of Commerce

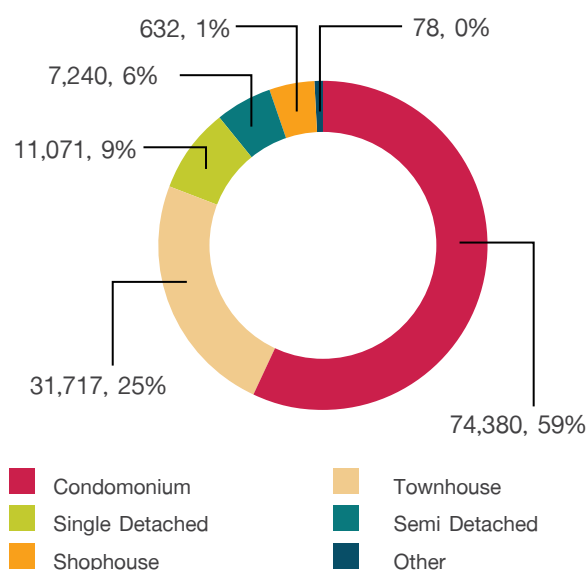
### OVERALL PROPERTY MARKET

In 2018, the Agency for Real Estate Affairs (Thailand) reported that overall residential supply in Bangkok and its vicinity stood at 320,345 units, a 7.2% increase from 298,806 units in 2017. Overall residential demand in Bangkok and its vicinity stood at 120,577 units, a 16.4% increase from 103,579 units in 2017.

Overall new residential supply in Bangkok and its vicinity stood at 125,118 units at Baht 565,811 million, a 28% increase from Baht 441,661 million in 2017.

The important factor for residential market in 2019, Bank of Thailand announced new mortgage lending rules for helping to reduce speculative buying and to require banks to focus on borrowers with better credit quality. Effective on 1<sup>st</sup> April 2019, purchasers will now be required to make a down payment of at least 20% of the property value for new mortgages being worth of 10 million baht and higher, as well as mortgages for second and subsequent homes. The new rules will not affect the first homebuyers.

### New Launches in 2018



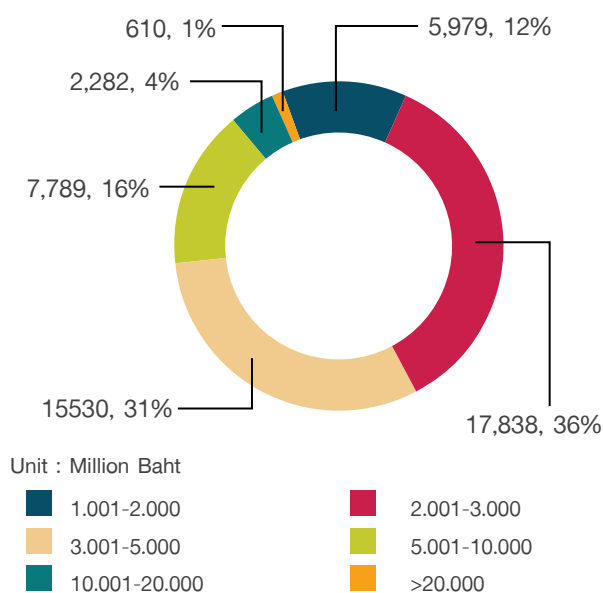
Source : Agency for Real Estate Affairs

### LANDED HOMES

In 2018, 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 2018 prices of single detached houses in Bangkok and its vicinity increased by 4.4% year-on-year (y-o-y) and also prices of townhouses in Bangkok and its vicinity increased by 4.4% y-o-y.

The landed residential sentiment had improved. In 2018, the Agency for Real Estate Affairs (Thailand) reported that overall new landed homes in Bangkok and its vicinity stood at 50,028 units, a 0.6% increase from 49,742 units in 2017. Meanwhile the overall value of new landed homes stood at Baht 223,757 million, a 21% increase from Baht 185,024 million in 2017.

### New Landed Homes in 2018



Source : Agency for Real Estate Affairs

### CONDOMINIUM SECTOR

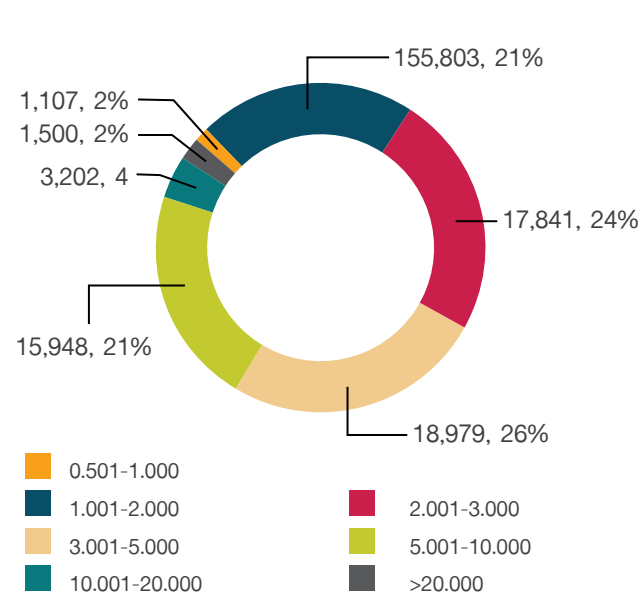
In 2018, prices of condominiums continued to rise due to the rise of land price. According to Thailand's Real Estate Information Center, in 2018 prices of condominiums in Bangkok and its vicinity increased by 9.8% y-o-y.

#### 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 establishes development timelines to ensure the best time to enter the market.

The number of new condominium units increased in 2018. The Agency for Real Estate Affairs (Thailand) reported that overall new condominium units in Bangkok and its vicinity stood at 74,380 units, a 17% increase from 63,626 units in 2017. Meanwhile the overall value of new condominium units stood at Baht 338,429 million, a 35% increase from Baht 250,631 million in 2017.

### New Condominiums in 2018



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.



**Procedure for Land Acquisition.**

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

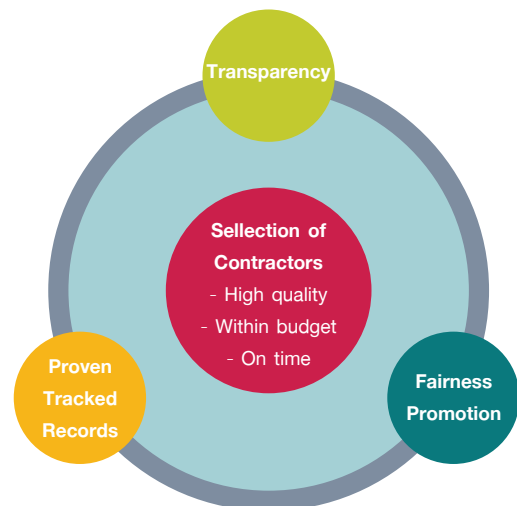
Most of KWG's construction materials are generally procured through its main contractors. KWG also maintains a database of prices of construction materials collated from government and other reliable sources. The Company enforces stringent guidelines and transparent purchase procedures to ensure quality 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.



## ASSETS OF THE COMPANY

As at 31 December 2018

Jewellery Centre Building	Villa Arcadia Watcharapol	Sukhapiban 3 Mansion
<b>Company</b> King Wai Group (Thailand) Public Company Limited	<b>Company</b> Top Property Company Limited	<b>Company</b> Gold Star Property Company Limited
<b>Location</b> 138 Nares Road, Sipraya Sub-District, Bangrak District, Bangkok, Thailand	<b>Location</b> Soi Watcharapol, Tha Raeng Sub-District, Bang Khen District, Bangkok, Thailand	<b>Location</b> 22/1 Sukhapiban 3 Road, Hua Mak Sub-District, Bang Kapi District, Bangkok, Thailand
<b>Type of Asset</b> 34-storey commercial building covering a total gross area of 42,833.78 sq.m.	<b>Type of Asset</b> Freehold land which will yield 270 units of two-storey detached houses when completed	<b>Type of Asset</b> 19-storey residential condominium with 1,024 units
<b>Asset Area</b> The Company holds 28.36% of the total gross area (12,145.64 sq.m.) of the building	<b>Asset Area</b> The Company holds a total gross area of 72-2-16.5 rai	<b>Asset Area</b> The Company owns 2 units with a total gross area of 119.21 sq.m.
<b>Net Book Value</b> Baht 396,447,946.92	<b>Net Book Value</b> Baht 794,397,605.16	<b>Net Book Value</b> Baht 2,390,000.00
<b>Appraisal Value</b> Baht 404,500,000.00	<b>Appraisal Value</b> Baht 705,590,000.00	<b>Appraisal Value</b> Baht 2,620,000.00
<b>Appraisal Date</b> 13 December 2018	<b>Appraisal Dated</b> 10 December 2018	<b>Appraisal Dated</b> 12 December 2018
<b>Appraisal Company</b> Agency For Real Estate Affairs Co., Ltd.	<b>Appraisal Company</b> Agency For Real Estate Affairs Co., Ltd.	<b>Appraisal Company</b> Agency For Real Estate Affairs Co., Ltd.
<b>Right / Possession</b> Freehold	<b>Right / Possession</b> Freehold	<b>Right / Possession</b> Freehold
<b>Collateral</b> None	<b>Collateral</b> None	<b>Collateral</b> None

Villa Arcadia Srinakarin	Land at Tak	Land at Ayutthaya
<b>Company</b> Thai-Kami Company Limited	<b>Company</b> Thai-Kami Company Limited	<b>Company</b> NVV Development Company Limited
<b>Location</b> Bang Kaew Sub-District, Bang Phli District, Samut Prakan Province, Thailand	<b>Location</b> 1 Moo 5, Phaholyothin (TorLor. 1) Road, Mai Ngam Sub-District, Muang Tak District, Tak Province, Thailand	<b>Location</b> Phahonyothin (Tor Lor 1) Road, Lamsai Sub-District, Wongnoi District, Ayutthaya Province, Thailand
<b>Type of Asset</b> Freehold land which will yield 365 units of two-storey detached houses when completed	<b>Type of Asset</b> 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	<b>Type of Asset</b> Vacant land and field
<b>Asset Area</b> The Company holds a total area of 29-0-25.2 rai	<b>Asset Area</b> The Company holds a total gross area of 60-2-70 rai	<b>Asset Area</b> The Company holds a total gross area of 2,605-0-89.6 rai
<b>Net Book Value</b> Baht 23,252,764.98	<b>Net Book Value</b> Baht 25,472,100.00	<b>Net Book Value</b> Baht 1,859,300,000.00
<b>Appraisal Value</b> Baht 29,003,400.00	<b>Appraisal Value</b> Baht 25,472,100.00	<b>Appraisal Value</b> Baht 1,859,300,000.00
<b>Appraisal Dated</b> 12 December 2018	<b>Appraisal Dated</b> 11 December 2018	<b>Appraisal Dated</b> 11 December 2018
<b>Appraisal Company</b> Agency For Real Estate Affairs Co., Ltd.	<b>Appraisal Company</b> Agency For Real Estate Affairs Co., Ltd.	<b>Appraisal Company</b> Agency For Real Estate Affairs Co., Ltd.
<b>Right / Possession</b> Freehold	<b>Right / Possession</b> Freehold	<b>Right / Possession</b> Freehold
<b>Collateral</b> Partial mortgage	<b>Collateral</b> None	<b>Collateral</b> Mortgage

The Trio Chiang Mai (previously "Chiang Mai VIP Tower")	Land at Sukhumvit 31	Land at Sukhumvit 61
<b>Company</b> Thai-Kami Company Limited	<b>Company</b> S31 Limited	<b>Company</b> S61 Limited
<b>Location</b> 118 Moo 1, Huay Kaew Road, Chang Pueak Sub-District, Muang District, Chiang Mai Province, Thailand	<b>Location</b> 221/2 Soi Sukhumvit 31, Klongton Sub-District, Prakanong District, Bangkok, Thailand	<b>Location</b> Adjacent to Soi Sukhumvit 61, Sukhumvit Road, North Klongton Sub-District, Wattana District, Bangkok, Thailand
<b>Type of Asset</b> Four-storey commercial building	<b>Type of Asset</b> Vacant land (ready for construction)	<b>Type of Asset</b> Vacant land (ready for construction)
<b>Asset Area</b> The Company owns four units with a total area of 890.88 sq.m	<b>Asset Area</b> The Company holds a total gross area of 0-2-54.5 rai	<b>Asset Area</b> The Company holds a total gross area of 1-1-98.4 rai
<b>Net Book Value</b> Baht 23,200,000.00	<b>Net Book Value</b> Baht 158,037,419.00	<b>Net Book Value</b> Baht 437,004,473.71
<b>Appraisal Value</b> Baht 26,700,000.00	<b>Appraisal Value</b> Baht 147,600,000.00	<b>Appraisal Value</b> Baht 568,480,000.00
<b>Appraisal Date</b> 14 December 2018	<b>Appraisal Dated</b> 7 December 2018	<b>Appraisal Dated</b> 7 December 2018
<b>Appraisal Company</b> Agency For Real Estate Affairs Co., Ltd.	<b>Appraisal Company</b> Agency For Real Estate Affairs Co., Ltd.	<b>Appraisal Company</b> Agency For Real Estate Affairs Co., Ltd.
<b>Right / Possession</b> Freehold	<b>Right / Possession</b> Freehold	<b>Right / Possession</b> Freehold
<b>Collateral</b> None	<b>Collateral</b> None	<b>Collateral</b> Mortgaged



Land at Rama 4	Land at Chachoengsao
<b>Company</b> Praram 4 Limited	<b>Company</b> AEC City Co., Ltd.
<b>Location</b> Adjacent to Rama IV Road, Sipraya Sub-District, Bangrak District, Bangkok, Thailand	<b>Location</b> Liap Khlong Phra Ong Chao Chaiyanuchit Road (Chor Chor. 3028), Soi Ruam Phatthana 15, Klongluangpang, Muang, ChaChoengsao Thailand and Lam Toi Ting, Nong Chok, Bangkok, Thailand
<b>Type of Asset</b> Vacant land (ready for construction)	<b>Type of Asset</b> Vacant land
<b>Asset Area</b> The Company holds a total gross area of 0-3-11.0 rai	<b>Asset Area</b> The Company holds a total gross area of 1997-2-38.0 rai
<b>Net Book Value</b> Baht 354,001,963.16	<b>Net Book Value</b> Baht 1,733,387,000.00
<b>Appraisal Value</b> Baht 334,400,000.00	<b>Appraisal Value</b> Baht 1,733,387,000.00
<b>Appraisal Dated</b> 12 December 2018	<b>Appraisal Dated</b> 7 December 2018
<b>Appraisal Company</b> Sims Property Consultants Co., Ltd.	<b>Appraisal Company</b> Sims Property Consultants Co., Ltd.
<b>Right / Possession</b> Freehold	<b>Right / Possession</b> Freehold
<b>Collateral</b> None	<b>Collateral</b> 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.

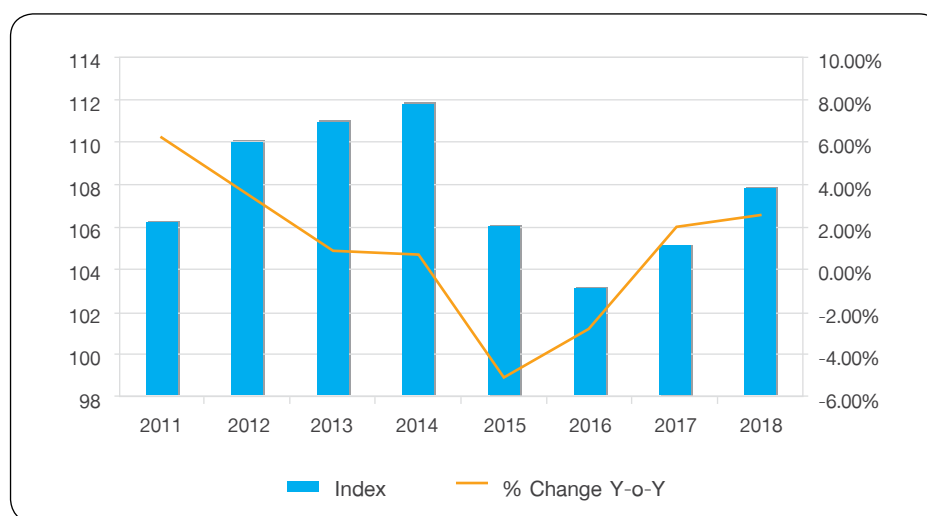
High land costs could result in the Company facing challenges in acquiring good sites at competitive prices. KWG continues to work with selected agents and brokerage firms to source for well-located sites at good prices and also deals directly with landowners. KWG is constantly seeking opportunities 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 Year 2018 increased 2.57% year-on-year from Year 2017. 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.

## Construction Material Price Index



	2010	2011	2012	2013	2014	2015	2016	2017	2018
Index	100	106.3	110	111	111.8	106.1	103.2	105.2	107.9
% Change Y-o-Y		6.30%	3.48%	0.91%	0.72%	-5.10%	-2.73%	1.94%	2.57%

Source : Trade Policy and Strategy Office, Ministry of Commerce

## 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 acquire good location to develop products and to attract buyers.

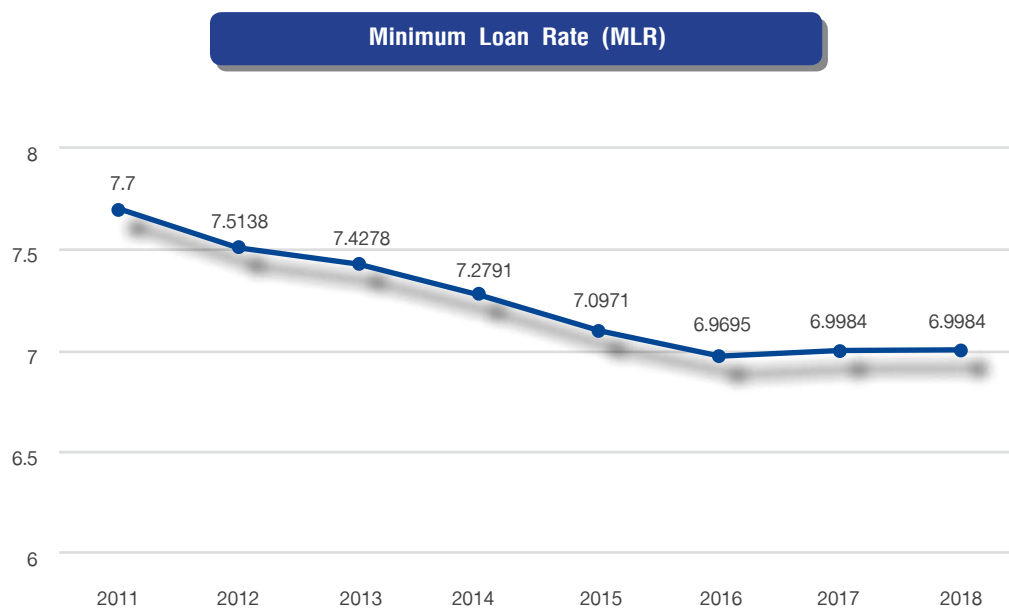
Consequently, the Company keeps closer look at the competitors including their products, strategies and performances. KWG has intensive research to conduct market study and competitor study. The Company utilized this information to gain competitive advantage and to be ahead of the competition.

## INTEREST RATE FLUCTUATIONS

KWG has a loan funding from financial institutions. Their interest rate is based on MLR's floating rates. Over the course of 2018, the Bank of Thailand maintained interest rates at low level. Local financial institutions also maintaining 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.



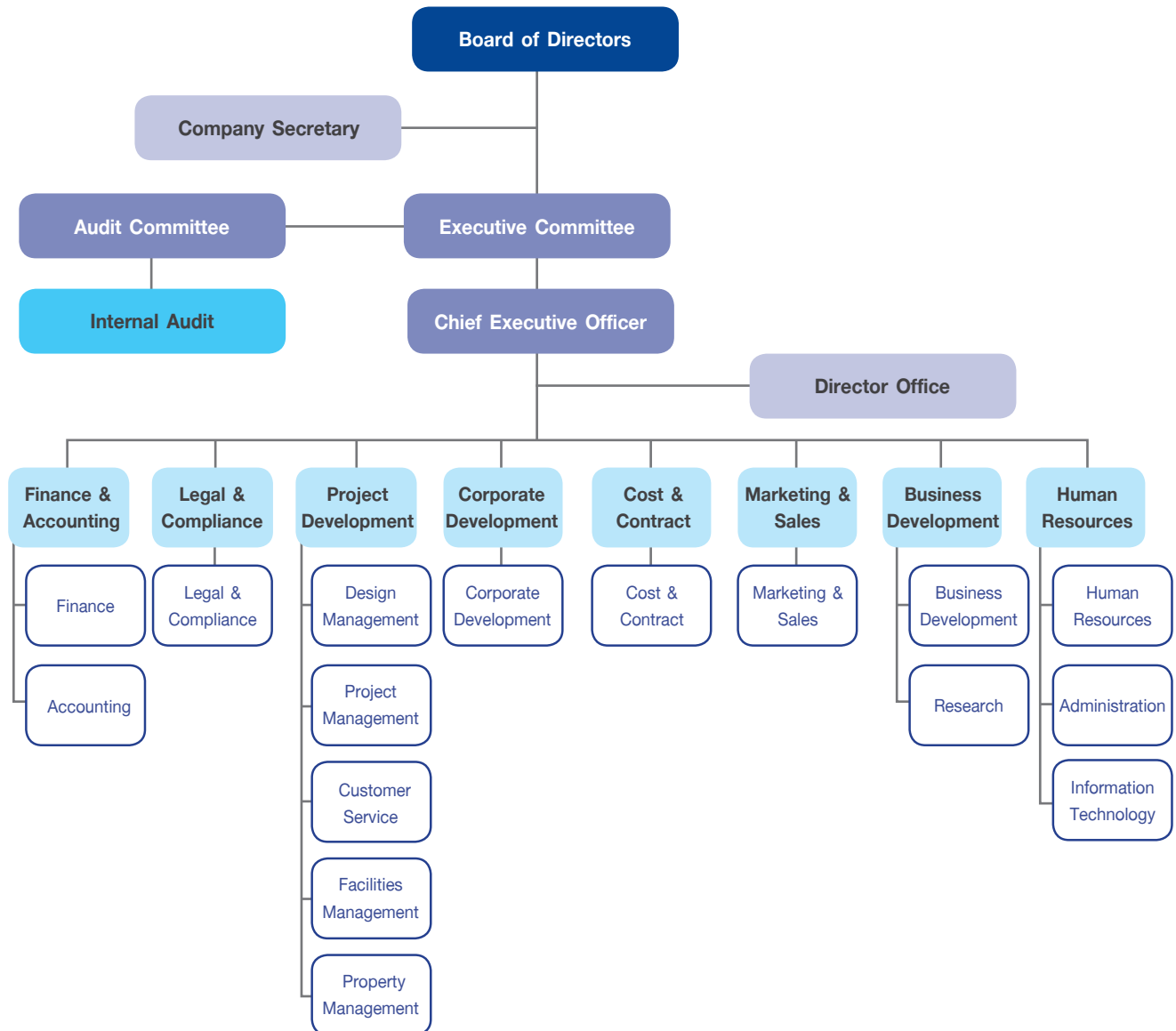
Source : Bank of Thailand



# ORGANIZATIONAL STRUCTURE

## ORGANIZATIONAL STRUCTURE SECURITIES AND SHAREHOLDING INFORMATION

As of December 31<sup>th</sup>, 2018



### Securities and Shareholding Information

#### Registered Capital and Paid - Up Capital

The company has registered capital and fully paid-up of 13,170,534,700 THB, which is ordinary share of 1,317,053,470 shares, par value of 10 THB (Ten baht only).

## Shareholders

As of the record date on 31 December 2018 of the list in accordance with the book closing method, the top ten shareholders of the Company are as follows:

### Top Ten Major Shareholder as of 31 December 2018

Shareholders	No. of Share	%
1. KWT1499 (THAILAND) COMPANY PTE. LTD.	615,460,000	46.73
2. Tommo (Thailand) Limited	503,345,070	38.22
3. Mrs. Jantira Luesakul	61,055,200	4.64
4. Mr. Boonyong Yongcharoenrat	12,178,615	0.92
5. King Wai International Holdings Company Limited	11,396,855	0.87
6. Thai NVDR Co., Ltd,	6,338,509	0.48
7. Mr. Chai Srivikorn	3,656,000	0.28
8. Ms. Pannin Kittipraporn	3,155,000	0.24
9. Mr. Krit Orsirivikorn	2,958,700	0.22
10. Mr. Sornprom Montriwat	2,937,500	0.22
<b>Total</b>	<b>1,222,481,449</b>	<b>92.82</b>
Minor shareholders	94,572,021	7.18
<b>Total</b>	<b>1,317,053,470</b>	<b>100.00</b>

## Foreign Shareholding Limit

The foreign shareholding limit of the Company is 49% of all the shares of the Company. This is in accordance with No. 11 of the Article of Association of the Company. As of 31 December 2018, the foreign shareholding of the Company is 47.84 % of all shares of the Company.

## Cross Shareholding

The Company does not have cross shareholding or pyramid shareholding structure in the company group and does not have cross shareholding with major shareholders or other shareholders. Therefore, there is no conflict of interest or business takeover process.

## Minor Shareholders (Free Float)

As of 31 December 2018 which is the book closing date, the total number of shareholders of the Company is 2,089 shareholders. The shareholder in amount of 2,079 are minor shareholders (free float), accounting for 99.52% of all the shareholders.

## Treasury Stock

During the past year, the Company does not have a policy related to treasury stock.

## Issuance of other securities

None

# MANAGEMENT STRUCTURE

## BOARD OF DIRECTORS

As at 31 December 2018, the Board of Directors comprises nine members according to the Company Registration Certificate of the Ministry of Commerce. All of whom are equipped with knowledge and experiences beneficial for the operation of the Company as follows:

Directors	Position	Total of KWG shares as of 31 December 2018 (shares)
Dr. King Wai Chan	Chairman of Board of Directors, Chairman of Executive Committee	-
Mr. Antonio Hang Tat Chan	Vice Chairman of Board of Directors, Member of Executive Committee	-
Mr. Hang Lee Chan	Vice Chairman of Board of Directors, Chief Executive Officer, Member of Executive Committee	-
Mr. Yupeng Huang	Director	-
Mr. Boonyong Yongcharoenrat	Director	12,178,615
Mr. Shaosan Zheng	Director	-
Mrs. Jiraporn Pimpoorash	Independent Director, Chairman of Audit Committee	-
Prof. Chukiat Pramoolpol	Independent Director, Member of Audit Committee	-
Mr. Somprasong Makkasaman	Independent Director, Member of Audit Committee	-

## AUTHORIZED SIGNATORY DIRECTORS

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

## The Board of Directors' Meeting

Directors' attendances at the meetings of the Board and Board Committee for the year ended 31 December 2018 are as follows:

Director's name	The Board of Director		The Audit Committee		The Executives Committee	
	2017	2018	2017	2018	2017	2018
1. Dr. King Wai Chan	1/9	-	-	-	-	-
2. Mr. Hang Lee Chan	1/9	7/9	-	-	-	-
3. Mr. Antonio Hang Tat Chan	5/9	9/9	-	-	-	-
4. Mr. Yupeng Huang	9/9	9/9	-	-	-	-
5. Mr. Boonyong Yongcharoenrat	9/9	9/9	-	-	-	-
6. Mr. Shaosan Zheng	-	-	-	-	-	-
7. Mrs. Jiraporn Pimpoorash	9/9	9/9	6/6	5/5	-	-
8. Prof. Chukiat Pramoolpol	9/9	9/9	6/6	5/5	-	-
9. Mr. Somprasong Makkasaman	9/9	9/9	6/6	5/5	-	-

Remark : excluding the Annual General Meeting 2018

## 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 8 January 2019, the Executive consists of five (5) persons:

Name	Position	Department / Function
Mr. Hang Lee Chan <sup>1</sup>	Chief Executive Officer	Chief Executive Officer
Mr. Rangsiman Kanchanaraphi	Executive Vice President	Project Design and Development Management
Dr. Karn Prativedwannakij	Senior Vice President	Finance & Accounting
Ms. Passaran Boonsiriseth	Senior Vice President	Human Resources, Administration & IT
Mr. Kasemsak Soontarotok	Vice President	Marketing and Sales

Remark : <sup>1</sup> The Board meeting no. 7/2018 held on 8 October 2018 approved the appointment of Mr. Hang Lee Chan as the Chief Executive Officer

## COMPANY SECRETARY

The Company has appointed Ms. Montira Kiatsunthon, Senior Assistant Vice President, Legal & Compliance Department as Company Secretary since 8 October 2018 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, SE 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

#### 1. Financial 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 26 April 2018, the Directors' remuneration was approved. The details are as follows:

Chairman of the Board	Baht 30,000.00/month
Board member	Baht 20,000.00/month
Chairman of the Audit Committee	Baht 10,000.00/month
Member of the Audit Committee	Baht 10,000.00/month

In 2018, the Company paid or payable in cash and kind to the Board of Directors to a total amount of Baht 2,640,000.

Name of Directors	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	-	Nil	240,000.00	0.00
Mr. Yupeng Huang	240,000.00	-	-	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	120,000	-	360,000.00	0.00
Prof. Chukiat Pramoolpol	240,000.00	120,000	-	360,000.00	0.00
Mr. Somprasong Makkasaman	240,000.00	120,000	-	360,000.00	0.00
<b>Total</b>	<b>2,280,000.00</b>	<b>360,000</b>	<b>-</b>	<b>2,640,000.00</b>	<b>0.00</b>



## 2. Non - Financial Remuneration

None and The Company does not have any policy related to ESOP and EJIP.

### Remuneration for Executive Directors

#### 1. Financial Remuneration

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

1.1 The 2018 remuneration for executive include existing executives and those exclusives who left during 2018.

1.2 Other remuneration are such as Provident Fund and Social Security fund.

#### 2. Non - Financial Remuneration

Non-financial remunerations include health insurance and annual medical check-up.

## 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 2018, the Company paid a total of Baht 106,715,546.77 for the remuneration of employees.

Type of Remuneration	Amount (Baht)
Fixed Salary	92,728,527
Bonus	2,476,720
Allowance (Overtime, Provident Fund, Commission, etc.)	11,510,299.77

## PERSONNEL

Total Number of Employees 104 persons

### Employees classified by department as of 31 December 2018:

Department	Person	Department	Person
Corporate Development	5	Customer Service	3
Business Development	2	Facilities Management	8
Research	4	Marketing & Sales	16
Legal & Compliance	5	Finance	6
Project Management	12	Accounting	7
Design Management	6	Information Technology	2
Cost & Contract	5	Administration	8
Director's Office	5	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 programs.
- 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.

### Summary of courses and training conducted in 2018

Course	No. of Course	Attendance	Total (Hours)	Average per person (Hours)
In-house Training	1	42	462.5	4.57
External Training	43	59		

## TRAINING PROGRAMMES

In 2018, the Company supported employees in both internal and external trainings programs, seminars and courses. The total training cost for 2018 amounted to Baht 116,776.

### The following are examples of programs which employees attended during the year:

- Data Transformation for Social Era
- Marketing Research
- Update Corporate Income Tax for submit PND. 50
- Thailand Taking off to New Heights
- The Final Countdown to TFRS 9 Focus Group (regulation related to Financial Instrument)
- Condominium and Housing Setup Juristic Person and Related Laws
- Investor warning measures and indirect regulations
- Rehearsal of the understanding for SET policy
- Caution sign and Backdoor Listing
- Oracle B2C Marketing Workshop Innovation
- VAT
- Bangkok & Vicinity Location and Land Prices Change
- Problems and challenges to prepare the financial report and Technique to detect the unusual things on the actual environment
- Condominium and Housing Estate Management
- Condominium Management and Housing Estate Management
- Corporate Legal Risk Management Summit 2018
- Seminar SET Portal usage
- Kick off Social Enterprise
- EU Personal Information Protection Act
- Speech Writing & Storytelling
- Digitalization and Challenges to Accountants 4.0
- Accounting and Tax Issues with Solutions
- Update the critical point of accounting operation in order to comply with TFRS

- E-Commerce
- Learn Essential on Commercial Contracts: Strategies for Drafting and Negotiating Summit 2018
- The Era of Artificial Intelligence: How will AI affect your industry
- Techniques to solve the tax problems of real estate business
- Internal Communications Employee Engagement
- Motor Insurance Law
- China 5.0 (Economy, Politics, Technology and Law of China's New Era)
- Accounting Issues with Solutions for accountant
- The Accounting Standard TFRS 2018
- The Impact on Registered Company Financial report from new TFRS related to "Revenue from customers' contract" (TFRS15) and "Lease contract" (TFRS16)
- E-Tax Invoice, E-Receipt
- CVC Strategy to Innovation
- Smart Disclosure Program
- SET Portal
- Property Management Law Checkpoint for Tax
- Update for Thai Financial Reporting Standards (TFRS) FY 2019
- Property valuation by income approach
- Get Ready for Robotic Process Automation (RPA) for Digital Accountants
- Feasibility Study

# 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 and best practices in corporate governance based on the Code of Business Conduct and efficiency and transparency.

The Company has also fully complied with the principles of good corporate governance 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 accurately and completely both Thai and English via Company website [www.kwgthai.com](http://www.kwgthai.com) and the SET website [www.set.or.th](http://www.set.or.th). Shareholders can be confident that such rights are protected and treated with respects. 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 partaking 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.

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 2018, the Company held its Annual General Shareholders Meeting on April 26, 2018 time 10.00 am - 12.00 pm at Le Meridien Bangkok Hotel Hotel Silom Bangkok whereas there were 1 (one) Extraordinary General Meeting of the Shareholders held at Anantara Sathorn Bangkok 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 2018, 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 giving opinions, comment, and recommendations 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 answering 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.

The Company published an announcement to invite minor shareholders to propose an agenda which should be considered in the Annual General Meeting of Shareholders in advance from 25 December 2018 - 30 January 2019 via the information system of the Stock Exchange of Thailand and the website of the Company and [www.kwgthai.com](http://www.kwgthai.com) in IR webpage for the Annual General Meeting of Shareholders 2019.

## **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 providing a variety of 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) PCL**

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

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.

**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 2018, the Company organized a total of 462.5 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 by conducted oneself according to a fair competition framework and refrained from making false allegations or false statements that may destroy the reputation of the competitors 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 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 such as Form 56-1 and annual report (form 56-1 and 56-2) through various communication channels including the SET and the Company's website [www.kwgthai.com](http://www.kwgthai.com) in accordance with relevant regulations of related offices in both Thai and English to ensure that shareholders have timely access to information. Furthermore, the company coordinated with external IR to release presses to newspapers, magazines and journals to promote the business of the Company and the performance of the Company.

#### Investor Relations

The Company has appointed Mr. Arthit Nathasiri an investor relations to provide timely information and news to shareholders. Interested parties can contact him directly for required information at;

King Wai Group (Thailand) PCL  
47<sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road,  
Yannawa Sub-District, Sathorn District, Bangkok 10120  
Thailand  
Telephone : (662) 129 - 5999  
Telefax : (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 2018, 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 overseeing and ensuring 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

Directors of the Company must have the qualifications and experiences that meet the needs of the Company and do not have any prohibited qualifications stated in the Public Company Act B.E. 2535 and other related laws. The directors must contribute their time and knowledge in their performance in the Company. 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 prescribed 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. In 2018, in the 2018 Annual General Meeting of Shareholders on 26 April 2018, there were three directors who retired by rotation, namely,

- |                                |                      |
|--------------------------------|----------------------|
| 1. Mr. Boonyong Yongcharoenrat | Director             |
| 2. Mr. Yupeng Huang            | Director             |
| 3. Prof. Chukiat Pramoolpol    | Independent Director |

The resolution of 2018 AGM was passed by the majority of votes of all the votes of the shareholders attending the meeting and having the right to vote to reappoint all the three directors for another term.

### Term of Directors

The Company specifies the age of a director terms is 3 years. However, the Company believes that age or the duration of service is not as important as valuable knowledge and experiences each director bring for the benefit of the Company.

### 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.

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 Grant Thornton Company 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 Audit Committee 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 Audit Committee 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 Audit Committee is satisfied that KWG and its subsidiaries have maintained adequate internal controls for the year 2018.

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	: (662) 129 - 5999
Director	: E-mail	: Eric@kwgthai.com
King Wai Group (Thailand)		
Public Company Limited	: Office Address	: 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, 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 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.





## 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 limited 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.

## 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.

### 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 2018 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	Vice Chairman	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 and Audit Committee	27 May 2004
Prof. Chukiat Pramoolpol	Independent Director and Audit Committee	21 Dec 2004
Mr. Somprasong Makkasaman	Independent Director and Audit Committee	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 2018 includes:

Dr. King Wai Chan	Chairman
Mr. Antonio Hang Tat Chan	Member
Mr. Hang Lee Chan	Member

#### Chief Executive Officer (CEO)

Mr. Hang Lee Chan, 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 evaluating 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.
- 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 2018, the AC called for five (5) 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.
- 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 2018 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 30 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 Board 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 Boardmember 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 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 MEMBER MEETING POLICY**

The Company requests for cooperation should be present at each meeting from all Directors to attend all meetings whenever possible. In 2018, there were nine (9) Board meetings. The Company has fixed the minimum quorum where at least one-half of total number of Directors

#### **ORIENTATION OF NEW DIRECTORS**

In case of new directors, the Company has identified the guideline to prepare the newcomers to be able to perform the duty as a director immediately. The Company Secretary will be responsible for:

1. Providing the legal information of the Company as well as other information such as the Articles of Association, the objectives of the Company, the organization structure and the Code of Business Conduct.
2. Arranging a meeting with the Chairman of the Board of Directors, Board of Directors, subcommittees and the Company's executives to be informed of the operations of the Company.



In 2018, there is no appointment of new directors so the orientation for new directors has not been organized.

## CRIMINAL RECORD OF DIRECTORS AND EXECUTIVES

During the past years and 2018, there has been no case of violation against rules, regulations and laws e.g. regulations of the Securities and Exchange Act, Public Limited Companies Act or any other laws such as the submission of financial statements within a given timeframe. The Company does not have a negative reputation as a result of the failure of the Board of Directors or subcommittees. None of the non-executive directors resign from their position as a result of an issue related to corporate governance of the Company. There are no cases of violation of labor law, employment law, trade competition act or punishment from the government or other regulators as a result of a failure to disclose significant information within the given timeframe.

In addition, the directors and executives of the Company do not violate against rules, regulations and laws e.g. regulations of the Securities and Exchange Act, Public Limited Companies Act or any other civil or criminal laws and do not have any conflicts of interest with the Company. The directors and executives of the Company and subsidiary companies do not:

1. Commit insider trading;
2. Commit an act of corruption or misconduct.

## ACQUISITION REPORT OF DIRECTOR AND EXECUTIVES

The directors and executives have the responsibility to provide an acquisition report and acquisition changes report in accordance with Section 59 of Securities and Exchange Act B.E. 2535 to the Securities and Exchange Commission within three days of the buying, selling, transferring and accepting transfer. They are also to refrain from trading securities of the Company during the period of one month before the disclosure of the financial statements to the public. Furthermore, the acquisition of directors and their spouse and the first four managers after the Managing Directors as well as the Accounting

Manager and Finance Manager must be reported in the Board of Directors' Meeting.

## REPORT ON INTEREST OF DIRECTORS AND EXECUTIVES

In compliance with Section 89/14 of the Securities and Exchange Act B.E. 2535 as amended by the Securities and Exchange Act (No.4) B.E. 2551 and the Notification of the Capital Market Supervisory Board No. TorChor. 2/2552 Re: Report on Interest of Directors, Executives and Related Persons which stipulates that a director and an executive shall file with the company a report on his interest or a related person's interest in relation to management of the company. The company is following the report such as;

### 1. Reporting

The directors and executives, meaning Managing Director, Assistant Managing Director, the first four managers after the Managing Director, those in the positions equivalent to the holders of the management position no. 4 and the executives in the highest position in the accounting or finance line of work must report his/her interest or a related person's interest to the Company.

### 2. Reporting Method

A report must be prepared and submitted to the Company Secretary. Should there be any changes in the information, a report must also be prepared and submitted to the Company Secretary within seven days from the date of the information changes.

### 3. Reporting to the Board of Directors

The Company Secretary must report the interest of directors and executives and related persons to the Board of Directors' Meeting in every quarter for acknowledgement.

## 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:*

- a) 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.
- b) 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.
- c) All staff 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.

In 2018, there is no director and executive enter into sell and buy the securities using internal Information.

## AUDIT FEE

### Audit Fee

The Company and its subsidiaries engaged Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for auditing services and paid for audit fee expenses incurred in 2018 totaling of Baht 6,430,000.00.

Auditor's Fee for the Company	2,100,000.00 Baht
Auditor's Fee for subsidiaries:	4,330,000.00 Baht

In addition, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. and the auditor is not a director, staff, employee or any position in the company pursuant to the article no. 121 of Public Limited Companies Act, B.E.2535 and has no relationship that is in conflict of interest with the subsidiaries, executives, major shareholder or relevant with that person. The auditor is independent and certified by the SEC. Furthermore, the Company has not used another service from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

In the same way, directors and executives of the Company have never been the staff or partner or the relevant of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. in the past two years.

### Non-Audit Fee

There was no non-audit fee incurred in 2018.

The Company has emphasized the significance of good corporate governance as it is beneficial for the organizational

development. The good corporate governance principles for listed companies of the Stock Exchange of Thailand have continuously been implemented. However, there are still rooms for improvements as follows:

1. **Independent directors should have a limited term of office of not exceeding a period of nine consecutive years from the date of being appointed as independent directors.**

Currently, there are three independent directors whose term of office has exceeded nine years. However, the Board has carefully considered the issue and opines that the qualifications of the independent directors of the Company meet with the requirements of the Capital Market

Supervisory Board. Their knowledge and experiences are appropriate with the business operation of the Company. They have expressed their comments and ideas in an independent manner as well as efficiently performing their duties as independent directors of the Company

**2. The Company should consider to appoint sub-committee such as the Nomination and Remuneration Committee, Corporate Governance Committee and Risk Management Committee**

Currently, there are two subcommittees which consist of The Audit Committee, and the Executive Committee. All committees work fully with responsibility to make sure that the operation of the business is conducted to the ethics and operated under the regulations of the SEC and SET. However, the committees make sure that the management will apply the processes and policies for maximum benefit to shareholders and all stakeholders of the Company.

## 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 from Grant Thornton Thailand 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.

## CONNECTED TRANSACTIONS

### APPROVAL PROCEDURES OF CONNECTED TRANSACTIONS

The Company and its subsidiaries have connected transactions with connected persons who may have conflict of interest, all of which being made in a normal course of business of the Company and its subsidiaries. In approving the connected transaction, the Company and its subsidiaries proceed according to normal trading terms by referring to appropriate market rate and condition. In case where the transaction is not normal business transaction or without normal trading terms, such transaction must be presented to the Board of Directors' meeting for approval. Such transaction must be reported to the Company's Board of Directors for further acknowledgement accordingly. In entering into such transaction, it must be ensured that the transaction must provide maximum benefit to the Company.

The Audit Committee and the Company will oversee any future connected transactions together to ensure that they will be handled properly and approved in accordance with relevant procedures. In case where the Audit Committee does not have expertise in considering the transaction arisen, the Company will arrange to have person with expertise and skill, e.g. the Company's

auditor or independent expert, to provide opinion on such connected transaction. Opinion of the Audit Committee or expert will be used as support for decision making of the Company's Board of Directors or shareholders as the case may be. The information on connected transactions will be disclosed in the notes to financial statements as audited by the Company and its subsidiaries' auditor. The connected transaction must be made in accordance with the Securities and Exchange Act, rules and regulations, notification, order or provision of the Office of Securities and Exchange Commission and/or the Stock Exchange of Thailand concerning the connected transactions or the acquisition and disposal of the Company's asset in a strictly manner. The Company must also comply with the provision concerning the disclosure of information of connected transaction and acquisition or disposal of asset. In entering into any potential connected transaction in the future, the Company will proceed according to the measure stipulated above. It has a policy to operate in accordance with normal course of business by referring to appropriate market rate and condition to maximize benefit to the Company.

# CONNECTED TRANSACTIONS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 AND 2017

Parties with Potential Conflict / Nature of Transaction	Type of Transaction	Value of transaction for the period ended (Baht)		Reason and Necessity of the Connected Transaction / Remark
		31 December	31 December	
		2018	2017	
1. K W Thai Commerce (BVI) Co., Ltd. /	Common directors with the Company Long-term loan, Accrued interest expense and interest expense for working capital and business expansion			The transactions have been reviewed and be considered that the interest rate charged is similar to the market rate and deemed reasonable in the ordinary course of business.
	1. Long-Term Loan	261,001,642	269,248,039	
	2. Accrued interest expense	112,963,680	104,126,560	
	3. Interest expense	8,837,120	11,080,122	
2. King Wai International and Holdings Co., Ltd. / Common directors with the Company	Long-term loan for working capital and business expansion			The transaction has been reviewed and be considered that the interest rate charged is competitive to the market rate and deemed reasonable in the ordinary course of business.
	- Long-term loan	1,024,564,906	-	
3 Mr. Narongsak Putthapommongkol / Common director with the subsidiary (AEC City Co., Ltd.)	Long-term loan for working capital and business expansion			The transaction has been reviewed and be considered that the interest rate charged is competitive to the market rate and deemed reasonable in the ordinary course of business.
	- Long-term loan	180,460,541	-	



# CORPORATE SOCIAL RESPONSIBILITY

## Corporate Social Responsibility Policies

KWG is committed to operating business with a sense of social responsibility to achieve sustainable growth of several aspects which include economic, environmental and social platforms. The Company adopts the Corporate Social Responsibility or CSR policy to achieve the long-term business goal. Below are frameworks and guidelines to the Company's CSR policies.

## 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 empowering them through training and development

### Business Partners:

To build long-term and mutual 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 from 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 2018, KWG has declared its intentions and is in the process of requesting for certification from Thailand's Private Sector Collective Action Coalition Against Corruption.

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 2018, the construction site of the Company achieved a zero-harm workplace.

### Fair Treatment to Labour

The Company always recognizes that all employees are the company's most valuable asset and as a factor in the success of the Company's achievement. The Company has set a policy of fair treatment in terms of opportunities, returns, appointments, relocation as well as potential development by adhering to the following guidelines.

- Treat employees with respect, honor, dignity and privacy.
- Maintain a safe working environment for employees' life and assets.
- Focus on developing knowledge, employee competence by constantly evolving such as providing training, seminars, training and opportunities to all employees.
- Provide compensation for employees according to industry conditions, business competition, nature of work, performance and the ability of the company in paying such compensation.

- Provide an opportunity to all staff members to make suggestions or complaints about their work condition and environment to benefit all parties and build a good working relationship.

### 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 sets up the mode in every computer and inspects the usage of such mode.
- Paper saving. Staff are encouraged to print paper out when necessary only. 2-side paper usage is strongly recommended.
- Water saving: Water saving is recommended 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 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.

### Children Development and Education

Children education and development is always the main of KWG's social contribution. The Hong Kong Scholarship Program for "Belt and Road" students (Thailand), set up by a donation of HK\$20 million (about 84 million Baht) from Dr King Wai Chan, Founder and Chairman of King Wai Group and Chairman of King Wai Group (Thailand) have been successfully implemented. Up to 10 scholarships will be offered annually to Thai students who are enrolled in undergraduate programmes of five top publicly funded universities in Hong Kong for three academic years starting from 2017/18. All awardees will receive a scholarship of up to HK\$120,000 (about 504,000 Baht) per annum to cover tuition fees. Each financially needy awardee will be provided with a bursary of HK\$50,000 (about 210,000 Baht) per annum. The students are studying in various fields including business, engineering and sciences.

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

In 17 May 2018, 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 Wat Ban Lam School Wihan Daeng District in Saraburi province, Thailand to rectify the wooden building and to give educational equipment with the supporting of hiring a teacher assistant for kindergarten



school. Furthermore, we provided the new refrigerator for keeping the fresh food & vegetable in kitchen. Volunteered employees of KWG joined other activities with children such as painting the school's fence and water tanks, producing the learning media with Thai - Chinese language, giving scholarship for students and together with serving food and beverage to the children.

Led by its belief "Contribute and fulfill the duty of cherishing the Thai society", KWG Thailand held this event to inspire more underprivileged kids. Their meeting with us raised smiles on their faces with 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.

In 2018, King Wai Insurance Public Company Limited (KWI), a subsidiary of the Company Cooperation with the Community Children Foundation Under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn (CCF Thailand) continually the 6<sup>th</sup> year supporting the 25 Children in Chaiyaphum Province, 350 kilometers Northeast away from Bangkok.



- This was the sponsorship of 2018, the 6<sup>th</sup> year continuing from QBE Thailand since 2013
- The sponsor is 180,000 Baht per year for 25 children in Chaiyaphum. These 25 children are between 3 - 15 years old or starting from kindergarten to grade 9.
- Working by CCF Thailand foundation, they surveyed and proposed this group to QBE Thailand in 2013, and maintained the same children - growing them up until they finished the primary compulsory education. Some kids may exit the program prior, if they have to move out to another province, or need to stop studying with their family's reason.
- The KWI sponsorship at 180,000 THB / year or 7,200 THB for each child will be managed by CCF Thailand when they have monthly report to be submitted to the foundation and shared to the donator.

Apart from contributing to the Thai communities, as a responsible corporate corporation, King Wai Group strives to generate values in society in other markets as well including Hong Kong.



Considered as the “University Oscar”, the first “Global University Film Awards” (GUFA) was proudly presented by King Wai Group. The competition had attracted over 1,800 submissions from film schools in 100 countries and regions, including Thailand, China, Hong Kong, United States, Europe, Iceland, Cuba and Tanzania. An opening ceremony was held in the Hong Kong Baptist University (HKBU) on 7 November 2018.

King Wai Group has long been supporting the growth of young people by offering them opportunities to excel their talents for realizing their dreams. The Group's aim to sponsor the GUFA was to encourage and recognize emerging filmmakers among university students, providing a global platform to showcase talent, foster creative exchange among film students around the world. The Awards will help to build rapport between young regional talents and the international creative industry, and will further strengthen Hong Kong's role in the Asian film industry.

A number of influential figures from the film and social community were invited to present the Awards on the Award Presentation Ceremony on 9 November 2018, including Winner of Academy Award for Best Production Design and renowned film directors and producers.





A total of 11 awards were presented including the Gold Award, HKBU Academy of Film's Choice, Best Narrative, Best Director, Best Script, Best Actor, and Best Actress. All entries were subjected to a competitive selection process by the Judging Panel in terms of originality, creativity, film language, performance skill and other aspects.

King Wai Group has also supported the youth development in health and cultural aspects by actively launching and sponsoring meaningful activities. The Group aims to promote the Chinese culture and tradition among young people so that they can inherit the essence of Chinese

culture, to excel their potential and to nurture their skill for self-advancement.

On 5 December 2018, King Wai Group had launched the "Outstanding Young Persons World Record Martial Arts Exercise Display" at the Sha Tin Sports Ground in Hong Kong. A total of 2,400 students from over 20 local primary and secondary schools had successfully created a new world record with the World Record Association by performing a special "Martial Arts Exercise" at the same time at the same venue. The achievement was widely covered in local media and recognized globally.





The purpose of King Wai Group to launch the World Record Martial Arts Exercise Display was to promote a healthy life style through practicing Wushu, to educate young people the virtue of Chinese martial arts, who will be playing an important role in promoting the inheritance of Chinese culture, and to learn about the importance of team spirit in creating a world record with peers together.

Moreover, the Group had also sponsored the “5<sup>th</sup> Bauhinia Cup Calligraphy and Painting Competition for Youths” on 12 November 2018, hoping that the essence of Chinese art and culture can be further integrated into students’ daily lives and to promote the Chinese culture to the world.

A record high of over 10,000 submissions was recorded at this year’s competition which had successfully enriched the extra-curricular activities of students, cultivated students’ cultural accomplishment and spiritual connotation.



### Progress and Sustainability Report

KWG follows the policy of corporate social responsibility as follows:

#### 1. Progress of the Policy

KWG focuses on cultivating employees to understand the goals of the organization and communicates its corporate social responsibility policy to all employees through the corporate governance policy of the Company. It is widely accepted for all employees to follow the right direction in the same direction. We also encourage employees to attend workshops to enhance their work skills and participate in various activities in order to enhance awareness, participation and corporate

social responsibility of the Company’s personnel, KWG will consider appropriate CSR approach to business operation of the company, financial status and operating results of the Company to determine the budget and type of activities for that year.

#### 2. Sustainability Report

KWG has taken into consideration the framework of the implementation of social responsibility and defined policies. The report on Corporate Social Responsibility will be disclosed on the annual report or made available report for public afterwards.

## DIVIDEND PAYMENT POLICY

### DIVIDEND PAYMENT

Dividend payment is subject to the Company's realised 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

After the healthy growth of world economy from Y2016 to the 2nd quarter of Y2017, the world economy began to slow down in China, Japan, and Europe due to tax measurement and tariff initiated and implemented by the United States. The tax measurement and tariff created a phobia on “Trade War” conflict between the US and China and clearly impacted other economies in the world. Also, Thailand is not an exceptional case. Although this conflict impacted Thai economy by weakening export sector and decreasing numbers of Chinese tourists to the country; however, the growth of government investment was still strengthened and continued with development of the public high speed rail route and the “Eastern Economic Corridor” (EEC) industrial zone. Overall, Thai economic situation does not much stay in the difficult shape. In Y2019, there was a major positive sign from a successful negotiation in the US-China trade summit meeting. Thailand’s economy, which is directly impacted from trade conflict, is expected to have advantages and upside gains from this relationship recovery. Additionally, the issue of decreasing Chinese tourists in the 3rd quarter of Y2018 began to be solved in the 4th quarter of Y2018 and expect to improve in Y2019. Moreover, the announcement of Thailand election to be held on 24 May 2019 shall mark a significant moment in the country’s return to democracy. All of these factors indicating Thailand recovery will convince foreigners to return their investment in Thailand. With the good outlook, in Y2018, the Company decided to acquire AEC City Co., Ltd., which owns large strategic land banks in Chachoengsao province. AEC’s land plots of 1,997 Rai will be clearly beneficial from government’s “Eastern Economic Corridor” (EEC) industrial policy. Furthermore, the Company expanded its investment to insurance business to catch up the country growth of recovery. The Company established its first footprint in Financial Services in the country by acquiring QBE Insurance (Thailand) Public Co., Ltd. on May 16, 2018 and renaming to King Wai Insurance Public Company Limited.

In Y2018, the Company recorded revenues from sales of properties, rental and services for Baht 247 million, decreasing by 39.16% when compared to Baht 406.0 million in Y2017. The property sales were accounted for Baht 200.2 million, while rental and service incomes were Baht 46.9 million. The revenues decreased due to the complete of Villa Arcadia Srinakarin. Only 2 remaining units will be transferred in Y2019. In Y2018, the Company generated its gross profit from property business of Baht 113.8 million, increasing 0.09% compared to Baht 113.7 million in Y2017. The Company recorded its gross profit from insurance business of Baht -109.1 million, contributed from net premium earned of Baht -151.8 million, fee and commission incomes of Baht 87.5 million, net claim paid of Baht 33.7 million, commission and brokerage expenses of Baht -49.3 million and other underwriting expenses of Baht -29.2 million. For the bottom line performance, the Net Profit in Y2018 presented at Baht 69.0 million, increasing Baht 1.6 million or by 2.37% compared to Baht 67.4 million in Y2017. The key driven factor for this increase was the recognition of valuation gain on its investment property of Baht 571.1 million, increasing Baht 341.1 million or 148.30% from Y2017. The increase in valuation was mainly from the fair value adjustment of land plots in WangNoi Ayudhaya province and land plots in Chachoengsao province.

In Y2018, with the acquisition of new key strategic businesses, the Company had total assets of Baht 8,170.2 million, increasing by Baht 3,431.8 million or 72.43 % compared to Baht 4,738.4 million in Y2017. Total current assets were Baht 3,127.7 million, increasing by Baht 828.4 million or 36.03% compared to Baht 2,299.3 million in Y2017. The main increments were from an increase of reinsurance assets (amounted Baht 399.1 million), cash, trade and other current receivables and other current assets from insurance business, while offsetting with lower housing stocks for property business. The housing stocks decreased Baht 15.8 million or 0.88% compared to Baht 1,808.1 million in Y2017 due mainly to the sold out of Villa Arcadia Srinakarin. (only 2 remaining units will be transferred in Y2019). In Y2018, the Company was developing key condominium projects (Rama 4, S61 and S31).

## BUSINESS OPERATION

### Revenue

Incomes of the Company and its subsidiaries are from office rental services, sale of real estate properties, and insurance business.

**Revenue from Real Estate business.** In Y2018, the Company earned Baht 46.9 million from rental services of the office building, increasing Baht 4.5 million or 10.61% from Baht 42.4 million in Y2017 and generated revenues from sales of properties of Baht 200.2 million, decreasing 163.4 million or 44.94% from Baht 363.6 million in Y2017. Gross profit was Baht 113.8 million, increasing Baht 0.1 million or 0.09% from Baht 113.7 million in Y2017. The Company recorded an unrealized fair value gain on its investment properties of Baht 571.1 million in Y2018, increasing by Baht 341.1 million or 148.30% compared to Baht 230.0 million in Y2017. Gains from the exchange rate from its existing foreign currency loan was Baht 11.6 million, increasing by Baht 6.5 million or 127.45% from Baht 5.1million in Y2017.

**Revenue from insurance business** contributed from net premium earned of Baht -151.8 million, fee and commission incomes of Baht 87.5 million, net claim paid of Baht 33.7 million, commission and brokerage expenses of Baht -49.3 million and other underwriting expenses of Baht -29.2 million. The Company recorded other incomes of Baht 10.6 million in Y2018, increasing Baht 7.9 million or 292.59% from Baht 2.7 million in Y2017, due mainly to the incomes from investment in insurance business.

### Expense

In Y2018, the Company recorded the cost of property sold of Baht 118.3 million, decreasing Baht 159.8 million or 57.46% from Baht 278.1million in Y2017. Selling expenses were Baht 28.7 million, increasing by Baht 2.2 million or 8.30% from Baht 26.5 million in Y2017, due to advertisement and expenses relating to the launching event of condominium project. Administrative expenses were Baht 314.1 million, increasing by Baht 166.3 million or 112.52% from Baht 147.8 million in Y2017, mainly due to the 7-months consolidated expenses of Baht 51.7 million from insurance business. The financial costs were Baht 71.9 million, increasing by Baht 8.1 million or 12.70% from Baht 63.8 million, due mainly to an increase in loan from banks.

### Income Tax Expense

In Y2018, the deferred income taxes from net valuation gains on its investment properties were Baht 114.2 million, increasing by Baht 68.2 million or 148.26% from Baht 46.0 million in Y2017.

## FINANCIAL POSITION

### Assets

As ended of Y2018, the Company had total assets of Baht 8,170.2 million, increasing by Baht 3,431.8 million or 72.43% compared to Baht 4,738.4 million in Y2017. Trade and other Receivable were Baht 222.1 million, increasing by Baht 207.9 million or 1,464.08% from Baht 14.2 million in Y2017. Total current assets were Baht 3,127.7 million, increasing by 828.4 million or 36.03% compared to Baht 2,299.3 million in Y2017, due mainly to the cash and cash equivalent (Baht 602.8 million), increasing by Baht 127.4 million or 26.80% compared to Baht 475.4 million in Y2017. Reinsurance Assets and Amount due from reinsurance were Baht 399.1 million and Baht 10.3 million accordingly. Other current assets were Baht 101.1 million, increasing by 99.5 million or 6,218.75% from Baht 1.6 million in Y2017 due to the consolidation effect of King Wai Insurance Public Company Limited (hereafter called “KWI”). The cost of property development were Baht 1,792.3 million, an increase of Baht 15.80 million or 0.87% compared to Baht 1,808.1 million in Y2017, due to the sold out of Villa Arcadia Srinakarin. Only 2 outstanding units remain to transfer ownership in Y2019. The Company has developed the 3 condominium projects at Praram 4, Sukhumvit 31, and Sukhumvit 61. The investment properties were Baht 4,013.5 million, increasing by Baht 1,849.7 million or 85.48% from Baht 2,163.8 million in Y2017, due mainly to the increase in land values at Wangnoi, Ayudhaya province and the consolidation of the land values from AEC acquisition. (In Y2018, the Company acquired AEC City co., Ltd., a real estate company owning 1,997 Rai land plots in Chachoengsao province.) The investment in securities were Baht 381.7 million, increasing by Baht 381.2 million or 76,240.00% from Baht 0.5 million in Y2017. The buildings and equipment were Baht 87.3 million, increasing by Baht 35.7 million or 69.19% from Baht 51.6 million in Y2017, mainly from the new Sale Gallery located at Praram 4’s site. The intangible assets were Baht 71.3 million, increasing by Baht 69.8 million or 4,653.33% from Baht 1.5 million in Y2017, due to the consolidation of the insurance company. Additionally, after acquisition of KWI on 16 May 2018, there was a Goodwill of Baht 272.9 million. Total deposits were Baht 143.9 million, increasing by 139.6 million or 3,246.51% from Baht 4.3 million in Y2017, due to land deposit (Baht 139.2 million) for purchasing new land plots in Chachoengsao province. Return On Assets (ROA) was 1.07%, decreasing from 1.88% in Y2017. Total asset turnover ratio was 0.04%, decreasing from 0.11% in Y2017.

### Liabilities

As ended of Y2018, total liabilities were Baht 5,111.0 million, increasing by Baht 2,526.0 or 97.72% compared to Baht 2,585.0 million in Y2017. This was due mainly to increases in liabilities. Trade and other payable were Baht 303.0 million that increased by Baht 149.2 million or 97.01%. The employee benefits were Baht 21.9 million, increasing by Baht 12.3million or 128.13% from Baht 9.6 million in Y2017. Amounts due to reinsurers were Baht 151.5 million. Unearned premium and commission incomes were Baht 36 million. Insurance Liabilities were Baht 730.6 million. Total bill of exchange (“B/E”)were Baht 88.1 million, resulting from an issuance of B/E to investors with a bill term of 6% interest rate and tenor of 180 days. The maturity date of bill of exchange will be on May 10, 2019. The current portion of financial institution loan were Baht 297.0 million, increasing by Baht 150.6 million or 102.87% from Baht 146.4 million in Y2017. While the long term loan were Baht 955.7 million, decreasing by Baht 76.4 million or 7.4% from Baht 1,032.1 million in Y2017. The objectives of bank loans were for acquisition of the key strategic land plots and future project development. Long term loans from related parties were Baht 1,205.0 million from the acquisition transaction of AEC City Co., Ltd. Deferred tax liabilities were Baht 276.0 million, increasing by Baht 117 million or 74.24% from Baht 158.4 million in Y2017. The Debt-to-Equity ratio equaled to 1.67 times, increasing from 1.20 times in Y2017. The Quick ratio was 0.44 times, increasing from 0.36 times in Y2017, while the Current ratio was 1.66 times, decreasing from 1.71 times in Y2017.

### Shareholders' Equities

As ended of Y2018, the Company posted a total shareholders' equity of Baht 3,059.2 million, increasing by Baht 905.7 million or 42.06% compared to Baht 2,153.5 million in Y2017, due mainly to the acquisition of AEC City Co., Ltd. by issuance of new shares and the Right offering transaction for the acquisition of KWI. The acquisition of AEC increased the Company's registered ordinary shares for Baht 23.6 million. The Par value was Baht 10 per share, while the offering price was Baht 3.18 per share. Later, the Company issued additional 369.5 million ordinary shares at Par value of Baht 10 per share with an offering price at Baht 2.49 per share for KWI acquisition. After the acquisition of KWI, the Company had 1,317.1 million ordinary shares, increasing by 393.1 million shares from 924 million shares. The Company's equity was recorded at Baht 3,385.7 million, increasing by Baht 911.2 million or 36.82% compared to Baht 2,474.5 million in Y2017. Return On Equity (ROE) was 2.65%, decreasing from 5.72% in Y2017.



# 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 2018 the Audit Committee Members convened 14 meetings of which 9 meetings were Board of Directors meetings and 5 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 2018 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.

### Connected 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.

In the second quarter of 2018 we have taken into consideration appropriate plan and reasons raised by the Company in purchase of shares and insurance business from QBE Insurance (Thailand) Co., Ltd, at present named as King Wai Insurance Public Company Limited. We are of the opinion that the Company has intended with potential and ability to add new business line. The Company has its own future operation plan. The Audit Committee has satisfied with completely procedures taken by the Company in carefully process in compliance with regulation abided by The Office of Insurance Commission (OIC) 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 2018 done by the appointed internal auditor, Grant Thornton International Ltd. There were no significant unusual issues or matters found.

### Regulatory Compliance

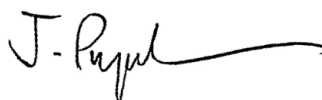
The Audit Committee reviewed the Company's business operation to ensure that it is in line with the securities and exchange law, regulation of the Stock Exchange of Thailand and laws related to the Company's business. In the year 2018 KWG had acquired business to carry on committed target. The Audit 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 2019

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 2019. 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, 2018, 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

25 February 2019

# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

## TO THE SHAREHOLDERS AND BOARD OF DIRECTORS KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED

### Opinion

We have audited the consolidated financial statements of King Wai Group (Thailand) Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of King Wai Group (Thailand) Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of King Wai Group (Thailand) Public Company Limited and its subsidiaries and of King Wai Group (Thailand) Public Company Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

Key Audit Matters	Audit Responses
<p><b>Valuation of investment properties</b></p> <p>The Group owns many investment properties, consisting of land and buildings. The investment properties represent a material item of total assets in the consolidated and separate statements of financial position.</p> <p>The investment properties are stated at its fair value based on independent valuation by external appraisers. Valuation of investment properties is a key audit matter as the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and the underlying assumptions to be applied.</p> <p>Accounting policy and detail of investment properties were disclosed in Notes 3.8 and 16 to the financial statements, respectively.</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> <li>• Obtained understanding of the Group design and implementation of the key internal controls over the valuation of investment properties.</li> <li>• Performed operating effectiveness testing of key internal controls over the valuation of investment properties.</li> <li>• Performed substantive audit procedures consisted of: <ul style="list-style-type: none"> <li>- Evaluated the qualification, competence and independence of the external appraisers.</li> <li>- Evaluated the appropriateness of key assumptions and valuation methodology used by the external appraisers in the valuation of the investment properties.</li> <li>- Considered the adequacy and appropriateness of the disclosure of fair value measurement of the investment property in note to the financial statements.</li> </ul> </li> </ul>

Key Audit Matters	Audit Responses
<p><b>Business acquisition and impairment of goodwill</b></p> <p>During the year ended December 31, 2018, a subsidiary has acquired King Wai Insurance Public Company Limited (“KWI”) (formerly “QBE Insurance (Thailand) Public Company Limited”) at the amount of Baht 685.91 million. The Group already appraised the fair value of the identifiable assets acquired and liabilities assumed at the business acquisition date.</p> <p>In addition, the consideration of impairment of goodwill is depended on the management judgements and assumptions.</p> <p>Key audit matter is the correctness of the fair value of the identifiable assets acquired and liabilities assumed of KWI at the acquisition date and the valuation of goodwill and impairment of goodwill have been recognized in accordance with TFRSs including related disclosures.</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> <li>• Understood the business acquisition process and related internal control procedures.</li> <li>• Tested the design and implementation of the internal control procedures.</li> <li>• Performed substantive audit procedures consisted of: <ul style="list-style-type: none"> <li>- Examined the terms and conditions of Share Sale Agreement for the acquisition of KWI, payment documents, share transferred documents and related supporting documents.</li> <li>- Examined details of assets and liabilities of KWI at the acquisition date which consists of the examination of existence, rights, obligations, valuation of assets and liabilities.</li> <li>- Tested the purchase price allocation by assessing the appropriateness of process to determine fair value and key assumptions used by the Group’s management in the fair value determination.</li> </ul> </li> </ul>

Key Audit Matters	Audit Responses
Accounting policies of the consolidated financial statement preparation basis, goodwill and impairment and details of the business acquisition of KWI and goodwill were disclosed in Notes 3.10, 3.12, 5 and 18 to the financial statements, respectively.	<ul style="list-style-type: none"> <li>- Examined the supporting documents in relation to the management consideration of impairment indicators for goodwill.</li> <li>- Assessed the appropriateness of valuation model and key assumptions the Group's management used in the estimation of the impairment provision for goodwill.</li> <li>- Reviewed the presentation and related disclosures whether they are made in accordance with TFRSs.</li> </ul>
Key Audit Matters	Audit Responses
<p><b>Recognition of premiums written</b></p> <p>Recognition of premiums written is a significant risk of material misstatement because the Group had a large number of policies which were derived from direct insurance, insurance brokers and reinsurers caused a variety of supporting documents. This may results that the Group records premium written in an accounting period in which the transaction occurred. Key audit matter is whether the Group recognizes premium written in a correct accounting period in which the transactions occurred in accordance with Thai Financial Reporting Standards.</p> <p>Accounting policies for revenue recognition is disclosed in Note 3.22 to the financial statements.</p>	<p><b>Key audit procedures included</b></p> <ul style="list-style-type: none"> <li>• Understood operating procedures and internal control related to recognition of premiums written.</li> <li>• Tested the design and implementation of internal controls.</li> <li>• Tested the operating effectiveness around the recognition of premiums written.</li> <li>• Performed substantive audit procedures consisted of: <ul style="list-style-type: none"> <li>- Tested recording of recognition of policy and endorsement policy by considering the process of approval and other significant supporting documents to determine whether premiums written are recognized in a correct accounting period in which the transaction occurred.</li> <li>- Performed analytical procedures on financial information relating premiums written.</li> </ul> </li> </ul>
<p><b>Loss reserves</b></p> <p>Loss reserves consists of liabilities from estimated loss incurred and reported and loss incurred but not reported ("IBNR"). Loss reserves are estimated based on the management's judgement and an actuary using actuarial method which requires a number of key assumptions for estimation. Key audit matter is whether the Group recognizes loss reserves completely and accurately in accordance with Thai Financial Reporting Standards.</p> <p>Accounting policy for loss reserves and details of loss reserves were disclosed in Notes 3.17.2 and 25 to the financial statements, respectively.</p>	<p><b>Key audit procedures included</b></p> <ul style="list-style-type: none"> <li>• Understood the operating procedures and internal control related to recognition of loss reserves and outstanding claims.</li> <li>• Reviewed the design and implementation of internal controls.</li> <li>• Performed the operating effectiveness testing around the recognition of loss reserves and outstanding claims.</li> <li>• Performed substantive audit procedures consisted of: <ul style="list-style-type: none"> <li>- Examined the loss reserves by considering the process of transaction approval and other significant supporting documents to determine whether loss reserves are recognized completely and accurately.</li> </ul> </li> </ul>

Key Audit Matters	Audit Responses
	<ul style="list-style-type: none"> <li>- Assessed an appropriateness of the calculation method and the key assumptions applied by the management and an actuary in assessing reserve for loss incurred and reported and loss incurred but not reported (“IBNR”), including evaluation of the reasonableness of key assumptions used together with evaluation of the actuary’s competency and independency.</li> <li>- Performed analytical procedures on financial information relating to loss reserves.</li> </ul>

### Other Matter

The consolidated financial statements of King Wai Group (Thailand) Public Company Limited and its subsidiaries and the separate statements of King Wai Group (Thailand) Public Company Limited for the year ended December 31, 2017, before reclassifications, presented herein as comparative information, was audited by another auditor, whose report thereon date February 20, 2018 expressed an unmodified opinion on those statements.

### Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines 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, management is responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



## Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group's and the Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Dr. Suphamit Techamontrikul

Certified Public Accountant (Thailand)

Registration No. 3356

**BANGKOK**

February 27, 2019

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD**

## STATEMENTS OF FINANCIAL POSITION

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	602,828,707	475,390,883	67,578,612	387,664,182
Trade and other current receivables	8	222,075,741	14,189,088	390,994,058	328,694,908
Reinsurance assets	9	399,109,548	-	-	-
Due from reinsurers	10	10,320,750	-	-	-
Cost of property development	11	1,792,284,226	1,808,120,627	-	-
Other current assets	12	101,094,579	1,565,521	1,331,585	1,410,438
Total Current Assets		3,127,713,551	2,299,266,119	459,904,255	717,769,528
NON-CURRENT ASSETS					
Refundable withholding tax		35,162,882	32,299,896	18,790,527	17,827,513
Restricted bank deposits	13	36,850,710	35,200,173	-	-
Advance payment for investment	5	-	150,000,000	-	150,000,000
Investments in securities	14	381,656,057	510,750	458,750	510,750
Investments in subsidiaries	15	-	-	1,627,352,543	280,677,293
Long-term loans to subsidiaries	37.2	-	-	1,852,837,086	1,822,784,072
Investment properties	16	4,013,454,259	2,163,787,271	395,295,160	395,197,435
Plant and equipment	17	87,269,202	51,638,793	38,692,733	44,560,628
Goodwill	5, 18	272,899,088	-	-	-
Other intangible assets	18	71,329,955	1,460,960	2,996,277	1,430,473
Deposits	19	143,868,502	4,280,782	3,870,208	3,491,468
Total Non-current Assets		5,042,490,655	2,439,178,625	3,940,293,284	2,716,479,632
TOTAL ASSETS		8,170,204,206	4,738,444,744	4,400,197,539	3,434,249,160

Notes to the financial statements form an integral part of these financial statements

# STATEMENTS OF FINANCIAL POSITION (CONTINUED)

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowings from financial institutions	20	741,493,328	770,196,739	741,493,328	770,196,739
Trade and other current payables	21	302,958,415	153,789,775	40,225,699	45,361,608
Advances received from customers		995,000	4,502,500	-	-
Due to reinsurers	22	151,467,673	-	-	-
Unearned fee and commission income		36,004,752	-	-	-
Current portion of long-term borrowings from financial institutions	20	297,000,000	146,400,000	-	-
Current portion of long-term borrowings from related person or parties	37.4	261,001,642	269,248,039	-	-
Bills of exchange	23	88,146,058	-	88,146,058	-
Other current liabilities		1,535,616	1,312,034	1,215,329	954,489
Total Current Liabilities		1,880,602,484	1,345,449,087	871,080,414	816,512,836
NON-CURRENT LIABILITIES					
Long-term borrowings from financial institutions	20	955,738,304	1,032,144,181	-	-
Long-term borrowings from a subsidiary	37.3	-	-	51,520,000	50,900,000
Long-term borrowings from related person or party	37.4	1,205,025,447	-	-	-
Deposit from customers		11,885,278	12,107,791	10,728,898	10,434,711
Prepayment from customers for housing estate juristic person		26,939,148	25,276,111	-	-
Non-current provisions for employee benefits	24	21,887,351	9,570,092	7,159,761	7,815,542
Insurance contract liabilities	25	730,557,370	-	-	-
Deferred tax liabilities	26	275,979,018	158,421,304	72,018,991	72,064,862
Other non-current liabilities		2,412,500	2,000,000	2,000,000	2,000,000
Total Non-current Liabilities		3,230,424,416	1,239,519,479	143,427,650	143,215,115
TOTAL LIABILITIES		5,111,026,900	2,584,968,566	1,014,508,064	959,727,951

Notes to the financial statements form an integral part of these financial statements

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT DECEMBER 31, 2018

UNIT : BAHT

		Notes	CONSOLIDATED		SEPARATE	
			FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
			2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Short-term borrowings from financial institutions	20	741,493,328	770,196,739	741,493,328	770,196,739	
Trade and other current payables	21	302,958,415	153,789,775	40,225,699	45,361,608	
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Due to reinsurers	22	151,467,673	-	-	-	
Unearned fee and commission income		36,004,752	-	-	-	
Current portion of long-term borrowings from financial institutions	20	297,000,000	146,400,000	-	-	
Current portion of long-term borrowings from related person or parties	37.4	261,001,642	269,248,039	-	-	
Bills of exchange	23	88,146,058	-	88,146,058	-	
Other current liabilities		1,535,616	1,312,034	1,215,329	954,489	
Total Current Liabilities		1,880,602,484	1,345,449,087	871,080,414	816,512,836	
NON-CURRENT LIABILITIES						
Long-term borrowings from financial institutions	20	955,738,304	1,032,144,181	-	-	
Long-term borrowings from a subsidiary	37.3	-	-	51,520,000	50,900,000	
Long-term borrowings from related person or party	37.4	1,205,025,447	-	-	-	
Deposit from customers		11,885,278	12,107,791	10,728,898	10,434,711	
Prepayment from customers for housing estate juristic person		26,939,148	25,276,111	-	-	
Non-current provisions for employee benefits	24	21,887,351	9,570,092	7,159,761	7,815,542	
Insurance contract liabilities	25	730,557,370	-	-	-	
Deferred tax liabilities	26	275,979,018	158,421,304	72,018,991	72,064,862	
Other non-current liabilities		2,412,500	2,000,000	2,000,000	2,000,000	
Total Non-current Liabilities		3,230,424,416	1,239,519,479	143,427,650	143,215,115	
TOTAL LIABILITIES		5,111,026,900	2,584,968,566	1,014,508,064	959,727,951	

Notes to the financial statements form an integral part of these financial statements

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>(CONTINUED)</b>					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	27				
Authorises share capital					
1,317,053,470 ordinary shares of Baht 10 each		13,170,534,700		13,170,534,700	
924,000,000 ordinary shares of Baht 10 each			9,240,000,000		9,240,000,000
Issued and paid-up share capital					
1,317,053,470 ordinary shares of Baht 10 each, fully paid		13,170,534,700		13,170,534,700	
924,000,000 ordinary shares of Baht 10 each, fully paid			9,240,000,000		9,240,000,000
Share discount on ordinary shares		(8,883,980,236)	(5,945,541,485)	(8,883,980,236)	(5,945,541,485)
Difference from acquisition of assets under common control	15.3	(5,109,245)	-	-	-
Difference from acquisition of non-controlling interests - AEC City	15.3	(136,284,018)	-	-	-
Retained earnings (deficit)					
Appropriated - legal reserve	28	12,525,332	12,525,332	2,075,332	2,075,332
Unappropriated		(1,081,004,436)	(1,171,066,349)	(929,110,347)	(848,234,664)
Other components of shareholders' equity		22,749,104	26,222,026	26,170,026	26,222,026
<b>TOTAL OWNERS OF THE PARENT</b>		<b>3,099,431,201</b>	<b>2,162,139,524</b>	<b>3,385,689,475</b>	<b>2,474,521,209</b>
NON-CONTROLLING INTERESTS		(40,253,895)	(8,663,346)	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>3,059,177,306</b>	<b>2,153,476,178</b>	<b>3,385,689,475</b>	<b>2,474,521,209</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>8,170,204,206</b>	<b>4,738,444,744</b>	<b>4,400,197,539</b>	<b>3,434,249,160</b>

Notes to the financial statements form an integral part of these financial statements



## STATEMENTS OF COMPREHENSIVE INCOME

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
Revenue from sale of property		200,150,000	363,600,000	-	-
Rental and services income		46,868,500	42,439,299	46,488,640	41,672,921
Net premium earned	29	(151,794,517)	-	-	-
Fee and commission income		87,506,654	-	-	-
Cost of property sold		(118,264,574)	(278,127,273)	-	-
Cost of rental and services		(14,998,917)	(14,225,585)	(14,762,469)	(13,631,818)
Net claim paid		33,670,489	-	-	-
Commission and brokerage expenses		(49,305,714)	-	-	-
Other underwriting expenses		(29,211,461)	-	-	-
<b>Gross profit</b>		4,620,460	113,686,441	31,726,171	28,041,103
Other income	30	10,622,775	2,703,611	99,120,516	90,229,934
Gain (loss) from fair value adjustments on investment property		571,077,120	229,985,459	(229,355)	(1,325,752)
Gain on exchange rate, net		11,596,192	5,125,838	-	-
Selling expenses		(28,715,002)	(26,489,712)	(3,064,137)	(1,017,409)
Administrative expenses	31	(314,064,829)	(147,770,853)	(184,763,132)	(111,111,448)
<b>Profit (loss) before finance costs and income tax expense</b>		255,136,716	177,240,784	(57,209,937)	4,816,428
Finance costs	33	(71,896,222)	(63,823,177)	(30,197,686)	(34,928,245)
Profit (loss) before income tax expense		183,240,494	113,417,607	(87,407,623)	(30,111,817)
Income tax income (expense)	35	(114,215,424)	(45,997,092)	45,871	265,150
<b>PROFIT (LOSS) FOR THE YEAR</b>		69,025,070	67,420,515	(87,361,752)	(29,846,667)

Notes to the financial statements form an integral part of these financial statements

# STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>OTHER COMPREHENSIVE INCOME</b>					
Components of other comprehensive income that will be reclassified to profit or loss					
Reclassification of changes in value of available-for-sale investments to profit and loss		-	4,400,000	-	4,400,000
Gain (loss) on remeasuring available-for-sale investments		(5,125,847)	77,050	(52,000)	77,050
Net gain from reclassification of investment		1,324,696	-	-	-
Amortized gain from reclassification of investment from sale of investment		295,417	-	-	-
Total components of other comprehensive income that will be reclassified to profit or loss		(3,505,734)	4,477,050	(52,000)	4,477,050
Components of other comprehensive income that will not be reclassified to profit or loss		7,397,907	3,337,663	6,486,069	2,404,177
Gain on remeasurements of defined benefit plans					
Gain on revaluation of investment property which was transferred from property, plant and equipment		-	32,889,095	-	32,889,095
Income tax relating to components of other comprehensive income		-	(6,577,819)	-	(6,577,819)
Total components of other comprehensive that will not be reclassified to profit or loss		7,397,907	29,648,939	6,486,069	28,715,453
<b>Other comprehensive income (loss) for the year, net of tax</b>		3,892,173	34,125,989	6,434,069	33,192,503
<b>Total comprehensive income (loss) for the year</b>		72,917,243	101,546,504	(80,927,683)	3,345,836
<b>Profit (loss) attributable to:</b>					
Owners of the parent		35,260,272	69,688,974	(87,361,752)	(29,846,667)
Non-controlling interests		33,764,798	(2,268,459)	-	-
		69,025,070	67,420,515	(87,361,752)	(29,846,667)
<b>Total comprehensive income (loss) attributable to:</b>					
Owners of the parent		39,100,526	103,814,963	(80,927,683)	3,345,830
Non-controlling interests		33,816,717	(2,268,459)	-	-
		72,917,243	101,546,504	(80,927,683)	3,345,830
<b>Earnings (loss) per share</b>	36				
Basic earnings (loss) per share attributable to owners of the parent (Baht)		0.03	0.09	(0.07)	(0.04)

Notes to the financial statements form an integral part of these financial statements



# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

		Other components of shareholders' equity							Total shareholders' equity
		Issued and paid-up share capital	Share discount on ordinary shares	Retained earnings (deficit)		Other comprehensive income			
				Appropriated - Legal reserve	Unappropriated	Surplus (deficit) on remeasuring investments held as available-for-sale	Surplus on revaluation of assets	Total of other components of shareholders' equity	
Beginning balances as at January 1, 2017		2,200,000,000	(749,997,158)	2,075,332	(820,792,174)	(4,566,300)	-	(4,566,300)	626,719,700
Changes in shareholders' equity for the year									
	Increasing of ordinary shares	27	7,040,000,000	(5,195,544,327)	-	-	-	-	1,844,455,673
	Total comprehensive income (loss) for the year		-	-	(27,442,490)	4,477,050	26,311,276	30,788,326	3,345,836
Ending balances as at December 31, 2017			9,240,000,000	(5,945,541,485)	2,075,332	(848,234,664)	(89,250)	26,311,276	2,474,521,209
Beginning balances as at January 1, 2018			9,240,000,000	(5,945,541,485)	2,075,332	(848,234,664)	(89,250)	26,311,276	2,474,521,209
Changes in shareholders' equity for the year									
	Increasing of ordinary shares	27	3,930,534,700	(2,938,438,751)	-	-	-	-	992,095,949
	Total comprehensive loss for the year		-	-	(80,875,683)	(52,000)	-	(52,000)	(80,927,683)
Ending balances as at December 31, 2018			13,170,534,700	(8,883,980,236)	2,075,332	(929,110,347)	(141,250)	26,311,276	3,385,689,475

Notes to the financial statements form an integral part of these financial statements

## STATEMENTS OF CASH FLOWS

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit (loss) before income tax		183,240,494	113,417,607	(87,407,623)	(30,111,817)
Adjustments for:					
Depreciation	17	14,377,790	5,718,515	8,578,219	4,595,830
Amortization	18	173,158	153,043	166,738	150,997
Loss on impairment of available-for-sales investment		-	4,400,000	-	4,400,000
Unrealised gain on exchange rate		(11,595,980)	(5,120,190)	-	-
Amortization of investment in securities		(560,580)	-	-	-
Loss from sales of investment in securities		54,550	-	-	-
Gain on disposal of fixed assets		(480,383)	(158,863)	-	(158,865)
Loss on written-off fixed assets		300,917	-	300,917	-
(Gain) loss from fair value adjustments on investment properties		(571,077,120)	(229,985,459)	229,356	1,325,752
Unearned premium reserve increase		130,946,702	-	-	-
Incurred but not report decrease		(10,762,109)	-	-	-
Employee benefit expenses		7,722,488	4,154,902	5,830,288	3,407,832
Loss from decrease in value of property development cost		(5,811,594)	-	-	-
Reversal of decrease in value of property development cost		25,835,371	3,736,030	-	-
Interest income		(1,604,077)	(2,013,544)	(69,027,993)	(69,030,721)
Finance costs	33	71,896,222	63,823,177	30,197,686	34,928,245
Loss on impairment of investment in subsidiaries	31	-	-	1,284,967	-

Notes to the financial statements form an integral part of these financial statements

## STATEMENTS OF CASH FLOWS (CONTINUED)

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018	2017	2018	2017
Loss from operations before					
changes in operating assets and liabilities		(167,344,151)	(41,874,782)	(109,847,445)	(50,492,747)
Changes in operating assets and liabilities					
Operating assets (increase) decrease					
Trade and other current receivables		379,064	(6,304,724)	4,890,109	(7,414,718)
Reinsurance assets		44,018,318	-	-	-
Due from reinsurers		883,636	-	-	-
Cost of property development		(3,871,442)	(653,836,797)	-	-
Other current assets		(73,405,836)	(939,091)	78,853	(842,494)
Refundable withholding tax		2,294,270	518,202	2,190,375	-
Other non-current assets		10,412,280	2,346,804	149,621,260	32,084
Operating liabilities (decrease) increase					
Trade and other current payables		74,966,152	(13,570,964)	(1,345,775)	4,781,200
Advance received from customers		(3,507,500)	2,327,500	-	-
Due to reinsurers		(218,397,818)	-	-	-
Unearned fee and commission income		(39,776,207)	-	-	-
Other current liabilities		221,779	73,909	260,840	411,684
Non-current provisions for employee benefits		(56,000)	-	-	-
Insurance contract liabilities		(179,020,943)	-	-	-
Other non-current liabilities		1,440,524	4,306,713	294,188	925,441
Cash received (paid) from operations		(550,763,874)	(706,953,230)	46,142,405	(52,599,550)
Income tax paid		(5,156,965)	(6,103,124)	(3,153,389)	(2,444,153)
<b>Net cash provided by (used in) operating activities</b>		<b>(555,920,839)</b>	<b>(713,056,354)</b>	<b>42,989,016</b>	<b>(55,043,703)</b>

Notes to the financial statements form an integral part of these financial statements



## STATEMENTS OF CASH FLOWS (CONTINUED)

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Increase in restricted bank deposits		(972,738)	(3,001,472)	-	-
Cash receipt from acquisition of investment in a subsidiary and assets of AEC City		160,432,782	-	-	-
Advance payment for investment		-	(150,000,000)	-	(150,000,000)
Cash paid for investment in securities		(1,299,942,288)	-	-	(185,998,500)
Cash receipt from investment in securities		1,768,954,296	-	-	-
Cash paid for purchases of investment in subsidiaries		(858,868,714)	-	(1,272,990,222)	-
Cash paid for long-term loans to subsidiaries		-	-	(561,363,764)	(1,238,762,512)
Cash receipt from long-term loans to subsidiaries		-	-	159,623,990	-
Cash paid from short-term loans to an other Company		(1,000,000)	-	-	-
Cash paid for investment properties	6.1	(595,174)	(761,508,952)	(482,300)	(1,023,201)
Cash paid for purchase of plant and equipment	6.2	(23,642,068)	(44,618,467)	(6,852,450)	(38,020,154)
Cash receipt from disposal of equipment		504,795	162,434	-	158,879
Cash paid for purchase of computer program	6.3	(53,446,777)	(388,684)	(1,848,617)	(356,584)
Cash receipt from interest income		1,600,558	2,013,419	1,838,738	1,957,533
<b>Net cash used in investing activities</b>		<b>(306,975,328)</b>	<b>(957,341,722)</b>	<b>(1,682,074,625)</b>	<b>(1,612,044,539)</b>

Notes to the financial statements form an integral part of these financial statements

## STATEMENTS OF CASH FLOWS (CONTINUED)

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Cash receipt from short-term borrowings from financial institutions		-	40,000,000	-	40,000,000
Cash repayment for short-term borrowings from financial institutions		(28,703,411)	(452,295,637)	(28,703,411)	(452,295,637)
Cash receipt from long-term borrowings from financial institutions		96,200,000	739,250,000	-	-
Cash repayment for long-term borrowings from financial institutions		(24,400,000)	-	-	-
Cash repayment for long-term borrowings from related person or parties		-	(31,186,234)	-	-
Cash receipt from long-term borrowings from subsidiaries		-	-	372,306,758	632,900,000
Cash receipt from bills of exchange		87,427,476	-	87,427,476	-
Cash receipt from share capital		920,000,220	1,851,520,000	920,000,220	1,851,520,000
Cash payment for issue share capital		(2,874,266)	(7,064,327)	(2,874,266)	(7,064,327)
Cash receipt from issued share capital of subsidiaries		-	1,500	-	-
Cash payment for interest expenses		(57,316,028)	(48,930,613)	(29,156,738)	(37,696,257)
<b>Net cash provided by financing activities</b>		<b>990,333,991</b>	<b>2,091,294,689</b>	<b>1,319,000,039</b>	<b>2,027,363,779</b>
Net increase (decrease) in cash and cash equivalents		127,437,824	420,896,613	(320,085,570)	360,275,537
Cash and cash equivalents at beginning of year		475,390,883	54,494,270	387,664,182	27,388,645
<b>Cash and cash equivalents at ending of year</b>	<b>7</b>	<b>602,828,707</b>	<b>475,390,883</b>	<b>67,578,612</b>	<b>387,664,182</b>

Notes to the financial statements form an integral part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

## KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

### 1. GENERAL INFORMATION AND OPERATIONS OF THE COMPANY AND ITS SUBSIDIARIES (THE “GROUP”)

King Wai Group (Thailand) Public Company Limited (the “Company”) was registered in Thailand as a public company limited on June 1, 1994. The head office of the Company is located at 30<sup>th</sup> Floor, Jewellery Centre Building, 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 and its branch is located at 47<sup>th</sup> Floor, Empire Tower Building, 1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120.

The principle businesses of the Group are trading, rent and real estate operations, a holding company and non-life insurance.

The Company’s major shareholder is KWT1499 (Thailand) Company Pte. Ltd. is incorporated in Singapore and Tommo (Thailand) Limited is incorporated in Thailand under King Wai Group which holds 46.73% and 38.22%, respectively, of the Company’s share capital.

Detail of the Company’s subsidiaries as at December 31, 2018 and 2017 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
<b>Direct subsidiaries</b>				
Thai-Kami Co., Ltd.	Property development	Thailand	100.00	100.00
Top Property Co., Ltd.	Property development	Thailand	61.00	61.00
Gold Star Property Co., Ltd.	Property development	Thailand	100.00	100.00
Cornerstone Realty Co., Ltd.	Property development	Thailand	99.98	99.92
KWG Explore Limited	Property development	Thailand	99.98	99.98
NVV Development Co., Ltd.	Property development	Thailand	100.00	89.35
S31 Limited	Property development	Thailand	99.98	99.98
S61 Limited	Property development	Thailand	100.00	99.98
Praram4 Limited	Property development	Thailand	99.98	99.98
King Wai Construction Limited	Construction	Thailand	99.98	99.98
King Wai Media Limited	Advertising and marketing services	Thailand	99.98	99.98
King Wai Property Limited	Property management and agent	Thailand	99.98	99.98
AEC City Co., Ltd. (“AEC City”) (was the Company’s subsidiary from January 24, 2018 - see Note 15.3)	Property development	Thailand	100.00	-
King Wai Capital Limited (was incorporated on March 27, 2018 - see Note 15.4)	Holding	Thailand	100.00	-

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
<b>Indirect subsidiary</b>				
King Wai Insurance PCL. (“KWI”) (formerly “QBE Insurance (Thailand) PCL.”) (was the King Wai Capital Limited’s subsidiary on May 16, 2018 - see Note 5)	Non-life insurance	Thailand	99.05	-

The Group have extensive transactions and relationships with the related parties. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Group had operated without such affiliation.

## 2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Group maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 An English version of the financial statements has 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.
- 2.3 The Group’s financial statements have been prepared in accordance with the Thai Accounting Standard (“TAS”) No. 1 (Revised 2017) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2017 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statements (No.2) B.E. 2559” dated October 11, 2016.
- 2.4 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).
- 2.5 The consolidated and separate statements for the year ended December 31, 2017, presented herein for comparison which were audited by another auditor.
- 2.6 The consolidated financial statements are the consolidation between the Group’s accounts by eliminated intercompany transactions and balances including unrealized gain (loss) from these financial statements. The accounting policies of subsidiaries are adjusted to comply with the parent company in preparation of the consolidated financial statements. The non-controlling interests’ information is separately presented in the consolidated statements of financial position and the consolidated statements of comprehensive income.

## 2.7 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Group has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements, except the following financial reporting standards:

### Thai Accounting Standard No.7 (Revised 2017) "Statement of Cash Flows"

This revised accounting standard requires the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This accounting standard requires prospective method for such amendment.

### Thai Accounting Standard No.12 (Revised 2017) "Income Tax"

This revised accounting standard clarifies about the recognition of deferred tax assets in case an entity has unrealized loss. This Standard clarifies whether the assessment of future taxable income profits is sufficient to use for reversal of deductible temporary differences (e.g. 5-year loss carry forward). The future tax profits used for comparing should not include tax deductions. In addition, the assessment of future tax profits should include gain which may incur from the increasing of entity's assets value in the future.

## 2.8 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

### 2.8.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

#### New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

#### **Thai Financial Reporting Standards ("TFRS")**

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 15	Revenue from Contracts with Customers

#### **Thai Financial Reporting Standard Interpretation ("TFRIC")**

TFRIC 22	Foreign Currency Transactions and Advance Consideration
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There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follow:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

#### Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No.28 (Revised 2018) “Investment in Associates and Joint Ventures” clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss, and clarifies the consideration about the impairment of an investment in an associate or a joint venture. This accounting standard requires retrospective method for such amendment.

Thai Accounting Standard No.40 (Revised 2018) “Investment Property” clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No.2 (Revised 2018) “Share-based Payment” adds the requirements, which require prospective method for the amendment as follows:

- 1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
- 2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
- 3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

Thai Financial Reporting Standard No.4 (Revised 2018) “Insurance Contracts” determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No.9 “Financial Instruments”. An entity can elect to exempt from Thai Financial Reporting Standard No.9 for annual periods beginning before January 1, 2022 or before Thai Financial Reporting Standard No.17 “Insurance Contracts” is effective.

#### 2.8.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:



**Thai Accounting Standards (“TAS”)**

TAS 32 Financial Instruments: Presentation

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Group’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These TFRSs will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when it becomes effective. The Group’s management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Cash and cash equivalents**

Cash and cash equivalents are cash on hand and all types of deposits at financial institutions with original maturities of 3 months or less, and excluding deposits at financial institutions used as collateral.

**3.2 Trade and other current receivables**

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts, if any. An allowance for doubtful accounts is calculated on the expected uncollectible debts based on past collection experience and the analysis of aging of each debtor.

**3.3 Premium due and uncollected and allowance for doubtful debt**

Premium due and uncollected are stated at net realizable value. The Group records allowance for doubtful accounts for the estimated collection losses on premium due and uncollected. Such estimated losses are based on the Group’s collection experience and the analysis of aging of each premium due and uncollected.

**3.4 Reinsurance assets**

Reinsurance assets are stated at net realizable value. The Group records allowance for doubtful accounts for the estimated collection losses on reinsurance assets. Such estimated losses are based on the Group’s collection experience and the analysis of aging of each reinsurance assets.

**3.5 Due to and due from reinsurers**

Amount due from reinsurers are stated at amount due from reinsurers which consists of premium uncollected from reinsurers, commission and brokerages receivables, outstanding claim recovered from reinsurers. The Group records allowance for doubtful for estimated loss from uncollected

receivables based on the Group's collection experience and the analysis of aging of amount due from reinsurers.

Amount due to reinsurers are stated at amount withheld on reinsurance and amount due to reinsurers which consist of premium ceded payables and other reinsurance payables to reinsurers except claim payables. The net amount is represented in the statement of financial position when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### **3.6 Cost of property development**

3.6.1 Cost of property development is stated at the lower of cost or net realizable value. The project cost consists of land and single detached house, land under development, land development cost, construction in progress, other development costs, condominium units held for sales and borrowing costs. Borrowing costs will be stopped to recognize as cost whenever the construction project have been completed or stop development.

3.6.2 Borrowing costs for the construction or production of an asset that necessarily takes a substantial period of time to get ready for use or sale that have been included as capitalized until the assets are ready to be used according to the purpose. The other borrowing costs are recognized as expenses in the period incurred. Borrowing costs consist of interest and other costs arising from the borrowing.

### **3.7 Investments**

3.7.1 Investments in subsidiaries in the separate financial statements are stated at cost less allowance for impairment, if any. The Company recognized loss from impairment of investment in subsidiaries in the statement of profit or loss and other comprehensive income without the goodwill amortization. Investment in subsidiaries represent the investment in those companies has been controlled both directly or indirectly by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3.7.2 Investments in marketable securities held for trading purposes are classified as current assets and are carried at fair value. Gain or loss on changes in market values are recognized in the statement of profit or loss and other comprehensive income. The fair value of trading investments is determined as last bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand. If the Group disposes part of its holding investments, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment. On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized as gain (loss) on disposal of trading investments.

3.7.3 Marketable equity securities other than those securities held for trading are classified as available-for-sale securities. Investments held as available for sale are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses on available-for-sale monetary items, are recognized in other components of equity through other comprehensive income. Impairment losses are recognized in the statement of comprehensive income. When these investments are derecognized, the cumulative gain or loss previously recognized directly in other comprehensive income is recognized in the statement of comprehensive income.

- 3.7.4 Held-to-maturity investments are investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity. These securities are carried at amortised cost using the effective yield method less impairment loss. On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized as profit or loss in the statement of comprehensive income.
- 3.7.5 Investments in non-marketable equity securities are classified as general investments. These investments are carried at cost less impairment loss, if any. On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized as profit or loss in the statement of comprehensive income.

The Group determines the appropriate classification of its investment at the time of purchase and re-evaluates such designation on a regular basis. In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying and the fair value on the date of reclassification are recorded in the statement of profit or loss and other comprehensive income or recorded as surplus (deficit) on reclassification of investment in equity, depending on the type of investment that is reclassified.

### **3.8 Investment properties**

Investment property that is held to earn for rental or for capital appreciation or both, rather than for sale in the ordinary course of business or use in the production or supply of goods or services or for administrative purposes.

The Group measured investment property initially at its cost, including related transaction costs. After initial recognition, the Group measure the investment property at fair value, which has been determined by the independent professional appraisers.

The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditures include professional fees for legal services, property transfer taxes and other related transaction costs.

The Group recognized gain or loss arising from a change in the fair value of investment property in the statement of comprehensive income for the period in which it arises.

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.

### 3.9 Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and allowance for impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use. The cost also includes the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for separately by major components.

Gains and losses on disposal of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognized net as profit or loss in the statement of comprehensive income.

The cost of replacing a part of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized as an expense in statement of comprehensive income as incurred.

Depreciation is calculated based on the depreciable amount of plant and equipment, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged as an expense to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. The estimated useful lives are as follows:

Buildings, and buildings improvement	2 years 1 month - 20 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicle	5 years

No depreciation is provided on construction in progress.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### 3.10 Business combinations and goodwill

Business combinations are accounted by using the acquisition method. The Company (acquirer) measures the cost of the acquisition by using the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree for each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related cost are accounted as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is initially recorded at cost, being the excess of cost of business combination over the fair value of the net identifiable assets, of the acquired business.

Goodwill is subsequently carried at cost less any allowance for impairment losses with impairment being tested annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to get the benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units). Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in the statement of profit or loss and other comprehensive income. Impairment losses relating to goodwill cannot be reversed in future periods.

### 3.11 Intangible assets

#### License costs

Prior to 2008, license costs were amortized on a straight-line basis over 25 years which have not been amortized since 1 January 2008, the license costs which have been considered in definite useful life assets are no longer subject to amortization but are tested annually for impairment.

Where the carrying amount is greater than its estimated recoverable amount, an impairment loss will be charged to the statements of comprehensive income.

#### Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and allowance for impairment losses, if any.

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible asset, other than goodwill, from the date that they are available for use.

The estimated useful lives are as follows:

Computer program	7-10	years
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Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets with definite useful lives are tested for impairment when there is an indicator that the asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually or when there is an indicator that the asset may be impaired.

### 3.12 Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized as an expense in the statement of comprehensive income unless it reverses a previous revaluation credited to equity and it subsequently impairs in which case it is charged to other comprehensive income.

### **Calculation of recoverable amount**

The recoverable amount of a non-financial asset is the greater of the asset's value in use or fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### **Reversals of impairment**

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized as an expense in the statement of comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications of impairment the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, as if no impairment loss had been recognized.

## **3.13 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.



### 3.14 Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges in relation to the liabilities. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized as an expense in the statement of comprehensive income over the period of the borrowings.

### 3.15 Employee benefits

#### 3.15.1 Provident fund

The Group has provident fund which are contributory by the employee and the Group matching the individuals' contributions. The provident funds have been registered in accordance with the Provident Fund Act B.E. 2530 (1987). The Group's contribution to the Fund are recorded as expense for the year.

#### 3.15.2 Long-term benefits

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

The Group records employee benefits obligation under the Labor Protection Act and other long-term benefits obligation under the Group's employment policy using the Projected Unit Credit Method calculated by an independent actuary based on actuarial assumptions as at the statement of financial position date, using various factors including assessment of the average age and employment life of its employees, employee turnover and assumption of future salary increases. The employee benefits obligation is discounted to the present value as at the statement of financial position date and under the assumption that the employees of various ages will work with the Group until retirement age. Discount rate used to calculate the employee benefit obligations is based on yield rate of government bond.

Gains (losses) on remeasurements of defined benefit plans arising from post-employment benefits are recognized in other comprehensive income.

### 3.16 Provisions

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

### 3.17 Insurance contract liabilities

#### 3.17.1 Unearned premium reserve

Unearned premium reserve is set aside in compliance with the basis as specified in the Notification of the Office of Insurance Commission as follows:

Fire, Marine (Hull), Motor and Miscellaneous	- Daily pro-rate basis (1/365 basis)
Transportation (Cargo), travelling accident with coverage periods of not over six-months	- 100% of premiums as from the effective date of the inforce policies over the insurance coverage period

### 3.17.2 Loss reserve and outstanding claims

Loss reserve and outstanding claims have been provided upon receipt of claim advices from the insured and recorded at the amount appraised by an independent appraiser or by the Group's appraiser. In addition, the Group records a provision for losses incurred but not yet reported (IBNR) which assessed by certified actuary.

### 3.17.3 Unexpired risks reserve

Unexpired risks reserves are the best estimate of the claims that are expected be incurred during the remaining period of coverage of in-force policies, based on analysis of historical claims data by an actuary.

Unexpired risk reserves are only recognised in the financial statements to the extent that they exceed unearned premium reserves.

## 3.18 Income tax

Income tax income (expense) represents the sum of the current tax and deferred tax.

### Current tax

The current tax is tax that has to pay by calculating on taxable profit for the year. Taxable profit differs from profit that reported in the statement of comprehensive income because it excludes items that can count as income or taxable expenses in other years, and not include the items that cannot count as taxable income or taxable expenses. Current tax is calculated by using tax rates that have been enacted or subsequently enacted at the statement of financial position date.

### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the reporting date. Deferred tax assets shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered.

The Group calculated deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Current tax assets and liabilities are offset when the Group have a legally enforceable right to set off the recognized amounts and the Group intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when deferred tax assets and liabilities are relate to income taxes levied by the same taxation authority.

The Group have presented income tax expenses or income related to profit or loss in the statement of comprehensive income. Deferred income tax are recognized directly in the statement of changes in shareholders' equity if the income tax relate to the transactions that recognized directly in shareholder's equity.

**3.19 Foreign currency transactions**

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange prevailing at the transaction dates. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies is translated into Baht at the reference exchange rates established by the Bank of Thailand at that date. Gains and losses on exchange arising on settlements and translation are recognized as income or expense when incurred.

**3.20 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.

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.

**3.21 Insurance contract classification**

At the initial date, the Group classified contract as insurance contract by determine that the significant risk has been transferred, in the event (scenario) that an insured would require the Group to pay significant additional benefits in term of commercial content. Once a contract has been classified as insurance contract, it remains an insurance contract until all right and obligations are expired. Other contract which the Group has entered with the insured may not be classified as an insurance contract when the significant insurance risk has been transferred. Other contracts are reclassified as investment contracts, if any.

**3.22 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. Revenue from the sale of residential condominium units

Rental income from investment property is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

For insurance policies with coverage period for one year, premium income is recognized on the date the insurance policy is effective after deducting premium ceded and premium cancelled and refunded. For long-term insurance policies which coverage periods is longer than one year, related revenues and expenses are recorded as unearned and prepaid items which recognized as income and expenses over the coverage annual.

Reinsurance premium income is recognized when the Group receives the reinsurance application or statement of accounts from the ceding company. Reinsurance profit commissions are recognized when the Group receives the statement of accounts from the master reinsurers.

Commissions and brokerages income are recognized as income on an accrual basis.

Interest income is recognized as income on an accrual basis. Dividends income are recognized as income on the declaration date.

Other income is recognized as income on an accrual basis.

### **3.23 Expenses recognition**

#### **Claims and losses adjustment expenses**

Claims and losses adjustment expenses consist of claims and losses adjustment expenses of direct insurance and reinsurance of both reported claims and not reported claims, and are stated at the amounts of the claims, related expenses, and claims adjustments of the current and prior period incurred during the year, less residual value and other recoveries, if any, and claim recovery from reinsurers.

Claims and losses adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claims notified by the insured and estimates made by the Group's management. The maximum value of claims estimated is not however, to exceed the sum-insured under the relevant policy.

Claims and losses adjustment expenses of reinsurance are recognised when the reinsurer places the loss advice with the Group.

#### **Claim recovery from reinsurers**

Claims recovery from reinsurers is recognised when claims and loss adjustment expenses are recorded. They are estimated as proportion and condition relevant to reinsurance contracts. The Group presents the claims recoverable amount as a deduction from gross claims.

#### **Commission and brokerage fees expenses**

Commissions and brokerages are expended when incurred.

Commission and brokerage fees paid for policies with coverage periods of longer than 1 year are recorded as prepaid items and recognised as expenses over the coverage period each year.

#### **Other underwriting expenses**

Other underwriting expenses are other insurance expenses for both direct and indirect expenses, including contributions, which are recognised as expenses on accrual basis.

Other expenses is recognized as expenses on an accrual basis.

**3.24 Cost of property sold**

For cost of sales of land and single detached house and condominium units, the Group has allotted total development costs which are expected to occur (also considering actual costs incurred) to the land and single detached house and condominium units sold on the basis of the sales area and the selling price and recognized as cost of property sold in the statement of comprehensive income.

Expenses related to sales, such as specific business taxes, transfer fees are recognized as expense when it is sold.

**3.25 Finance costs**

Finance costs comprise interest expense on borrowings and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of comprehensive income using the effective interest method.

**3.26 Basic earnings per share**

Basic earnings per share are calculated by dividing net income by the number of weighted average ordinary shares outstanding at the end of the year. In the case of a capital increase, the number of shares is equal to the weighted average according to the time of the subscription received for the increase in issued and paid-up share capital. As at December 31, 2018 and 2017, the Group does not have any common share equivalents outstanding which would have had a dilutive effect on earnings per share.

**3.27 Segment information**

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.

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 Note 38).

**3.28 Fair value measurements**

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if a producer or supplier of a marketable good would take those characteristics into the consideration the price that would be received to sell an asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for disclosure in the financial statements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements as follows:

- |         |                                                                                                                                                      |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.      |
| Level 2 | inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. |
| Level 3 | inputs are unobservable inputs for the asset or liability.                                                                                           |

#### 4. USE OF MANAGEMENT'S JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

##### 4.1 Management's judgements in applying accounting policies

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Group's management to exercise various judgements in applying accounting policies that can significantly affect the recognition and disclosures in the financial statements. Significant judgements in applying accounting policies are as follows:

###### 4.1.1 Impairment of investments

The carrying amounts of the investments in subsidiaries are reviewed at the end of each reporting period. The Group recognizes impairment loss when the recoverable amount of an asset is lower than its carrying amount. The recoverable amount is the higher of the asset's fair value less cost to sell or its value in use. The Group determines the value in use by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

###### 4.1.2 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.

###### 4.1.3 Deferred tax assets

The Group recognizes deferred tax assets for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. The Group's management uses judgements based upon the likely timing and level of estimate future taxable profits to determine the amount of deferred tax assets that can be recognized.

###### 4.1.4 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, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such 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's 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 obligations. Additional information is disclosed in Note 24.

##### 4.2 Key sources of estimation uncertainty

The Group has estimates with the assumptions concerning the future. Although these estimates are



based on management's reasonable consideration of current events, actual results may differ from these estimates. 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.

#### 4.2.1 Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group's management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value where the actual future cash flows are less than expected, a material impairment loss may arise.

#### 4.2.2 Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group's investment properties were valued by independent professionally qualified valuers ("independent valuers") who hold a recognized 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. Discussions of valuation processes and results are held among 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 of independent valuers
- Assesses property valuation movements when compared to the prior year valuation report
- Holds discussions with the independent valuer.

Some asset measured at Level 2 of the fair value in the statements of financial position as of the end of reporting period such as Government and State Enterprise and Private Enterprises debt securities will be valued on the basis of quoted values and other data provided by Thai-BMA and first utilize valuation inputs from actively traded securities, such as bid prices when quoted market prices are unavailable, the pricing will be estimated by discounting expected future cash flows using market interest rate and/or prices for a similar instrument from Thai-BMA at the measurement date.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 45.2.6.

#### 4.2.3 Loss reserves

The Group is required to estimate loss reserves and outstanding claims that arise from the Group's insurance products. These reserves represent the expected cost to settle claims occurring prior to, but still outstanding as of, the reporting period. The Group establishes its reserves by product line and extent of coverage. The reserves consist of reserves for reported losses and reserves for incurred but not reported (IBNR) losses.

The Group's reserves for reported losses are based on estimates of future payments to settle reported insurance claims with an undiscounted basis. IBNR reserves are established to recognize by using historical information and statistical models, based on standard actuarial claims projection techniques.

## 5. BUSINESS ACQUISITION

At the Board of Directors' Meeting No. 9/2017 held on December 22, 2017, it was resolved to approve a new subsidiary (King Wai Capital Limited) which the company owns 99.98% of the total issued shares for the purchase, of 71,713,623 ordinary shares, equivalent to 98.24% of the total issued shares, of King Wai Insurance PCL. ("KWI") (Formerly "QBE Insurance (Thailand) PCL.") The shares will be purchased from the existing shareholders which are QBE Asia Pacific Holdings Limited ("QBE Asia") 34,670,029 shares or 47.49% of the total issued shares of QBE Thailand and Sinkaonamahasarn Company Limited ("SIN") 37,043,594 shares or 50.75% of the total issued shares of KWI. 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 KWI 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 December 25, 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 in totalling amount of Baht 150,000,000 and presented under "Advance payment for investment".

Subsequently, at the Extraordinary General Meeting of Shareholders No. 1/2018, on February 6, 2018, it was approved to increase in the Company's registered share capital from Baht 9,475,754,700 to Baht 13,170,534,700 by issuing 369,478,000 new ordinary shares with a par value of Baht 10 per share at an offer price of Baht 2.49 per share (see Note 27). 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 KWI. Then, on March 20, 2018, the Company has completed the registration of the increase in its paid-up capital from Baht 9,475,754,700 to Baht 13,170,534,700, with the Development of Business Department, the Ministry of Commerce.

On March 27, 2018, the Company incorporated King Wai Capital 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 9,998 shares totalling Baht 999,800, which is a 99.98% shareholding.

At the Board of Directors' Meeting No. 3/2018 held on May 7, 2018, it was unanimously decided to approve an additional investment in an increase in share capital of King Wai Capital Limited of 9,990,000 shares at a par value of Baht 100 per share, totalling Baht 999,000,000. The Company already paid the first-time called-up share capital totalling Baht 610,000,000, equivalent to Baht 61.061 per share, on May 11, 2018 according to the Board of Extraordinary General Shareholders Meeting No. 1/2018 held on May 8, 2018 of King Wai Capital Limited. The investment in King Wai Capital Limited increased from 9,998 shares amounting to Baht 999,800 to 9,999,998 shares amounting to Baht 610,999,800. The percentage shareholding increase from 99.98% to 100.00%.

Subsequently, on May 16, 2018, King Wai Capital Limited have paid the remaining amount after advance payment for investment in amounting to Baht 150,000,000 for the purchase, of 71,713,623 ordinary shares, equivalent to 98.24% of the total issued shares, of KWI. King Wai Capital Limited have already paid for the investment to QBE Asia amount of Baht 259,054,758 and SIN amount of Baht 276,850,877, totalling Baht 535,905,635. As a result, the totally purchase price as of such date for investment in ordinary shares of King Wai Capital Limited equal to Baht 685,905,635.

Net Identifiable Assets of KWI as at May 16, 2018 were as follows:

	Baht
<b>Assets</b>	
Cash and cash equivalents	159,502,147
Trade and other current receivables	201,992,472
Reinsurance assets	563,312,458
Due from reinsurers	11,204,386
Other current assets	25,123,222
Restricted bank deposits	677,799
Investments in securities	853,157,018
Plant and equipment	5,556,383
Other intangible assets	16,711,451
<b>Total assets</b>	<b>1,837,237,336</b>
<b>Liabilities</b>	
Trade and other current payables	47,183,174
Due to reinsurers	369,865,491
Unearned fee and commission income	75,780,959
Non-current provisions for employee benefits	12,048,677
Insurance contract liabilities	909,578,313
Deferred tax liabilities	3,342,290
<b>Total liabilities</b>	<b>1,417,798,904</b>
<b>Net identifiable assets and liabilities</b>	<b>419,438,432</b>
<b>Non-controlling interests</b>	<b>(6,431,885)</b>
(calculated by acquiree's identifiable net assets according to proportionate ownership held by non-controlling interests)	
<b>Consideration transferred</b>	<b>(685,905,635)</b>
<b>Goodwill</b>	<b>(272,899,088)</b>

At the date of preparation of these financial statements, the Company may have adjust the fair value and other calculations within 12 months from the date of business acquisition.

On September 18, 2018, the Extraordinary General Meeting of KWI's Shareholders No. 3/2018 passed resolutions to increase and allocate the authorized share capital of 62,800,000 shares, Baht 5 par value each, to offer to existing shareholders of KWI by proportion of shareholding of each shareholder at the ratio of 1 existing ordinary share to 0.86 new ordinary share. The shareholders have the right to subscribe for newly issued ordinary shares exceeding their rights. Shares subscribed in excess of their entitlement will be allocated to the subscribed shareholders in excess of their entitlement after the allocation of newly issued ordinary shares to all shareholders subscribed for in the first round.

On September 26, 2018, KWI registered its and called for the capital increase in the amount of Baht 314,000,000. On September 28, 2018, King Wai Capital Limited have already paid for the increase the authorized share capital. The percentage shareholding increase from 98.24% to 99.05%. KWI registered the changing of paid-up capital of the Company with the Ministry of Commerce on October 12, 2018.

Since May 16, 2018, the acquisition date, up to December 31, 2018, KWI had total revenue and net loss which was included in the financial performance for the year ended December 31, 2018 were as follows:

	Total revenue	Net loss
	Baht	Baht
King Wai Insurance PCL.	(55,528,384)	(152,102,841)

## 6. DISCLOSURES SUPPLEMENTARY OF CASH FLOWS INFORMATION

Non-cash items as at December 31, consisted of the following:

### 6.1 Non-cash transactions of investment properties for the years ended December 31, were as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Other payables for purchasing investment properties as at January 1,	397,290	-	284,416	-
<u>Add</u> Purchase of investment properties	327,080	761,906,242	327,080	1,307,617
<u>Less</u> Cash paid for purchase of investment properties	(595,174)	(761,508,952)	(482,300)	(1,023,201)
Other payables for purchasing investment properties as at December 31,	129,196	397,290	129,196	284,416

### 6.2 Non-cash transactions of plant and equipment for the years ended December 31, were as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Other payables and retention payable for purchasing plant and equipment as at January 1,	7,848,755	-	7,848,755	-
<u>Add</u> Purchase of plant and equipment	43,393,346	52,467,222	3,011,242	45,868,909
<u>Less</u> Dismantle cost	(412,500)	-	-	-
<u>Less</u> Cash paid for purchase of plant and equipment	(23,642,068)	(44,618,467)	(6,852,450)	(38,020,154)
Other payables and retention payable for purchasing plant and equipment as at December 31,	27,187,533	7,848,755	4,007,547	7,848,755

**6.3 Non-cash transactions of intangible assets for the years ended December 31, consisted of the following:**

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Other payables for purchasing intangible assets as at January 1,	729,164	-	729,164	-
<u>Add</u> Purchase of intangible assets	53,330,702	1,117,848	1,732,542	1,085,748
<u>Less</u> Cash paid for purchase of intangible assets	(53,446,777)	(388,684)	(1,848,617)	(356,584)
Other payables for purchasing intangible assets as at December 31,	613,089	729,164	613,089	729,164

**6.4 Significant non-cash items in the consolidated and separate financial statements for the year ended December 31, consisted of the following:**

Type of Transactions	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Increased in excess of remeasuring investments held as available-for-sale	52,000	77,050	52,000	77,050
Net offsetting of interest payable and interest receivable	-	-	69,557,586	66,222,376
Acquisition of assets under common control by share payment	-	-	74,969,995	-
Transfer assets and liabilities from acquisition of assets under common control				
- Trade and other current receivables	6,689,726	-	-	-
- Investment properties	1,278,262,788	-	-	-
- Plant and equipment	1,383,799	-	-	-
- Other non-current assets	291	-	-	-
- Trade and other current payables	50,865	-	-	-
- Other current liabilities	1,803	-	-	-
- Long-term borrowings from a related party	1,205,025,447	-	-	-

## 6.5 Change in liabilities from financing activities consisted of the following:

CONSOLIDATED FINANCIAL STATEMENTS							
	Balance as at January 1, 2018	Financing cash flows		Non-cash changes		Other changes	Balance as at December 31, 2018
		Cash received	Cash paid	Acquisition of Assets AEC City	Differences on translation of financial statements		
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Short-term borrowings from financial institutions	770,196,739	-	(28,703,411)	-	-	-	741,493,328
Long-term borrowings from financial institutions	1,178,544,181	96,200,000	(24,400,000)	-	-	2,394,123	1,252,738,304
Long-term borrowings from related person or companies	269,248,039	-	-	1,205,025,447	(8,246,397)	-	1,466,027,089
<b>Total</b>	<b>2,217,988,959</b>	<b>96,200,000</b>	<b>(53,103,411)</b>	<b>1,205,025,447</b>	<b>(8,246,397)</b>	<b>2,394,123</b>	<b>3,460,258,721</b>

SEPARATE FINANCIAL STATEMENTS						
	Balance as at January 1, 2018	Financing cash flows		Non-cash changes	Other changes	Balance as at December 31, 2018
		Cash received	Cash paid	Net offsetting with long-term loans		
	Baht	Baht	Baht	Baht	Baht	Baht
Short-term borrowings from financial institutions	770,196,739	-	(28,703,411)	-	-	741,493,328
Long-term borrowings from a subsidiary	50,900,000	372,306,758	-	(371,686,758)	-	51,520,000
<b>Total</b>	<b>821,096,739</b>	<b>372,306,758</b>	<b>(28,703,411)</b>	<b>(371,686,758)</b>	<b>-</b>	<b>793,013,328</b>

## 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Cash on hand	532,000	176,000	360,000	64,000
Cash at banks - current accounts	221,540,229	6,261,828	2,126,890	1,984,037
- savings accounts	380,538,399	468,814,808	65,091,722	385,616,145
- 3-month fixed accounts	218,079	138,247	-	-
<b>Total cash and cash equivalents</b>	<b>602,828,707</b>	<b>475,390,883</b>	<b>67,578,612</b>	<b>387,664,182</b>

As at December 31, 2018 and 2017, savings accounts bear interest at the rates between 0.100% - 1.875% per annum.



## 8. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Trade receivables	746,396	1,138,674	746,396	1,138,674
Other receivable - related parties	-	-	3,129,912	-
Other receivable - others	20,004,449	231,000	-	-
<u>Less</u> Allowance for doubtful accounts	(938,388)	-	-	-
	19,812,457	1,369,674	3,876,308	1,138,674
Premium receivables - net	54,344,679	-	-	-
Interest receivables - related parties	-	-	384,683,506	318,373,172
Interest receivables - other parties	15,414	11,894	-	-
Prepayments	3,544,638	11,229,415	1,698,950	9,145,611
Prepaid premium ceded	105,366,561	-	-	-
Deferred acquisition costs	32,184,147	-	-	-
Advance payments	6,807,845	1,578,105	735,294	37,451
Total trade and other current receivables	222,075,741	14,189,088	390,994,058	328,694,908

Aging analysis of trade receivables are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Trade receivables under credit term	683,532	664,799	683,532	664,799
Trade receivables due for payment				
- Not more than 90 days	62,864	473,875	62,864	473,875
Total trade receivables	746,396	1,138,674	746,396	1,138,674

Aging analysis of premium receivables, net are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Within credit terms	32,747,680	-	-	-
Premium receivables due for payment				
- Not more than 90 days	8,627,950	-	-	-
- More than 90 days	13,521,419	-	-	-
Total premium receivables	54,897,049	-	-	-
<u>Less</u> Allowance for doubtful accounts	(552,370)	-	-	-
Total premium receivables, net	54,344,679	-	-	-

For premium receivables due from agents and brokers, the Group has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Group has process with such agents and brokers in accordance with the Group's policy and procedures.

## 9. REINSURANCE ASSETS

Reinsurance assets as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Insurance reserve refundable from reinsurers				
Loss reserves	271,916,450	-	-	-
Unearned premium reserve				
- Unearned reinsurance premium reserve	127,193,098	-	-	-
Total reinsurance assets (see Note 25)	399,109,548	-	-	-

## 10. DUE FROM REINSURERS

Due from reinsurers as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Due from reinsurers	10,750,179	-	-	-
Less Allowance for doubtful accounts	(429,429)	-	-	-
Total due from reinsurers	10,320,750	-	-	-

Aging analyzes for due from reinsurers as at December 31, 2018 and 2017 were as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2018	2018
	Baht	Baht
Within credit terms	4,831,212	-
Not over 12 months	3,266,288	-
Over 1 year to 2 years	2,217,621	-
Over 2 years	435,058	-
Total due from reinsures	10,750,179	-
Less Allowance for doubtful accounts	(429,429)	-
Due from reinsures, net	10,320,750	-

## 11. COST OF PROPERTY DEVELOPMENT

Cost of property development as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Land and single detached house	9,816,335	160,277,237	-	-
Land under development	879,835,509	879,835,509	-	-
Land development cost	275,276,352	276,016,012	-	-
Construction in progress	86,361,462	74,750,340	-	-
Other development costs	547,943,171	404,166,355	-	-
Condominium units held for sales	25,590,000	25,590,000	-	-
	1,824,822,829	1,820,635,453	-	-
<u>Less</u> Allowance for decrease in cost of property development	(32,538,603)	(12,514,826)	-	-
Total cost of property development	1,792,284,226	1,808,120,627	-	-

As at December 31, 2018 and 2017, two subsidiaries mortgaged the land and single detached house, land under development and construction in progress with a financial institution amounting to Baht 460 million and Baht 538 million, respectively, as collateral for secured short-term and long-term borrowings from financial institution (see Notes 20.1 and 20.2) and the issuance of letter of guarantees facility of the subsidiary amounting to Baht 3.69 million (see Note 44).

During the year ended December 31, 2018 and 2017 the subsidiaries recorded borrowing costs of Baht 24.56 million and Baht 20.27 million, respectively that capitalised as other development costs.

## 12. OTHER CURRENT ASSETS

Other current assets as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Value-added tax receivable	68,261,884	948,394	965,131	804,471
Refundable income tax	31,461,680	-	-	-
Input vat	3,167	3,167	3,167	3,167
Undue input vat	367,848	613,960	363,287	602,800
Other	1,000,000	-	-	-
Total other current assets	101,094,579	1,565,521	1,331,585	1,410,438

### 13. RESTRICTED BANK DEPOSITS

Restricted bank deposits as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
3-month fixed deposit at bank	9,911,561	9,911,561	-	-
12-month fixed deposit at bank	26,939,149	25,288,612	-	-
Total restricted bank deposits	36,850,710	35,200,173	-	-

As at December 31, 2018 and 2017, the 3-month fixed deposit at bank amounting to Baht 10 million are pledged as collateral for the letter of guarantees issuance (see Note 44). The 12-month fixed deposit at bank amounting to Baht 27 million and Baht 25 million, respectively, 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.

### 14. INVESTMENTS IN SECURITIES

Investments in securities as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS			
	2018		2017	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
<b>Available-for-sale investments</b>				
Government securities	384,431,235	379,357,388	-	-
Private securities	5,000,000	458,750	5,000,000	510,750
Total	389,431,235	379,816,138	5,000,000	510,750
<u>Less</u> Unrealized loss	(5,215,097)	-	(89,250)	-
<u>Less</u> Allowance for impairment	(4,400,000)	-	(4,400,000)	-
Total available-for-sale investments	379,816,138	379,816,138	510,750	510,750
<b>Held-to-maturity investments</b>				
Private securities	10,000,000		-	
Deposits at financial institutions with maturity over 3 months	1,277,799		-	
Total	11,277,799		-	
<u>Less</u> Allowance for impairment	(10,000,000)		-	
Total held-to-maturity investments	1,277,799		-	

CONSOLIDATED FINANCIAL STATEMENTS				
	2018		2017	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
<b>General investments</b>				
Non-marketable equity securities	562,120		-	
Total general investments	562,120		-	
Total investment in securities	381,656,057		510,750	

SEPERATE FINANCIAL STATEMENTS				
	2018		2017	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
<b>Available-for-sale investments</b>				
Private securities	5,000,000	458,750	5,000,000	510,750
<u>Less</u> Unrealized loss	(141,250)	-	(89,250)	-
<u>Less</u> Allowance for impairment	(4,400,000)	-	(4,400,000)	-
<b>Total investment in securities</b>	458,750	458,750	510,750	510,750

During the year ended December 31, 2018, a subsidiary had transferred investment in government securities from held-to-maturity investments to available-for-sale investments in accordance with such subsidiary's investment policy. Transfers of investments on that date consist of following:

	Amortized cost	Fair value	Gain from reclassification of investments recognized into other comprehensive income
	Baht	Baht	Baht
Government securities	606,450,290	607,774,986	1,324,696
	606,450,290	607,774,986	1,324,696

As at December 31, 2018, certain government and state enterprise securities were pledged and used for assets reserved with the Registrar amounting to Baht 124.40 million (see Note 39) (2017 : Nil).

The movement of investments for the year ended December 31, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Beginning balance of net book value	510,750	433,700	510,750	433,700
Addition from business acquisition of KWI (see Note 5)	853,157,018	-	-	-
Increment during the year	148,280,354	-	-	-
Reduction during the year	(605,166,218)	-	-	-
Reclassification adjustments included in profit or loss	-	4,400,000	-	4,400,000
<u>Less</u> Allowance for impairment	(10,000,000)	(4,400,000)	-	(4,400,000)
<u>Less</u> Unrealized gain (loss)	(5,125,847)	77,050	(52,000)	77,050
Ending balance of net book value	381,656,057	510,750	458,750	510,750



## 15. INVESTMENTS IN SUBSIDIARIES

Details of investments in subsidiaries as at December 31, consisted of the following:

SEPARATE FINANCIAL STATEMENTS											
Company's name	Business	Paid-up share capital		Shareholding percentage		Cost method		Allowance for impairment of investments		Net book value (cost method)	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		Baht	Baht	(%)	(%)	Baht	Baht	Baht	Baht	Baht	Baht
Thai-Kami Co., Ltd.	Property development	374,750,000	374,750,000	100.00	100.00	374,749,980	374,749,940	(374,749,980)	(374,749,940)	-	-
Top Property Co., Ltd.	Property development	563,400,000	563,400,000	61.00	61.00	343,673,900	343,674,000	(343,673,900)	(343,674,000)	-	-
Gold Star Property Co., Ltd.	Property development	409,100,000	409,100,000	100.00	100.00	409,099,800	409,099,940	(341,205,474)	(340,920,947)	67,894,326	68,178,993
Comerstone Realty Co., Ltd.	Property development	1,000,000	1,000,000	99.98	99.92	999,800	999,100	(999,800)	(999,100)	-	-
KWG Explore Limited	Property development	1,000,000	1,000,000	99.98	99.98	999,800	999,800	(999,800)	-	-	999,800
NVV Development Co., Ltd.	Property development	230,000,000	230,000,000	100.00	89.35	229,999,800	205,500,000	-	-	229,999,800	205,500,000
S31 Limited	Property development	1,000,000	1,000,000	99.98	99.98	999,800	999,700	-	-	999,800	999,700
S61 Limited	Property development	101,000,000	1,000,000	100.00	99.98	100,999,800	999,700	-	-	100,999,800	999,700
Param4 Limited	Property development	1,000,000	1,000,000	99.98	99.98	999,800	999,700	-	-	999,800	999,700
King Wai Construction Limited	Construction	1,000,000	1,000,000	99.98	99.98	999,800	999,800	-	-	999,800	999,800
King Wai Media Limited	Advertising and marketing services	1,000,000	1,000,000	99.98	99.98	999,800	999,800	-	-	999,800	999,800
King Wai Property Limited	Property management and agent	1,000,000	1,000,000	99.98	99.98	999,800	999,800	-	-	999,800	999,800
AEC City Co., Ltd.	Property development	88,200,000	-	100.00	-	223,459,817	-	-	-	223,459,817	-
King Wai Capital Limited	Holding	1,000,000,000	-	100.00	-	999,999,800	-	-	-	999,999,800	-
Total investments in subsidiaries						2,688,981,497	1,341,021,280	(1,061,628,954)	(1,060,343,987)	1,627,352,543	280,677,293

The movement of investment in subsidiaries for the year ended December 31, consisted of the following:

	SEPARATE FINANCIAL STATEMENTS	
	2018	2017
	Baht	Baht
Beginning balance of net book value	280,677,293	94,678,793
Additional investment in subsidiaries	1,347,960,217	185,998,500
<u>Less</u> Allowance for impairment of investment in subsidiaries	(1,284,967)	-
Ending balance of net book value	1,627,352,543	280,677,293

#### Significant events and investment in subsidiaries

##### 15.1 NVV Development Co., Ltd.

At the Board of Directors' Meeting No. 6/2017 on September 14, 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 and purchase price 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 Company paid shares to an existing shareholder on January 16, 2018 amounting to Baht 24,500,000. The percentage of shareholding will increase from 89.35% to 100.00%.

##### 15.2 S61 Limited

At the Board of Directors' Meeting No. 1/2018 on February 20, 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 increases from 9,998 shares amounting to Baht 999,800 to 1,009,998 shares amounting to Baht 100,999,800. The Company paid share amounting to Baht 100,000,000 on February 27, 2018.

##### 15.3 AEC City Co., Ltd.

At the Extraordinary General Shareholders' Meeting No. 3/2017 on December 22, 2017, it was resolved to approve investment in share capital of AEC City Co., Ltd ("AEC City"), a related company. The approved investment comprised 749,700 shares totalling Baht 74,969,995 or 85% of total registered shares of AEC City. 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 of the Company.

For this purchase, the Company increases 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 are allocated to the private placement at Baht 3.18 per share in lieu of cash payment (see Note 27). In addition, the Company had fully paid-up share capital on January 24, 2018. Accordingly, AEC City is the Company's subsidiary.

Such transaction was acquisition of assets under common control because AEC City was incorporated for property development purpose which currently generating no transaction business. The principal asset is land held for a currently undetermined future use that classified as investment property and had no process and output of the property development business. It was concluded

that investment in AEC City was acquisition of assets under common control not constituting a business and not business combination as defined in TFRS 3 (Revised 2017) and did not constitute goodwill. As a result, the Company has recorded investment in AEC City equal to fair value of consideration transferred in the amount of Baht 74.97 million in separate financial statements. In addition, the Company recorded difference from acquisition of investment in subsidiary under common control in the amount of Baht 5.11 million in shareholder's equity in consolidated financial statements.

Book value of net assets of AEC City and the fair value of consideration transferred as of January 24, 2018 consisted of the following:

	Baht
<b>Assets</b>	
Cash and cash equivalents	930,635
Trade and other current receivables	6,689,726
Investment properties	1,278,262,788
Plant and equipment	1,383,799
Other non-current assets	291
<b>Total assets</b>	<b>1,287,267,239</b>
<b>Liabilities</b>	
Trade and other current payables	(50,865)
Other current liabilities	(1,803)
Long-term borrowing from related person and companies	(1,205,025,447)
<b>Total liabilities</b>	<b>(1,205,078,115)</b>
<b>Net assets</b>	<b>82,189,124</b>
Fair value of consideration transferred equal to 85% (82,189,124 x 85%)	69,860,750
Newly issued ordinary shares of the Company for 23,575,470 shares with the offering price of Baht 3.18 per share	(74,969,995)
<b>Difference from acquisition of assets under common control</b>	<b>(5,109,245)</b>

At the Board of Directors' Meeting No. 4/2018 held on July 11, 2018, it was unanimously decided to approve the share acquisition in a subsidiary, AEC City amounting to 132,300 shares, at par value of 100 Baht with the purchase price at Baht 148,490,016, as a result, the Company's shareholding in AEC City shall increase from 85% up to 100% of its registered capital. Subsequently, the Company have already made a payment on August 3, 2018.

Book value of net assets of AEC City and the fair value of consideration transferred as of August 3, 2018 consisted of the following:

	Baht
Assets	
Cash and cash equivalents	498,253
Trade and other current receivables	6,704,045
Investment property	1,278,262,788
Plant and equipment	1,031,135
Other non-current assets	293
Total assets	1,286,496,514
Liabilities	
Trade and other current payables	(96,840)
Other current liabilities	(901)
Long-term borrowing from related person and companies	(1,205,025,447)
Total liabilities	(1,205,123,188)
Net assets	81,373,326
Fair value of consideration transferred equal to 15% (81,373,326 x 15%)	12,205,999
Consideration transferred	(148,490,017)
Difference from acquisition of non-controlling interests	(136,284,018)

The Company recorded difference from acquisition of investment in subsidiary under common control in the amount of Baht 136.28 million in shareholder's equity in consolidated financial statements.

#### 15.4 King Wai Capital Limited

On March 27, 2018, the Company incorporated King Wai Capital 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 9,998 shares totalling Baht 999,800 which is a 99.98% shareholding.

At the Board of Directors' Meeting No. 3/2018 held on May 7, 2018, it was unanimously decided to approve an additional investment in an increase in share capital of King Wai Capital Limited of 9,990,000 shares at a par value of Baht 100 per share, totalling Baht 999,000,000. On May 11, 2018 the Company already paid the first-time called-up share capital totalling Baht 610,000,000, equivalent to Baht 61.061 per share, according to the Board of Extraordinary General Shareholders Meeting No. 1/2018 held on May 8, 2018 of King Wai Capital Limited. The investment in King Wai Capital Limited increased from 9,998 shares amounting to Baht 999,800 to 9,999,998 shares amounting to Baht 610,999,800. The percentage shareholding increase from 99.98% to 100.00%.

At the Board of Directors' Meeting No. 5/2018 of King Wai Capital Limited held on July 2, 2018, it was unanimously decided to approve to call-up the rest of share capital totalling Baht 389,000,000, equivalent to Baht 38.939 per share. Subsequently, the Company already paid the rest of share amounting to Baht 389,000,000 on July 5, 2018.

At the Board of Directors' Meeting No. 4/2018 held on July 11, 2018, it was unanimously decided to approve King Wai Capital Limited invested the increasing authorized share capital in KWI amount of 62,800,000 shares of Baht 5 par value at an offer price of Baht 5 per share in amounting to Baht 314,000,000. King Wai Capital Limited have already paid for the increase the authorized share capital on September 28, 2018. The percentage shareholding increase from 98.24% to 99.05%. KWI registered the changing of paid-up capital of the Company with the Ministry of Commerce on October 12, 2018.

## 16. INVESTMENT PROPERTIES

Investments properties as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	Land	Buildings and offices for rent	Total	Land	Buildings and offices for rent	Total
	Baht	Baht	Baht	Baht	Baht	Baht
As at January 1, 2018	1,768,589,836	395,197,435	2,163,787,271	-	395,197,435	395,197,435
Increase from assets acquisition of AEC City	1,278,262,788	-	1,278,262,788	-	-	-
Subsequent expenditure	-	327,080	327,080	-	327,080	327,080
Gain (loss) from fair value adjustments on investment properties	571,306,475	(229,355)	571,077,120	-	(229,355)	(229,355)
As at December 31, 2018	3,618,159,099	395,295,160	4,013,454,259	-	395,295,160	395,295,160

	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	Land	Buildings and offices for rent	Total	Land	Buildings and offices for rent	Total
	Baht	Baht	Baht	Baht	Baht	Baht
As at January 1, 2017	776,680,000	358,514,885	1,135,194,885	-	358,514,885	358,514,885
Additions	760,598,625	-	760,598,625	-	-	-
Subsequent expenditure	-	1,307,617	1,307,617	-	1,307,617	1,307,617
Transfer from plant and equipment	-	36,700,685	36,700,685	-	36,700,685	36,700,685
Gain (loss) from fair value adjustments on investment properties	231,311,211	(1,325,752)	229,985,459	-	(1,325,752)	(1,325,752)
As at December 31, 2017	1,768,589,836	395,197,435	2,163,787,271	-	395,197,435	395,197,435

For the year ended December 31, 2018 and 2017, the Group recognized rental income from investment property in the consolidated and separate statements of comprehensive income of Baht 33.58 million and Baht 29.64 million, respectively.

As at December 31, 2018 and 2017, a subsidiary mortgaged land with a financial institution amounting to Baht 1,859 million and Baht 1,743 million, respectively, as collaterals for secured long-term loan from a financial institution (see Note 20.2).

## 17. PLANT AND EQUIPMENT

Plant and equipment as at December 31, consisted of the following:

CONSOLIDATED FINANCIAL STATEMENTS							
	Balance as at January 1, 2018	Additions	Additions from assets acquisition of AEC City (see Note 15.3)	Additions from business acquisition of KWI (see Note 5)	Disposals/ Write off	Adjust transaction	Balance as at December 31, 2018
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Cost</b>							
Buildings and buildings improvement	6,177,295	32,949,050	-	-	-	-	39,126,345
Furniture, fixtures and office equipment	72,611,556	10,008,404	105,351	46,768,792	(1,373,614)	(300,917)	127,819,572
Vehicle	9,841,928	-	3,300,000	9,790,000	(2,296,000)	-	20,635,928
<b>Total</b>	<b>88,630,779</b>	<b>42,957,454</b>	<b>3,405,351</b>	<b>56,558,792</b>	<b>(3,669,614)</b>	<b>(300,917)</b>	<b>187,581,845</b>
<b>Accumulated depreciation</b>							
Buildings and buildings improvement	(4,961,788)	(1,405,956)	-	-	-	-	(6,367,744)
Furniture, fixtures and office equipment	(28,410,232)	(11,007,238)	(65,060)	(41,212,413)	1,349,204	-	(79,345,739)
Vehicle	(3,619,966)	(1,964,596)	(1,956,493)	(9,789,995)	2,295,998	-	(15,035,052)
<b>Total</b>	<b>(36,991,986)</b>	<b>(14,377,790)</b>	<b>(2,021,553)</b>	<b>(51,002,408)</b>	<b>3,645,202</b>	<b>-</b>	<b>(100,748,535)</b>
	51,638,793						86,833,310
Construction in progress	-	435,892	-	-	-	-	435,892
<b>Total plant and equipment</b>	<b>51,638,793</b>						<b>87,269,202</b>



CONSOLIDATED FINANCIAL STATEMENTS							
	Balance as at January 1, 2018	Additions	Additions from assets acquisition of AEC City (see Note 15.3)	Additions from business acquisition of KWI (see Note 5)	Disposals/ Write off	Adjust transaction	Balance as at December 31, 2018
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Cost</b>							
Land	2,011,784	-	(2,011,784)	-	-	-	-
Buildings and buildings improvement	41,715,120	1,517,767	2,011,784	-	-	(39,067,376)	6,177,295
Furniture, fixtures and office equipment	27,732,528	46,218,527	-	-	(1,339,499)	-	72,611,556
Vehicle	3,111,000	6,730,928	-	-	-	-	9,841,928
Total	74,570,432	54,467,222	-	-	(1,339,499)	(39,067,376)	88,630,779
<b>Accumulated depreciation</b>							
Buildings and buildings improvement	(40,130,244)	(87,330)	-	32,889,095	-	2,366,691	(4,961,788)
Furniture, fixtures and office equipment	(24,623,944)	(5,122,216)	-	-	1,335,928	-	(28,410,232)
Vehicle	(3,110,997)	(508,969)	-	-	-	-	(3,619,966)
Total	(67,865,185)	(5,718,515)	-	32,889,095	1,335,928	2,366,691	(36,991,986)
Total plant and equipment	6,705,247						51,638,793
<b>Depreciation for the year ended December 31,</b>							
2018						<b>Baht</b>	14,377,790
2017						<b>Baht</b>	5,718,515

As at December 31, 2018 and 2017, certain plant and equipment of the Group in consolidated financial statements at cost of Baht 153.62 million and Baht 83.68 million, respectively, were fully depreciated but still in use.

SEPARATE FINANCIAL STATEMENTS						
	Balance as at January 1, 2018	Additions	Disposals/ Write off	Adjust transaction	Balance as at December 31, 2018	
	Baht	Baht	Baht	Baht	Baht	
<b>Cost</b>						
Buildings and buildings improvement	6,177,295	-	-	-	6,177,295	
Furniture, fixtures and office equipment	64,694,389	3,011,242	(10,575)	(300,917)	67,394,139	
Total	70,871,684	3,011,242	(10,575)	(300,917)	73,571,434	
<b>Accumulated depreciation</b>						
Buildings and buildings improvement	(4,961,788)	(62,718)	-	-	(5,024,506)	
Furniture, fixtures and office equipment	(21,349,268)	(8,515,501)	10,574	-	(29,854,195)	
Total	(26,311,056)	(8,578,219)	10,574	-	(34,878,701)	
Total plant and equipment	44,560,628				38,692,733	

SEPARATE FINANCIAL STATEMENTS							
	Balance as at January 1, 2018	Additions	Additions from assets acquisition of AEC City (see Note 15.3)	Additions from business acquisition of KWI (see Note 5)	Disposals/ Write off	Adjust transaction	Balance as at December 31, 2018
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Cost</b>							
Land	2,011,784	-	(2,011,784)	-	-	-	-
Buildings and buildings improvement	41,715,120	1,517,767	2,011,784	-	-	(39,067,376)	6,177,295
Furniture, fixtures and office equipment	19,660,692	46,351,142	-	-	(1,317,445)	-	64,694,389
Total	63,387,596	47,868,909	-	-	(1,317,445)	(39,067,376)	70,871,684
<b>Accumulated depreciation</b>							
Buildings and buildings improvement	(40,130,244)	(87,330)	-	32,889,095	-	2,366,691	(4,961,788)
Furniture, fixtures and office equipment	(18,158,199)	(4,508,500)	-	-	1,317,431	-	(21,349,268)
Total	(58,288,443)	(4,595,830)	-	32,889,095	1,317,431	2,366,691	(26,311,056)
Total plant and equipment	5,099,153						44,560,628
<b>Depreciation for the year ended December 31,</b>							
2018						<b>Baht</b>	8,578,219
2017						<b>Baht</b>	4,595,830

As at December 31, 2018 and 2017, certain plant and equipment of the Company in separate financial statements at cost of Baht 40.19 million and Baht 40.79 million, respectively, were fully depreciated but still in use.

## 18. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets as at December 31, consisted of the following:

CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2018	Additions	Additions from business acquisition of KWI (see Note 5)	Disposal	Balance as at December 31, 2018
	Baht	Baht	Baht	Baht	Baht
<b>Cost</b>					
Goodwill	-	-	272,899,088	-	272,899,088
Computer program	2,690,974	173,244	-	-	2,864,218
License costs	-	-	67,000,000	-	67,000,000
Total	2,690,974	173,244	339,899,088	-	342,763,306
<b>Accumulated amortization</b>					
Computer program	(2,145,546)	(173,158)	-	-	(2,318,704)
License costs	-	-	(50,288,549)	-	(50,288,549)
Total	(2,145,546)	(173,158)	(50,288,549)	-	(52,607,253)
	545,428				290,156,053
Computer program under installation	915,532	53,157,458	-	-	54,072,990
Total goodwill and other intangible assets	1,460,960				344,229,043

CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2017	Additions	Disposal	Balance as at December 31, 2017
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Computer program	2,488,658	202,316	-	2,690,974
Total	2,488,658	202,316	-	2,690,974
<b>Accumulated amortization</b>				
Computer program	(1,992,503)	(153,043)	-	(2,145,546)
Total	(1,992,503)	(153,043)	-	(2,145,546)
	496,155			545,428
Computer program under installation	-	915,532	-	915,532
Total goodwill and other intangible assets	496,155			1,460,960
<b>Amortization for the year ended December 31,</b>				
2018			<b>Baht</b>	173,158
2017			<b>Baht</b>	153,043

SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2018	Additions	Disposal	Balance as at December 31, 2018
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Computer program	1,260,031	173,244	-	1,433,275
Total	1,260,031	173,244	-	1,433,275
<b>Accumulated amortization</b>				
Computer program	(745,090)	(166,738)	-	(911,828)
Total	(745,090)	(166,738)	-	(911,828)
	514,941			521,447
Computer program under installation	915,532	1,559,298	-	2,474,830
Total goodwill and other intangible assets	1,430,473			2,996,277

SEPARATE FINANCIAL STATEMENTS				
	Balance as at January 1, 2017	Additions	Disposal	Balance as at December 31, 2017
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Computer program	1,089,815	170,216	-	1,260,031
Total	1,089,815	170,216	-	1,260,031
<b>Accumulated amortization</b>				
Computer program	(594,093)	(150,997)	-	(745,090)
Total	(594,093)	(150,997)	-	(745,090)
	495,722			514,941
Computer program under installation	-	915,532	-	915,532
Total goodwill and other intangible assets	495,722			1,430,473
<b>Amortization for the year ended December 31,</b>				
2018			<b>Baht</b>	166,738
2017			<b>Baht</b>	150,997

## 19. DEPOSITS

As at December 31, 2018, a subsidiary had entered into Term Sheet as the terms for negotiation and preparation of the definitive Agreement to Sell and Purchase of the Lands. Such subsidiary placed a refundable deposit in the amount of Baht 139.23 million that presented as a part of a deposit totaling Baht 143.87 million in the consolidated statement of financial position (2017: Nil).

## 20. BORROWINGS

Borrowings as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
<b>Current</b>				
Short-term borrowings from financial institutions	741,493,328	770,196,739	741,493,328	770,196,739
Current portion of long-term borrowings from financial institutions	297,000,000	146,400,000	-	-
<b>Total current borrowings</b>	<b>1,038,493,328</b>	<b>916,596,739</b>	<b>741,493,328</b>	<b>770,196,739</b>
<b>Non-current</b>				
Long-term borrowings from financial institutions	962,800,000	1,041,600,000	-	-
Less deferred financing costs of long-term borrowings	(7,061,696)	(9,455,819)	-	-
<b>Total non-current borrowings</b>	<b>955,738,304</b>	<b>1,032,144,181</b>	<b>-</b>	<b>-</b>
<b>Total borrowings</b>	<b>1,994,231,632</b>	<b>1,948,740,920</b>	<b>741,493,328</b>	<b>770,196,739</b>

### 20.1 Short-term borrowings from financial institutions

Short-term borrowings from financial institutions as at December 31, consisted of the following:

No.	Credit facilities	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
		Significant criteria of borrowings agreements		
		Secured by	Interest	
	Baht		% per annum	
<b>The Company</b>				
1	1,500,000,000	Standby letter of credit	MLR minus fixed percentage as stipulated in the contract	741,493,328
				770,196,739

As at December 31, 2018 and 2017, 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, land under development and construction in progress (see Note 11).

#### **Fair value**

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

#### **Borrowing facilities**

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Floating rate - expiring within one year	758,506,672	729,803,261	758,506,672	729,803,261



## 20.2 Long-term borrowings from financial institutions

Long-term borrowings from financial institutions as at December 31, consisted of the following:

Contract		Credit facilities	Condition of borrowing			CONSOLIDATED FINANCIAL STATEMENTS	
No.			Payment term	Secured by	Interest rate	2018	2017
Subsidiaries		Baht			% per annum	Baht	Baht
1	438,000,000		The principal is due for payment on monthly basis. The first principal repayment is due on the 13 <sup>th</sup> month from the first drawn down.	Mortgage of land	MLR minus a fixed percentage as stipulated in the contract	425,800,000	438,000,000
2	600,000,000*		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	600,000,000
3	560,810,000		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 future buildings	MLR minus a fixed percentage as stipulated in the contract	234,000,000	150,000,000
			Total long-term borrowings from financial institutions			1,259,800,000	1,188,000,000
			Less current portion of long-term borrowings			(297,000,000)	(146,400,000)
			Less deferred financing costs of long-term borrowings			962,800,000	1,041,600,000
			Long-term borrowings			(7,061,696)	(9,455,819)
						955,738,304	1,032,144,181

\* The long-term borrowing from such commercial bank requires the Group to maintain a debt to equity ratio as specified in the agreements.

As at December 31, 2018 and 2017, a subsidiary mortgaged the land and single detached house, land under development and construction in progress (see Note 11) and land which disclosed as investment properties (see Note 16) as collaterals for secured long-term borrowings from financial institutions.

#### Fair value

The carrying amount and fair value of long-term borrowings from financial institutions consisted of the following

	CONSOLIDATED FINANCIAL STATEMENTS			
	Book Value		Fair Value	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Long-term borrowings from financial institutions	1,252,738,304	1,178,544,181	1,262,870,405	1,188,445,684
Total	1,252,738,304	1,178,544,181	1,262,870,405	1,188,445,684

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

As at December 31, 2018 and 2017, the fair value of long-term borrowings is based on discounted cash flows using a discount rate based upon the borrowing rate of 4.64% to 5.67% and 4.73% to 5.69%, respectively, and are within level 2 of the fair value hierarchy.

Maturity of long-term borrowings from financial institutions as book value consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Within 1 year	297,000,000	146,400,000	-	-
Later than 1 year but not later than 5 years	955,738,304	1,032,144,181	-	-
Total	1,252,738,304	1,178,544,181	-	-

#### Borrowing facilities

The Group has the following undrawn committed long-term borrowing facilities from financial institutions consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Floating rate				
- Expiring beyond one year	326,810,000	410,810,000	-	-
Total	326,810,000	410,810,000	-	-

The facilities expiring within one year are annual facilities subject to review at various dates during year.

## 21. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Trade payables	47,566,639	4,400,591	81,080	308,440
Other payables	72,320,896	14,143,651	4,442,131	12,763,044
Accrued expenses	52,399,421	14,934,934	15,187,314	11,467,362
Interest payables - related parties	112,963,680	104,126,560	12,890,028	13,283,483
Interest payables - other parties	5,514,878	6,338,159	4,213,307	4,376,406
Retention	12,192,901	9,845,880	3,411,839	3,162,873
Total trade and other current payables	302,958,415	153,789,775	40,225,699	45,361,608

## 22. DUE TO REINSURERS

Due to reinsurers as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Reinsurance payables	90,464,759	-	-	-
Amount withheld on reinsurance	61,002,914	-	-	-
Total due to reinsurers	151,467,673	-	-	-

## 23. BILLS OF EXCHANGE

Bills of exchange as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Bills of exchange	90,000,000	-	90,000,000	-
Less Prepaid interest expense	(1,853,942)	-	(1,853,942)	-
Total bills of exchange	88,146,058	-	88,146,058	-

At the Board of Directors' Meeting No. 8/2018 held on October 18, 2018, it was resolved to approve the issuance of bills of exchange in the amount not exceed Baht 200 million, the interest rate depending on the market rate at the time of each issuance and the duration not exceeding 270 days after the issuing date. Bills of exchange shall be offered to sell to public and/or a limited offering or private placement to institutional investors / high net-worth investors and/or a limited offering private placement to investors not exceeding 10 in number. Bills of exchange will be utilized as working capital for business and project development.

As at December 31, 2018, the Company has issued and offered the short-term bills of exchange to the private placement. These bills of exchange is unsubordinated and unsecured, as follows:

Date of issuance of bills of exchange	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	2018			
	Par value  (Baht)	Interest rate per annum  (%)	Bills of exchange duration (days)	Maturity date
November 12, 2018	90,000,000	6.00	180	May 10, 2019

On the issuance date of bills of exchange, the Company has been deducted prepaid interest expense which will be recognized as finance cost over the period of bills of exchange.

#### 24. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

The Group operates post-employment benefit plans under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans.

Movements in the present value of post-employment benefit obligations for the year ended December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Beginning balances of defined benefit obligation of the year	9,570,092	8,752,853	7,815,542	6,811,887
Current service cost	7,013,414	3,766,032	5,443,871	3,106,497
Interest cost	709,074	388,870	386,417	301,335
Transfer in from business acquisition of KWI (see Note 5)	12,048,677	-	-	-
(Gains) losses on remeasurements of defined benefit plans:				
- Effect of experience adjustment	(8,727,822)	(3,337,663)	(7,385,416)	(2,404,177)
- Effect of change in financial assumptions	1,329,916	-	899,347	-
Benefit paid during the year	(56,000)	-	-	-
Ending balances of defined benefit obligation of the year	21,887,351	9,570,092	7,159,761	7,815,542

Expenditures recognized in the statements of comprehensive income in respect of the defined benefit plans for the year ended December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Current service cost	7,013,414	3,766,032	5,443,871	3,106,497
Interest cost	709,074	388,870	386,417	301,335
Gains on remeasurements of defined benefit plans	(7,397,906)	(3,337,663)	(6,486,069)	(2,404,177)
Total	324,582	817,239	(655,781)	1,003,655

The significant actuarial assumptions used to calculate post-employment benefit obligations as at December 31, consisted of the following:

CONSOLIDATED FINANCIAL STATEMENTS		
	2018	2017
Financial assumption:		
Discount rate	2.50% - 3.41% per annum	2.24% - 2.93% per annum
Expected salary increase rate	4.00% - 6.00% per annum	3.98% per annum
Retirement age	60 years old	60 years old

SEPARATE FINANCIAL STATEMENTS		
	2018	2017
Financial assumption:		
Discount rate	3.24% per annum	2.24% per annum
Expected salary increase rate	6.00% per annum	3.98% per annum
Retirement age	60 years old	60 years old

Significant actuarial assumptions - impact on increase / (decrease) in defined benefit obligation as at December 31, 2018 consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS
	Baht	Baht
Financial assumptions		
Discount rate - increase 1%	(1,883,310)	(651,696)
Discount rate - decrease 1%	2,174,834	769,998
Future salary growth - increase 1%	3,174,628	1,599,828
Future salary growth - decrease 1%	(2,532,166)	(1,200,353)

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations at the end of the report period have been calculated using the Projected Unit Credit Method, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process of being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered an amendment to post-employment benefits plan. The Group will reflect the effect of such change by recognizing past service cost as an expense in the income statement of the period in which the law is effective.

## 25. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as at December 31, consisted of the following:

CONSOLIDATED FINANCIAL STATEMENTS						
	2018			2017		
	Insurance liabilities	Reinsurance liabilities (see Note 9)	Net	Insurance liabilities	Reinsurance liabilities (see Note 9)	Net
	Baht	Baht	Baht	Baht	Baht	Baht
Claim reserves						
Claim incurred and reported	497,689,104	(258,191,450)	239,497,654	-	-	-
Claim incurred but not reported	50,440,000	(13,725,000)	36,715,000	-	-	-
	548,129,104	(271,916,450)	276,212,654	-	-	-
Premium reserve						
Unearned premium reserves	182,428,266	(127,193,098)	55,235,168	-	-	-
Total	730,557,370	(399,109,548)	331,447,822	-	-	-

As at December 31, 2018, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated Baht 53.55 million by a subsidiary amounting to Baht 43.36 million, is lower than the unearned premium reserve (2017: Nil).

## 26. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at December 31, consisted of the following:

CONSOLIDATED FINANCIAL STATEMENTS				
	Fair value adjustments on investment property	Revaluation surplus of property	Amortization license cost	Total
	Baht	Baht	Baht	Baht
As at January 1, 2018	(151,843,485)	(6,577,819)	-	(158,421,304)
Charged from business acquisition of KWI	-	-	(3,342,290)	(3,342,290)
Charged to profit or loss (see Note 35)	(114,215,424)	-	-	(114,215,424)
Charged to other comprehensive income	-	-	-	-
As at December 31, 2018	(266,058,909)	(6,577,819)	(3,342,290)	(275,979,018)

	CONSOLIDATED FINANCIAL STATEMENTS		
	Fair value adjustments on investment property	Revaluation surplus of property	Total
	Baht	Baht	Baht
As at January 1, 2017	(105,846,393)	-	(105,846,393)
Charged to profit or loss (see Note 35)	(45,997,092)	-	(45,997,092)
Charged to other comprehensive income	-	(6,577,819)	(6,577,819)
As at December 31, 2017	(151,843,485)	(6,577,819)	(158,421,304)

	SEPARATE FINANCIAL STATEMENTS		
	Fair value adjustments on investment property	Revaluation surplus of property	Total
	Baht	Baht	Baht
As at January 1, 2018	(65,487,043)	(6,577,819)	(72,064,862)
Charged to profit or loss (see Note 35)	45,871	-	45,871
Charged to other comprehensive income	-	-	-
As at December 31, 2018	(65,441,172)	(6,577,819)	(72,018,991)

	SEPARATE FINANCIAL STATEMENTS		
	Fair value adjustments on investment property	Revaluation surplus of property	Total
	Baht	Baht	Baht
As at January 1, 2017	(65,752,193)	-	(65,752,193)
Charged to profit or loss (see Note 35)	265,150	-	265,150
Charged to other comprehensive income	-	(6,577,819)	(6,577,819)
As at December 31, 2017	(65,487,043)	(6,577,819)	(72,064,862)

For the year ended December 31, 2018, income tax expense amounting to Baht 114.22 million derived from deferred tax liability calculation of gain from fair value adjustments on investment property amounting to Baht 571.08 million (see Note 16).

The Group has the unused tax losses but no deferred tax assets are recognized in the statement of financial position because the Group's managements considered that it is not probable that the Group will has future taxable profit which the tax loss can be utilized in the amount of Baht 690.59 million (2017: Baht 402.69 million). The expiry date of unused tax losses of the Group consisted of the following:



	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Expiring within 1 year	124,556,431	124,603,267	6,448,412	6,448,412
Expiring over 1 year but not later than 5 years	566,030,406	278,085,991	119,097,362	67,437,041
	690,586,837	402,689,258	125,545,774	73,885,453

## 27. SHARE CAPITAL

Share capital consisted of the following:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
	Authorizes share capital		Issued and paid-up share capital		Share discount on Ordinary shares
	Shares	Baht	Shares	Baht	Baht
As at January 1, 2017	220,000,000	2,200,000,000	220,000,000	2,200,000,000	(749,997,158)
Issue of share during the year	704,000,000	7,040,000,000	704,000,000	7,040,000,000	(5,195,544,327)
As at December 31, 2017	924,000,000	9,240,000,000	924,000,000	9,240,000,000	(5,945,541,485)
Issue of shares during the year	393,053,470	3,930,534,700	393,053,470	3,930,534,700	(2,938,438,751)
As at December 31, 2018	1,317,053,470	13,170,534,700	1,317,053,470	13,170,534,700	(8,883,980,236)

At the Extraordinary General Meeting of Shareholders No. 1/2017 on February 22, 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. 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 March 6, 2017. The list of eligible people will be compiled in line with Section 225 of the amended Securities and Exchange Act B.E. 2535 (revised) by closing the share register book on March 7, 2017. The subscription and payment period for the share offering to the Company's existing shareholders will end on March 30, 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 March 6, 2017. 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 April 3, 2017 and registered the increased share capital with the Ministry of Commerce on April 4, 2017.

After the increase of registered share capital, the Company's two major shareholders were KWT1499 (Thailand) Company Pte. Ltd., which incorporated in Singapore under the King Wai Group and Tommo (Thailand) Limited, which 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 December 22, 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 the amendment to 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. (see Note 14.3). The newly issued ordinary shares, at the par value of Baht 10 per share, at the offering price of Baht 3.18 per share, to King Wai International Holdings Company Limited 11,396,855 shares, amounting to Baht 36,241,999 and Mr. Boonyong Yongcharoenrat 12,178,615 shares, amounting to Baht 38,727,996. King Wai International Holding Company Limited and Mr. Boonyong Yongcharoenrat will use 362,420 shares 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, on January 24, 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 Development of Business Department, the Ministry of Commerce on January 26, 2018.

Subsequently, at the Extraordinary General Meeting of Shareholders No. 1/2018, on February 6, 2018, it was approved to increase in the Company's registered share capital from Baht 9,475,754,700 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. 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 February 14, 2018. The subscription and payment period for the newly issued ordinary shares to the existing shareholders will be March 9 to 15, 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 KWI Thailand (see Note 5). In addition, the Company has completed the allocation of newly issued ordinary shares to its existing shareholders proportionately to their respective shareholdings and has received paid-up capital for the newly issued ordinary shares in full as of March 15, 2018. Then, on March 20, 2018, the Company has completed the registration of the increase in its paid-up capital from Baht 9,475,754,700 to Baht 13,170,534,700, with the Development of Business Department, the Ministry of Commerce.

## 28. LEGAL RESERVE

According to the Public Company Limited Act, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward, if any, as reserve fund, until the reserve fund reaches not less than 10% of the authorized share capital.

Under the Civil and Commercial Code, the subsidiaries are required to set aside as a statutory reserve at least five percent of its net profit each time a dividend is declared until the reserve reaches ten percent of the registered share capital. The reserve is not available for dividend distribution until the subsidiaries finally wound up.

## 29. NET PREMIUM EARNED

Net premium earned for the year ended December 31, consisted of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Gross written premiums	219,088,524	-	-	-
Less Premiums ceded	(367,558,183)	-	-	-
Net written premiums	(148,469,659)	-	-	-
Add (less) Unearned premium reserve	-	-	-	-
(increase) decreased from previous year	(3,324,858)	-	-	-
Total net premium earned	(151,794,517)	-	-	-

## 30. OTHER INCOME

Other income for the year ended December 31, consisted of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Interest income	1,604,077	2,013,544	69,027,993	69,030,721
Management fee income	-	-	30,004,808	20,852,264
Income from investment	7,384,305	-	-	-
Gain on disposal of equipment	480,383	158,863	-	158,865
Others	1,154,010	531,204	87,715	188,084
Total other income	10,622,775	2,703,611	99,120,516	90,229,934

### 31. ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Personnel expenses	148,180,485	66,905,173	106,368,885	62,239,800
Premise and equipment expenses	33,382,780	27,989,753	17,200,639	14,237,676
Depreciation	13,409,160	5,735,656	8,591,163	4,610,925
Business advisory expenses	45,417,173	7,953,648	29,315,689	7,550,880
Loss on decrease in value of cost of property development	25,835,371	3,736,030	-	-
Loss from impairment of investment in subsidiaries	-	-	1,284,967	-
Others	47,839,860	35,450,593	22,001,789	22,472,167
Total administrative expenses	314,064,829	147,770,853	184,763,132	111,111,448

### 32. PROVIDENT FUND

The Group has established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, employees must contribute their basic salaries, with the Group matching the individuals' contributions as follow;

Year of services	Percentage %
Less than 5 years	5
5 years and above	5 - 7

The Group registered provident fund manager has been appointed to manage the fund in compliance with the requirements of the Ministerial Regulations issued under the Provident Fund Act B.E. 2542.

For the years ended December 31, 2018 and 2017, the Group's contributions recorded as expenses were Baht 4.22 million and Baht 0.69 million, respectively and the Company's contributions recorded as expenses were Baht 1.36 million and Baht 0.71 million, respectively.

### 33. FINANCE COSTS

Finance costs for the year ended December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Interest expenses	69,867,968	62,535,304	30,160,536	34,891,384
Financing fees	2,028,254	1,287,873	37,150	36,861
Total finance costs	71,896,222	63,823,177	30,197,686	34,928,245

### 34. EXPENSES BY NATURE

Expenses by nature for the years ended December 31, that occurred from important expenses consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Cost of construction	141,779,137	278,127,273	-	-
Staff costs	148,180,485	66,905,173	106,368,885	62,239,800
Depreciation and amortization	14,550,948	5,871,558	8,744,957	4,746,827
Marketing expenses	21,533,874	13,397,427	4,125,859	1,557,477
Repair and maintenance	11,623,641	6,749,449	1,268,542	643,903
Services and consulting fee	58,307,481	20,938,366	33,739,561	11,965,865
Utilities expenses	17,786,606	16,256,022	15,676,191	13,860,289
Special business tax	6,604,950	11,999,794	-	-

### 35. INCOME TAX INCOME (EXPENSE)

Income tax income (expense) for the years ended December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Income tax expense from taxable income per income tax return	-	-	-	-
Deferred tax expenses relating to the origination and reversal of temporary differences	(114,215,424)	(45,997,092)	45,871	265,150
Income tax income (expense) per the statements of comprehensive income	(114,215,424)	(45,997,092)	45,871	265,150

Reconciliations of income tax and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Income before income tax	183,240,494	113,417,607	(87,407,623)	(30,111,817)
Applicable tax rates	20%	20%	20%	20%
Income tax using the corporation tax rate	(36,648,099)	(22,683,522)	17,481,525	6,022,363
Tax effect of non-deductible expenses (benefits)	150,863,523	68,680,614	(17,435,654)	(5,757,213)
Income tax income (expense) per the statements of comprehensive income	(114,215,424)	(45,997,092)	45,871	265,150
Effective tax rates	(62.33%)	(40.56%)	(0.05%)	0.88%

The Group used a tax rate of 20% for calculation of income tax expense for the years ended December 31, 2018 and 2017. Income tax expense is calculated from income before tax, added back transactions which are non-deductible expenses and deducted income or expense exemption under the Revenue Code.

### 36. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing the net profit (loss) for the year by the weighted average number of ordinary shares issued and paid-up during the year as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Earnings (loss) attributable to owners of the parent (Baht)	35,260,272	69,688,974	(87,361,752)	(29,846,667)
Weight average number of ordinary shares in issue (Shares)	1,240,530,843	749,429,739	1,240,530,843	749,429,739
Basic earnings (loss) per share (Baht)	0.03	0.09	(0.07)	(0.04)

There are no potential dilutive ordinary shares in issue during the reporting period. Thus, the dilutive earnings (loss) per share is not presented.

### 37. RELATED PARTY TRANSACTIONS

Related persons or entities of the Company are defined as persons or entities that control the Company or are controlled by the Company, whether directly or indirectly or are under the same control as the Company including holding companies. In addition, related parties also include individuals owning, directly or indirectly, and interest in the voting shares of the Company, and have significant influence over the Company, key management personnel, directors or officers of the Company. This also applies to the close members of the family of such individuals and companies associated with these individuals.

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

Transactions with related parties are conducted at market prices or, where no market price exists, at contractually agreed prices.

Relationships between the Group and the Company with related parties are as follows:

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 Limited	Property development	Direct shareholding, common shareholders and directorship
NWV 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
Praram4 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
AEC City Co., Ltd.	Property development	Direct shareholding, common shareholders and directorship
King Wai Capital Limited	Holding	Direct shareholding, common shareholders and directorship
King Wai Insurance PCL.	Non-life insurance	Indirect shareholding and directorship
<u>Related companies</u>		
KW Thai Commerce (BVI) Company Limited	Holding	Ultimate parent company's subsidiary
King Wai International Holdings Company Limited	Holding	Common directorship

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

<b>Transactions</b>	<b>Pricing policies</b>
Management fee income	Contractually agreed prices
Interest income	At the maximum interest rate from external sources of finance, at the Minimum Loan Rate (MLR) 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 (MLR) and at the borrowing costs of the bank rate
Premium expenses	At price according to pricing with other customers and other insurance companies



Significant transactions with related parties are summarized as follows:

37.1 Transactions with related parties

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Transactions with subsidiaries:				
- Management fee income	-	-	30,004,808	20,852,264
- Interest income	-	-	67,773,296	67,332,151
- Interest expense	-	-	3,551,014	3,729,435
- Premium expenses	-	-	69,141	-
Transactions with related companies:				
- Interest expense	12,864,670	13,197,478	-	-

37.2 Long-term loans to and interest receivables subsidiaries

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Long-term loans to subsidiaries				
Thai-Kami Co., Ltd.	-	-	64,431,396	201,983,856
Top Property Co., Ltd.	-	-	551,532,470	529,065,800
Cornerstone Realty Co., Ltd.	-	-	214,786,539	205,214,307
KWG Explore Limited	-	-	291,699	12,717
NVV Development Co., Ltd.	-	-	175,649,352	150,264,809
S31 Limited	-	-	153,248,036	146,181,532
S61 Limited	-	-	188,420,347	257,794,262
Praram4 Limited	-	-	341,894,276	331,359,620
King Wai Media Limited	-	-	2,453,616	842,569
King Wai Property Limited	-	-	707,888	32,350
King Wai Construction Limited	-	-	112,746	32,250
King Wai Capital Limited	-	-	10,841,878	-
AEC City Co., Ltd.	-	-	148,466,843	-
	-	-	1,852,837,086	1,822,784,072

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Interest receivables from				
long-term loans to subsidiaries				
Thai-Kami Co., Ltd.	-	-	122,744,545	118,500,958
Top Property Co., Ltd.	-	-	135,848,923	115,490,313
Cornerstone Realty Co., Ltd.	-	-	68,732,221	60,786,926
KWG Explore Limited	-	-	497,916	488,812
NVV Development Co., Ltd.	-	-	10,108,167	3,616,160
S31 Limited	-	-	8,927,723	3,166,367
S61 Limited	-	-	13,824,323	9,140,255
Praram4 Limited	-	-	20,076,388	7,177,959
King Wai Media Limited	-	-	72,154	4,821
King Wai Property Limited	-	-	21,253	292
King Wai Construction Limited	-	-	3,351	309
King Wai Capital Limited	-	-	1,538,972	-
AEC City Co., Ltd.	-	-	2,287,570	-
	-	-	384,683,506	318,373,172
Total	-	-	2,237,520,592	2,141,157,244

As at December 31, 2018 and 2017, long-term loans to subsidiaries amounting to Baht 1,852.84 million and Baht 1,822.78 million, respectively, were unsecured and due to payment on September 30, 2022 and bearing interest at the rate of 3.40% - 6.00% per annum.

### 37.3 Long-term borrowings from and interest payable to a subsidiary

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Long-term borrowings from a subsidiary				
Gold Star Property Co., Ltd.	-	-	51,520,000	50,900,000
	-	-	51,520,000	50,900,000
Long-term of interest payable to a subsidiary				
Gold Star Property Co., Ltd.	-	-	12,890,028	13,283,483
	-	-	12,890,028	13,283,483
Total	-	-	64,410,028	64,183,483

As at December 31, 2018 and 2017, long-term borrowings from a subsidiary was unsecured and due to payment on September 30, 2022 and bearing interest rate at the rate of 3.40% - 6.00% per annum and 3.40% - 4.85% per annum, respectively.

**Fair Value**

The carrying amount and fair values of long-term borrowings from a subsidiary is as follows:

	SEPARATED FINANCIAL STATEMENTS			
	Book Value		Fair Value	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Long-term borrowing from a subsidiary	51,520,000	50,900,000	52,733,690	51,037,101

As at December 31, 2018 and 2017, the fair value long-term borrowings from a subsidiary are based on discounted cash flows using a discount rate based upon the borrowing rate of 5.13% and 4.85% per annum, respectively, and are within level 2 of the fair value hierarchy.

#### 37.4 Long-term borrowings from and interest payable to related person or parties

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Long-term borrowings from related person or parties				
KW Thai Commerce (BVI) Co., Ltd.	261,001,642	269,248,039	-	-
King Wai International and Holdings Co., Ltd.	1,024,564,906	-	-	-
Subsidiary's director	180,460,541	-	-	-
	1,466,027,089	269,248,039	-	-
<u>Less</u> current portion of long-term borrowings	(261,001,642)	(269,248,039)	-	-
	1,205,025,447	-	-	-
Interest payable from long-term borrowings to related person or parties				
KW Thai Commerce (BVI) Co., Ltd.	112,963,680	104,126,560	-	-
<b>Total</b>	<b>1,317,989,127</b>	<b>104,126,560</b>	<b>-</b>	<b>-</b>

As at December 31, 2018 and 2017, long-term borrowings from KW Thai Commerce (BVI) Co., Ltd. was an unsecured SGD 11 million borrowing bearing interest at the rate of cost of lender's fund plus 1.10% per annum which was 4.15% per annum.

As at December 31, 2018, long-term borrowings from King Wai International and Holdings Co., Ltd. and the subsidiary's director was unsecured borrowings not bearing interest on the year 1st - 3rd and bearing interest at the rate MLR - 3.75% per annum since the year 4th and due to payment on the fifth anniversary of the date of the agreement, November 3, 2017. In addition, upon request of the borrower in writing, the lender may agree to postpone the maturity date (2017: Nil).

**Fair value**

The carrying amount and fair values of long-term borrowings from related person or parties are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Book Value		Fair Value	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Long-term borrowings from related person or parties	1,466,027,089	269,248,039	1,465,208,357	268,426,995

As at December 31, 2018 and 2017, the fair value of long-term borrowings from related person or parties is based on discounted cash flows using a discount rate based upon the borrowing rate of 4.15% per annum and is within level 2 of the fair value hierarchy.

#### Long-term borrowings from related person or parties

The Group has the following undrawn committed long-term borrowing facilities from related person or parties as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2018	2017
	Singapore Dollar	Singapore Dollar
Floating rate - expiring within one year	3,000,000	3,000,000

#### 37.5 Management remuneration

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 FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Short-term employee benefits	37.25	18.59	24.97	18.59
Post-retirement employee benefits	5.65	0.81	4.41	0.81
Total	42.90	19.40	29.38	19.40

### 38. SEGMENT INFORMATION

The Group is engaged in development of real estate for sale and non-life insurance.

Internal reporting reviewed by the chief operating decision maker is separated into 3 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.
- The non-life insurance business segment, which provides non-life insurance.

	CONSOLIDATED FINANCIAL STATEMENTS							
	Real estate business segment		Rental and service business segment		Non-life insurance business segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Revenues from external customers	200	364	47	42	(64)	-	183	406
Gain (loss) from fair value adjustments on investment property	571	231	-	(1)	-	-	571	230
Segment gain (loss)	550	255	(156)	(86)	(161)	-	233	169
Unallocated income (expenses)								
Other income							10	3
Gains on exchange rate, net							12	5
Finance costs							(72)	(64)
Profit before income tax expense							183	113
Income tax expense							(114)	(46)
Profit for the year							69	67

As at December 31,	CONSOLIDATED FINANCIAL STATEMENTS							
	Real estate business segment		Rental and service business segment		Non-life insurance business segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Assets by segment	6,049	3,726	532	1,012	1,589	-	8,170	4,738
Liabilities by segment	3,150	1,689	950	896	1,011	-	5,111	2,585

### 39. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2018 and 2017, certain investment in securities of a subsidiary were pledged and used for assets reserved with the Registrar (see Note 14) in accordance with the Insurance Act and according to the announcement of the Office of Insurance Commission regarding “Rates, Rules and Procedures for pledge of unearned premium reserve of Non-Life Insurance Company B.E. 2557” as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2018	2017
	Baht	Baht
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission Securities pledged with the registrar		
- Government and state enterprise securities	14,139,609	-
Assets reserved with the registrar		
- Government and state enterprise securities	110,264,893	-
Total investment in securities under pledged	124,404,502	-

#### 40. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

As at December 31, 2018, a subsidiary has accumulated funding amount which was paid into contribution to non-life guarantee fund amounting to Baht 17.89 million (2017: Nil).

#### 41. CONTINGENT LIABILITIES AND COMMITMENTS

41.1 As at December 31, 2018, lawsuits have been brought against a subsidiary, as insurer, from which a subsidiary estimates losses totaling Baht 10.22 million. Such amount has been set aside in the loss reserve and outstanding claims accounts. The subsidiary's management does not expect the outcome of the litigation to result in losses that differ from the recorded liability by amounts that would be material to a subsidiary's operating results (2017 : Nil).

41.2 As at December 31, 2018, a subsidiary had entered into the Letter of Intent on Master Planning Feasibility Study on AEC City Development Project with amounts remaining of Baht 19.17 million (2017 : Nil).

#### 42. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

As at December 31, 2018 and 2017, the Group has entered into operating lease agreements in respect of the lease of office equipment, vehicles and other. The terms of the agreements are generally between 1 and 5 years and have future minimum payments required under these non-cancellable operating leases agreements and related service agreements were as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
- Within 1 year	22,082,635	15,147,515	15,404,478	15,069,274
- Later than 1 year but not later than 5 years	4,210,917	13,807,637	3,783,223	13,739,447
Total	26,293,552	28,955,152	19,187,701	28,808,721

For the year ended December 31, 2018 and 2017, the Group recorded expense according to the long-term operating lease agreements in the statements of comprehensive income of Baht 24.92 million and Baht 22.70 million, respectively. The Company recorded expense according to the long-term operating lease agreements in the statements of comprehensive income of Baht 15.81 million and Baht 12.34 million, respectively.

#### 43. CAPITAL COMMITMENTS

As at December 31, 2018 and 2017, the Group have the outstanding capital commitments, which contracts have already been signed. These contracts are summarized as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Construction costs for projects	386,973,237	20,628,954	-	-
Acquisition of building improvement and equipment	22,024,226	2,767,769	-	2,767,769
Acquisition of investment property	-	203,073	-	203,073
Acquisition of computer program	71,270,881	770,400	1,401,922	770,400
Total	480,268,344	24,370,196	1,401,922	3,741,242

#### 44. BANK GUARANTEES

As at December 31, 2018 and 2017, the Group have bank guarantees were as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Bank guarantees	13,607,450	16,837,842	1,252,900	-

As at December 31, 2018 and 2017, two subsidiaries mortgaged the land and single detached house and construction in progress with a financial institution amounting to Baht 460 million and Baht 538 million, respectively, as collateral for issuance of letter of guarantees facility of the subsidiary amounting to Baht 3.69 million (see Note 11). In addition, another subsidiary pledged the 3-month fixed deposit amounting to Baht 10 million as collateral for the letter of guarantees issuance (see Note 13).

#### 45. INSURANCE AND FINANCIAL RISK MANAGEMENT

##### 45.1 Insurance risk

##### 45.1.1 Insurance risk management policy

The Group's managements take a responsibility to make a strategic decisions and pre-planned with clear steps to be taken so that the process of translating strategy into implementation is actionable, timely and appropriate to changes.

Insurance risk means the fluctuation of the frequency, extent of damage, and number of events that is out of the standard assumption used in establishing rate of insurance, calculations for insurance contract liabilities, and underwriting considerations. The Group examines thoroughly the level of risks that is acceptable to take by referring to the insurance underwriting manual and insurance rates included the consideration to ensure that there is no concentrated risk by way of geography or by type of risks. If the risks exceed the defined level, the Group extends the risks to reinsurers by proportional reinsurance.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance, by the use of in-house pricing models relevant to specific portfolios and the markets in which the Group operates. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The key elements of the Group's insurance risk management framework are as below.

##### Product design and development and price structure

In developing any new non-life insurance product that are aligned with our strategic intent by management. The pricing of risk is controlled by the use of in-house pricing models relevant to specific portfolios and the markets in which the Group operates. Underwriters and actuaries maintain pricing and claims analysis for each portfolio, combined with current developments in the respective markets and classes of business.



#### Underwriting strategy

The underwriting strategy is implemented through the Group's annual business planning process, supported by underwriting authorities. The Group delegate authorities to underwriters based on a detailed retrospective and prospective analysis of each class of business. These authorities reflect the level of risk that the Group is prepared to take with respect to each permitted insurance class.

#### Reinsurance strategy

The Group has a combination of proportionate and non-proportionate reinsurance treaties. In term of significant exposure loss, reinsurer is responsible for claim as specified in the agreement to limit the net exposure loss to the Group. The Group sets the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The Group's management monitors developments in the reinsurance program and its ongoing adequacy.

#### 45.1.2 Sensitivity analysis

The sensitivity analysis is performed on the net loss reserve and outstanding claims, based on changes in assumptions that may affect the level of liabilities. Effect of risk that changes in assumptions as at December 31, 2018 are as follows (2017: Nil):

	CONSOLIDATED FINANCIAL STATEMENTS	
	2018	
	Increase (decrease) in insurance contract liabilities	Increase (decrease) in profit and equity
	Baht	Baht
Gross		
Loss ratio - 10% increase	59,477,677	(59,477,677)
Loss ratio - 10% decrease	(59,477,677)	59,477,677
Net		
Loss ratio - 10% increase	33,611,423	(33,611,423)
Loss ratio - 10% decrease	(33,611,423)	33,611,423

#### 45.1.3 Concentration of insurance risks

Concentrations of risk may where a particular event or a series of events could impact heavily upon the Group's insurance contract liabilities. The Group sets out the total aggregate exposure that it is prepared to accept in relation to general insurance risk concentrations. It monitors these exposures by quarterly.

The following table shows the Group's exposure to concentration of insurance contract liabilities per category of business.

CONSOLIDATED FINANCIAL STATEMENTS					
	Fire	Marine	Motor	Miscellaneous	Total
	Baht	Baht	Baht	Baht	Baht
<b>2018</b>					
Gross	4,775,078	62,057,150	12,074,397	651,650,745	730,557,370
Net of reinsurance	4,765,985	47,791,871	12,012,397	266,877,569	331,447,822
<b>2017: Nil</b>					

#### 45.2 Financial risk

##### 45.2.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 3.

##### 45.2.2 Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

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.

The analysis of the liquidity risk from insurance contracts which estimate base on an analysis of payment histories.

CONSOLIDATED FINANCIAL STATEMENTS				
	Payment periods			
	Less than 1 year	1 - 5 years	5 - 10 years	Total
	Baht	Baht	Baht	Baht
<b>2018</b>				
<b>Insurance contract liabilities</b>				
Loss reserves and outstanding claims	236,099,455	308,702,126	3,327,523	548,129,104
<b>2017: Nil</b>				

##### 45.2.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, including the opportunity to drop in credit rating of counterparty. The following policies and procedures are

in place to mitigate the Group's exposure to credit risk. A Group-wide credit risk policy is in place which defines what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Board of Management.

The credit risk on financial instruments comprising mainly bank deposits, investments in debt securities and premium receivables. Net exposure limits are set for each counterparty or group of counterparties in relation to bank deposits and investments. Credit risk exposures are calculated regularly and compared with authorised credit limits before further transactions are undertaken with each counter-party to manage credit risk, the Group transacts with counterparties under strict guidelines covering the limits and terms and does not expect such counterparties of strong credit rating to fail to meet its obligations.

#### 45.2.4 Interest rate risk

Interest rate risk is the risk of future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings (see Note 20). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific borrowings.

The effective interest rates of borrowings as at December 31, 2018 and 2017 and the periods in which the loans mature or re-price were as follows:

As at December 31, 2018	CONSOLIDATED FINANCIAL STATEMENTS				
	Effective interest rate	Outstanding balance maturing			Total
		Within 1 year	After 1 year but within 5 years	Over 5 years	
	% per annum	Baht	Baht	Baht	Baht
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated in the contract	741,493,328	-	-	741,493,328
Current portion of long-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated in the contract	297,000,000	-	-	297,000,000
Current portion of long-term borrowings from related person on parties	4.15	261,001,642	-	-	261,001,642
Bills of exchange	6.00	88,146,058	-	-	88,146,058
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated in the contract	-	955,738,304	-	955,738,304
Long-term borrowings from related person or parties	4.15	-	1,205,025,447	-	1,205,025,447
<b>Total</b>		1,387,641,028	2,160,763,751	-	3,548,404,779

As at December 31, 2017		CONSOLIDATED FINANCIAL STATEMENTS			
	Effective interest rate	Outstanding balance maturing			Total
		Within 1 year	After 1 year but within 5 years	Over 5 years	
	% per annum	Baht	Baht	Baht	Baht
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated in the contract	770,196,739	-	-	770,196,739
Current portion of long-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated in the contract	146,400,000	-	-	146,400,000
Current portion of long-term borrowings from related person or parties	4.15	269,248,039	-	-	269,248,039
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated in the contract	-	1,032,144,181	-	1,032,144,181
<b>Total</b>	1,185,844,778		1,032,144,181	-	2,217,988,959

As at December 31, 2018		SEPARATE FINANCIAL STATEMENTS			
	Effective interest rate	Outstanding balance maturing			Total
		Within 1 year	After 1 year but within 5 years	Over 5 years	
	% per annum	Baht	Baht	Baht	Baht
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated in the contract	741,493,328	-	-	741,493,328
Bill of exchange	6.00	88,146,058	-	-	88,146,058
<b>Non-current liabilities</b>					
Long-term borrowings from subsidiaries	3.40 - 6.00	-	51,520,000	-	51,520,000
<b>Total</b>		829,639,386	51,520,000	-	881,159,386

As at December 31, 2017	SEPARATE FINANCIAL STATEMENTS				
	Effective interest rate	Outstanding balance maturing			Total
		Within 1 year	After 1 year but within 5 years	Over 5 years	
	% per annum	Baht	Baht	Baht	Baht
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated in the contract	770,196,739	-	-	770,196,739
<b>Non-current liabilities</b>					
Long-term borrowings from subsidiaries	3.40 - 4.85	-	50,900,000	-	50,900,000
<b>Total</b>		770,196,739	50,900,000	-	821,096,739

#### 45.2.5 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.

#### 45.2.6 Fair value measurements

Considerable judgment is necessarily required in estimation of fair value of financial assets or financial liabilities. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Group in estimating fair values of financial instruments.

##### 45.2.6.1 Financial assets or financial liabilities measured at fair value

Certain financial assets or financial liabilities of the Group are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets or financial liabilities are determined:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Fair Value		Fair value hierarchy	Valuation techniques and key inputs
	2018	2017		
	Baht	Baht		
Financial assets				
Available-for-sale investments - Government securities	379,357,388	-	Level 2	Discounted cash flow using yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Available-for-sale investments - Private securities	458,750	510,750	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Investment properties	4,013,454,259	2,163,787,271	Level 3	By appraiser

	SEPARATE FINANCIAL STATEMENTS			
	Fair Value		Fair value hierarchy	Valuation techniques and key inputs
	2018	2017		
	Baht	Baht		
Financial assets				
Available-for-sale investments - Private securities	458,750	510,750	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Investment properties	395,295,160	395,197,435	Level 3	By Appraiser

#### 45.2.6.2 Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, trade and other current receivables, reinsurance assets, due from reinsurers, short-term borrowings from financial institutions, trade and other current payables, due to reinsurers, insurance contract liabilities, current portion of long-term borrowings from financial institutions, current portion of long-term borrowings from related parties and bill of exchange; the fair values approximate their carrying values due to the relatively short period to maturity.

The transactions disclosed in the following tables, are considered that the carrying amounts recognized in the consolidated and separate financial statements are different from their fair values. Valuation technique is net present value of expected cash inflow as follows:

CONSOLIDATED FINANCIAL STATEMENTS					
	Fair value hierarchy	2018		2017	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht
<u>Financial liabilities</u>					
Long-term borrowings from financial institutions	Level 2	1,252,738,304	1,262,870,405	1,178,544,181	1,188,445,684
Long-term borrowings from related person or parties	Level 2	1,466,027,089	1,465,208,357	269,248,039	268,426,995

SEPARATE FINANCIAL STATEMENTS					
	Fair value hierarchy	2018		2017	
		Carrying amount	Fair value	Carrying amount	Fair value
		Baht	Baht	Baht	Baht
<u>Financial assets</u>					
Long-term loans to subsidiaries	Level 2	1,852,837,086	1,878,502,313	1,822,784,072	1,842,591,006
<u>Financial liabilities</u>					
Long-term borrowings from subsidiaries	Level 2	51,520,000	52,733,690	50,900,000	51,037,101

Valuation technique for financial instruments not measured at fair value of the Group are as follows:

Fair value of long-term borrowings from financial institutions, long-term borrowings from subsidiaries, long-term borrowings from related person or parties are determined by discounted cash flows method. Future cash flows are discounted using cost of debts of the Group.

The fair value of held-to-maturity investments and general investment which are insignificant value are determined based on their carrying value.

#### 45.3 Capital management

The Group's objective in managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

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.

Monitoring the capital level of the Group is conducted in accordance with Notifications of the Office of Insurance Commission.

As at December 31, 2018, the Group's capital level is maintained according such notifications (2017: Nil).



#### 46. RECLASSIFICATION

Certain reclassifications has been made in the statement of financial position as at December 31, 2017, to conform to the classification used in current period's financial statements. Such reclassifications does not effect the previously reported net profit, total comprehensive income and shareholders' equity. The reclassifications are as follows:

Account	Previous presentation	Current presentation	CONSOLIDATED FINANCIAL SEPARATE	STATEMENTS FINANCIAL SEPARATE
			Baht	Baht
<b>As at December 31, 2017</b>				
Interest receivables - related parties	Long-term loans to and interest receivables from subsidiaries	Trade and other current receivables	-	318,373,172
Long-term loans to subsidiaries	Long-term loans to and interest receivables from subsidiaries	Long-term loans to subsidiaries	-	1,822,784,072
Interest payables - related parties	Current portion of long-term borrowings from and interest payable to related person or companies	Trade and other current payables	104,126,560	-
Interest payables - related parties	Long-term borrowings from and interest payable to subsidiaries	Trade and other current payables	-	13,283,483
Current portion of long-term borrowings from related person or companies	Current portion of long-term borrowings from and interest payable to related person or companies	Current portion of long-term borrowings from related person or parties	269,248,039	-
Long-term borrowings from subsidiaries	Long-term borrowings from and interest payable to subsidiaries	Long-term borrowings from subsidiaries	-	50,900,000

Certain reclassifications has been made in the statement of comprehensive income for the year ended December 31, 2017, to conform to the classification used in current period's financial statements. Such reclassifications does not effect the previously reported net profit, total comprehensive income and shareholders' equity. The reclassifications are as follows:

Account	Previous presentation	Current presentation	CONSOLIDATED FINANCIAL SEPARATE	STATEMENTS FINANCIAL SEPARATE
			Baht	Baht
<b>For the year ended December 31, 2017</b>				
Gain (loss) from fair value adjustments on investment property	Other income	Gain (loss) from fair value adjustments on investment property	229,985,459	(1,325,752)

#### 47. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved for issuing by the Board of Directors on February 27, 2019.



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