

PROMISING GROWTH

ANNUAL REPORT 2019







CONTENTS



COMPANY OVERVIEW

CHAIRMAN'S STATEMENT	2
VICE CHAIRMAN'S STATEMENT	4
AWARDS AND RECOGNITION	6
VISION MISSION CORE VALUES	8
GROUP FINANCIAL HIGHLIGHT 2019	10
BOARD OF DIRECTORS	11
CORPORATE INFORMATION	17
KEY EVENTS IN YEAR 2019	21



BUSINESS OVERVIEW

POLICY AND BUSINESS OVERVIEW	25
NATURE OF BUSINESS	29
ASSETS OF THE COMPANY	38
RISK FACTORS	42



MANAGEMENT & GOVERNANCE

ORGANIZATION STRUCTURE	47
MANAGEMENT STRUCTURE	49
CORPORATE GOVERNANCE	54
INTERNAL CONTROL AND RISK MANAGEMENT	67
CONNECTED TRANSACTIONS	69
CORPORATE SOCIAL RESPONSIBILITY	71
DIVIDEND PAYMENT POLICY	77
MANAGEMENT DISCUSSION AND ANALYSIS	78



DIRECTORS' REPORT AND FINANCIAL STATEMENT

REPORT OF THE AUDIT COMMITTEE	81
INDEPENDENT AUDITOR'S REPORT	84
FINANCIAL STATEMENTS	90
NOTES TO FINANCIAL STATEMENTS	99



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the annual report of King Wai Group (Thailand) Public Company Limited (KWG) for the year ended 31st December, 2019. I wish to preface the report by extending my sincerest gratitude for your continued support.

Group Strategy and Outlook

In Y2019, the main factors affecting the global economy have been the impact of the on - going China - United States trade war and potential fallout from the withdrawal of the United Kingdom (UK) from the European Union (EU). Global growth has been projected to slow down, decreasing from a projected expansion of 3.5 % at the beginning of the year to 3.0 % by year - end, the lowest level projected since the Y2010 financial year. The decline in the global economy has been particularly detrimental to Thailand's economy, which is heavily reliant on world trade and external economic factors. The Baht's appreciation has further damaged export volumes and decreased vital tourism income, two major contributors to Thai GDP. Thailand's growth expectations have therefore been adjusted downwards, from 4.1% at the beginning of Y2019 to 2.5% by year - end. The on - going economic crisis has led to elevated levels of household debt, a slowdown in private consumption, lower household income and a rise in the rate of unemployment.



Additionally, the property sector has faced downward pressure resulting from implementation of the Bank of Thailand's corporate governance regulations and higher loan - to - value ratios for mortgage lenders.

The COVID-19 novel Coronavirus has become a global impact to the world's economy. In response to this pandemic, governments and central banks all over the world have enacted fiscal and monetary stimulus packages to respond to the disruption caused by the COVID-19. In Thailand, Government approved 400 billion Baht as a first phase of stimulus package to reduce the impact of COVID-19 outbreak and may extend it to second phase if the impact persists. The stimulus will provide assistance to general public and SMEs. Further approval of expediting mega projects is expected to improve the country's connectivity and promote sustainable growth.

DESPITE THE INTERNAL AND EXTERNAL PRESSURES ON THE THAI ECONOMY IN Y2020, THE COMPANY MAINTAINS ITS CONFIDENCE IN THE DEVELOPMENT STRATEGY OF MAKING FURTHER INROADS INTO SOUTH EAST ASIA THROUGH INVESTMENT IN THAILAND. THIS RESOLVE IS HIGHLIGHTED BY THE EXPANSION OF ITS FINANCIAL SERVICES PORTFOLIO AND THE STRENGTHENING OF THE GROUP'S PRESENCE IN THE INSURANCE INDUSTRY WITH THE ACQUISITION OF "MANULIFE INSURANCE (THAILAND) PUBLIC CO., LTD." IN PARALLEL, THE COMPANY WILL INVEST FURTHER IN THE THAI PROPERTY SECTOR WITH THE FINANCIAL

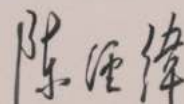
SUPPORT AND EXPERTISE OF THE PARENT COMPANY IN CHINA. THE COMPANY HAS ALREADY DISTINGUISHED ITSELF WITH A BACKGROUND IN REAL-ESTATE AND INTENDS A PARALLEL EXPANSION OF ITS PROPERTY DEVELOPMENT BUSINESS TO COMPLEMENT THE CONTINUED GROWTH OF THE INTERNATIONAL AND LOCAL ECONOMIES IN Y2020.

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 of all stakeholders, shareholders, investors, society, and the environment. The company's corporate governance practices continue to be in line with the principles of good corporate governance for listed companies, as set by the Stock Exchange of Thailand and Security Exchange Committee. Furthermore, the Company intends to uphold complete disclosure and transparency of information for all shareholders.

I would like to express my sincerest 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 plan, I am confident that the Company is well positioned to face future challenges and to achieve significant results for the enhancement of shareholder value.

Yours Sincerely,



Dr. King Wai Chan
Chairman





VICE CHAIRMAN'S STATEMENT

Dear Shareholders,

AS THE SECOND LARGEST ECONOMY IN SOUTHEAST ASIA, THAILAND HAS CONSISTENTLY ACHIEVED ECONOMIC GROWTH THANKS TO THE COUNTRY'S STRONG FUNDAMENTALS AND DIVERSE INDUSTRIES. THE COUNTRY'S PATH FORWARD WILL FOLLOW A NEW ECONOMIC MODEL KNOWN AS THAILAND 4.0, WHICH AIMS TO FREE THAILAND FROM DISADVANTAGES OF THE MIDDLE-INCOME TRAP AND TRANSFORM THAILAND INTO AN INNOVATION-DRIVEN ECONOMY.

With Thailand's capabilities and the strategies in place, KWG has confidence in the country's potential for growth. As a result, we will continue to strategically invest in Thailand to support its economy. The Company is ready to expand two of its main businesses, namely Property and Insurance, thereby unlocking tremendous potential for synergies. With its roots as a real-estate company, to complement its existing business KWG made an acquisition into the non-life insurance sector through the takeover of QBE Insurance, now known as "King Wai Insurance Public Company Limited" (KWI). We are now making further inroads and continue to expand our business ecosystem by acquiring Manulife Insurance Thailand and Manulife Asset Management Thailand, thus strengthening our position in the Thai life insurance and investment management sectors.

The life insurance business is set to generate stable operating cash flow to the Company. In the meantime, the Company will be able to expand its business to Thai domiciled asset management by operating mutual and private fund management. The acquisition fulfills the Company's vision and strategy of creating a diversified



eco-system that reduces concentration risk. This would assist the company to grow in a sustainable manner.

The nature of the real estate business provides the Company extensive but bullet-scheduled revenues. The insurance operation is expected to generate the revenue and cash flow stream by providing stable and growing operating income. The relationship to interest rates are balanced out by the two industries real estate and finance. As a result, KWG will be better placed to guard against short-term business pressures, while achieving long-term growth targets.

We are continually striving to meet our strategic partnership objectives by expanding the group's corporate eco-system. For instance, the Company has signed a memorandum of understanding (MoU) in the education sector with a prominent international school - Repton International Schools Ltd, Derby, United Kingdom. The potential collaboration could result in the establishment of a Repton International School in Thailand, in the location where King Wai is developing a mega Education Township project.

Another significant strategic initiative involved signing an MoU with China Taiping Insurance (Hong Kong) Company Limited, the third largest general insurance company in Hong Kong. The collaboration will cover general insurance, asset management, wellness and a retirement living estate. We are confident it will foster closer ties between China and Thailand in the general insurance industry and introduce innovative insurance products from China to Thailand. Furthermore, the resulting strengthening of our capital base will enable King Wai Insurance Public Company Limited to increase capacity to underwrite new policies.

KWG will continue to strive in its quest to become a strong and sustainable conglomerate. Our business maintains a customer-centric approach, which always puts the interest of customers at forefront. We optimize our business portfolio, while stimulating innovation in operational

structures, management mechanisms and business models. Our mission is to build a business eco-system. Maximize returns for our shareholders. Create a platform for our staff to reach their full potential. Meanwhile, we continue to participate a social responsibilities. We strive to better serve Thai society and foster sustainable development.

Our scholarship scheme, in collaboration with Thai Ministry of Education and Hong Kong Education Bureau under the "Belt and Road Scholarship Program", is now celebrating its third successful year. Currently, thirty students of outstanding ability from Thailand are pursuing undergraduate studies at numerous universities in Hong Kong and exchange programs aboard; KWG also supports educational activities for underprivileged children as part of the Duang Prateep Foundation. Additionally, we are constantly searching for different ways and platforms to catalyse our contribution to society. We also support FC Bangkok youth football team, the only representative from Asia who competed in Helsinki Cup 2019, Finland. FC Bangkok finished first as champion of Helsinki Cup 2019. Sport brings us closer to the local community of Thailand. It is influential and valuable.

On behalf of the Board, I wish to extend my sincerest gratitude to all our shareholders, customers and stakeholders for the confidence and support placed in KWG throughout 2019. Furthermore, I would like to take this opportunity to express my appreciation for the valuable efforts of our management and employees, who have contributed to the performance of the Group over the course of the year. 2020 will be a year filled with challenges and opportunities for KWG. We continue to build on our ecosystem for the long term benefit of the business and our country, Thailand.

Yours Sincerely,



Mr. Antonio Hang Tat Chan
Vice Chairman and Chief Executive Officer

AWARDS AND RECOGNITION



RECEIVED AN HONORABLE TROPHY FROM THE KING OF THAILAND

On December 6th, 2019 Mr. Antonio Hang Tat Chan, Vice Chairman of King Wai Group (KWG) had an audience with His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua to receive an honorable trophy for recognizing highly significant contribution to the community and distinguished commitment to the business and voluntary service to the Kingdom of Thailand.



“ANTONIO HANG TAT CHAN” OF KING WAI GROUP: WINNER OF THE EY ENTREPRENEUR OF THE YEAR 2019

On October 31st, 2019, Mr. Antonio Hang Tat Chan, Vice Chairman of King Wai Group (KWG), was honored as the winner of the EY Entrepreneur of the Year (EOY) 2019 award. Mr. Chan inherits his entrepreneurial spirit, charisma, wisdom and kindness from his family. Under his firm leadership, KWG has successfully grown from a regional company into a global conglomerate with businesses spanning across financial, property, education and healthcare industries in China, Hong Kong, ASEAN and the EU.

The EOY Award, one of the world's most prestigious business accolades for entrepreneurs, was created in 1986. The award is praised as “a cross between the Olympics and the Oscars” by leading CEOs around the world.



ANTONIO HANG TAT CHAN – KING WAI GROUP: SOLE WINNER OF “ASIA’S MOST ADMIRABLE YOUNG LEADERS” ACES AWARDS 2019

On September 20th, 2019 as the scion of one of the region's leading business families, Antonio Hang Tat Chan, Vice Chairman of King Wai Group, is the steward of a renowned conglomerate with a reputation built up over forty years. The group's links stretch out across the Asia - Pacific region and encompass businesses in real estate, finance, international trade and supply chain management. His sense of responsibility and sustainable efforts have now gained him recognition from the Asia Corporate Excellence & Sustainability Award in the category of Asia's Most Admirable Young Leader, an honor bestowed on entrepreneurs below the age of 40 who display exceptional business performance and have built a name for themselves regardless of age.





VISION

KWG is committed to customer-centric core values and contribution to social sustainability. Its core businesses cover property development, financial services, e-commerce and supply chain, through the global operations in China Mainland, China Hong Kong, ASEAN and EU countries.

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

R Responsibility

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

Q Quality

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

S 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 ethical returns.

P People

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

C Creativity

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



GROUP FINANCIAL HIGHLIGHT 2019

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

	Unit	31 December 2019	31 December 2018	31 December 2017
Total Assets	Million Baht	7,847.2	8,170.2	4,738.4
Total Liabilities	Million Baht	5,181.0	5,111.0	2,585.0
Total Shareholders' Equity	Million Baht	2,666.2	3,059.2	2,153.5
Net Tangible Assets for the year	Million Baht	2,319.1	2,771.9	2,158.2
Liquidity Ratio				
Current Ratio	Times	1.04	1.66	1.71
Quick Ratio	Times	0.16	0.44	0.36
Financial Policy Ratio				
Debt Equity Ratio	Times	1.94	1.67	1.20
Total Revenues	Million Baht	100.2	764.4	643.9
Total Expenses	Million Baht	418.6	509.3	466.6
Profit/(Loss) before finance cost and tax	Million Baht	(318.5)	255.1	177.2
Net Profit/(Loss) for the year	Million Baht	(392.4)	69.0	67.4
Total Number of Listed Shares	Million Shares	1,317.1	1,317.1	924.0
Net Profit/(Loss) per share for the year	Baht	(0.30)	0.05	0.07
Net Profit/(Loss) per share (of the company) for the year	Baht	(0.28)	0.03	0.09
Profitability Ratio				
Gross Profit Margin	%	(82.79)	2.53	28.00
Net Profit Margin	%	(391.53)	9.04	10.57
Return on Equity	%	(13.70)	2.65	5.72
Efficiency Ratio				
Return on Total Assets	%	(4.90)	1.07	1.88
Total Assets Turnover	Times	0.01	0.02	0.11
Financial Policy Ratio				
Interest Coverage Ratio	Times	(6.24)	(8.39)	(5.87)



BOARDS OF DIRECTORS



DR. KING WAI CHAN

- **CHAIRMAN OF BOARD OF DIRECTORS**
- **CHAIRMAN OF EXECUTIVE COMMITTEE**

DATE OF APPOINTMENT

18 May 2016

EDUCATION / TRAINING

- Honorary Academician from University of Oxford
- Honorary Doctorate degree from PSB Paris School of Business

WORK EXPERIENCES

- 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
- Chairman, King Wai Property Development Company Limited (in China)
- Member of 12th 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, IFA, IPA, IA

- **VICE CHAIRMAN OF BOARD OF DIRECTORS**
- **MEMBER OF EXECUTIVE COMMITTEE**
- **CHIEF EXECUTIVE OFFICER.**

DATE OF APPOINTMENT

18 May 2016

EDUCATION / TRAINING

- Master of Business Administration, Switzerland
- Bachelor of Commerce from University of Toronto, Canada

WORK EXPERIENCES

- Vice Chairman of Board of Directors, Member of Executive Committee, CEO of King Wai Group (Thailand) Public Company Limited
- Chairman of the Board of Director, Chairman of Investment Committee, Member of Risk and Capital Management Committee of King Wai Insurance Public Company Limited
- Vice Chairman of Hong Kong King Wai Group Company
- Vice Chairman, King Wai Financial Holdings (Shanghai) Company Limited (in China)
- Vice Chairman, King Wai Property Development Company Limited (in China)
- Fellow Member, Tianjin Municipal Committee of the Chinese People's Political Consultative Conference

- Director, Thai Chinese Chamber of Commerce
- Honorable President, Thai Young Chinese Chamber of Commerce
- Vice Chairman, Thai Chamber of Commerce & Industry
- Vice Chairman of China Chamber of International Commerce
- Executive Vice Chairman of Overseas Chinese Chamber of Commerce
- Executive Vice Chairman, China Federation of Overseas Chinese Entrepreneurs
- Executive Vice President, The Hong Kong China Chamber of Commerce
- Vice President, Association of the International Certified Financial Consultants
- Vice Chairman, Council for Promoting South-South Cooperation
- Standing Committee Member of Tianjin Federation of Industry & Commerce
- Honorable President, Kowloon Federation of Associations
- Executive Vice Chairman of Hong Kong Mainland International Investment Society
- Co-Chairman, China Hong Kong Economic Trading International Association - OBR International Business Committee
- Director, Federation of Hong Kong Chiu Chow Community Organizations
- Vice President, International Teochew Youth Federation Council
- Honorary Chairman, The 10th International Teochew Youth Convention
- Vice President, The Hong Kong Tianjin Friendship Association



MR. HANG LEE CHAN

- **VICE CHAIRMAN OF BOARD OF DIRECTORS**
- **MEMBER OF EXECUTIVE COMMITTEE**

DATE OF APPOINTMENT

20 June 2016

EDUCATION / TRAINING

- Bachelor degree in Economics and Financial Management from University of Toronto, Canada

WORK EXPERIENCES

- Vice Chairman of Board of Directors, Member of Executive Committee of King Wai Group (Thailand) Public Company Limited
- Chairman of Shanghai KJT.com International Trading Company Limited
- Chairman of King Wai Supply-Chain Management 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**
- **MEMBER OF EXECUTIVE COMMITTEE**
- **DEPUTY CHIEF EXECUTIVE OFFICER.**

DATE OF APPOINTMENT

18 May 2016

EDUCATION / TRAINING

- Bachelor degree in Environmental Engineering from Tongji University, China
- Executive education from University of Michigan's Ross School of Business, USA

WORK EXPERIENCES

- 2012 - 2012 Director and China Portfolio Manager of Deutsche Bank
- 2012 - 2014 General Manager Corporate Development of Shui On Land

CURRENT POSITION

POSITION IN LISTED COMPANY

- Director, Member of Executive Committee and Deputy CEO of King Wai Group (Thailand) Public Company Limited

POSITIONS IN OTHER COMPANY

- Deputy CEO of Hong Kong King Wai Group Company Limited
- CEO, Member of Investment Committee, Member of Risk and Capital Management Committee of King Wai Insurance Public Company Limited

MR. BOONYONG YONGCHAROENRAT

- **DIRECTOR**

DATE OF APPOINTMENT

19 May 2016

EDUCATION / TRAINING

- Master of Business Administration from Beijing Economic Management Cadre College, China

WORK EXPERIENCES

- 2013 - Present, Director of Thai-China Cultural Industries Group

CURRENT POSITION

POSITION IN LISTED COMPANY

- Director of King Wai Group (Thailand) Public Company Limited

POSITIONS IN OTHER COMPANY

- Director of Thai-China Cultural Industries Group

TOTAL OF KWG SHARES AS OF 31 DECEMBER 2019

12,178,615 shares



MR. SHAOSAN ZHENG

• DIRECTOR

DATE OF APPOINTMENT

20 Jun 2016

EDUCATION / TRAINING

- Bachelor degree, Analytical Chemistry from Guangdong University of Technology, China

WORK EXPERIENCES

- 2008 - 2016 Vice President of Guangzhou Textile Industry and Trading Company Limited

CURRENT POSITION

POSITION IN LISTED COMPANY

- Director of King Wai Group (Thailand) Public Company Limited

POSITIONS IN OTHER COMPANY

-



MRS. JIRAPORN PIMPOORASH

• INDEPENDENT DIRECTOR • CHAIRMAN OF AUDIT COMMITTEE

DATE OF APPOINTMENT

27 May 2004

EDUCATION / TRAINING

- Master of Business Administration, Kasetsart University, Thailand
- Bachelor of Accountancy and Higher Diploma in Auditing, Chulalongkorn University, Thailand
- Director Certification Program (DCP) 62/2005

WORK EXPERIENCES

- 2004 - Present, Managing Director, Audit and Certified Public Accountant of S & J Business Consultant Company Limited

CURRENT POSITION

POSITION IN LISTED COMPANY

- Independent Director/ Chairman of Audit Committee of King Wai Group (Thailand) Public Company Limited

POSITIONS IN OTHER COMPANY

- Independent Director/ Chairman, Audit Committee of King Wai Insurance Public Company Limited
- Managing Director, Audit and Certified Public Accountant of S & J Business Consultant Company Limited
- Certified Public Accountant registration number 6023



PROFESSOR CHUKIAT PRAMOOLPOL

- **INDEPENDENT DIRECTOR**
- **MEMBER OF AUDIT COMMITTEE**

DATE OF APPOINTMENT

21 Dec 2004

EDUCATION / TRAINING

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

WORK EXPERIENCES

- 2004 - 2012 Advisor of Thaiwivat Public Company Limited

CURRENT POSITION

POSITION IN LISTED COMPANY

- Independent Director, Member of Audit Committee of King Wai Group (Thailand) Public Company Limited

POSITIONS IN OTHER COMPANY

- Independent Director / Chairman of Risk and Capital Management Committee of King Wai Insurance Public Company Limited
- Lecturer of Siam University

MR. SOMPRASONG MAKKASAMAN

- **INDEPENDENT DIRECTOR**
- **MEMBER OF AUDIT COMMITTEE**

DATE OF APPOINTMENT

27 May 2004

EDUCATION / TRAINING

- Master of Business Administration, Kasetsart University, Thailand
- Bachelor of Law, Chulalongkorn University, Thailand
- Director Accreditation Program (DAP) 35/2005
- Director Certification Program (DCP) 62/2005
- Audit Committee Program (ACP) 9/2005

WORK EXPERIENCES

- 2005 - Present, Audit Committee of Unique Engineering and Construction Public Company Limited

CURRENT POSITION

POSITION IN LISTED COMPANY

- Independent Director/ Member, Audit Committee of King Wai Group (Thailand) Public Company Limited
- Audit Committee of Unique Engineering and Construction Public Company Limited

POSITIONS IN OTHER COMPANY

- Independent Director, Member of Audit Committee of King Wai Insurance Public Company Limited
- Partner of Executive Director of Legal Advisory Council Limited



CORPORATE INFORMATION

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED

BOARD OF DIRECTORS

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

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

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

COMPANY SECRETARY

Mr. Yupeng Huang

REGISTERED OFFICE

Head Office:

Jewellery Centre Building,
30th Floor, 138/108 Nares Road, Sipraya, Bangrak,
Bangkok 10500 Thailand

Branch Office:

47th 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 : (622) 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, 23-27th Floor, 11/1 South Sathorn
Road, Yannawa, Sathorn, Bangkok 10120 Thailand
Telephone No.: (662) 034 0000

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

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 th 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 th Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
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 th Floor, 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand
Telephone	: (662) 129 5999
Telefax	: (662) 129 5998

KING WAI CAPITAL LIMITED

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 th 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 th 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

Shares held by KWGCAP:	: 99%
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 th Floor, U Chu Liang Building, No.968 Rama IV Road, Silom, Bangrak, Bangkok 10500
Telephone	: (662) 624 1000
Telefax	: (662) 238 0836

KING WAI MEDIA LIMITED

Shares held by KWG	: 100%
Registration No	: 0105560083487
Business	: Marketing and Advertisement
Register Capital	: Baht 1,000,000
Par Value	: Baht 100 per share
Total Share Issued	: 10,000 shares
Registered Office	: 47 th 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 th 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 th Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
Telephone	: (662) 129 5999
Telefax	: (662) 129 5998

NVV 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 th 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 th 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 th 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 : 47th Floor, Empire Tower,
No.1 South Sathorn Road,
Yannawa, Sathorn,
Bangkok 10120
Telephone : (662) 129 5999
Telefax : (662) 129 5998

THAI-KAMI COMPANY LIMITED

Shares held by KWG : 100%
Registration No : 0105527002589
Business : Property Development
Register Capital : Baht 374,750,000
Par Value : Baht 10 per share
Total Share Issued : 37,475,000 shares
Registered Office : Jewellery Centre Building,
30th 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 : 47th Floor, Empire Tower,
No.1 South Sathorn Road,
Yannawa, Sathorn,
Bangkok 10120
Telephone : (662) 129 5999
Telefax : (662) 129 5998



KEY EVENT IN YEAR 2019



KING WAI GROUP SIGNS MOU WITH REPTON TO ESTABLISH CAMPUS IN THAILAND PROJECT

On December 16th, 2019 King Wai Group has signed a Memorandum of Understanding (MOU) on education with a prominent international school - Repton International Schools Ltd, Derby, United Kingdom to establish an international school in Thailand under the brand name of 'Repton'. The collaboration between King Wai Group and Repton International School will bring in a premium prestigious educational institution to Thailand and nurture talents with a global vision and international networks.



KING WAI GROUP AND MANULIFE AGREE ON ACQUISITION OF MANULIFE'S THAILAND BUSINESSES

On December 4th, 2019 King Wai Group (Thailand) Public Company Limited ("KWG") and Manulife Financial Asia Limited ("Manulife") entered into an agreement for the acquisition of Manulife's life insurance and asset management businesses in Thailand. The acquisition is part of KWG's drive to digitize and reinforce its mission to be a technology - driven business, the acquisition of Manulife's Thailand businesses enables KWG to expand their insurance offering to include the Kingdom of Thailand's growing life insurance and asset management markets, which will result in a more comprehensive offering to its customers.



STRENGTHEN THE LINK BETWEEN HONG KONG AND THAILAND

On November 29th, 2019 Mr. Antonio Hang Tat Chan welcomed Mrs. Carrie Lam, Chief Executive of Hong Kong (SAR) to Thailand. The meeting discussed about cooperation between Hong Kong and Thailand on economic matters, innovation, creativity, finance, cultural engaging, human resources development, and startups.



“KING WAI GROUP” WELCOMES CHINESE PREMIER, READY TO ADVANCE BRI

On November 4th, 2019, Mr. Antonio Han Tat Chan, Vice Chairman of King Wai Group (Thailand) Public Company Limited welcomed Chinese Premier Li Keqiang to Thailand during his trip. He attended the 35th ASEAN Summit and Related Summits and paid an official visit to Thailand as Guest of the Royal Thai Government.



HONG KONG - THAILAND STRENGTHENING ECONOMIC RELATIONS

On September 24th, 2019 On the occasion of Deputy Prime Minister of Thailand Somkid Jatusripitak visited Hong Kong to attend forum “Guangdong-Hong Kong-Macao Greater Bay: New Horizon for China’s Reform and Opening Up of One Country, Two Systems”. Mr. Antonio Hang Tat Chan was among the top business leaders who was invited to have a meeting with Thai government’s Economic Team. He also met with Dr. Somkid to ensure the confident and investment that will contribute to economic ties.



KING WAI GROUP FOSTERS SUSTAINABLE CROSS-BORDER EDUCATIONAL OPPORTUNITIES FOR THAI STUDENTS

On September 10th, 2019 Vice Chairman of the Group, Mr. Antonio Hang Tat Chan hosted the commemorative ceremony to celebrate the successful implementation of

the Hong Kong Scholarship Program for the third year. The event was attended by Mrs. Nuttha Soontrapa, Acting Consul-General of Thailand, Mr. Kevin Yeung, Hong Kong Secretary for Education, representatives from Hong Kong's renowned universities, distinguished guests and students who were awarded the scholarships. Currently, there are 30 Thai students who received scholarship awards.



MR. ANTONIO ON VOICE OF HONG KONG CHINA CHAMBER OF COMMERCE

On September 2nd 2019 during the time of unrest in Hong Kong, Mr. Antonio Hang Tat Chan as an Executive Vice President of the Hong Kong China Chamber of Commerce, expressed his gratitude to all Hong Kong Police Force for

maintaining law and order. He also called for more citizens who love Hong Kong to stand up and support the police to ensure law enforcement maintaining the territory's rule of law. As a citizen of Hong Kong, he would like to echo the voice to stop the violence and restore peace.



CONFERRING CEREMONY FOR DR. KING WAI CHAN AS ACADEMICIAN FROM UNIVERSITY OF OXFORD

On May 15th, 2019 Dr. King Wai Chan, the Chairman of the Hong Kong King Wai Group and Deputy Director of the National Economic Committee of the 12th CPPCC (Chinese People's Political Consultative Conference), received an Academician Fellowship from the University of Oxford. Professor Alan Hudson, the Director of the Leadership and Public Policy Program at the University of Oxford, presented the awarding to him in recognition of his contribution to the "Belt and Road" initiative since 2014. Mr. Marc Connolly, the Consul of the Political Department of the British Consulate, representatives from Fudan University, Shanghai Jiaotong University, Tongji University, Shanghai University as well as over 100 guests from domestic and abroad attended to witnessed the ceremony.

BELT AND ROAD CEO CONFERENCE

2019年4月25日 中国·北京

25 APRIL 2019 BEIJING, CHINA



KING WAI GROUP, THE ONLY HK COMPANY ON-STAGE IN PROJECT CONTRACT SIGNING CEREMONY AT 2ND BELT & ROAD FORUM FOR INTERNATIONAL COOPERATION

On April 25th - 27th, 2019 The Second Belt & Road Forum for International Cooperation was held in Beijing, China. King Wai Group (KWG) is the first and only Hong Kong-based enterprise to sign an agreement to provide insurance support to Belt & Road projects in the Conference's Contract Signing Ceremony.

After the Company's acquisition of QBE Insurance (Thailand) and later change the name to King Wai Group Insurance (KWI). Currently, KWI is the only insurance company in Thailand with Hong Kong background, providing general insurance services, including engineering insurance, marine insurance, and automobile insurance. These services not only serve the significant needs of the Chinese enterprises in the "Belt and Road" investment projects in Thailand, but also contribute to the social and economic development of Thailand.



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%

Following the change of major shareholder, the Company was renamed as King Wai Group (Thailand) Public Company Limited and changed ticker symbol to “KWG” on 20 June 2016 on the Stock Exchange of Thailand. Real estate development is the core business of KWG, which has the registered and paid-up capital of Baht 1,317,053,470 as of 31 December 2019.

In 2019, King Wai Capital Co., Ltd., subsidiary wholly owned by the Company has completed the acquisition of QBE Insurance (Thailand) PCL and later rename it to be King Wai Insurance Public Company Limited, therefore the Company has subsidiary to operate the insurance services concerned with Non-life insurance such as Engineering Insurance, Marine insurance, Third party liability insurance, Professional Indemnity and Production Protection etc. As of December 31, 2019, King Wai Insurance has the registered and paid-up capital of Baht 679,000,000.



KING WAI GROUP

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

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

In the early years, the Group was dedicated to the investment in textile industry. In the 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.

Currently, 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 “Belt and Road Initiative (BRI)” 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

PROPERTY BUSINESS

As at 31 December 2019, KWG operated two landed residential developments in Bangkok under the W Villa by KWG brand. Featured with modern architecture, tropical landscaping and quality finishing. Villa Arcadia Srinakarin has been sold out since 2018. 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 2019, KWG (Thailand) is developing 2 low-rise condominium projects in Bangkok while the other high-rise development will follow as scheduled.

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

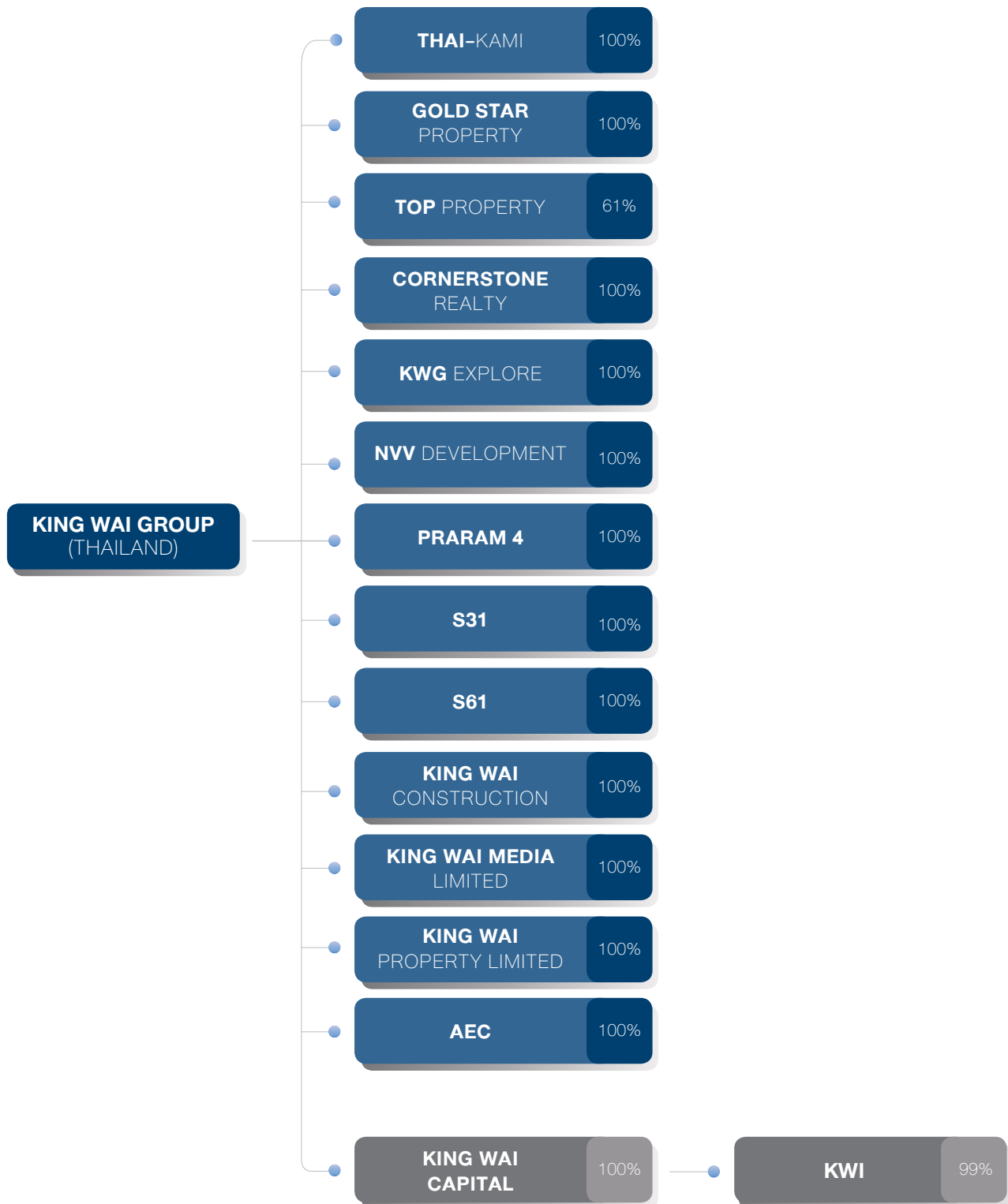
INSURANCE BUSINESS

After the success of business expansion in Thailand, King Wai Group also 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 our customers. Our experience and expertise within the insurance sector, allows us to be trusted insurance partner. We maintain strong agency and broker relationships, as well as being able to deliver solutions to our direct clients. This ensures that we have insurance solutions. In addition to our expertise in meeting the needs of the market with generic insurance lines, we have developed specialist expertise in Marine, Professional Indemnity.



INVESTMENT STRUCTURE OF KWG AS AT 31 DECEMBER 2019



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 invest in property, finance and others supply chain business which supported to each other business when opportune.



NATURE OF BUSINESS

KWG is a leading conglomerate in Asia. Its core businesses cover property development, financial services, e-commerce and supply chain, through the global operations in China Mainland, China Hong Kong, ASEAN and EU countries. In Thailand, the Group operates in property and financial services sector through King Wai Group (Thailand) Public Company Limited, an entity listed on the Stock Exchange of Thailand.

BUSINESS OPERATIONS OF THE COMPANY AND ITS SUBSIDIARIES

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

PROPERTY DEVELOPMENT FOR SALE SINGLE DETACHED HOUSE DEVELOPMENT VILLA ARCADIA SRINAKARIN

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

The new Yellow monorail line is expected to commence operations in 2021. The buyers of the Villa Arcadia Srinakarin will enjoy a shortened time to commute between the CBD and their houses.

Phase One, comprising 209 units, is 100.0% sold as at 28 February 2018. Phase Two comprises 156 houses, is 100% sold as on 31 December 2019.

W VILLA BY KWG

W Villa by KWG is single detached housing project which is continued development from Villa Arcadia Watcharapol.

The project is well-connected to the Ramindra-At Narong Expressway and Kanchanaphisek Outer Ring Road. The development is about 30-minute drive from the CBD

A Six-lane Phahonyothin-Rattanakosin Sompotch Road connects the project from the East to the West of Bangkok.

The vicinity where W Villa by KWG Watcharapol is located is well-known for its variety of food and beverage outlets. Moreover prominent schools and hospitals are located in the vicinity.

The project is in proximity to the extension of BTS Green line and the Monorail Grey line. The full commencement of BTS Green line will provide easier access to the CBD area of Sukhumvit as well as for those heading further East to Samut Prakan province. The future addition of the Gray monorail line will further improve accessibility from the CBD to the Chao Phraya River.

About 65.0% of the 40 launched units have been sold. 4 units from the new phase have been sold as on 31 December 2019.

CONDOMINIUM DEVELOPMENT “S61 BY KWG” CONDOMINIUM PROJECT AT SUKHUMVIT 61

Low rise condominium located in peaceful Sukhumvit 61. 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.

“S31 BY KWG” 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.

“SURA BY KWG” CONDOMINIUM AT RAMA IV

High rise condominium Sura by KWG is located on Rama IV Road. The project is located just next door to Bangkok’s CBD and opposite Thailand’s top university, Chulalongkorn University and Chulalongkorn hospital. BTS Saladaeng and MRT Samyan stations are in walking distance. The project is easy access to prime shopping centers and the private and international schools. The project is on design process and documents preparation for EIA approval.

AEC CITY PROJECT, MIXED-USE PROJECT DEVELOPMENT IN EASTERN ECONOMIC CORRIDOR

Land in Chachoengsao city, Chachoengsao Province, The company 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 or 33 plots.

The company is planning to develop mixed-use project. We are in the process of preparing the detailed feasibility study to present to Government Authorities. The development consists of entertainment, education, hospitality, health care.

Development plan in Chachoengsao area consist of wellness center .i.e. study, research and management of health, modern distribution center, residential and commercial area. Present, AEC project is preparing document for submit to EEC department.

NVV PROJECT

Land in Wang Noi district in Ayutthaya province was acquired which has the land area 2,605-0-49.6 Rai, connected to Phaholyothin main road which was easily to the North East or the North of Thailand. The land location is also near the eastern outer ring which is convenience 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 get closer in addition it supports the connection to Cambodia, Laos, Vietnam and Southern China this route expect to open in 2020.

Development plan in NVV project consists of three main functions: Education (Knowledge Innovation District), Residential (Green Living Community) and Logistics (Logistics and Technology Corridor). At present, we are in discussion with various operating partners to be part of our development.

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 about 89% leased out as on 31 January 2020.

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

As at 31 December 2019

Revenue (Million Baht)												
Product Line / Business Group	Operated by	% Shares held by KWG	2019	%	2018	%	2017	%	2016	%	2015	%
Lease and Services of Office space	KWG	-	46.16	37.87	46.87	6.04	42.44	6.59	40.82	7.09	39.16	12.20
Sale of land and houses	Thai-Kami	100%	13.80	11.32	200.15	25.79	342.38	53.18	266.3	46.24	242.82	75.62
	Gold Star	100%	-	-	-	-	21.22	3.30	21.3	3.70	25.31	7.88
Others	-	-	61.94	50.81	529.01	68.17	237.81	36.93	247.49	42.97	13.82	4.30
Total	-	-	121.90	100.0	776.03	100.0	643.85	100.0	575.91	100.0	321.11	100.0

PROCUREMENT

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

LAND ACQUISITION

KWG seeks to acquire well-located land plots at competitive prices for real estate project developments for sale and/or for lease. The Company works closely with land owners,

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



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

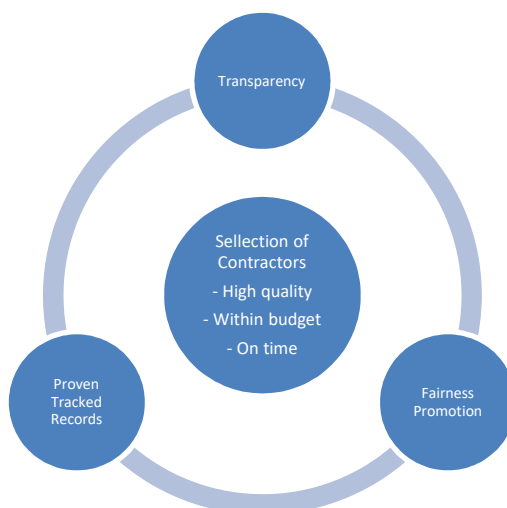
PROCUREMENT OF CONSTRUCTION MATERIAL

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

SELECTION OF CONTRACTORS

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

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





INSURANCE BUSINESS

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Being a member of King Wai Group, King Wai Insurance Public Company Limited continues to strive to deliver the best professional service to our customers. Our experience and expertise within the insurance sector, allows us to be trusted insurance partner. We maintain strong agency and broker relationships, as well as being able to deliver solutions to our direct clients. This ensures that we have insurance solutions. In addition to our expertise in meeting the needs of the market with generic insurance lines, we have developed specialist expertise in Marine, Professional Indemnity.

BUSINESS PRODUCT

COMMERCIAL PROPERTY

King Wai Insurance Property insurance provide the security of financial protection against property damage that can result in costly operational interruptions. All typical physical

business assets are eligible for cover, including: stock, buildings, furniture, fixtures, fittings, plants, and all other contents.

- **Commercial Fire Insurance**
offers protection against losses from fire and explosions and features optional additional cover for different budgets.
- **Property All Risks Insurance**
provides cover against all risks that aren't specifically excluded in the policy.

MARINE

As a specialist marine insurer, King Wai Insurance provides insurance protection for commercial hull, Transport Operators' Liability, Ports & Terminals Insurance, and Ship Builders' Risk Insurance.

- **Commercial Hull Insurance**
covers physical loss and/or damage to the hull and machinery of merchant vessels operating within Far East waters.
- **Transport Operators' Liability Insurance**
covers the legal liabilities of various occupations, including freight forwarders, multimodal transport operators, NVOCC, road hauliers, logistics / warehousing operators, against damage to third party property that is under their care, custody and control.

- **Ports & Terminals Insurance**
protects Port Authorities, terminal operators, container freight stations, and stevedores against liability for damage to vessels, cargoes or property belonging to customers as well as third-party property damage and liability for death or bodily injuries to third parties arising out of the insured's operations.
- **Ship Builders' Risk Insurance**
covers physical loss and/or damage to vessels while it is under construction or conversion.

CONSTRUCTION & ENGINEERING

With our specialist expertise, we can provide the customer with comprehensive financial protection against many areas of risk, including work-in-progress or material damage to the project as well as liability cover against third-party claims arising from engineering and construction works. Our flexible approach also means the customer policies can be tailored to specific needs as we provide cover for:

- Contractors' All Risks
- Erection All Risks
- Electronic equipment
- Boiler
- Machinery breakdown and option to include delay in startup cover or additional cost of working

BUSINESS SECURE

King Wai Insurance Business Secure is tailored to protect customers against risks that concern to their business the most, providing a comprehensive coverage in one single insurance policy. We offer different coverage options to suit a particular business. The package provides overall protection against a variety of risks for small and medium-sized commercial business.

- **Fire and Defined Perils**
protects against damage from fire, lightning, windstorms, vehicle or aircraft impact, water damage (excluding floods), earthquakes, explosion, hail, smoke, strikes and riots, as well as vandalism and malicious acts
- **Business Interruption**
provides the extra benefit of temporary relocation
- **Electrical Damage**
protects against damage to electronic equipment caused by lightning or resulting from a fire
- **Fixed Glass**
- **Money**
covers against loss due to robbery and gang robbery, including money inside the premises, money inside

safe and strong room and money outside premises whilst in transit

GENERAL LIABILITY

King Wai Insurance offers a wide range of products that will protect customer's business against legal liabilities that may arise from accidental bodily injuries or property damage to any third party, including;

- Products Liability Insurance
- Public Liability Insurance
- Combined General Liability Insurance (both public and products liability)

Our comprehensive liability coverage includes:

- Third-party bodily injuries or death
- Third-party property damage
- Personal injury
- Legal costs
- Joint Insureds/cross liability

PROFESSIONAL INDEMNITY

This cover protects senior executives against the risk of liability arising from their duties.

Scope of Cover

- Out-of-court settlements
- Compensatory damages awarded by the court against directors and officers
- Defence costs and expenses
- Advance payment of defence costs and expenses
- Legal proceedings brought against any past, present and future directors and/or officers for wrongful acts committed by them in the course of their duties (coverage is also provided for employees in a managerial or supervisory capacity)
- Costs for legally compellable attendance, investigation or enquiry into the affairs of the company
- Employee actions brought by fellow officers, directors and employees alleging employment practice errors such as unfair dismissal, unlawful discrimination or sexual harassment

Optional Extensions

- Cover for legal proceedings brought against directors and/or officers while sitting on external positions
- Cover can be provided for the company for security claims, employment-related matters and the cost of engaging a public relations consultant in prescribed events

GROUP PERSONAL ACCIDENT

To help ease the potential financial burden on customer due to an accident, King Wai Insurance has designed a personal accident insurance product to fit individual needs. King Wai Insurance Personal Care offers 24-hour, worldwide cover against various accidents and injuries. Anyone between the ages of one and 65 years old can apply for cover.

Basic Cover

- Loss of life, limbs or sight
- Permanent disability
- Medical expenses per occurrence
- Murder/assault
- Driving or riding as a passenger of a motorcycle

COMMERCIAL MOTOR

King Wai Insurance's Commercial Vehicle insurance will provide the necessary coverage to safeguard customer's company. The benefits include:

- Third-party legal liabilities cover in the event of a death or bodily injuries to a third party or the loss of or damage to third-party property involving customer company's vehicle
- Comprehensive cover against third-party legal liabilities as well as the loss of or damage to customer company's motor vehicle

PERSONAL PRODUCT

HOME PACKAGE

King Wai Insurance offers a number of covers at competitive prices. Through our Home Silver, Home Gold or Home Platinum Packages, King Wai's Home Secure provides home protection that will suit customer's personal needs as well as their budget.

Basic Cover

- Building and contents
- Personal liability
- Worker's compensation
- Worldwide personal accident
- Electrical damage
- Temporary accommodation
- Additional items
- Burglary
- Accidental damage to fixed glass

PERSONAL ACCIDENT

King Wai Insurance Personal Care offers 24-hour, worldwide cover against various accidents and injuries. Anyone between the ages of one and 65 years old can apply for cover. There is also no requirement for a medical examination or a medical certificate.

Basic Cover

- Loss of life, limbs or sight
- Permanent disability
- Medical expenses per occurrence
- Murder/assault
- Driving or riding as a passenger of a motorcycle

MOTOR

We also offer a comprehensive policy that includes additional cover for damage to customer vehicle or theft along with third-party liability. The benefits include:

Comprehensive Cover

- Third-party risks for bodily injuries and material damage
- Loss of or damage to customer's motor vehicle 24-hour Motor Assistance Service Centre hotline: (66)2-624-1000

Third Party Liability Cover

- Death or bodily injuries to third parties
- Loss of or damage to third-party properties

PLEASURE CRAFT

Coverage

- Clean-up costs
- Comprehensive all-risks cover for hull and machinery (including accidental and malicious damage)
- Fishing, diving and water sports equipment cover
- Personal accident
- Third-party liability
- Transit damage
- Water skiers and/or aquaplaning liability

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 2020, Thailand's economy had expanded. Both export and private consumption, main economic drivers had improved.

Thailand Economic Data

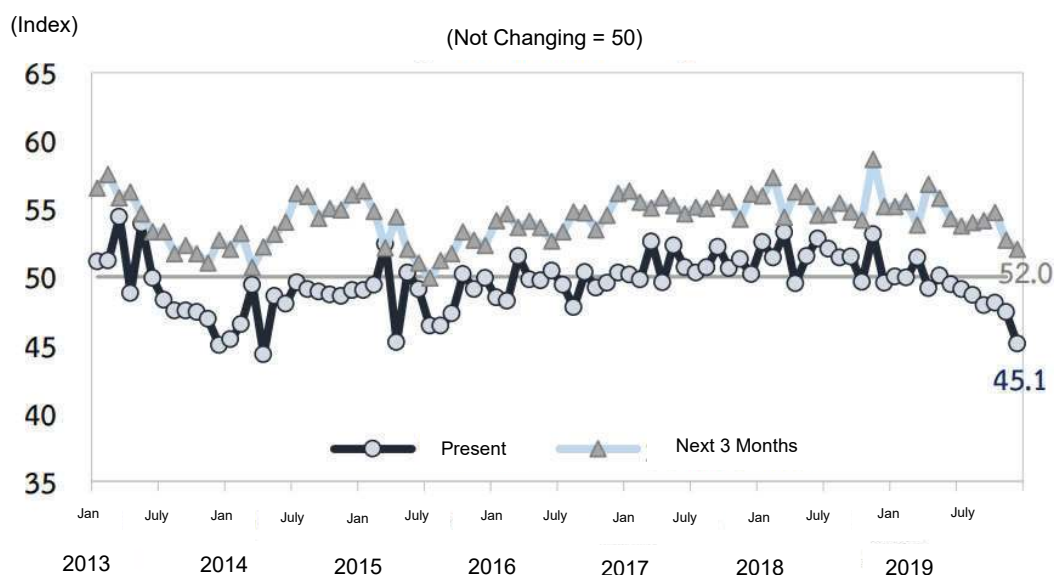
% Growth Year on Year	2016	2017	2018	2019	2020 (f)
Gross Domestic Product (GDP)	3.2	3.9	4.2	2.7	1.5-2.5
Inflation rate	0.2	0.7	1.1	0.7	0.4-1.4
Private Consumption	3.1	3.2	4.7	4.3	3.5
Export of Good and Service	-0.6	9.3	7.0	-2.0	1.4

Source : Bank of Thailand

Thailand economy outlook in 2020 is recession. Contraction factors in 2020 are;

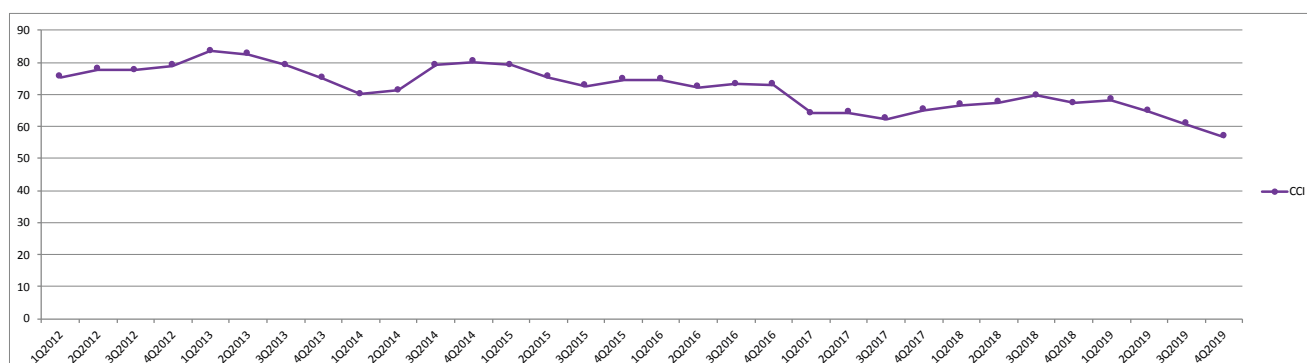
- The economic trend is slightly growth in the low rate follow by the world economic.
- Uncertainty of Trade protectionism policy
- Thai baht currency appreciation
- Delays in budgetary processes and drought effects
- Temporary factors in the production of some industrial products
- The outbreak of the Covid-19 virus
- The decline of the tourism sector. Expected that the value of product delivery will expand by 1.4 percent and the total investment grew by 3.5 and 3.6 percent respectively. Headline inflation is in the range of 0.4-1.4 percent and the current account is a surplus of 5.3 percent of GDP.
- Source: The National Economic and Social Development Board (NESDB)

Business Sentiment Index (BSI)



Source : Bank of Thailand

Consumer Confidence Index (CCI)



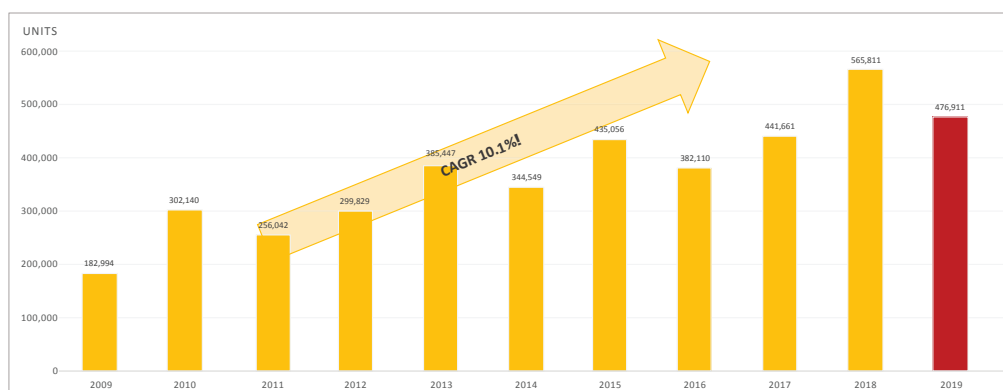
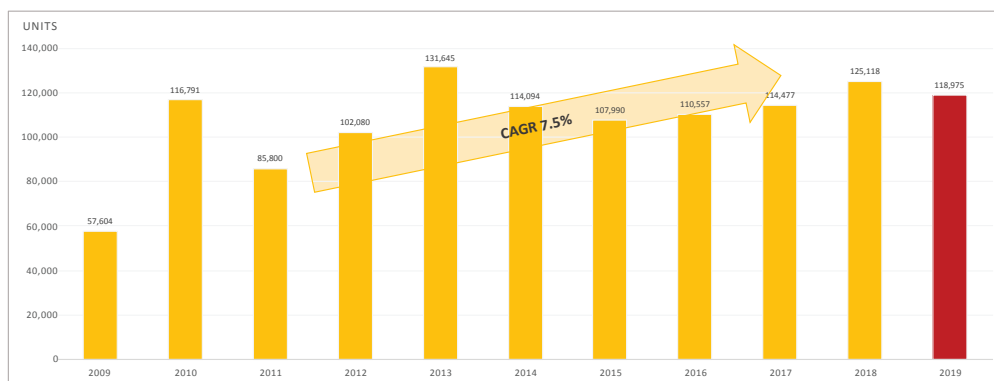
Source: University of Thai Chamber of Commerce

OVERALL PROPERTY MARKET

In 2019, the Agency for Real Estate Affairs (Thailand) reported that overall residential supply in Bangkok and its vicinity stood at 457 projects or 118,975 units, a 5% decrease from 2018. Consideration from the project value 476,911 Million Baht of 2019 is decrease from 2018 which is 16%, project value 565,811 Million Baht.

Q4/2019, the government has real estate stimulus measures policy for accelerate release stock. The units have sold 99,862 units in 2019, compare in 2018 decreased 17%, 120,557 units.

Supply Project Launches in 2009-2019



Source: Agency for Real Estate Affairs

For the relaxing LTV policy, the buyer who buy residences valued less than 10 million baht and apply for a first mortgage are also allowed to take out a top-up mortgage of up to 10% on top of the housing loan, constituting as much as 110% for the mortgage bundled with the top-up. The minimum down payment for the second mortgage with homes valued less than 10 million baht is at 10% if borrowers have serviced the first mortgage contract for at least two years and 20% if the first mortgage has been paid for less than two years. The previous regulations required borrowers to make a minimum down payment for the second mortgage at 10-20% if borrowers have paid the first contract for three years or longer and less than three years, respectively.

LANDED HOMES

SINGLE-DETACHED HOUSE

In 2019, the Agency for Real Estate Affairs (Thailand) reported that the over all supply has 13,084 units increased

from 2018 2,013 unit or 18.2%, From the supply for sale is 37,506 units increase 2,969 units or 8.6%. From H1/2019 the units sold in 2019 had 11,010 units decreased 1,600 units (-12.7%) compared with 2018.

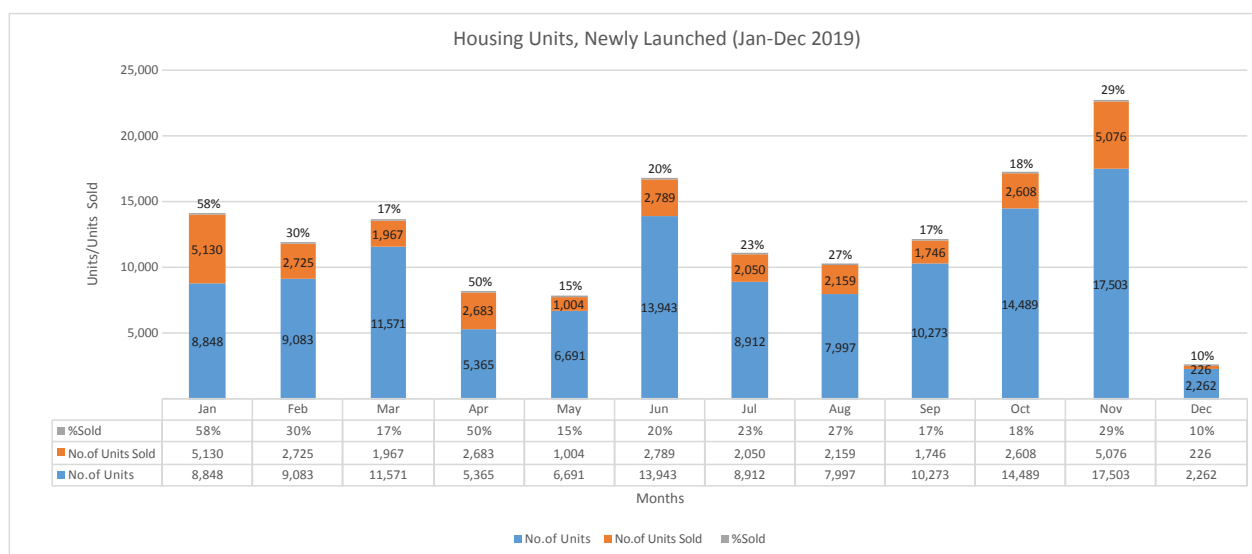
TOWN HOUSE

In 2019, the Agency for Real Estate Affairs (Thailand) reported that the over all supply has 31,987 units increased from 2018 270 unit or 0.9%, From 2018 the supply for sale is 65,510 units increase 4,969 units or 8.1%. From H1/2019 the units sold in 2019 had 28,699 units decreased 2,367 units (-7.6%) compared with 2018.

CONDOMINIUM

In 2019, the Agency for Real Estate Affairs (Thailand) reported that the over all supply has 66,367 units decreased from 2018 8,013 unit or -10.8%, From 2018 the supply for sale is 99,883 units increase 5,094 units or 5.7%. From H1/2019 the units sold in 2019 had 54,303 units decreased 15,049 units (-21.7%) compared with 2018.

New Landed Homes in 2019



Source: Agency for Real Estate Affairs



ASSETS OF THE COMPANY

As at 31 December 2019

Jewellery Centre Building	Land at Ayutthaya	Land at Chachoengsao
<p>Company King Wai Group (Thailand) Public Company Limited</p> <p>Location 138 Nares Road, Sipraya Sub-District, Bangrak District, Bangkok, Thailand</p> <p>Type of Asset 34-storey commercial building covering a total gross area of 42,833.78 sq.m.</p> <p>Asset Area The Company holds 28.36% of the total gross area (12,145.64 sq.m.) of the building</p> <p>Net Book Value Baht 396,400,792.56</p> <p>Appraisal Value Baht 404,500,000.00</p> <p>Appraisal Date 28 November 2019</p> <p>Appraisal Company Agency For Real Estate Affairs Co., Ltd.</p> <p>Right / Possession Freehold</p> <p>Collateral None</p>	<p>Company NVV Development Company Limited</p> <p>Location Phahonyothin (Tor Lor 1) Road, Lamsai Sub-District, Wongnoi District, Ayutthaya Province, Thailand</p> <p>Type of Asset Vacant land and field</p> <p>Asset Area The Company holds a total gross area of 2,605-0-89.6 rai</p> <p>Net Book Value Baht 1,859,300,000.00</p> <p>Appraisal Value Baht 1,859,300,000.00</p> <p>Appraisal Dated 28 November 2019</p> <p>Appraisal Company Agency For Real Estate Affairs Co., Ltd.</p> <p>Right / Possession Freehold</p> <p>Collateral Mortgage</p>	<p>Company AEC City Co., Ltd.</p> <p>Location 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</p> <p>Type of Asset Vacant land</p> <p>Asset Area The Company holds a total gross area of 1997-2-38.0 rai</p> <p>Net Book Value Baht 1,733,387,000.00</p> <p>Appraisal Value Baht 1,733,387,000.00</p> <p>Appraisal Dated 10 January 2020</p> <p>Appraisal Company Agency For Real Estate Affairs Co., Ltd.</p> <p>Right / Possession Freehold</p> <p>Collateral None</p>

Land at Rama 4	Land at Sukhumvit 31	Land at Sukhumvit 61
Company Praram 4 Limited	Company S31 Limited	Company S61 Limited
Location Adjacent to Rama IV Road, Sipraya Sub-District, Bangrak District, Bangkok, Thailand	Location 221/2 Soi Sukhumvit 31, Klongton Sub-District, Prakanong District, Bangkok, Thailand	Location Adjacent to Soi Sukhumvit 61, Sukhumvit Road, North Klongton Sub-District, Wattana District, Bangkok, Thailand
Type of Asset Vacant land (ready for construction)	Type of Asset Vacant land (ready for construction)	Type of Asset Vacant land (ready for construction)
Asset Area The Company holds a total gross area of 0-3-4 rai	Asset Area The Company holds a total gross area of 0-2-54.5 rai	Asset Area The Company holds a total gross area of 1-1-98.4 rai
Net Book Value Baht 366,473,411.35	Net Book Value Baht 163,753,891.70	Net Book Value Baht 457,062,736.93
Appraisal Value Baht 343,520,000.00	Appraisal Value Baht 147,600,000.00	Appraisal Value Baht 568,480,000.00
Appraisal Dated 28 November 2019	Appraisal Dated 26 November 2019	Appraisal Dated 26 November 2019
Appraisal Company Agency For Real Estate Affairs Co., Ltd.	Appraisal Company Agency For Real Estate Affairs Co., Ltd.	Appraisal Company Agency For Real Estate Affairs Co., Ltd.
Right / Possession Freehold	Right / Possession Freehold	Right / Possession Freehold
Collateral None	Collateral None	Collateral Mortgaged

Land at Tak	Sukhapiban 3 Mansion	The Trio Chiang Mai (previously “Chiang Mai VIP Tower”)
Company Thai-Kami Company Limited	Company Gold Star Property Company Limited	Company Thai-Kami Company Limited
Location 1 Moo 5, Phaholyothin (TorLor. 1) Road, Mai Ngam Sub-District, Muang Tak District, Tak Province, Thailand	Location 22/1 Sukhapiban 3 Road, Hua Mak Sub-District, Bang Kapi District, Bangkok, Thailand	Location 118 Moo 1, Huay Kaew Road, Chang Pueak Sub-District, Muang District, Chiang Mai Province, Thailand
Type of Asset The land is vacant with the factory having ceased operations since 2000, and was demolished in 2015. The machinery has been divested as at early 2002	Type of Asset 19-storey residential condominium with 1,024 units	Type of Asset Four-storey commercial building
Asset Area The Company holds a total gross area of 60-2-59.1 rai	Asset Area The Company owns 2 units with a total gross area of 119.21 sq.m.	Asset Area The Company owns four units with a total area of 890.88 sq.m
Net Book Value Baht 25,483,500.00	Net Book Value Baht 2,390,000.00	Net Book Value Baht 23,200,000.00
Appraisal Value Baht 25,472,100.00	Appraisal Value Baht 2,860,000.00	Appraisal Value Baht 26,730,000.00
Appraisal Dated 11 December 2019	Appraisal Dated 29 November 2019	Appraisal Date 29 November 2019
Appraisal Company Agency For Real Estate Affairs Co., Ltd.	Appraisal Company Agency For Real Estate Affairs Co., Ltd.	Appraisal Company Agency For Real Estate Affairs Co., Ltd.
Right / Possession Freehold	Right / Possession Freehold	Right / Possession Freehold
Collateral None	Collateral None	Collateral None

Villa Arcadia Srinakarin	W Villa by KWG
Company Thai-Kami Company Limited	Company Top Property Company Limited
Location Bang Kaew Sub-District, Bang Phli District, Samut Prakan Province, Thailand	Location Soi Watcharapol, Tha Raeng Sub-District, Bang Khen District, Bangkok, Thailand
Type of Asset Freehold land which will yield 365 units of two-storey detached houses when completed VAS Phase 1: All sold VAS Phase 2: 4 units available.	Type of Asset Freehold land which will yield 270 units of two-storey detached houses when completed VAW: 18 units available. 225 pieces of land slots available.
Asset Area The Company holds a total area of 0-2-74 rai	Asset Area 72-2-80.90 rai
Net Book Value Baht 13,659,280.29	Net Book Value Baht 902,065,651.03
Appraisal Value Baht 15,140,000.00	Appraisal Value Baht 1,048,840,000.00
Appraisal Dated 25 November 2019	Appraisal Dated 25 November 2019
Appraisal Company Agency For Real Estate Affairs Co., Ltd.	Appraisal Company Agency For Real Estate Affairs Co., Ltd.
Right / Possession Freehold	Right / Possession Freehold
Collateral Partial mortgage	Collateral None



RISK FACTORS

KWG is the leading conglomerate, the contingent risks encountered by the Company are risks from business operations of its subsidiaries and/or future associated companies. The risk, preventive method and risk abatement aspects can be analyzed as per the following summary.

PROPERTY BUSINESS RISK (KWG)

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:

1. 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.

2. 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.

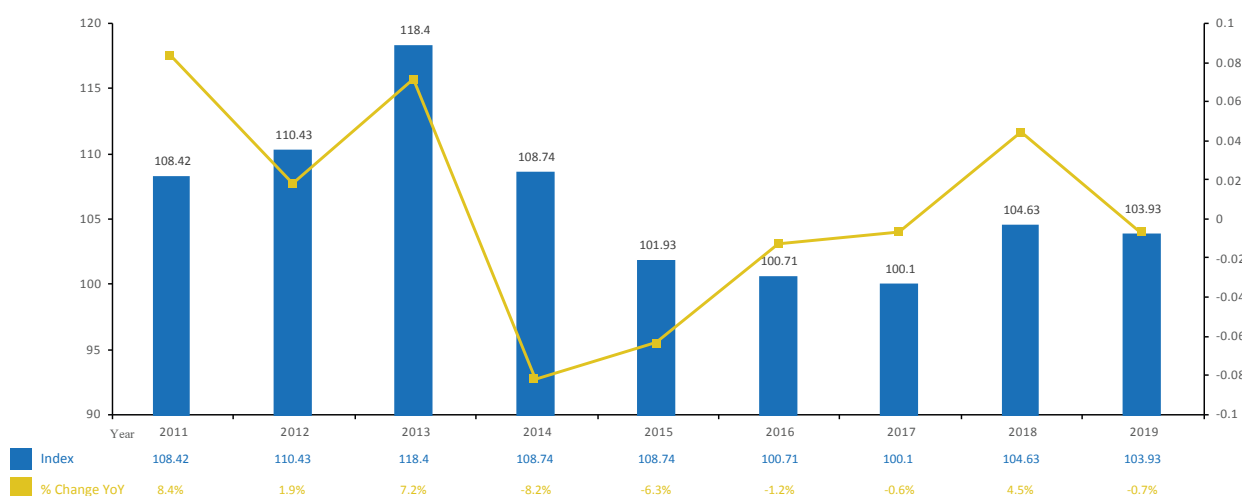
High land costs could result in the Company facing challenges in acquiring good sites at competitive prices. KWG continues to work with selected agents and brokerage firms to source for well-located sites at good prices and also deals directly with landowners. KWG is constantly seeking opportunities to acquire land plots with good value propositions and excellent connectivity to mass transits, expressways, and/or main roads.

3. 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 2019 decreased 0.7% year-on-year from Year 2018. 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



Source: Bank of Thailand

4. COMPETITION

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

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

5. RISK FROM BUSINESS OPERATION UNDER RESTRICTED LAWS

Inconsistent business operation, KWG observes regulations of laws, rules, regulations, and requirements of government agencies all the time. It is therefore confident that all types

of the Company products are in line with laws, properly permitted by the related government agencies, and complies with advice or order of the government agencies or other clearinghouse organizations until being well accepted by both customers and shareholders.

However, KWG is assured that our business operation applies the principle of good corporate governance, enabling to develop the product, and purchase materials and equipment, or procure the contractor by effective, transparent and accountable means. KWG, therefore, is confident and believes in its availability of principle of good corporate governance is for full retention of the interest of the Company itself and for shareholders. Thus, the illegal risk from business operations has not been exposed at all.

6. 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.



INSURANCE BUSINESS RISK (KW1)

1. STRATEGIC RISK

Refers to the risk arising from the setting and implementation of policies, strategies, operational plans and operations that are inconsistent with current business competitiveness and business environment. These factors will affect the company's revenue, profit, capital fund, and the stability of the company. The key elements of company strategic risk 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 Company operates. Underwriters and actuaries maintain pricing and claims analysis for each portfolio, combined with current developments in the respective markets and classes of business.
- Asset and liability management**
 The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Monitoring the capital level of the Company is conducted in accordance with Notifications of the Office of Insurance Commission.

As at December 31, 2019, the Company's capital level is maintained according such notifications.

- The distribution and distribution channels**
 This risk arises from technological changes that affect the distribution channels by changing from selling through insurance brokers over the phone to more online distribution channels. This will be the reason for the company to make itself adaptation in order to accommodate the changes. Company is focusing on technology development for managing this risk.

2. INSURANCE RISK

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 Company 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 Company extends the risks to reinsurers by proportional reinsurance agreed terms.

Risk management is integral to the whole business of the Company. The Company 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 Company operates. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

The key elements of company insurance risk are as below.

- **Underwriting risk**
The underwriting strategy is implemented through the Company's annual business planning process, supported by underwriting authorities. The Company 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 Company is prepared to take with respect to each permitted insurance class.
- **Reinsurance risk**
The Company 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 Company. The Company sets the minimum-security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The Company's management monitors developments in the reinsurance program and its ongoing adequacy.
- **Concentration of insurance risks / Catastrophe risk**
Concentrations of risk may where a particular event or a series of events could impact heavily upon the Company's insurance contract liabilities. The Company sets out the total aggregate exposure that it is prepared to accept in relation to general insurance risk concentrations and minimized the risk with the reinsurance program. Company continuously review and monitor the company's risk profile quarterly.
- **Emerging risk**
This risk refers to the risk which has not occurred and never been identified but causes the losses to company. The emerging risk is difficult to identified and

estimate in terms of occurrence and impact regarding the uncertainty and external factors. For example, political, law and regulation, society, technology, physical environment, including natural revolution. Company manages this risk by regular review of existing and identify new emerging risks, raising awareness of emerging risks across the Company, and undertaking research on specific emerging risk.

3. MARKET RISK

This is the risk of variation in the value of investments due to movements in market factors. Market factors include but are not limited to the change of interest rates, credit spreads, foreign exchange rates, equity prices, and commodity derivatives.

The key elements of company market risk are as below.

- **Liquidity risk**
Liquidity risk refers to the risk of insufficient liquid assets to meet all liabilities on time as unable to convert asset to cash, unable to retain capital or cash for excessive high cost. Risk factors which should be considered is company cashflow. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.
- **Interest rate risk**
Interest rate risk refers to changes in interest rates will affect the interest income from investments. The Company's investments include both short-term and long-term investments that have floating rate and fixed rates. The Company manages the risk by considering the risk of investments together with the return on such investments.

4. 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 Company, including the opportunity to drop in credit rating of counterparty. The following policies and procedures are in place to mitigate the Company's exposure to credit risk. A company-wide credit risk policy is in place which defines what constitutes

credit risk for the Company. 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 authorized credit limits before further transactions are undertaken with each counter-party to manage credit risk, the Company transacts with counter-parties under strict guidelines covering the limits and terms and does not expect such counterparties of strong credit rating to fail to meet its obligations.

5. OPERATIONAL RISK

Operational risk refers to the risk resulting from inadequate or failed internal processes, people and systems or from external events. Includes the following sub-categories:

- Failure, inadequacy, or unsuitability of personnel;
- Improper business practices;
- Business and transaction processing;
- Fraud Risk which is the risk from fraudulent acts or fraudulently ignorance in order to gain unlawful benefit, whether the beneficiary of the fraud will be a fraudulent person or any other related person.

Risk factors which should be considered are Capability and experience of employees, process complexity, environment, and external factors. The company has managed this risk by define operational risk appetite, implement effective segregation of duties, access controls, authorization and reconciliation procedures. Moreover, company also implement the Code of Ethic and Conduct, Physical security management, Anti-corruption and bribery policy, and Whistleblowing policy for active controlling.

6. REPUTATION RISK

This risk refers to the risk of policy holders, partners, shareholders, and/or regulators has negative perspective on the company reputation which may impact to the stability, profitability, and financial position of company. Hence, the risk factors which company should focus on are employees' behavior, business practice, and external factor.

The company has corporate communication unit to responsible for co-ordination with internal business unit and external party to identify feasibility of reputation risk and on-going monitoring, and compliance team to ensure the business decision is aligned with law and regulation. Moreover, the crucial business decision making must be delivered from Risk and Capital Committee recommend to the Board for approval.

7. INFORMATION TECHNOLOGY RISK

This risk refers to the risk of the use of information technology in the business operation caused an impact to operation performance and have sub-category as

- IT Security management
- IT Facility

The risk factors which company should consider are information security, efficiency and effectiveness of IT facilities and support, and capability of users.

The company has managed IT risk by ensure the efficiency and effectiveness of IT facilities and supports, provide training and user manual for operating system, and implement data protection software and security control software

8. GROUP RISK

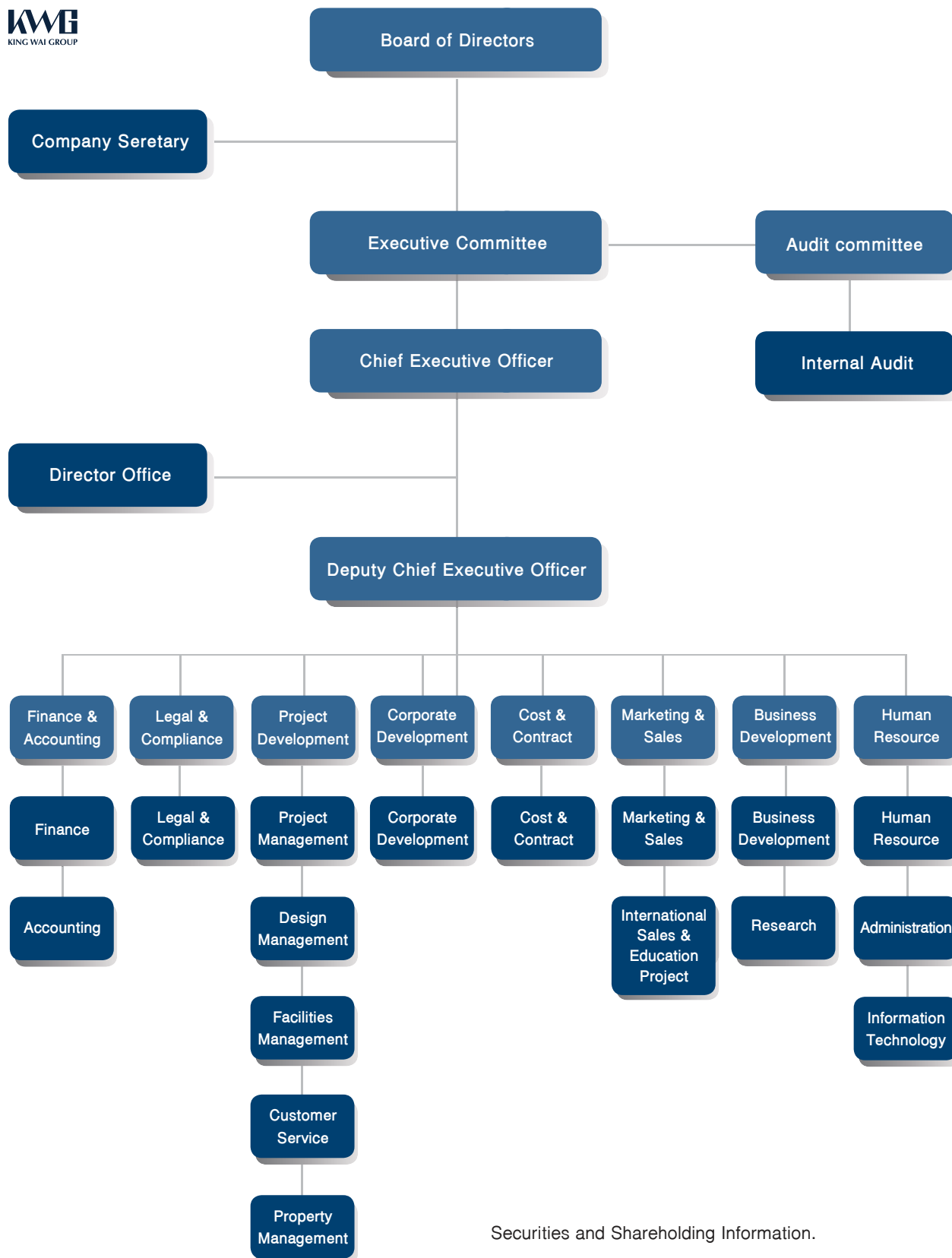
Group risk is the risk of being part of the group and has potential impact both financial and non-financial from negative incident including financial loss of the group cause impact to subsidiaries resulting from internal and external factors.



ORGANIZATION STRUCTURE

ORGANIZATIONAL STRUCTURE SECURITIES AND SHAREHOLDING INFORMATION.

As of December 31, 2019



Securities and Shareholding Information.

SECURITIES AND SHAREHOLDING INFORMATION

REGISTERED CAPITAL AND PAID - UP CAPITAL

The company has registered capital and fully paid-up of 1,317,053,470 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 19 December 2019 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 19 December 2019

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	65,380,100	4.96
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,	10,044,409	0.76
7. Mr. Chai Srivikorn	3,445,900	0.26
8. Ms. Pannin Kittipraporn	3,290,400	0.25
9. Mr. Sornprom Montriwat	2,900,000	0.22
10. Ms. Korakoch Srivikorn	2,707,200	0.21
Total	1,230,148,549	93.40
Minor shareholders	86,904,921	6.60
Total	1,317,053,470	100.00%

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 19 December 2019, the foreign shareholding of the Company is 47.88 % 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 2019 which is the book closing date, the total number of shareholders of the Company is 1,876 shareholders. The shareholder in amount of 1,866 are minor shareholders (free float), accounting for 99.95 % 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 2019, 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 2019
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, Chief Executive Officer*	-
Mr. Hang Lee Chan	Vice Chairman of Board of Director, Member of Executive Committee	-
Mr. Yupeng Huang	Director, Member of Executive Committee , Deputy Chief Executive Officer*	-
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	-

Remark* The BOD meeting no. 7/2019 held on 4 November 2019 approved the appointment of Mr. Antonio Hang Tat Chan as the Chief Executive Officer and Mr. Yupeng Huang as Member of Executive Committee and Deputy Chief Executive Officer.

AUTHORIZED SIGNATORY DIRECTORS

Any of these two signatories – Dr. King Wai Chan, Mr. Antonio Hang Tat Chan, Mr. Yupeng Huang and Mr. Hang Lee Chan, 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 2019 are as follows:

Director's name	The Board of Director		The Audit Committee		The Executive Committee	
	2018	2019	2018	2019	2018	2019
1. Dr. King Wai Chan	-	-			-	-
2. Mr. Hang Lee Chan	7/9	-			-	-
3. Mr. Antonio Hang Tat Chan	9/9	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	5/5	5/5	-	-
8. Prof. Chukiat Pramoolpol	9/9	9/9	5/5	5/5	-	-
9. Mr. Somprasong Makkasaman	9/9	9/9	5/5	5/5	-	-

Remark excluding the Annual General Meeting 2019

EXECUTIVE OFFICER

The definition of the Company's Executive as per the Notification of Securities and Exchange Commission (SEC) shall be the CEO and the next four executives. As at 31 December 2019, the Executive consists of 7 persons:

Name	Position	Department / Function
Mr. Antonio Hang Tat Chan*	Chief Executive Officer	Chief Executive Officer
Mr. Yupeng Huang*	Deputy Chief Executive Officer	Deputy Chief Executive Officer
Mrs. Karnpitcha Manakul	Senior Vice President	HR & Admin & IT
Mr. Peter Cheng	Senior Assistant Vice President	Cost & Contract
Mrs. Panodporn Rithipreedanant	Senior Assistant Vice President	Property Management
Mr. Saranyu Kowithanupong	Senior Assistant Vice President	Design Management
Mr. Paisan Supornpun	Assistant Vice President	Accounting

Remark* The Board meeting no. 7/2019 held on 4 November 2019 approved the appointment of Mr. Antonio Hang Tat Chan as the Chief Executive Officer and Mr. Yupeng Huang as Deputy Chief Executive Officer.

COMPANY SECRETARY

The Company has appointed Mr. Kraisorn Supakanchanakanti, Senior Assistant Vice President, Legal & Compliance Department as Company Secretary since 27 February 2019 to comply with the Securities and Exchange Act (No.4) B.E. 2551 (2008).

THE RESPONSIBILITIES OF THE COMPANY SECRETARY INCLUDE:

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

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

REMUNERATION OF THE DIRECTORS AND EXECUTIVE OFFICERS

DIRECTOR'S REMUNERATION

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 11 April 2019, 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 2019, the Company paid or payable in cash and kind to the Board of Directors to a total amount of Baht 2,280,000.

Name of 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	-	Nil	240,000.00	0.00
Mr. Boonyong Yongcharoenrat	240,000.00	-	-	240,000.00	0.00
Mr. Shaosan Zheng	240,000.00	-	-	240,000.00	0.00
Mrs. Jiraporn Pimpoorash	240,000.00	120,000.00	-	360,000.00	0.00
Prof. Chukiat Pramoolpol	240,000.00	120,000.00	-	360,000.00	0.00
Mr. Somprasong Makkasaman	240,000.00	120,000.00	-	360,000.00	0.00
Total	2,280,000.00	360,000.00	-	2,640,000.00	0.00

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 2019 remuneration for executive include existing executives and those exclusives who left during 2019.

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 2019, the Company paid a total of Baht 86,040,422.24 for the remuneration of employees.

Type of Remuneration	Amount (Baht)
Fixed Salary	73,942,106.00
Bonus	1,561,692.00
Allowance (Overtime, Provident Fund, Commission, etc.)	10,536,624.24

PERSONNEL

Total Number of Employees 85 persons

Employees classified by department as of 31 December 2019:

Department	Person	Department	Person
Corporate Development	2	Customer Service	3
Business Development	2	Facilities Management	8
Research	1	Marketing & Sales	9
Legal & Compliance	4	Finance	4
Project Management	10	Accounting	7
Design Management	4	Information Technology	2
Cost & Contract	4	Administration	11
Director's Office	6	Human Resources	5
Internal Audit	1	Property Management	2

Note: Includes staff in KWG's subsidiaries but excludes staff in King Wai Insurance.

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 2019

Course	No. of Course	Attendance	Total (Hours)	Average per person (Hours)
In-house Training	3	64	103	1.29
External Training	15	16		

TRAINING PROGRAMMES

In 2019, the Company supported employees in both internal and external trainings programs, seminars and courses. The total training cost for 2019 amounted to Baht 42,126.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE POLICY

The Company is committed to achieving high standards of corporate governance and has put in place self-regulatory controls to protect shareholders' interest and ensure long-term shareholder value. The Board of Directors has implemented best practices in corporate governance based on the Code of Business Conduct and efficiency and transparency.

The Company has also fully complied with the principles of good corporate governance and best practices recommended by the Stock Exchange of Thailand (SET) as follows:

A. RIGHTS OF SHAREHOLDERS

PROTECTION OF RIGHTS

The Company recognizes the importance of protecting the rights of shareholders' and promotes the exercising of these rights accurately and completely both Thai and English via Company website www.kwgthai.com and the SET website 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 2019, the Company held its Annual General Shareholders Meeting on April 11, 2019 time 3.00 pm — 4.30 pm at Le Meridien Bangkok Hotel Hotel Silom Bangkok which are easily accessible via public transportation systems such as the BTS. 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 2019, all relevant information was posted on the Company's website 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 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 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

47th 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 or visit the Company's website: www.kwgthai.com for more information.

C. ROLE OF STAKEHOLDERS

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

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

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

In 2019, the Company organized a total of 103 training hours, for its staff. This included both internal and external training sessions.



On February 21st, 2019 KWG Staff Party at W Hotel Bangkok



On April 14th, 2019 Merit day on Songkran event



On August 2nd, 2019 the employees from KWG and KWI cooperated to do CSR and Staff Outing together.



On November 22nd, 2019 KWG Sport day.

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

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.

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.

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.

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.

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 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.

KWGเล็งระดมเงิน1.2พันล้าน

KWG เล็งระดมเงิน 1.2 พันล้าน
• ขงยัดก้อนหุ้นเพิ่มทุน 750 ล้านหุ้น วันที่ 13 ก.พ.นี้



‘คิงไว’ปั้นใหญ่สัปดาห์ไทย
จักรวรรดิธุรกิจKPCRจี้ไป

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INVESTOR RELATIONS

The Company has appointed Mr. Yupeng Huang Deputy Chief Executive officer as 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

47th 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 or visit the Company's website: 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 2019, the Board comprised four (4) executive Directors and five (5) 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 2019, in the 2019 Annual General Meeting of Shareholders on 11 April 2019, there were three directors who retired by rotation, namely,

- | | |
|------------------------------|----------------------|
| 1. Mr. Hang Lee Chan | Director |
| 2. Mr. Shaosan Zheng | Director |
| 3. Mr. Somprasong Makkasaman | Independent Director |

The resolution of 2019 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 2019.

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 Director	: Office : E-mail	(662) 129-5999 Eric@kwgthai.com
King Wai Group (Thailand) Public Company Limited	: Office Address	47 th 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: KWG is committed to customer centric core values and contribution to social sustainability. Its core businesses cover property development, financial services, e commerce and supply chain, through the global operations in China

Mainland, China Hong Kong, ASEAN and EU countries.

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 2019 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 two 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 2019 includes:

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

CHIEF EXECUTIVE OFFICER (CEO)

Mr. Antonio Hang Tat 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 2019, 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 2019 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 Board member shall serve the remainder of that term.

INDEPENDENT DIRECTOR

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

Qualifications of Independent Directors

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

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

- 5) Neither being nor ever was an auditor of the Company, parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, parent company, subsidiary company, associate company, major shareholder or controlling person unless the foregoing relationship has ended no less than two years prior to the date of appointment;
- 6) Neither being nor ever was a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from the Company, parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services unless the foregoing relationship has ended no less than two years prior to the date of appointment;
- 7) Not being an appointed Director or representative of Directors of the Company, major shareholder or shareholder who is related to major shareholder;
- 8) Not being a Director assigned by the Board to take part in the business decision of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company;
- 9) Not undertaking any business in the same nature and in competition to the business of the Company or subsidiary company or not being a significant 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 2019, 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 2019, 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 2019, 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 Chief Executive Officer, Deputy Chief Executive Officer, the first four managers after the Chief Executive Officer, 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 2019, 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 2019 totaling of THB 6,900,000

Auditor's Fee for the Company	2,160,000 Baht
Auditor's Fee for subsidiaries:	4,740,000 Baht

In addition, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. 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 on 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 2019.

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 sub committees which are 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 pays close attention to efficiency assessment of the Company's internal control. This is to ensure that the Company's financial reports as well as information used for decision-making are accurate, complete and reliable. In this connection, the Audit Committee consisting of three members responsible for looking after and overseeing the internal control of the Company, ensuring that the policies and desirable practices which have been assigned are implemented in line with the plans outlined by the Board of Directors as well as in compliance with the rules and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The Board of Directors was of opinion that currently the Company's internal control systems were adequate and suitable to its business operations and that there were neither material problems nor deficiencies. The assessment took into consideration five key areas relating to the internal control systems, which included control environment, risk assessment, control activities, information & communication, and monitoring activities. The adequacy assessment of the internal control systems in each area could be summarized as follows:

CONTROL ENVIRONMENT

The Company has established clear business goals which are reviewed regular, ensuring that they take into account current situations. In order that the established goals could be achieved, the Company determines the level of the staff's remuneration, by annually taking into account the Company's performance as well as the employee performance appraisals in a rational manner. Furthermore, the Company has established written policies relating to good corporate governance, code of ethical practices, as well as prevention of conflicts of interest. It has also developed an appropriate organizational structure which will enable the management to operate efficiently. Importantly, duties and responsibilities of each work unit have been clearly separated from one another. The Company also recognizes the importance of succession planning. Emphasis has been placed on recruitment, development and preparations of replacements as well as grooming of a group of candidates for key positions through development and training of high potential and high caliber employees.

RISK ASSESSMENT

The Company has carried out the adequacy assessment of the internal control systems, using the Office of the Securities Exchange Commission's assessment form which is based on the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, the Company has undertaken assessments, using other formats such as risks arising from within and without organization as well as guidelines in relation to prevention of risks that may affect the implementation of the Company's various projects. It has also carried out an assessment of risks arising from different types of fraud and also from changes of the organizational leadership which may have an impact on business operations, internal control and finance, among others.

CONTROL ACTIVITIES

The Company has established the scope of responsibilities and power of high ranking executives as well as their approval limits in writing. Their duties have also been clearly segregated to facilitate checks and balances. Moreover, the Company has established a policy on related party transactions, ensuring that they are in compliance with the laws and the requirements imposed by the Stock Exchange of Thailand, keeping the Company's best interests in mind.

INFORMATION & COMMUNICATION

The Company sends important information and supporting documents needed for decision making to the Board of Directors in advance, together with the notification of the meeting which always gives details related to agenda. In addition, the Company prepares minutes of each meeting, which cover opinions and resolutions adopted by the meeting. As well, the Company stores books of accounts and supporting documents in a systematic and orderly fashion. It also makes use of information technology in storing and managing information of each work unit.

MONITORING ACTIVITIES

The Company has established a system for monitoring its operating activities and its compliance with the code of ethical practices as well as rules relating to prevention of conflicts of interest. Moreover, it has established an internal audit office responsible for monitoring the implementation of the internal control systems of various work units in the organization. In this connection, the internal control systems are subject to regular assessments with the internal audit officers being required to submit audit reports directly to the Audit Committee. Emphasis is placed on monitoring the progress relating to the implementing corrective measures. In particular, when any material deficiencies are identified, the related reports must be submitted to the Audit Committee right away so that it could make necessary arrangements for having the deficiencies remedied in a timely manner.

HEAD OF INTERNAL AUDIT OFFICE

Mr. Terry Lee currently serves as senior manager of the Company's Internal Audit Office. He has considerable experience of internal audit of listed companies, he also has a good understanding of the Company's activities and business operations.

In this connection, decisions related to appointment, removal or transfer of the head of the Company's Internal Audit Office must meet with the approval of the Audit Committee.



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 2019 AND 2018

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 2019	31 December 2018	
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	245,992,850	261,001,642	
	2. Accrued interest expense	119,823,909	112,963,680	
	3. Interest expense	12,199,478	12,864,670	
2. King Wai International and Holdings Co., Ltd./ Common directors with the Company	Long-term loan for working capital and business expansion - Long-term loan	1,024,564,906	1,024,564,906	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.
3. Mr. Narongsak Putthapornmongkol/ Common director with the subsidiary (AEC City Co., Ltd.)	Long-term loan for working capital and business expansion - Long-term loan	180,460,541	180,460,541	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.
4. Tommo (Thailand) Limited/ Common directors with the Company	Short-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.
	1. Short-Term Loan	70,000,000	-	
	2. Accrued interest expense	962,192	-	
	3. Interest expense	962,192	-	



CORPORATE SOCIAL RESPONSIBILITY



CORPORATE SOCIAL RESPONSIBILITY POLICIES

KWG realizes and values an involvement in social responsibility as stated in one of the missions that “The Company is always committed to support and engage in social service and contribution,” in order to achieve The Company’s vision: sustainable growth of several aspects which include economic, environmental and social platforms. The adopted CSR policy will make the Company 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 ensure customer-centric service and products

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 against using the Company's resources, including computers, for unlawful activities. The Company also prohibits the use of unauthorized software without proper business licenses. Non-compliance will result in disciplinary action. Information Technology team has made random inspection for illegal use of unauthorized software on company computers from time to time. This is part of risk management process.

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

ANTI-CORRUPTION

KWG has anti-corruption policies and measures to protect its businesses, resources and reputation. The Human Resources team conducted its annual briefing to all staff on the Company's anti-corruption policy, after which all staff were required to sign an acknowledgment form. KWG declared its intentions and in 2019, the Company is on 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 aware of the importance of basic human rights in order to promote the respects of the rights and freedoms with fairness by promoting equality. The company is also dedicated to support the human rights in order to fight against the uses of child labors.

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 2019, 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, and 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 CRM activities and invites customers to attend. This year we sponsored Loi Krathong festival for our Villa Arcadia Srinakarin tenants as they gathered to make Krathong and sharing the food in the event. 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. In August 2, 2019, as a part of ongoing corporate social responsibility endeavors, the Vice Chairman of KWG, Mr. Antonio Hang Tat Chan with approximately 120 voluntary employees from KWG and KWI promoted a good society by giving scholarships of 140,000 baht and provide creative recreational activities for 150 kindergarten students age 3-6 years old at Duang Prateep Kindergarten School. The companies were also promoting "Saturday Learning Program" activities by giving awards to encourage nine students who selected to be



the outstanding youths from the program. Moreover, the employees led the students painting the fabric bags with crayons encouraging global warming campaign and they improved the lunch vegetable plot for students as well. 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 activities.





On September 10, 2019, KWG celebrated the successful implementation of The Hong Kong Scholarship Program for “Belt and Road” students (Thailand) over the past two years. The event was attended by Mrs. Nuttha Soontrapa, Acting Consul-General of Thailand, Mr. Kevin Yeung, Hong Kong Secretary for Education, representatives from Hong Kong’s renowned universities, distinguished guests and all students who were awarded the scholarships.

Under the program, a scholarship of up to HK\$1.7 million per student will be offered annually to ten outstanding (Thai) students (per year). Students would enroll in undergraduate program of publicly funded educational institutions in Hong Kong for three academic years. Currently, thirty outstanding students from Thailand are pursuing undergraduate studies among different universities in Hong Kong. These include the University of Hong Kong, the Chinese University of Hong Kong, the Hong Kong University of Science and Technology, Hong Kong Baptist University and City University of Hong Kong.

The scholarship program also helped open a great opportunity for students from disadvantaged backgrounds.

At the event, several scholars shared their stories of how the program helped lighten their financial burdens. One of them was a student of Karen descent who grew up in a refugee camp in Thailand. Currently, she studies in journalism at Hong Kong Baptist University. She said, “Many young people resort to hopelessness at thoughts of being unable to afford further education, and many do give up searching for sources of help. I remain grateful to the Belt and Road Scholarship present here today, for negating this mystery, for letting students across the country know that if they desire to pursue higher education, hardly will financial matters restrain them.”

In 2019, 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 6th year supporting the 25 Children in Chaiyaphum Province, 350 kilometers Northeast away from Bangkok.

- We continue sponsoring for the 7th year with CCF Thailand foundation from QBE since 2013

- The Sponsors 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.

The Group continues to invest and support community projects and charitable services through donations and sponsorships to charities and industry-related and professional bodies, as well as organising volunteer and caring services for the needy and underprivileged.



The Group has supported employees in their participation in a number of activities designed to provide support and comfort to less fortunate members of society. These activities included but not limited to fund raising activities such as "Skip Lunch Day", "Love Teeth Day", and "Dress Causal Day".



KWG is constantly searching for different ways and different platforms to enrich educational opportunities. The company is building a momentum to contribute to the society.

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

In Y2019, even the global economy confronted with the impact from China-United States trade war and the potential withdrawal of the United Kingdom (UK) from European Union (EU). The global growth has been slow down to 3.0 % at the year-end that was the lowest growth rate since the Y2010 crisis. This also impact to Thailand's economy because Thailand is heavily dependent on the global economic. The Baht's Appreciation downsized the export volume and decreased tourism income. Thailand's growth expectation, reduced to 2.5% at the year-end. Additionally, the property sector affected from the Bank of Thailand's corporate governance and regulation about mortgage lending.

The world economic growth in Y2020 forecasted to increase to 3.4% because of "Phase One trade deal" of United States-China, the distinctness of the United Kingdom's withdrawal from the European Union, The presidential election result of United States in the year-end. The growth of Thailand's economic in Y2020 expect to increase to 2.8% from the continuous expansion in export sector. Even there were a COVIT-19 virus explodes in China and but rapidly expanding throughout many countries. That's to be expected that China will get the disease under control shortly. And the vaccine will be able to be developed soon by the co-operation of countries soon.

In Y2019, the company recorded revenue from sales of property, rental and service for THB 60 million decreased by 75.71% compared to THB 247 million in Y2018. The property sales in Y2019 were accounted for THB 13.8 million, while rental and service income were THB 46.2 million. (Property sales: 23%, Rental Services: 77%). The revenue was decreased due to only 2 outstanding units in Villa Arcadia Srinakarin had already been sold out and transferred. And the single detached houses project in Watcharapol area have been under construction and the

3 new condominium projects are on process of designing the construction layout. That's why the company has not realized the revenue of those projects yet. The Company generated gross profit from property businesses of THB 35.4 million, decreased by 68.89% comparable to THB 113.8 million in Y2018. The Company recorded gross operating loss from insurance business in the amount of THB -108.0 million contributed from net premium earned amounted THB -71.7 million, fee and commission income amounted THB 99.4 million, net claim paid amounted THB -13.4 million, commission and brokerage expenses amounted THB -75.3 million and other underwriting expenses amounted THB -46.9 million. The net operating loss in Y2019 presented THB - 392.4 million, increased by THB 461.4 million or 668.7% compared to Net profit THB 69.0 million in Y2018. The key driven factor for this increased deficit was the recognition of valuation loss from fair value adjustment on its investment property amounted THB -0.1 million, increased by THB 571.1 million or 100.0% comparable to the valuation gain recognized in the amount of THB 571.0 million in Y2018 for the company's land areas in WangNoi Ayudhaya province and in Chachoengsao province. Excluding the leverage from revaluation gain of those investment properties, the operation performance will result a net loss in the amount of THB 392.3 million, decreased by THB -109.8 million or -21.87% comparable to the net operating loss THB 502.1 million in Y2018.

In Y2019, the company had total assets of THB 7,847.2 million, decreased by THB -323.0 million or -3.95% compared to THB 8,170.2 million in Y2018. Total current assets were THB 2,759.3 million, decreased by THB -368.4 million or -11.78% compared to THB 3,127.7 million in Y2018. The main reason of assets reduction were from a reduction of cash and cash equivalents in the amount of THB 223.5 million, decreased by THB -379.3 million or -62.92% from 602.8 million in Y2018, while the cost of

property development were THB 1,928.6 million, increased by THB 136.4 million or 7.61% compared to THB 1,792.2 million in Y2018 mainly due to the underdevelopment of property sold project in Watcharapol and the company has started development of the condominium projects in Rama 4, S31 and S61 projects.

BUSINESS OPERATION

REVENUE

Income of the Company and its subsidiaries consists of revenue from rental service of the office building, sale of land and houses, and insurance business.

Revenue from Real Estate business. In Y2018, the Company generated THB 46.2 million from rental service of the office building, reduced by THB 0.7 million or 1.49% from THB 46.9 million in Y2018. Revenue from sales of land and houses in Y2019 amounted to THB 13.8 million, decreased THB 186.4 million or 93.11% from THB 200.2 million in Y2018. Gross profit was THB 35.4 million, decreased by THB 78.4 million or 68.89% from THB 113.8 million in Y2018. The company recorded an unrealized fair value gain on its investment properties in the amount THB -0.1 million in Y2019 increased by THB 571.2 million or 100%, comparable to THB 571.1 million in Y2018. The gain from exchange rate which incurred from foreign currency loan was THB 21.8 million, increased by THB 10.2 million or 87.93% from THB 11.6 million in Y2018.

Revenue from insurance business contributed from net premium earned amounted THB -71.7 million, increased by THB 80.1 million or 52.77% from THB -151.8 million in Y2018, the fee and commission income amounted THB 99.4 million, increased by THB 11.9 million or 13.60% from THB 87.5 million in Y2018, the net claim paid amounted THB -13.4 million, increased by THB 47.1 million or 139.76% from THB 33.7 million in Y2018, the commission and brokerage expenses amounted THB -75.3 million, increased by THB 26.0 million or 52.74% from THB -49.3 million in Y2018, and other underwriting expenses amounted THB

-46.9 million, increased by THB 17.7 million or 60.62% from THB -29.2 million in Y2018. The company recorded other income of THB 12.6 million in Y2019, increased by THB 2.0 million or 18.87% from THB 10.6 million in Y2018 that was mainly due to the revenue generated from investment in insurance business in the amount of THB 10.6 million.

EXPENSE

In Y2019, the company incurred cost of property sold of THB 9.6 million, decreased by THB 108.7 million or 91.89% from THB 118.3 million in Y2018. Selling expenses were THB 11.9 million, decreased by THB 16.8 million or 58.54% from THB 28.7 million in Y2018, mainly due to the special business taxes and the advertising expenses. Administrative expenses were THB 268.2 million, decreased by THB 45.8 million or 14.59% from THB 314.0 million in Y2018, mainly due to the reduction of consultancy fee and staff expenses. The financial costs were THB 74.0 million, increased by THB 2.0 million or 2.78% from THB 72.0 million, mainly due to the bank loans.

INCOME TAX EXPENSE

In Y2018, the company recorded the deferred income taxes from net valuation gain from fair value adjustment on its investment properties in the amount of THB 114.2 million, decreased by the entire amount or -100.0% due to the income tax expenses was nil in Y2019.

FINANCIAL POSITION

ASSETS

As ended of Y2019, the Company had total assets in the amount of THB 7,847.2 million, decreased by THB -323.0 million or -3.95% compared to THB 8,170.2 million in Y2018. Total current assets were THB 2,759.3 million, decreased by -368.4 million or -11.78% compared to THB 3,127.7 million in Y2018, mainly due to the reduction of Cash and Cash equivalent which were THB 223.5 million in Y2019, decreased by THB -379.3 million or -62.92% from THB 602.8 million in Y2018. Trade and other receivable were THB 191.3 million, decreased by THB -30.8 million or -13.87% from THB 222.1 million in Y2018. Reinsurance

Assets were THB 286.4 million, decreased by THB -112.7 million or -28.24% from THB 399.1 million in Y2018. The investment in securities were THB 369.0 million, decreased by -12.7 million or -3.33% from THB 381.7 million in Y2018. The buildings and equipment were THB 57.7 million decreased by THB -29.6 million or -33.91% from THB 87.3 million in Y2018. The cost of property development were THB 1,928.6 million, an increase of THB 136.3 million or 7.60% compared to THB 1,792.3 million in Y2018, mainly due to the ongoing development project of real estate in Wacharapol area, the company has started developing the 3 condominium projects at Praram 4, Sukhumvit 31, and Sukhumvit 61. The intangible assets were THB 144.7 million increased by THB 73.4 million or 102.95% from THB 71.3 million in Y2018. Return from Assets (ROA) was -4.90%, decreased by -557.94% from 1.07% in Y2018. And total asset turnover ratio was 0.01%, decreased by -50.00% from 0.02% in Y2018.

LIABILITIES

As ended of Y2019, total liabilities were THB 5,181.0 million, increased by THB 70.0 million or 1.37% compared to THB 5,111.0 million in Y2018. This was mainly due to an increment of short-term loan from related companies. Trade and other payable in Y2019 were THB 288.7 million, decreased by THB -14.3 million or -4.72% compared to THB 303.0 million in Y2018. The provision for employee benefit were THB 36.1 million in Y2019, increased by THB 14.2 million or 64.84 % from THB 21.9 million in Y2018. Amount due to reinsurers were THB 251.9 million increased by THB 100.4 million or 66.27% compared to THB 151.5

million in Y2018. Unearned premium and commission income were THB 58.4 million, increased by THB 22.4 million or 62.22% compared to THB 36.0 million in Y2018. Insurance Liabilities were THB 512.6 million, decreased by THB 218.0 million or 29.84% compared to THB 730.6 million in Y2018. In Y2018, the bill of exchange amounted THB 88.1 million had already been redeemed by investor. The current portion of financial institution loan were THB 827.8 million increased by THB 530.8 million or 178.72% from THB 297.0 million in Y2018. While the long term loan from financial institution were THB 466.0 million, decreased by THB 489.7 million or 51.24% from THB 955.7 million in Y2018. A debt to equity ratio equaled to 1.94 times, increased by 16.17% from 1.67 times in Y2018. A quick ratio equaled to 0.16 times, decreased by -63.64% from 0.44 times in Y2018 while a current ratio equaled to 1.04 times, decreased by -37.35% from 1.66 times in Y2018.

SHAREHOLDERS' EQUITIES

As ended of Y2019, the Company posted a total shareholders' equity of THB 2,666.2 million, decreased by THB -393.0 million or -12.85% compared to THB 3,059.2 million in Y2018. The Company's equities in Y2019 was recorded at THB 3,132.8 million, decreased by THB -246.9 million or -7.29% compared to THB 3,385.7 million in Y2018. Return on equity (ROE) was -13.7%, decreased by 616.98% compared to 2.65% in Y2018.



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 Senior Assistant Vice President 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 especially a significant subsidiary which is King Wai Insurance, 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 2019 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 occasionally 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 in the first

part of meeting to meet with the Company's accounting responsible personnel and the Company's external auditor to acknowledge report and 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 2019 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 the connected 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.

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 2019 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 2019 KWG has continue doing business at its best to carry on committed target. The Audit Committee has considered and approved KWG's self-evaluation for Countering Bribery report submitted to Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). 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 2020

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 2020. 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, 2019, 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 Pimporash
Chairperson of the Audit Committee
9 March 2020

DIRECTOR'S REPORT AND FINANCIAL STATEMENT





REPORT OF THE INDEOENDENT 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, 2019, 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, 2019, 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>Valuation of investment properties</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"> ● Understanding of the Group design and implementation of the key internal controls over the valuation of investment properties. ● Performing operating effectiveness testing of key internal controls over the valuation of investment properties. ● Performing substantive audit procedures consisted of: <ul style="list-style-type: none"> - Evaluating the qualification, competence and independence of the external appraisers. - Evaluating the appropriateness of key assumptions and valuation methodology used by the external appraisers in the valuation of the investment properties. - Considering the adequacy and appropriateness of the disclosure of fair value measurement of the investment property in note to the financial statements.

Key Audit Matters	Audit Responses
<p>Impairment of goodwill</p> <p>The consideration of impairment of goodwill is depended on the management's judgments and key assumptions. Therefore, the key audit matter is whether the valuation of goodwill and impairment of goodwill have been recognized in accordance with TFRSs.</p> <p>Accounting policies of goodwill and impairment and details of goodwill were disclosed in Notes 3.10, 3.12 and Note 18 to the financial statements, respectively.</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> ● Understanding the impairment consideration process and related internal control procedures ● Understanding the impairment consideration process and related internal control procedures ● Performing the operating effectiveness testing over the internal control procedures around impairment consideration process ● Performing substantive testing as follows: <ul style="list-style-type: none"> - Involving our internal specialists in assessing and testing the appropriateness of valuation model and key assumptions the management used in the estimation of the impairment provision for goodwill. - Examining the correctness of the data used in the estimation of the impairment provision for goodwill with supporting documents and relative report. - Examining the correctness of the calculation of the impairment provision for goodwill. - Reviewing the presentation and related disclosures whether they are made in accordance with TFRSs.
<p>Recognition of premiums written</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 inappropriate accounting period in which the transaction occurred. Key audit matter is whether the Group recognizes premiums 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>Key audit procedures included</p> <ul style="list-style-type: none"> ● Understanding operating procedures and internal control related to recognition of premiums written. ● Performing the design and implementation of internal controls procedures related to written premiums recognition. ● Performing the operating effectiveness testing over the internal control procedures around revenue recognition of premiums written. ● Performing substantive audit procedures consisted of: <ul style="list-style-type: none"> - Examining the documents for the recognition of premiums written before and after the reporting period by consideration the policies effective date that has been recognized in an appropriate accounting period. - Examining the documents that are made through the General Journal Entries (Journal Entries), especially in relation to the recognition of written premiums. - Performing analytical procedures on financial information relating premiums written.

Key Audit Matters	Audit Responses
<p>Loss reserves</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 measurement and recognition of loss reserves is 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>Key audit procedures included</p> <ul style="list-style-type: none"> ● Understanding the operating procedures and internal control related to recognition of loss reserves. ● Performing the design and implementation of internal controls procedures related to loss reserves recognition. ● Performing the operating effectiveness testing over the internal control procedures around the recognition of loss reserves. ● Performing substantive audit procedures consisted of: <ul style="list-style-type: none"> - Examining the loss reserves by considering the process of transaction approval and other significant supporting documents to determine whether loss reserves are recognized an appropriate value. - Inquiry of measurement criteria and key assumptions used in the estimation by actuary to assess 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. - Performing analytical procedures on financial information relating to loss reserves.

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 25, 2020

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

STATEMENT OF FINANCIAL POSITION

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
AS AT DECEMBER 31, 2019

UNIT : BAHT					
	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	223,483,619	602,828,707	4,343,425	67,578,612
Trade and other current receivables	8	191,274,431	222,075,741	481,918,190	390,994,058
Reinsurance assets	9	286,422,307	399,109,548	-	-
Due from reinsurers	10	25,603,564	10,320,750	-	-
Cost of property development	11	1,928,604,971	1,792,284,226	-	-
Other current assets	12	103,916,708	101,094,579	1,159,353	1,331,585
Total Current Assets		2,759,305,600	3,127,713,551	487,420,968	459,904,255
NON-CURRENT ASSETS					
Refundable withholding tax		38,871,285	35,162,882	22,305,068	18,790,527
Restricted bank deposits	13	40,562,422	36,850,710	-	-
Investments in securities	14	369,023,325	381,656,057	475,300	458,750
Investments in subsidiaries	15	-	-	1,392,455,713	1,627,352,543
Long-term loans to subsidiaries	38.2	-	-	1,938,175,684	1,852,837,086
Investment properties	16	4,013,465,660	4,013,454,259	395,295,160	395,295,160
Plant and equipment	17	57,714,865	87,269,202	30,534,730	38,692,733
Goodwill	5, 18	272,899,088	272,899,088	-	-
Other intangible assets	18	144,725,794	71,329,955	2,824,651	2,996,277
Other non-current assets	19	150,600,159	143,868,502	4,700,936	3,870,208
Total Non-current Assets		5,087,862,598	5,042,490,655	3,786,767,242	3,940,293,284
TOTAL ASSETS		7,847,168,198	8,170,204,206	4,274,188,210	4,400,197,539

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
AS AT DECEMBER 31, 2019

UNIT : BAHT					
	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowings from a financial institution	20	887,157,851	741,493,328	887,157,851	741,493,328
Trade and other current payables	21	288,659,158	302,958,415	34,016,255	40,225,699
Advances received from customers		5,717,950	995,000	-	-
Due to reinsurers	22	251,920,204	151,467,673	-	-
Unearned fee and commission income		58,369,536	36,004,752	-	-
Current portion of long-term borrowings from a financial institution	20	827,800,000	297,000,000	-	-
Current portion of long-term borrowings from a related party	38.5	245,992,850	261,001,642	-	-
Short-term borrowings from a related party	38.3	70,000,000	-	70,000,000	-
Bill of exchange	23	-	88,146,058	-	88,146,058
Other current liabilities		6,724,571	1,535,616	863,499	1,215,329
Total Current Liabilities		2,642,342,120	1,880,602,484	992,037,605	871,080,414
NON-CURRENT LIABILITIES					
Long-term borrowings from financial institutions	20	465,955,873	955,738,304	-	-
Long-term borrowings from a subsidiary	38.4	-	-	51,758,429	51,520,000
Long-term borrowings from related person or parties	38.5	1,205,025,447	1,205,025,447	-	-
Deposit from customers		11,106,486	11,885,278	10,531,805	10,728,898
Prepayment from customers for housing estate juristic person		27,328,763	26,939,148	-	-
Non-current provisions for employee benefits	24	36,106,630	21,887,351	13,057,035	7,159,761
Insurance contract liabilities	25	512,572,927	730,557,370	-	-
Deferred tax liabilities	26	275,952,219	275,979,018	71,989,912	72,018,991
Other non-current liabilities	27	4,586,300	2,412,500	2,000,000	2,000,000
Total Non-current Liabilities		2,538,634,645	3,230,424,416	149,337,181	143,427,650
TOTAL LIABILITIES		5,180,976,765	5,111,026,900	1,141,374,786	1,014,508,064

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
AS AT DECEMBER 31, 2019

		UNIT : BAHT			
	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	28				
Authorizes share capital					
1,317,053,470 ordinary shares of Baht 10 each		13,170,534,700	13,170,534,700	13,170,534,700	13,170,534,700
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	13,170,534,700	13,170,534,700
Share discount on ordinary shares		(8,883,980,236)	(8,883,980,236)	(8,883,980,236)	(8,883,980,236)
Difference from acquisition of assets under					
common control	15	(5,109,245)	(5,109,245)	-	-
Difference from acquisition of non-controlling interests	15	(136,284,018)	(136,284,018)	-	-
Retained earnings (deficit)					
Appropriated - legal reserve	29	12,525,332	12,525,332	2,075,332	2,075,332
Unappropriated		(1,461,581,561)	(1,081,004,436)	(1,182,002,948)	(929,110,347)
Other components of shareholders' equity		23,935,506	22,749,104	26,186,576	26,170,026
TOTAL OWNERS OF THE PARENT		2,720,040,478	3,099,431,201	3,132,813,424	3,385,689,475
NON-CONTROLLING INTERESTS		(53,849,045)	(40,253,895)	-	-
TOTAL SHAREHOLDERS' EQUITY		2,666,191,433	3,059,177,306	3,132,813,424	3,385,689,475
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,847,168,198	8,170,204,206	4,274,188,210	4,400,197,539

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

STATEMENT OF COMPREHENSIVE INCOME

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT					
	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
		2019	2018	2019	2018
Revenue from sale of property		13,800,000	200,150,000	-	-
Rental and services income		46,158,672	46,868,500	46,563,550	46,488,640
Net premium earned	30	(71,661,474)	(151,794,517)	-	-
Fee and commission income		99,364,127	87,506,654	-	-
Cost of property sold		(9,615,709)	(118,264,574)	-	-
Cost of rental and services		(14,940,197)	(14,998,917)	(14,896,915)	(14,762,469)
Net claim incurred		(13,422,718)	33,670,489	-	-
Commission and brokerage expenses		(75,342,969)	(49,305,714)	-	-
Other underwriting expenses		(46,915,503)	(29,211,461)	-	-
Gross profit (loss)		(72,575,771)	4,620,460	31,666,635	31,726,171
Other income	31	12,576,642	10,622,775	113,808,641	99,120,516
Gain (loss) from fair value adjustments on investment properties		(133,994)	571,077,120	(145,395)	(229,355)
Gain on foreign exchange rate, net		21,801,319	11,596,192	-	-
Selling expenses		(11,894,235)	(28,715,002)	(2,156,652)	(3,064,137)
Administrative expenses	32	(268,232,609)	(314,064,829)	(123,650,091)	(183,478,165)
Loss from impairment of investment in subsidiaries	15	-	-	(234,896,830)	(1,284,967)
Profit (loss) before finance costs and income tax expense		(318,458,648)	255,136,716	(215,373,692)	(57,209,937)
Finance costs	34	(73,973,244)	(71,896,222)	(37,547,988)	(30,197,686)
Profit (loss) before income tax expense		(392,431,892)	183,240,494	(252,921,680)	(87,407,623)
Income tax income (expense)	36	26,799	(114,215,424)	29,079	45,871
PROFIT (LOSS) FOR THE YEAR		(392,405,093)	69,025,070	(252,892,601)	(87,361,752)

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

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT					
	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
		2019	2018	2019	2018
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income (loss)					
that will be reclassified to profit or loss					
Gain (loss) from remeasuring to fair value of					
available-for-sale investment		1,291,925	(5,125,847)	16,550	(52,000)
Gain from reclassification of investment		-	1,324,696	-	-
Written off (gain) loss from reclassification of					
investment from sale of investment		(94,301)	295,417	-	-
Total components of other comprehensive					
income (loss) that will be reclassified to					
profit or loss		1,197,624	(3,505,734)	16,550	(52,000)
Components of other comprehensive income					
that will not be reclassified to profit or loss					
Remeasurements of post-employment					
benefit obligations		(1,778,404)	7,397,907	-	6,486,069
Total components of other comprehensive					
income that will not be reclassified to					
profit or loss		(1,778,404)	7,397,907	-	6,486,069
Other comprehensive income					
(loss) for the year, net of tax		(580,780)	3,892,173	16,550	6,434,069
Total comprehensive income					
(loss) for the year		(392,985,873)	72,917,243	(252,876,051)	(80,927,683)
Profit (loss) attributable to:					
Owners of the parent		(378,815,617)	35,260,272	(252,892,601)	(87,361,752)
Non-controlling interests		(13,589,476)	33,764,798	-	-
		(392,405,093)	69,025,070	(252,892,601)	(87,361,752)
Total comprehensive income					
(loss) attributable to:					
Owners of the parent		(379,390,723)	39,100,526	(252,876,051)	(80,927,683)
Non-controlling interests		(13,595,150)	33,816,717	-	-
		(392,985,873)	72,917,243	(252,876,051)	(80,927,683)
Earnings (losses) per share					
Basic earnings (losses) per share attributable					
to owners of the parent (Baht)	37	(0.28)	0.03	(0.19)	(0.07)

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY CONSOLIDATED FINANCIAL STATEMENT

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT													
Attributions to Owners of the Parent													
Notes		Issued and paid-up share capital	Share discount on ordinary shares	Difference from acquisition of assets and non-controlling interest	Attributions to Owners of the Parent				Other components of shareholders' equity				Total
					Retained earnings (deficit)		Other comprehensive income (loss)		Surplus on revaluation of assets		Total of other components of shareholders' equity		
					Appropriated - Legal reserve	Unappropriated	Surplus (deficit) on revaluation of available-for-sale investments	Surplus (deficit) on reclassification of investments	Surplus on revaluation of assets				
Beginning balances as at January 1, 2018													
Changes in shareholders' equity for the year													
		9,240,000,000	(5,945,541,485)	-	12,525,332	(1,171,066,349)	-	(89,250)	26,311,276	26,222,026	2,162,139,524	(8,663,346)	2,153,476,178
28	Increasing of ordinary shares	3,930,534,700	(2,938,438,751)	-	-	-	-	-	-	-	992,095,949	-	992,095,949
15	Difference from acquisition of assets under common control	-	-	(5,109,245)	-	-	-	-	-	-	(5,109,245)	-	(5,109,245)
15	Difference from acquisition of non-controlling interests	-	-	(136,284,018)	-	47,488,465	-	-	-	-	(88,795,553)	(47,488,465)	(136,284,018)
	Decrease of non-controlling interest from investment in subsidiaries	-	-	-	-	-	-	-	-	-	-	(17,918,801)	(17,918,801)
	Total comprehensive income (loss) for the year	-	-	-	-	42,573,448	(5,077,645)	1,604,723	-	(3,472,922)	39,100,526	33,816,717	72,917,243
Ending balances as at December 31, 2018													
		13,170,534,700	(8,883,980,236)	(141,393,263)	12,525,332	(1,081,004,436)	(5,166,895)	1,604,723	26,311,276	22,749,104	3,099,431,201	(40,253,895)	3,059,177,306
Beginning balances as at January 1, 2019													
Changes in shareholders' equity for the year													
		13,170,534,700	(8,883,980,236)	(141,393,263)	12,525,332	(1,081,004,436)	(5,166,895)	1,604,723	26,311,276	22,749,104	3,099,431,201	(40,253,895)	3,059,177,306
	Total comprehensive income (loss) for the year	-	-	-	-	(380,577,125)	1,279,807	(93,405)	-	1,186,402	(379,390,723)	(13,595,150)	(392,985,873)
Ending balances as at December 31, 2019													
		13,170,534,700	(8,883,980,236)	(141,393,263)	12,525,332	(1,461,581,561)	(3,887,088)	1,511,318	26,311,276	23,935,506	2,720,040,478	(53,849,045)	2,666,191,433

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY SEPARATE FINANCIAL STATEMENT

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT									
		Other components of shareholders' equity							
		Share discount on ordinary shares	Retained earnings (deficit)		Other comprehensive income (loss)			Total of other components of shareholders' equity	
			Appropriated - Legal reserve	Unappropriated	Surplus (deficit) on revaluation of available-for-sale Investments	Surplus on revaluation of assets	Total of other components of shareholders' equity		
Beginning balances as at January 1, 2018									
Changes in shareholders' equity for the year									
Increasing of ordinary shares		28	3,930,534,700	-	-	-	-	-	992,095,949
Total comprehensive loss for the year			-	-	-	(80,875,883)	(52,000)	(52,000)	(80,927,883)
Ending balances as at December 31, 2018			13,170,534,700	2,075,332	(929,110,347)	(141,250)	26,311,276	26,170,026	3,385,689,475
Beginning balances as at January 1, 2019			13,170,534,700	2,075,332	(929,110,347)	(141,250)	26,311,276	26,170,026	3,385,689,475
Changes in shareholders' equity for the year									
Total comprehensive income (loss) for the year			-	-	(252,892,601)	16,550	-	16,550	(252,876,051)
Ending balances as at December 31, 2019			13,170,534,700	2,075,332	(1,182,002,948)	(124,700)	26,311,276	26,186,576	3,132,813,424

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

STATEMENT OF CASH FLOWS

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

					UNIT : BAHT
	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before income tax		(392,431,892)	183,240,494	(252,921,680)	(87,407,623)
Adjustments for:					
Depreciation	17	29,917,143	14,377,790	8,845,196	8,578,219
Amortization	18	197,770	173,158	176,992	166,738
Unrealised gain on foreign exchange rate		(21,791,819)	(11,595,980)	-	-
Amortization of investments in securities		-	(560,580)	-	-
(Gain) loss from sales of investments in securities		(94,301)	54,550	-	-
Gain on sales of fixed assets		(1,061,217)	(480,383)	-	-
Loss on written-off fixed assets		2,536,959	300,917	-	300,917
Loss from impairment of building and equipment		1,652,295	-	-	-
(Gain) loss from fair value adjustments on investment properties		133,994	(571,077,120)	145,395	229,355
Unearned premium reserve		3,810,662	130,946,702	-	-
Incurred but not report increase (decrease)		9,585,135	(10,762,109)	-	-
Employee benefit expenses		12,528,875	7,722,488	5,897,274	5,830,288
Loss from decrease in value of property development cost		-	(5,811,594)	-	-
Loss from diminution in value of cost of property development		(25,835,371)	25,835,371	-	-
Interest income		(276,540)	(1,604,077)	(91,894,634)	(69,027,993)
Finance costs	34	73,973,244	71,896,222	37,547,988	30,197,686
Loss on impairment of investment in a subsidiary	15	-	-	234,896,830	1,284,967
Loss from operations before changes in operating assets and liabilities		(307,155,063)	(167,344,151)	(57,306,639)	(109,847,446)
Operating assets (increase) decrease					
Trade and other current receivables		30,821,989	379,064	835,353	4,890,110
Reinsurance assets		99,291,444	44,018,318	-	-
Due from reinsurers		(15,282,814)	883,636	-	-
Cost of property development		(107,838,609)	(3,871,442)	-	-
Other current assets		(3,822,129)	(73,405,836)	172,232	78,853
Refundable withholding tax		-	2,294,270	-	2,190,375
Other non-current assets		(6,731,657)	10,412,280	(830,728)	149,621,260
Operating liabilities increase (decrease)					
Trade and other current payables		(25,207,777)	74,966,152	(3,880,858)	(1,345,775)
Advance received from customers		4,722,950	(3,507,500)	-	-
Due to reinsurers		100,452,531	(218,397,818)	-	-
Unearned fee and commission income		22,364,784	(39,776,207)	-	-
Other current liabilities		5,188,980	221,779	(351,830)	260,840
Non-current provisions for employee benefits		(88,000)	(56,000)	-	-
Insurance contract liabilities		(217,984,443)	(179,020,943)	-	-
Other non-current liabilities		(389,177)	1,440,524	(197,093)	294,188
Cash received (paid) from operations		(421,656,991)	(550,763,874)	(61,559,563)	46,142,405
Income tax paid		(3,708,403)	(5,156,965)	(3,514,542)	(3,153,389)
Net cash provided by (used in) operating activities		(425,365,394)	(555,920,839)	(65,074,105)	42,989,016

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

STATEMENT OF CASH FLOWS (CONTINUED)

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT					
	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
		2019	2018	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in restricted bank deposits		(3,711,712)	(972,738)	-	-
Cash receipt from acquisition of assets - AEC city		-	160,432,782	-	-
Cash paid for investments in securities		(133,952,149)	(1,299,942,288)	-	-
Cash receipt from sales of investment in securities		147,876,806	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		-	-	(242,542,204)	(561,363,764)
Cash receipt from long-term loan to subsidiaries		-	-	134,069,540	159,623,990
Cash paid from short-term loan to other company		-	(1,000,000)	-	-
Cash receipt from short-term loan to other company		1,000,000	-	-	-
Cash paid for purchase of investment properties	6.1	(254,404)	(595,174)	(254,404)	(482,300)
Cash paid for purchase of plant and equipment	6.2	(28,113,272)	(23,642,068)	(4,695,317)	(6,852,450)
Cash receipt from sales of equipment		1,769,505	504,795	-	-
Cash paid for purchase of computer program	6.3	(44,052,659)	(53,446,777)	(122,529)	(1,848,617)
Cash receipt from interest income		279,870	1,600,558	135,148	1,838,738
Net cash used in investing activities		(59,158,015)	(306,975,328)	(113,409,766)	(1,682,074,625)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash receipt from short-term borrowings from					
a financial institution		214,920,000	-	214,920,000	-
Cash repayment for short-term borrowings from					
financial institutions		(70,000,000)	(28,703,411)	(70,000,000)	(28,703,411)
Cash receipt from short-term borrowings from					
related company		70,000,000	-	70,000,000	-
Cash receipt from long-term borrowings from					
financial institutions		269,969,640	96,200,000	-	-
Cash repayment for long-term borrowings from					
financial institutions		(234,000,000)	(24,400,000)	-	-
Cash receipt from long-term borrowings					
from subsidiaries		-	-	23,372,496	372,306,758
Cash receipt from bills of exchange		-	87,427,476	-	87,427,476
Cash payment for redemption of bill of exchange		(90,000,000)	-	(90,000,000)	-
Cash receipt from share capital		-	920,000,220	-	920,000,220
Cash payment for share capital issue expenses		-	(2,874,266)	-	(2,874,266)
Cash payment for interest expenses		(55,711,319)	(57,316,028)	(33,043,812)	(29,156,738)
Net cash provided by financing activities		105,178,321	990,333,991	115,248,684	1,319,000,039
Net increase (decrease) in cash and cash equivalents		(379,345,088)	127,437,824	(63,235,187)	(320,085,570)
Cash and cash equivalents at beginning of year		602,828,707	475,390,883	67,578,612	387,664,182
Cash and cash equivalents at ending of year	7	223,483,619	602,828,707	4,343,425	67,578,612

Notes to the financial statements from 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, 2019

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 30th Floor, Jewellery Centre Building, 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 and its branch is located at 47th 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, 2019 and 2018 were as follows:

Name of the entities	Type of business	Country of Incorporation	Ownership interest (%)	
			2019	2018
Direct subsidiaries				
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	99.98
KWG Explore Limited	Property development	Thailand	99.98	99.98
NVV Development Co., Ltd.	Property development	Thailand	100.00	100.00
S31 Limited	Property development	Thailand	99.98	99.98
S61 Limited	Property development	Thailand	100.00	100.00
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.	Property development	Thailand	100.00	100.00
King Wai Capital Limited	Investment	Thailand	100.00	100.00
Indirect subsidiaries				
King Wai Insurance PCL.	Non-life insurance	Thailand	99.05	99.05

The Group and the Company 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 and the Company 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 2018) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2019 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 of financial position as at December 31, 2018, presented herein for comparison, have been derived from the consolidated and separate financial statements of the Group and the Company for the year then ended which were audited.

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 year financial statements

During the year, 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, 2019. 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 financial reporting standard as follow:

Thai Financial Reporting Standard No.4 (Revised 2018) "Insurance Contracts"

This revised financial reporting standard 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 until annual periods beginning before January 1, 2023 or before Thai Financial Reporting Standard No. 17 "Insurance Contracts" is effective.

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

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation 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, 2020 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 provision of interpretations and accounting guidance to users of standards.

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 has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any material impact on the financial statements of the Group in the period of initial application, except the financial reporting standards as follow:

Thai Accounting Standard No.12 "Income Taxes"

This revised accounting standard clarifies about recognition the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. An entity shall apply those amendments to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Earlier application is permitted.

Thai Accounting Standard No.19 "Employee Benefits"

This revised accounting standard clarifies that the past service cost or of the gain or loss on settlement is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment or curtailment or settlement but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). This accounting standard requires prospective method for such amendment. It applies only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which it is first applied. Earlier application is permitted.

Thai Accounting Standard No.23 "Borrowing Costs"

This revised accounting standard clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This accounting standard requires prospective method for such amendment. Earlier application is permitted.

Group of Financial Instruments Standards

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 group of Standards 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 Company'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 Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Group's management is in the process to assess the impact of these Financial Instruments Standards on the financial statements of the Group in the period of initial application.

Thai Financial Reporting Standards No. 16 "Leases"

This TFRS provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 "Leases", Thai Accounting Standard Interpretation No.15 "Operating Lease - Incentives", Thai Accounting Standard Interpretation No.27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease" and Thai Financial Reporting Standard Interpretation No.4 "Determining whether on Arrangement contains a Lease".

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Group's management is in the process to assess the impact of these Financial Instruments Standards on the financial statements of the Group in the period of initial application.

The accounting guidelines for financial instruments and disclosures on insurance business

The Federation of Accounting Professions issued the accounting guidelines for financial instruments and disclosures on insurance business, which has been announced in the Royal Gazette on March 11, 2019 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards which allowed the adoption on this

accounting guidelines prior to the effective date for the financial statements beginning on or after January 1, 2019 onwards only. If an entity adopts this accounting guidelines prior to the effective date, the entity is required to disclose such adoption. However, the Company's management does not adopt such accounting guidelines for financial instruments and disclosures on insurance business prior to the effective date.

Thai Financial Reporting Standard No.4 "Insurance Contracts"

The Federation of Accounting Professions issued Thai Financial Reporting Standard No.4 "Insurance Contracts", which has been announced in the Royal Gazette on September 24, 2019 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. This revised financial reporting standard determines the option for insurance industry to temporary exempt from applying Thai Financial Reporting Standard No. 9 "Financial Instruments" and Thai Financial Reporting Standard No. 7 "Financial Instruments: Disclosures" if an entity meets the criteria required by such revised Thai Financial Reporting Standard. An entity can elect to apply the accounting guidelines for financial instruments and disclosures on insurance business for the financial statements for the period beginning on or after January 1, 2020 until the period beginning on or after January 1, 2023 or before Thai Financial Reporting Standard No. 17 "Insurance Contracts" becomes effective. If an entity elects to adopt this exemption, the entity is required to disclose how the entity meets criteria for such temporary exemption and provide comparison information of the entity that applies temporary exemption with those that apply Thai Financial Reporting Standard No. 9 and Thai Financial Reporting Standard No. 7.

The Group's management elect to apply Thai Financial Reporting Standard No. 9 "Financial Instruments" and Thai Financial Reporting Standard No. 7 "Financial Instruments: Disclosures" which is effective for the financial statements for the period beginning on or after January 1, 2020 onwards.

The Group's management is in the process to assess the impact of the accounting guidelines for financial instruments and disclosures on insurance business and Thai Financial Reporting Standard No.4 "Insurance Contracts" 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 amortized 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 rental income or for capital appreciation or both, but not 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 recognized in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognized 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 recognized 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
Vehicles	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 recognized initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings.

Fees paid on the establishment of loan facilities are recognized 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 capitalized as a pre-payment for liquidity services and amortized 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 capitalization.

All other borrowing costs are recognized 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.

Actuarial gain (loss) arising from long service awards are recognized immediately in profit or loss.

Past service cost related to the plan amendment is recognized as an expense in the income statement when the plan amendment is effective.

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 recognized 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 capitalized 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 and recorded at fair value. Rental income (net of any incentives given to lessees) is recognized 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 from sales of property

Revenue from sales of property comprised of revenue from sales of land and detached houses and sales of condominium units that are recognized at a point in time as income when control of the asset has been transferred to the buyer.

Rental and services income

Rental and services income comprised of rental income from investment properties and services for utilities that are recognized on an accrual basis over the period of the contracts based on a straight-line basis.

Premium written

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

Reinsurance premium income

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 reinsurers.

Premium ceded

Premium ceded is recognized as expense when the insurance risk is transferred to another insurer as amounts specified in policies.

For long-term reinsurance policies with coverage periods longer than 1 year, ceded premium is recorded as prepaid expense and recognized as expense over the coverage period each year.

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 recognized 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 recognized when the reinsurer places the loss advice with the Group.

Claim recovery from reinsurers

Claims recovery from reinsurers is recognized 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 recognized 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 recognized 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, 2019 and 2018, 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 39).

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 47.2.6.

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 KWI and Sinkaonamahasarn Company Limited ("SIN") totalling 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 28). The money proceed from increased share capital will use for financing King Wai Capital Limited 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 authorized 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 99.98%.

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, purchase 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 KWI equal to Baht 685,905,635.

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

	Baht
Assets	
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
Total assets	1,837,237,336
Liabilities	
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
Total liabilities	1,417,798,904
Net identifiable assets and liabilities	419,438,432
Non-controlling interests	(6,431,885)
(calculated by acquiree's identifiable net assets according to proportionate ownership held by non-controlling interests)	
Consideration transferred	(685,905,635)
Goodwill	(272,899,088)

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 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 authorized share capital. The shareholding percentage 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.

KWI had total net revenue and net loss which was included in the financial performance for the year ended December 31, were as follows:

	Total net revenue		Net loss	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
King Wai Insurance PCL.	(39,519,138)	(55,528,384)	(181,140,767)	(152,102,841)

6. ADDITIONAL CASH FLOW INFORMATION AND CASH EQUIVALENTS

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Other payables and retention payable for purchasing investment properties as at January 1,	129,196	397,290	129,196	284,416
<u>Add</u> Purchase of investment properties	145,395	327,080	145,395	327,080
<u>Less</u> Cash paid for purchase of investment properties	(254,404)	(595,174)	(254,404)	(482,300)
Other payables and retention payable for purchasing investment properties as at December 31,	20,187	129,196	20,187	129,196

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Other payables and retention payable for purchasing plant and equipment as at January 1,	27,187,533	7,848,755	4,093,035	7,848,755
<u>Add</u> Purchase of plant and equipment	5,514,622	43,393,346	687,193	3,011,242
<u>Less</u> Provision for dismantling and removal cost	(2,173,800)	(412,500)	-	-
<u>Less</u> Cash paid for purchase of plant and equipment	(28,113,272)	(23,642,068)	(4,695,317)	(6,766,692)
Other payables and retention payable for purchasing plant and equipment as at December 31,	2,415,083	27,187,533	84,911	4,093,035

6.3 Non-cash transactions of intangible assets for the years ended December 31, were as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Other payables for purchasing intangible assets				
as at January 1,	613,089	729,164	613,089	729,164
Add Purchase of intangible assets	73,339,335	53,330,702	5,366	1,732,542
Less Cash paid for purchase of intangible assets	(44,052,659)	(53,446,777)	(122,529)	(1,848,617)
Other payables for purchasing intangible assets				
as at December 31,	29,899,765	613,089	495,926	613,089

6.4 Significant non-cash items in the consolidated and separate financial statements for the years ended December 31, were as follows:

Type of Transactions	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Increased (decreased) in surplus on revaluation of investments held as available-for-sale	1,197,624	52,000	(16,550)	52,000
Net offsetting of interest receivable and interest payable	-	-	93,653,007	69,557,586
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 payable	-	50,865	-	-
- Other current liabilities	-	1,803	-	-
- Long-term borrowings from related person or parties	-	1,205,025,447	-	-

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

As at December 31, 2019		CONSOLIDATED FINANCIAL STATEMENTS				
		Financing		Non-cash		
		cash flows		changes		
	Balance	Cash	Cash	Differences	Other	Balance
	as at	received	paid	on translation	Changes	as at
	January 1,			of financial		December 31,
	2019			statements		2019
	Baht	Baht	Baht	Baht	Baht	Baht
Short-term borrowings from a financial institution	741,493,328	214,920,000	(70,000,000)	-	744,523	887,157,851
Short-term borrowings from a related party	-	70,000,000	-	-	-	70,000,000
Bill of exchange	88,146,058	-	(90,000,000)	-	1,853,942	-
Long-term borrowings from financial institutions	1,252,738,304	269,969,640	(234,000,000)	-	5,047,929	1,293,755,873
Long-term borrowings from related person						
or parties	1,466,027,089	-	-	(15,008,792)	-	1,451,018,297
Total	3,548,404,779	554,889,640	(394,000,000)	(15,008,792)	7,646,394	3,701,932,021

As at December 31, 2018

CONSOLIDATED FINANCIAL STATEMENTS

	Financing cash flows		Non-cash changes			
Balance	Cash	Cash	Acquisition	Differences	Other	Balance
as at	received	paid	of	on translation	changes	as at
January 1,			Assets	of financial		December 31,
2018			AEC City	statements		2018
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 parties	269,248,039	-	1,205,025,447	(8,246,397)	-	1,466,027,089
Total	2,217,988,959	96,200,000	(53,103,411)	1,205,025,447	(8,246,397)	3,460,258,721

As at December 31, 2019

SEPARATE FINANCIAL STATEMENTS

	Financing cash flows		Non-cash changes		
Balance	Cash	Cash	Net offsetting	Other	Balance
as at	received	paid	with long-term	changes	as at
January 1,			loans		December 31,
2019					2019
Baht	Baht	Baht	Baht	Baht	Baht
Short-term borrowings from financial institutions	741,493,328	214,920,000	(70,000,000)	-	887,157,851
Short-term borrowings from a subsidiary	-	70,000,000	-	-	70,000,000
Bill of exchange	88,146,058	-	(90,000,000)	-	-
Long-term borrowings from subsidiaries	51,520,000	23,372,496	-	(23,134,067)	51,758,429
Total	881,159,386	308,292,496	(160,000,000)	2,598,465	1,008,916,280

As at December 31, 2018

SEPARATE FINANCIAL STATEMENTS

	Financing cash flows		Non-cash changes		
Balance	Cash	Cash	Net offsetting	Other	Balance
as at	received	paid	with long-term	changes	as at
January 1,			loans		December 31,
2018					2018
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
Total	821,096,739	372,306,758	(28,703,411)	(371,686,758)	793,013,328

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, consisted of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Cash on hand	632,000	532,000	360,000	360,000
Cash at banks - current accounts	9,060,908	24,855,924	2,077,637	2,126,890
- savings accounts	211,398,813	577,222,704	1,905,788	65,091,722
- 3-month fixed accounts	2,391,898	218,079	-	-
Total cash and cash equivalents	223,483,619	602,828,707	4,343,425	67,578,612

As at December 31, 2019, savings accounts and 3-month fixed accounts bear interest at the rates between 0.100% - 0.625% per annum and 0.800% per annum, respectively (December 31, 2018: 0.100% - 1.875% per annum and 0.800% per annum, respectively).

8. TRADE AND OTHER CURRENT RECEIVABLES

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Trade receivables	712,221	746,396	712,221	746,396
Other receivables - related parties	-	-	1,694,185	3,129,912
Other receivables - other parties	6,169,888	20,004,449	-	-
<u>Less</u> Allowance for doubtful accounts	(788,153)	(938,388)	-	-
	6,093,956	19,812,457	2,406,406	3,876,308
Premium receivables, net	120,303,336	54,344,679	-	-
Interest receivables - related parties	-	-	475,211,140	384,683,506
Interest receivables - other parties	12,084	15,414	-	-
Prepaid expenses	4,800,536	3,544,638	2,110,279	1,698,950
Prepaid premium ceded	4,248,848	105,366,561	-	-
Deferred acquisition costs	50,584,615	32,184,147	-	-
Accrued investment income	337,156	-	-	-
Advance payments	4,893,900	6,807,845	2,190,365	735,294
Total trade and other current receivables	191,274,431	222,075,741	481,918,190	390,994,058

Aging analysis of trade receivables is as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Trade receivables under credit term	698,221	683,532	698,221	683,532
Trade receivables due for payment				
- Not over 90 days	14,000	62,864	14,000	62,864
Total trade receivables	712,221	746,396	712,221	746,396

Aging analysis of premium receivables, net are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Within credit terms	67,730,831	32,747,680	-	-
Premium receivables due for payment				
- Not over 90 days	50,266,195	8,627,950	-	-
- Over 90 days	2,905,393	13,521,419	-	-
Total premium receivables	120,902,419	54,897,049	-	-
Less Allowance for doubtful accounts	(599,083)	(552,370)	-	-
Total premium receivables, net	120,303,336	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		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Insurance reserve refundable from reinsurers				
Loss reserves	56,698,496	271,916,450	-	-
Unearned premium reserve				
- Unearned reinsurance premium reserve	229,723,811	127,193,098	-	-
Total reinsurance assets (see Note 25)	286,422,307	399,109,548	-	-

10. DUE FROM REINSURERS

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Due from reinsurers	25,711,872	10,750,179	-	-
<u>Less</u> Allowance for doubtful accounts	(108,308)	(429,429)	-	-
Due from reinsurers, net	<u>25,603,564</u>	<u>10,320,750</u>	<u>-</u>	<u>-</u>

Aging analyzes for due from reinsurers as at December 31, consisted of the following:

	CONSOLIDATED	
	FINANCIAL STATEMENTS	
	2019	2018
	Baht	Baht
Within credit terms	14,422,231	4,831,212
Not over 12 months	6,507,566	3,266,288
Over 1 year to 2 years	2,477,924	2,217,621
Over 2 years	<u>2,304,151</u>	<u>435,058</u>
Total due from reinsures	25,711,872	10,750,179
<u>Less</u> Allowance for doubtful accounts	(108,308)	(429,429)
Due from reinsures, net	<u>25,603,564</u>	<u>10,320,750</u>

11. COST OF PROPERTY DEVELOPMENT

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Land and single detached house	44,617,618	9,816,335	-	-
Land under development	879,835,509	879,835,509	-	-
Land development cost	270,027,997	275,276,352	-	-
Construction in progress	108,439,849	86,361,462	-	-
Other development costs	606,797,230	547,943,171	-	-
Condominium units held for sales	<u>25,590,000</u>	<u>25,590,000</u>	<u>-</u>	<u>-</u>
	1,935,308,203	1,824,822,829	-	-
<u>Less</u> Allowance for diminution in value of cost of property development	(6,703,232)	(32,538,603)	-	-
Total cost of property development	<u>1,928,604,971</u>	<u>1,792,284,226</u>	<u>-</u>	<u>-</u>

As at December 31, 2019 and 2018, two subsidiaries mortgaged the land and single detached house, land under development and construction in progress amounting to Baht 469 million and Baht 460 million, respectively, as collateral for secured long-term borrowings from financial institutions (see Note 20.2) and the issuance of letter of guarantees facility of the subsidiary amounting to Baht 3.69 million (see Note 46).

During the years ended December 31, 2019 and 2018, the subsidiaries recorded borrowing costs of Baht 50.48 million and Baht 24.56 million, respectively, were capitalized as other development costs.

12. OTHER CURRENT ASSETS

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Value-added tax receivables	68,724,728	65,000,000	951,758	965,131
Refundable income tax	33,426,793	31,461,681	-	-
Input vat	3,167	3,167	3,167	3,167
Undue input vat	1,762,020	3,629,731	204,428	363,287
Other	-	1,000,000	-	-
Total other current assets	103,916,708	101,094,579	1,159,353	1,331,585

13. RESTRICTED BANK DEPOSITS

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Saving deposit at bank	3,322,098	-	-	-
3-month fixed deposit at bank	9,911,561	9,911,561	-	-
12-month fixed deposit at bank	27,328,763	26,939,149	-	-
Total restricted bank deposits	40,562,422	36,850,710	-	-

As at December 31, 2019 and 2018, 3-month fixed deposit at bank amounting to Baht 10 million of the subsidiaries are pledged as collateral for the letter of guarantees issuance (see Note 46). The 12-month fixed deposit at bank amounting to Baht 27 million, of the subsidiaries represent the payments received from customers in accordance with sale and purchase agreement of land 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.

As at December 31, 2019, such subsidiary additional pledged the saving deposit as collateral for the letter of guarantees issuance amounting to Baht 3.69 million (see Note 46) (2018: Nil).

14. INVESTMENTS IN SECURITIES

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

CONSOLIDATED FINANCIAL STATEMENTS				
	2019		2018	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
Available-for-sale investments				
Government securities	370,500,539	366,702,067	384,431,235	379,357,388
Private security	5,000,000	475,300	5,000,000	458,750
Total	375,500,539	367,177,367	389,431,235	379,816,138
<u>Less</u> Unrealized loss	(3,923,172)	-	(5,215,097)	-
<u>Less</u> Allowance for impairment	(4,400,000)	-	(4,400,000)	-
Total available-for-sale investments	367,177,367	367,177,367	379,816,138	379,816,138
Held-to-maturity investments				
Private enterprise debt securities	10,000,000		10,000,000	
Deposits at financial institutions				
with maturity over 3 months	1,283,838		1,277,799	
Total	11,283,838		11,277,799	
<u>Less</u> Allowance for impairment	(10,000,000)		(10,000,000)	
Total held-to-maturity investments	1,283,838		1,277,799	
General investments				
Non-marketable equity securities	562,120		562,120	
Total general investments	562,120		562,120	
Total investments in securities	369,023,325		381,656,057	

SEPERATE FINANCIAL STATEMENTS				
	2019		2018	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
	Baht	Baht	Baht	Baht
Available-for-sale investments				
Private security	5,000,000	475,300	5,000,000	458,750
<u>Less</u> Unrealized loss	(124,700)	-	(141,250)	-
<u>Less</u> Allowance for impairment	(4,400,000)	-	(4,400,000)	-
Total investments in securities	475,300	475,300	458,750	458,750

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 were as follows:

	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
	<u>606,450,290</u>	<u>607,774,986</u>	<u>1,324,696</u>

As at December 31, 2019 and 2018, certain government and state enterprise securities were pledged and used for assets reserved with the Registrar amounting to Baht 124.66 million and Baht 124.40 million, respectively (see Note 40).

The movements of investments for the years ended December 31, were as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Beginning balance of book value	381,656,057	510,750	458,750	510,750
Addition from business acquisition of KWI (see Note 5)	-	853,157,018	-	-
Increment during the year	133,952,149	148,280,354	-	-
Reduction during the year	(147,876,806)	(605,166,218)	-	-
<u>Less</u> Allowance for impairment	-	(10,000,000)	-	-
Unrealized loss decrease (increase)	1,291,925	(5,125,847)	16,550	(52,000)
Ending balance of book value	<u>369,023,325</u>	<u>381,656,057</u>	<u>475,300</u>	<u>458,750</u>

15. INVESTMENTS IN SUBSIDIARIES

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

Company's name	Type of business	SEPARATE FINANCIAL STATEMENTS						Net book value			
		Paid-up share capital		Shareholding proportion		Cost method		Allowance for impairment of investments		under cost method	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		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	374,749,980	(374,749,980)	(374,749,980)	-	-
TOP Property Co., Ltd.	Property development	563,400,000	563,400,000	61.00	61.00	343,673,900	343,673,900	(343,673,900)	(343,673,900)	-	-
Gold Star Property Co., Ltd.	Property development	409,100,000	409,100,000	100.00	100.00	409,099,800	409,099,800	(341,555,744)	(341,205,474)	67,544,056	67,894,326
Cornerstone Realty Co., Ltd.	Property development	1,000,000	1,000,000	99.98	99.98	999,800	999,800	(999,800)	(999,800)	-	-
KWG Explore Limited	Property development	1,000,000	1,000,000	99.98	99.98	999,800	999,800	(999,800)	(999,800)	-	-
NW Development Co., Ltd.	Property development	230,000,000	230,000,000	100.00	100.00	229,999,800	229,999,800	-	-	229,999,800	229,999,800
S31 Limited	Property development	1,000,000	1,000,000	99.98	99.98	999,800	999,800	-	-	999,800	999,800
S61 Limited	Property development	101,000,000	101,000,000	100.00	100.00	100,999,800	100,999,800	-	-	100,999,800	100,999,800
Praram4 Limited	Property development	1,000,000	1,000,000	99.98	99.98	999,800	999,800	-	-	999,800	999,800
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	88,200,000	100.00	100.00	223,459,817	223,459,817	-	-	223,459,817	223,459,817
King Wai Capital Co., Ltd.	Holding	1,000,000,000	1,000,000,000	100.00	100.00	999,999,800	999,999,800	(234,546,560)	-	765,453,240	999,999,800
Total investments in subsidiaries		2,688,981,497	2,688,981,497			2,688,981,497	2,688,981,497	(1,296,525,784)	(1,061,626,954)	1,392,455,713	1,627,352,543

The movements of investment in subsidiaries for the years ended December 31, were as follows:

	SEPARATE FINANCIAL STATEMENTS	
	2019	2018
	Baht	Baht
Beginning balance of net book value	1,627,352,543	280,677,293
Increasing of investment in subsidiaries	-	1,347,960,217
<u>Less</u> Loss from impairment of investment in subsidiaries	<u>(234,896,830)</u>	<u>(1,284,967)</u>
Ending balance of net book value	<u>1,392,455,713</u>	<u>1,627,352,543</u>

Investing in subsidiaries

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 person or 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 28). 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, were as follows:

	Baht
Assets	
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
Total assets	1,287,267,239
Liabilities	
Trade and other current payables	(50,865)
Other current liabilities	(1,803)
Long-term borrowing from related person or companies	(1,205,025,447)
Total liabilities	(1,205,078,115)
Net assets	82,189,124
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)
Difference from acquisition of assets under common control	(5,109,245)

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 full cash 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, were as follows:

	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 or 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 non-controlling interests in the amount of Baht 136.28 million in shareholder's equity in consolidated financial statements.

16. INVESTMENT PROPERTIES

The movements of investments properties which measured at fair value for the year ended December 31, are as follows:

	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, 2019	3,618,159,099	395,295,160	4,013,454,259	-	395,295,160	395,295,160
Subsequent expenditure	-	145,395	145,395	-	145,395	145,395
Gain (loss) from fair value adjustments on investment properties	11,401	(145,395)	(133,994)	-	(145,395)	(145,395)
As at December 31, 2019	<u>3,618,170,500</u>	<u>395,295,160</u>	<u>4,013,465,660</u>	<u>-</u>	<u>395,295,160</u>	<u>395,295,160</u>

	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	<u>3,618,159,099</u>	<u>395,295,160</u>	<u>4,013,454,259</u>	<u>-</u>	<u>395,295,160</u>	<u>395,295,160</u>

For the years ended December 31, 2019 and 2018, the Group recognized rental income from investment properties in the consolidated and separate statements of comprehensive income of Baht 33.91 million and Baht 33.58 million, respectively.

As at December 31, 2019, the Company mortgaged 18 units of office for rent at Jewellery Centre Building, contract with tenant, at cost of Baht 395.30 million and registration of a business collateral agreement under the lease agreements, as collaterals for secured short-term borrowings from financial institution (see Note 20.1) (2018: Nil).

As at December 31, 2019 and 2018, 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 borrowings from a financial institution (see Note 20.2).

17. PLANT AND EQUIPMENT

The movements of plant and equipment for the year ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at	Additions	Disposal/ Write off	Transfer in / (out)	Adjust transaction	Balance as at
	January 1, 2019 Baht	Baht	Baht	Baht	Baht	December 31, 2019 Baht
Cost						
Buildings and buildings improvement	39,126,345	1,215,131	-	-	-	40,341,476
Furniture, fixtures and office equipment	127,819,572	3,837,939	(19,945,766)	123,800	(1,069,606)	110,765,939
Vehicle	20,635,928	-	(6,467,000)	-	-	14,168,928
Total cost	187,581,845	5,053,070	(26,412,766)	123,800	(1,069,606)	165,276,343
Accumulated depreciation						
Buildings and buildings improvement	(6,367,744)	(15,992,040)	-	-	-	(22,359,784)
Furniture, fixtures and office equipment	(79,345,739)	(11,918,919)	16,751,882	-	134,776	(74,377,999)
Vehicle	(15,035,052)	(2,006,185)	6,466,997	-	-	(10,574,240)
Total accumulated depreciation	(100,748,535)	(29,917,143)	23,218,879	-	134,776	(107,312,023)
Plant and equipment, net	86,833,310					57,964,320
Construction in progress	435,892	461,552	(51,360)	(123,800)	680,556	1,402,840
<u>Less</u> Allowance for impairment						
- plant and equipment	-	(1,652,295)	-	-	-	(1,652,295)
Total plant and equipment	87,269,202					57,714,865

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at	Additions	Additions	Disposals/ Write off	Adjust	Balance as at
	January 1, 2018		from assets acquisition of AEC City (see Note 15)	from business acquisition of KWI (see Note 5)	transaction	December 31, 2018
	Baht	Baht	Baht	Baht	Baht	Baht
Cost						
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)	127,819,572
Vehicle	9,841,928	-	3,300,000	9,790,000	(2,296,000)	20,635,928
Total cost	88,630,779	42,957,454	3,405,351	56,558,792	(3,669,614)	187,581,845
Accumulated depreciation						
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)
Total accumulated depreciation	(36,991,986)	(14,377,790)	(2,021,553)	(51,002,408)	3,645,202	(100,748,535)
Plant and equipment, net	51,638,793					86,833,310
Construction in progress	-	435,892	-	-	-	435,892
Total plant and equipment	51,638,793					87,269,202
Depreciation for the years ended December 31,						
2019					Baht	29,917,143
2018					Baht	14,377,790

As at December 31, 2019 and 2018, certain plant and equipment of the Group in consolidated financial statements at cost of Baht 58.02 million and Baht 75.83 million, respectively, were fully depreciated but still use.

	SEPARATE FINANCIAL STATEMENTS				
	Balance as at	Additions	Transfer in / (out)	Adjust	Balance as at
	January 1,			transaction	December 31,
	2019				2019
	Baht	Baht	Baht	Baht	Baht
Cost					
Buildings and buildings improvement	6,177,295	-	-	-	6,177,295
Furniture, fixtures and office equipment	67,394,139	563,393	123,800	(680,556)	67,400,776
Total cost	73,571,434	563,393	123,800	(680,556)	73,578,071
Accumulated depreciation					
Buildings and buildings improvement	(5,024,506)	(47,155)	-	-	(5,071,661)
Furniture, fixtures and office equipment	(29,854,195)	(8,798,041)	-	-	(38,652,236)
Total accumulated depreciation	(34,878,701)	(8,845,196)	-	-	(43,723,897)
Plant and equipment, net	38,692,733				29,854,174
Construction in progress	-	123,800	(123,800)	680,556	680,556
Total plant and equipment	38,692,733				30,534,730

	SEPARATE FINANCIAL STATEMENTS				
	Balance as at	Additions	Disposals/	Adjust	Balance as at
	January 1,		Write off	transaction	December 31,
	2018				2018
	Baht	Baht	Baht	Baht	Baht
Cost					
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 cost	70,871,684	3,011,242	(10,575)	(300,917)	73,571,434
Accumulated depreciation					
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 accumulated depreciation	(26,311,056)	(8,578,219)	10,574	-	(34,878,701)
Total plant and equipment	44,560,628				38,692,733
Depreciation for the years ended December 31,					
2019				Baht	8,845,196
2018				Baht	8,578,219

As at December 31, 2019 and 2018, certain plant and equipment of the Company in separate financial statements at cost of Baht 21.57 million and Baht 21.44 million, respectively, were fully depreciated but still use.

18. GOODWILL AND OTHER INTANGIBLE ASSETS

The movements of goodwill and other intangible assets for the year ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				Balance as at December 31, 2019 Baht
	Balance as at January 1, 2019	Additions	Disposal/ Write off	Adjust transaction	
	Baht	Baht	Baht	Baht	
Cost					
Goodwill	272,899,088	-	-	-	272,899,088
Computer program	2,864,218	469,000	-	389,050	3,722,268
License costs	67,000,000	-	-	-	67,000,000
Total cost	342,763,306	469,000	-	389,050	343,621,356
Accumulated amortization					
Computer program	(2,318,704)	(197,770)	-	(134,776)	(2,651,250)
License costs	(50,288,549)	-	-	-	(50,288,549)
Total accumulated depreciation	(52,607,253)	(197,770)	-	(134,776)	(52,939,799)
Goodwill and other intangible assets, net	290,156,053				290,681,557
Computer program under installation	54,072,990	72,870,335	-	-	126,943,325
Total goodwill and other intangible assets	344,229,043				417,624,882

	CONSOLIDATED FINANCIAL STATEMENTS				Balance as at December 31, 2018 Baht
	Balance as at January 1, 2018	Additions	Additions from business acquisition of KWI (see Note 5)	Disposal/ Write off	
	Baht	Baht	Baht	Baht	
Cost					
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 cost	2,690,974	173,244	339,899,088	-	342,763,306
Accumulated amortization					
Computer program	(2,145,546)	(173,158)	-	-	(2,318,704)
License costs	-	-	(50,288,549)	-	(50,288,549)
Total accumulated depreciation	(2,145,546)	(173,158)	(50,288,549)	-	(52,607,253)
Goodwill and other intangible assets, net	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

Amortization for the years ended December 31,

2019	Baht	197,770
2018	Baht	173,158

	SEPARATE FINANCIAL STATEMENTS			
	Balance as at January 1,	Additions	Disposal/	Balance as at December
	2019		Write off	31, 2019
	Baht	Baht	Baht	Baht
Cost				
Computer program	1,433,275	-	-	1,433,275
Total cost	1,433,275	-	-	1,433,275
Accumulated amortization				
Computer program	(911,828)	(176,992)	-	(1,088,820)
Total accumulated depreciation	(911,828)	(176,992)	-	(1,088,820)
Other intangible assets, net	521,447			344,455
Computer program under installation	2,474,830	5,366	-	2,480,196
Total other intangible assets	2,996,277			2,824,651
	SEPARATE FINANCIAL STATEMENTS			
	Balance as at January 1,	Additions	Disposal/	Balance as at
	2018		Write off	December 31,
	Baht	Baht	Baht	2018
Cost				
Computer program	1,260,031	173,244	-	1,433,275
Total cost	1,260,031	173,244	-	1,433,275
Accumulated amortization				
Computer program	(745,090)	(166,738)	-	(911,828)
Total accumulated depreciation	(745,090)	(166,738)	-	(911,828)
Other intangible assets, net	514,941			521,447
Computer program under installation	915,532	1,559,298	-	2,474,830
Total other intangible assets	1,430,473			2,996,277
Amortization for the years ended December 31,				
2019			Baht	176,992
2018			Baht	166,738

19. OTHER NON-CURRENT ASSETS

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Deposits	148,674,159	143,868,502	4,700,936	3,870,208
Right offering advisory expense	1,926,000	-	-	-
Total other non-current assets	150,600,159	143,868,502	4,700,936	3,870,208

As at December 31, 2019 and 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 deposits totalling Baht 148.67 million and Baht 143.87 million, respectively, in the consolidated statements of financial position.

20. BORROWINGS FROM FINANCIAL INSTITUTION

Borrowings from financial institution as at December 31, consisted of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Current				
Short-term borrowings from a financial institution	957,493,328	741,493,328	957,493,328	741,493,328
<u>Less</u> deferred financing costs of long-term borrowings	(70,335,477)	-	(70,335,477)	-
Short-term borrowings from a financial institution, net	887,157,851	741,493,328	887,157,851	741,493,328
Current portion of long-term borrowings from a financial institution	827,800,000	297,000,000	-	-
Total current borrowings	1,714,957,851	1,038,493,328	887,157,851	741,493,328
Non-current				
Long-term borrowings from financial institutions	471,000,000	962,800,000	-	-
<u>Less</u> deferred financing costs of long-term borrowings	(5,044,127)	(7,061,696)	-	-
Total non-current borrowings	465,955,873	955,738,304	-	-
Total borrowings	2,180,913,724	1,994,231,632	887,157,851	741,493,328

20.1 Short-term borrowings from a financial institution

Short-term borrowings from a financial institution as at December 31, consisted of the follows:

No.	Credit facilities		Significant criteria of borrowings agreements		CONSOLIDATED AND SEPARATE	
			Secured by		FINANCIAL STATEMENTS	
	Baht		Interest		2019	2018
	The Company		% per annum		Baht	Baht
1	1,500,000,000	Standby letter of credit	MLR minus fixed percentage as stipulated in the contract		671,493,328	741,493,328
2	216,000,000	Office suite at Jewellery Centre Building, contract with tenant	Fixed percentage as stipulated in the contract		216,000,000	-
		<u>Less</u> deferred financing costs of short-term borrowing			(335,477)	-
					887,157,851	741,493,328

As at December 31, 2019 and 2018, short-term borrowing facility of the Company was secured standby letter of credit and office suite at Jewellery Centre Building, contract with tenant (see Note 16).

Fair value

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

Short-term borrowing facilities from a financial institution

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Floating rate				
- expiring within one year	828,506,672	758,506,672	828,506,672	758,506,672

20.2 Long-term borrowings from financial institutions

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

Contract No.	Credit facilities	Condition of loan	Interest rate	CONSOLIDATED FINANCIAL STATEMENTS	
				2019	2018
	Baht	Payment term	% per annum	Baht	Baht
<u>Subsidiaries</u>					
1	438,000,000	The principal is due for payment on monthly basis. The first principal repayment is due on the 13 th month from the first drawn down.	MLR minus a fixed percentage as stipulated in the contract	425,800,000	425,800,000
2	600,000,000*	The principal is due for payment on monthly basis. The first principal repayment is due on the 31 st month from the first drawn down.	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.	MLR minus a fixed percentage as stipulated in the contract	-	234,000,000
4	606,072,000	The principal is due for payment within 60 months from agreement date. The first principal repayment is due on sale and release land and buildings.	MLR minus a fixed percentage as stipulated in the contract	273,000,000	-
Total long-term borrowings from financial institutions				1,298,800,000	1,259,800,000
Less current portion of long-term borrowings				(827,800,000)	(297,000,000)
Less deferred financing costs of long-term borrowings				471,000,000	962,800,000
Long-term borrowings				(5,044,127)	(7,061,696)
				465,955,873	955,738,304

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

As at December 31, 2019 and 2018, a subsidiary mortgaged the land and single detached house, land under development and construction in progress (see Note 11) and an another subsidiary mortgaged the 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 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Book Value		Fair Value	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Long-term borrowings from financial institutions	1,293,755,873	1,252,738,304	1,303,284,109	1,262,870,405
Total	1,293,755,873	1,252,738,304	1,303,284,109	1,262,870,405

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

As at December 31, 2019 and 2018, the fair value of long-term borrowings is based on discounted cash flows using a discount rate based upon the borrowing rate of 4.65% to 5.61% and 4.64% to 5.67% per annum, respectively, and are within level 2 of the fair value hierarchy.

Maturity of long-term borrowings from financial institutions as book value are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Within 1 year	827,800,000	297,000,000	-	-
Later than 1 year but not later than 5 years	465,955,873	955,738,304	-	-
Total	1,293,755,873	1,252,738,304	-	-

Long-term borrowing facilities from financial institutions

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Floating rate				
- expiring beyond one year	333,072,000	326,810,000	-	-
Total	333,072,000	326,810,000	-	-

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		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Trade payable - other parties	33,737,630	36,551,689	60,850	81,080
Other payables - business acquisition advisory	10,533,516	-	-	-
Other payables - others parties	20,209,094	72,320,896	4,251,343	4,442,131
Commission and brokerage payable	22,290,777	11,014,950	-	-
Accrued expenses	62,163,568	52,399,421	10,841,526	15,187,314
Interest payables - related parties	118,751,658	112,963,680	13,621,346	12,890,028
Interest payables - other parties	6,237,867	5,514,878	5,209,789	4,213,307
Retention	14,735,048	12,192,901	31,401	3,411,839
Total trade and other current payables	<u>288,659,158</u>	<u>302,958,415</u>	<u>34,016,255</u>	<u>40,225,699</u>

22. DUE TO REINSURERS

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Reinsurance payables	185,489,071	90,464,759	-	-
Amount withheld on reinsurance	<u>66,431,133</u>	<u>61,002,914</u>	-	-
Total due to reinsurers	<u>251,920,204</u>	<u>151,467,673</u>	-	-

23. BILL OF EXCHANGE

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Bill of exchange	-	90,000,000	-	90,000,000
Less Prepaid interest expense	<u>-</u>	<u>(1,853,942)</u>	<u>-</u>	<u>(1,853,942)</u>
Total bills of exchange	<u>-</u>	<u>88,146,058</u>	<u>-</u>	<u>88,146,058</u>

At the Board of Directors' Meeting No. 8/2018 held on October 18, 2018, it was resolved to approve the issuance and sale of bill 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. Bill of exchange shall be offered to sell to public and/or a limited offering private placement to institutional investors/ high net-worth investors and/or a limited offering private placement to investors not exceeding 10 in number. Bill of exchange will be utilized as working capital for business and project development.

The Company has issued and offered the short-term bill of exchange to the private placement. These bill of exchange is unsubordinated and unsecured, as follows:

Date of issuance of bills of exchange	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 bill of exchange, the Company has been deducted prepaid interest expense which will be recognized as finance cost over the period of bills of exchange. On May 10, 2019, the Company redeemed bill of exchange in whole amount, par value in amount of Baht 90 million.

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 defined benefit obligations for the years ended December 31, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Beginning balances of defined benefit obligation of the year	21,887,351	9,570,092	7,159,761	7,815,542
Past service cost	4,555,448	-	710,947	-
Current service cost	7,177,843	7,013,414	4,931,316	5,443,871
Interest cost	795,584	709,074	255,011	386,417
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	204,930	(8,727,822)	-	(7,385,416)
- Effect of change in financial assumptions	1,573,474	1,329,916	-	899,347
Benefit paid during the year	(88,000)	(56,000)	-	-
Ending balances of defined benefit obligation of the year	<u>36,106,630</u>	<u>21,887,351</u>	<u>13,057,035</u>	<u>7,159,761</u>

Expenditures recognized in the statements of comprehensive income in respect of the defined benefit plans for the years ended December 31, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Past service cost	4,555,448	-	710,947	-
Current service cost	7,177,843	7,013,414	4,931,316	5,443,871
Interest cost	795,584	709,074	255,011	386,417
Gains (loss) on remeasurements of defined benefit plans	1,778,404	(7,397,906)	-	(6,486,069)
Total	<u>14,307,279</u>	<u>324,582</u>	<u>5,897,274</u>	<u>(655,781)</u>

The significant actuarial assumptions used to calculate post-employment benefit obligations as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
Financial assumption:		
Discount rate	1.50% - 3.41% per annum	2.50% - 3.41% per annum
Expected salary increase rate	4.00% - 6.00% per annum	4.00% - 6.00% per annum
Retirement age	60 years old	60 years old

	SEPARATE FINANCIAL STATEMENTS	
	2019	2018
Financial assumption:		
Discount rate	3.24% per annum	3.24% per annum
Expected salary increase rate	6.00% per annum	6.00% per annum
Retirement age	60 years old	60 years old

Significant actuarial assumptions - impact on increase / (decrease) in present value of defined benefit obligation as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Financial assumptions				
Discount rate - increase 1%	(3,059,977)	(1,883,310)	(1,249,762)	(651,696)
Discount rate - decrease 1%	3,563,529	2,174,834	1,489,279	769,998
Future salary growth - increase 1%	3,543,983	3,174,628	1,568,957	1,599,828
Future salary growth - decrease 1%	(3,100,840)	(2,532,166)	(1,342,088)	(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.

The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette on April 5, 2019, which affected after 30 days from the date announced in Royal Gazette. This 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 400 days at the employees' latest wage rate. This change is considered an amendment to post-employment benefits plan. The Group has reflected 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					
	2019			2018		
	Insurance contract	Reinsurance assets	Net	Insurance contract	Reinsurance assets	Net
	liabilities	(see Note 9)		liabilities	(see Note 9)	
	Baht	Baht	Baht	Baht	Baht	Baht
Loss reserves						
Claim incurred and agreed	193,039,095	(45,442,846)	147,596,249	497,689,104	(258,191,450)	239,497,654
Claim incurred but not reported	38,385,515	(11,255,650)	27,129,865	50,440,000	(13,725,000)	36,715,000
	231,424,610	(56,698,496)	174,726,114	548,129,104	(271,916,450)	276,212,654
Premium reserve						
Unearned premium reserves	281,148,317	(229,723,811)	51,424,506	182,428,266	(127,193,098)	55,235,168
Total	512,572,927	(286,422,307)	226,150,620	730,557,370	(399,109,548)	331,447,822

As at December 31, 2019 and 2018, no additional reserve for unexpired risk reserve has been established as the unexpired risk reserve estimated by the Group amounting to Baht 101.04 million gross and Baht 54.30 million net of reinsurance (As at December 31, 2018: amounting to Baht 53.55 million and Baht 43.36 million, respectively), is lower than the unearned premium reserve.

26. DEFERRED TAX LIABILITIES

The movements of deferred tax liabilities as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Fair value adjustments on	Surplus on	Amortization	Total
	investment property	revaluation of assets	license cost	
	Baht	Baht	Baht	Baht
As at January 1, 2019	(266,058,909)	(6,577,819)	(3,342,290)	(275,979,018)
Charged to profit or loss (see Note 36)	26,799	-	-	26,799
Charged to other comprehensive income	-	-	-	-
As at December 31, 2019	(266,032,110)	(6,577,819)	(3,342,290)	(275,952,219)

	CONSOLIDATED FINANCIAL STATEMENTS			
	Fair value adjustments on	Surplus on	Amortization	Total
	investment property	revaluation of assets	license cost	
	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 36)	(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)

* 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, respectively (see Note 16).

	SEPARATE FINANCIAL STATEMENTS	
	Fair value adjustments on investment property	Surplus on revaluation of assets
	Baht	Baht
As at January 1, 2019	(65,441,172)	(6,577,819)
Charged to profit or loss (see Note 36)	29,079	-
Charged to other comprehensive income	-	-
As at December 31, 2019	(65,412,093)	(6,577,819)

	SEPARATE FINANCIAL STATEMENTS	
	Fair value adjustments on investment property	Surplus on revaluation of assets
	Baht	Baht
As at January 1, 2018	(65,487,043)	(6,577,819)
Charged to profit or loss (see Note 36)	45,871	-
Charged to other comprehensive income	-	-
As at December 31, 2018	(65,441,172)	(6,577,819)

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 975 million (2018: Baht 691 million). The expiry date of unused tax losses of the Group consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Expiring within 1 year	64,991,305	124,556,431	6,577,488	6,448,412
Expiring over 1 year but not later than 5 years	915,793,997	566,030,406	119,682,356	119,097,362
	980,785,302	690,586,837	126,259,844	125,545,774

27. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities as at December 31, consisted of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Provision for dismantling and removal	4,586,300	2,412,500	2,000,000	2,000,000

Movement of provision for dismantling and removal are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Beginning balance	2,412,500	2,412,500	2,000,000	2,000,000
Increase during the year	2,173,800	-	-	-
Ending balance	4,586,300	2,412,500	2,000,000	2,000,000

28. SHARE CAPITAL

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
	Authorises share capital		Issued and paid-up share capital		Share discount on Ordinary shares
	Shares	Baht	Shares	Baht	Baht
As at January 1, 2018	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)
Issue of shares during the year	-	-	-	-	-
As at December 31, 2019	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. 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. Approval was also given to an amendment of clause 4 of the Memorandum of Association to reflect the increase of the Company's registered share capital for investment in AEC City Co., Ltd. The newly issued shares will be allocated to the existing shareholders 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) under a private placement scheme. They will be issued at a par value of Baht 10 per share, at an offer price of Baht 3.18 per share. King Wai International Holding Company Limited and Mr. Boonyong Yongcharoenrat will exchange 362,420 and 387,280 shares, respectively, in AEC City Co., Ltd. to pay for the newly issued ordinary shares of the Company, in lieu of cash payments. Subsequently, 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 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 use for financing King Wai Capital which will be incorporate and owned by the Company. The Subsidiary will make a payment to purchase shares in King Wai Insurance (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.

29. 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.

30. NET PREMIUM EARNED

Net premium earned for the years ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Gross premium written	544,125,955	219,088,524	-	-
<u>Less</u> Premiums ceded	<u>(619,598,091)</u>	<u>(367,558,183)</u>	<u>-</u>	<u>-</u>
Net premium written	(75,472,136)	(148,469,659)	-	-
<u>Add (less)</u> Unearned premium reserve				
(increased) decreased from previous year	3,810,662	(3,324,858)	-	-
Total net premium earned	<u>(71,661,474)</u>	<u>(151,794,517)</u>	<u>-</u>	<u>-</u>

31. OTHER INCOME

Other income for the years ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Interest income	276,540	1,604,077	91,894,634	69,027,993
Management fee income	-	-	21,564,529	30,004,808
Net investments income	10,578,085	7,384,305	-	-
Gain on sales of fixed assets	1,061,217	480,383	-	-
Others	660,800	1,154,010	349,478	87,715
Total other income	<u>12,576,642</u>	<u>10,622,775</u>	<u>113,808,641</u>	<u>99,120,516</u>

32. ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended December 31, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Personnel expenses	137,554,906	148,180,485	75,919,831	106,368,885
Premise and equipment expenses	35,384,844	33,382,780	18,626,590	17,200,639
Depreciation and amortization	28,993,986	13,409,160	8,857,913	8,591,163
Business acquisition advisory expenses	8,607,516	45,417,173	149,605	29,315,689
Loss on decrease in value of cost of property development	-	25,835,371	-	-
Others	57,691,357	47,839,860	20,096,152	22,001,789
Total administrative expenses	<u>268,232,609</u>	<u>314,064,829</u>	<u>123,650,091</u>	<u>183,478,165</u>

33. 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 follows;

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, 2019 and 2018, the Group's contributions recorded as expenses were Baht 3.91 million and Baht 4.22 million, respectively and the Company's contributions recorded as expenses were Baht 0.81 million and Baht 1.36 million, respectively.

34. FINANCE COSTS

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Interest expenses	70,446,803	69,867,968	35,996,149	30,160,536
Financing fees	3,526,441	2,028,254	1,551,839	37,150
Total finance costs	<u>73,973,244</u>	<u>71,896,222</u>	<u>37,547,988</u>	<u>30,197,686</u>

35. EXPENSES BY NATURE

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Cost of construction	9,838,560	141,779,137	-	-
Staff costs	137,554,906	148,180,485	75,919,831	106,368,885
Depreciation and amortization	29,378,013	14,550,948	9,022,188	8,744,957
Marketing expenses	10,303,926	21,533,874	3,726,417	4,125,859
Repair and maintenance	7,681,224	11,623,641	1,795,775	1,268,542
Services and consulting fee	38,552,055	58,307,481	3,785,158	33,739,561
Utilities expenses	22,044,901	17,786,606	16,008,310	15,676,191
Special business tax	456,344	6,604,950	-	-

36. INCOME TAX INCOME (EXPENSE)

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	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	26,799	(114,215,424)	29,079	45,871
Income tax income (expense) per the statements of comprehensive income	26,799	(114,215,424)	29,079	45,871

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		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Income before income tax	(392,431,892)	183,240,494	(252,921,680)	(87,407,623)
Applicable tax rates	20%	20%	20%	20%
Income tax using the corporation tax rate	78,486,378	(36,648,099)	50,584,336	17,481,525
Tax effect of non-deductible expenses (benefits)	(78,459,579)	150,863,523	(50,555,257)	(17,435,654)
Income tax income (expense) per the statements of comprehensive income	26,799	(114,215,424)	29,079	45,871
Effective tax rates	(0.01%)	(62.33%)	(0.01%)	(0.05%)

The Group used a tax rate of 20% for calculation of income tax expense for the years ended December 31, 2019 and 2018. 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.

37. EARNINGS (LOSSES) PER SHARE

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Earnings (losses) attributable to owners of the parent (Baht)	(378,815,617)	35,260,272	(252,892,601)	(87,361,752)
Weight average number of ordinary shares in issue (Shares)	1,317,053,470	1,240,530,843	1,317,053,470	1,371,053,470
Basic earnings (losses) per share (Baht)	(0.28)	0.03	(0.19)	(0.07)

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

38. RELATED PARTY TRANSACTIONS

Related person or parties 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 person or 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 person or parties relationship, attention is directed to the substance of the relationship, not merely the legal form.

Transactions with related person or 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 person or 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
NVV Development Co., Ltd.	Property development	Direct shareholding, common shareholders and directorship
S31 Limited	Property development	Direct shareholding, common shareholders and directorship
S61 Limited	Property development	Direct shareholding, common shareholders and directorship

The Company's name	Type of business	Type of relationship
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>		
Tommo (Thailand) Limited	Holding	Common directorship
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:

Transactions	Pricing policies
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:

38.1 Transactions with related parties

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Transactions with subsidiaries:				
- Management fee income	-	-	21,564,529	30,004,808
- Interest income	-	-	91,759,486	67,773,296
- Interest expenses	-	-	2,341,092	3,551,014
- Premium expenses	-	-	148,636	69,141
Transactions with related companies:				
- Interest expenses	13,161,670	12,864,670	962,192	-

38.2 Long-term loans to and interest receivables from subsidiaries

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Long-term loans to subsidiaries				
Thai-Kami Co., Ltd.	-	-	79,625,100	64,431,396
Top Property Co., Ltd.	-	-	666,086,150	551,532,470
Cornerstone Realty Co., Ltd.	-	-	217,893,143	214,786,539
KWG Explore Limited	-	-	508,292	291,699
NVV Development Co., Ltd.	-	-	213,960,543	175,649,352
S31 Limited	-	-	156,643,859	153,248,036
S61 Limited	-	-	103,027,686	188,420,347
Praram4 Limited	-	-	346,932,145	341,894,276
King Wai Media Limited	-	-	2,318,167	2,453,616
King Wai Property Limited	-	-	1,073,399	707,888
King Wai Construction Limited	-	-	-	112,746
King Wai Capital Limited	-	-	527,237	10,841,878
AEC City Co., Ltd.	-	-	149,579,963	148,466,843
	-	-	1,938,175,684	1,852,837,086
Interest receivables from long-term loans to subsidiaries				
Thai-Kami Co., Ltd.	-	-	126,233,447	122,744,545
Top Property Co., Ltd.	-	-	165,571,054	135,848,923
Cornerstone Realty Co., Ltd.	-	-	79,134,073	68,732,221
KWG Explore Limited	-	-	517,330	497,916
NVV Development Co., Ltd.	-	-	19,373,350	10,108,167
S31 Limited	-	-	16,300,708	8,927,723
S61 Limited	-	-	19,851,207	13,824,323
Praram4 Limited	-	-	36,472,262	20,076,388
King Wai Media Limited	-	-	188,228	72,154
King Wai Property Limited	-	-	64,234	21,253
King Wai Construction Limited	-	-	6,096	3,351
King Wai Capital Limited	-	-	1,969,755	1,538,972
AEC City Co., Ltd.	-	-	9,529,396	2,287,570
	-	-	475,211,140	384,683,506
Total	-	-	2,413,386,824	2,237,520,592

As at December 31, 2019 and 2018, long-term loans to subsidiaries amounting Baht 1,938.18 million and Baht 1,852.84 million, respectively, were unsecured and due to payment on June 30, 2022 and bearing interest at the rate of 3.80% - 6.00% and 3.40% - 6.00% per annum, respectively.

Fair Value

The carrying amount and fair values of long-term loans to subsidiaries are as follows:

	SEPARATED FINANCIAL STATEMENTS			
	Book Value		Fair Value	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
long-term loans to subsidiaries	1,938,175,684	1,852,837,086	1,927,166,124	1,878,502,313

As at December 31, 2019 and 2018, the fair value of long-term loans to subsidiaries is based on discounted cash flows using a discount rate based upon the borrowing rate of 4.25% and 5.13% per annum, respectively, and is within level 2 of the fair value hierarchy.

38.3 Short-term borrowings from and interest payable to a related party

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31, 2019 Baht	December 31, 2018 Baht	December 31, 2019 Baht	December 31, 2018 Baht
Short-term borrowings from a related party				
Tommo (Thailand) Limited	70,000,000	-	70,000,000	-
	<u>70,000,000</u>	<u>-</u>	<u>70,000,000</u>	<u>-</u>
Interest payable to short-term borrowings from a related party				
Tommo (Thailand) Limited	962,192	-	962,192	-
	<u>962,192</u>	<u>-</u>	<u>962,192</u>	<u>-</u>
Total	<u>70,962,192</u>	<u>-</u>	<u>70,962,192</u>	<u>-</u>

On December 30, 2019, short-term borrowings from a related party were unsecured and due to payment within 3 months, and bearing interest at the rate of 4.00% per annum (2018: Nil).

Fair value

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

38.4 Long-term borrowings from and interest payable to subsidiaries

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Long-term borrowings from subsidiaries				
King Wai Construction Ltd.	-	-	36,607	-
Gold Star Property Co., Ltd.	-	-	51,721,822	51,520,000
	<u>-</u>	<u>-</u>	<u>51,758,429</u>	<u>51,520,000</u>
Interest payable from long-term borrowings from a subsidiary				
Gold Star Property Co., Ltd.	-	-	12,659,154	12,890,028
	<u>-</u>	<u>-</u>	<u>12,659,154</u>	<u>12,890,028</u>
Total	<u>-</u>	<u>-</u>	<u>64,417,583</u>	<u>64,410,028</u>

As at December 31, 2019 and 2018, long-term borrowings from subsidiaries was unsecured and due to payment on June 30, 2022 and bearing interest rate at the rate of 3.80% - 6.00% and 3.40% - 6.00% per annum, respectively.

Fair Value

The carrying amount and fair values of long-term borrowings from subsidiaries are as follows:

	SEPARATED FINANCIAL STATEMENTS			
	Book Value		Fair Value	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Long-term borrowings from subsidiaries	51,758,429	51,520,000	51,470,669	52,733,690

As at December 31, 2019 and 2018, the fair value of long-term borrowings from subsidiaries are based on discounted cash flows using a discount rate based upon the borrowing rate of 4.25% and 5.13% per annum, respectively, and are within level 2 of the fair value hierarchy.

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Long-term borrowings from related person or parties				
KW Thai Commerce (BVI) Co., Ltd.	245,992,850	261,001,642	-	-
King Wai International and Holdings Co., Ltd.	1,024,564,906	1,024,564,906	-	-
Subsidiary's director	180,460,541	180,460,541	-	-
	1,451,018,297	1,466,027,089	-	-
<u>Less</u> current portion of long-term borrowings	(245,992,850)	(261,001,642)	-	-
	1,205,025,447	1,205,025,447	-	-
Interest payable from long-term borrowings to a related party				
KW Thai Commerce (BVI) Co., Ltd.	119,823,909	112,963,680	-	-
Total	1,324,849,356	1,317,989,127	-	-

As at December 31, 2019 and 2018, long-term borrowings from KW Thai Commerce (BVI) Co., Ltd. was an unsecured SGD 11 million borrowing and due to payment on April 30, 2020 and 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, 2019 and 2018, long-term borrowings from King Wai International and Holdings Company Limited 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 on the year 4th onwards 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.

Fair value

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	Book Value		Fair Value	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Long-term borrowings from related person or parties	1,451,018,297	1,466,027,089	1,450,231,094	1,465,208,357

As at December 31, 2019 and 2018, 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 3.95% and 3.93% per annum, respectively, 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 borrowings facilities from related person or parties as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
	Singapore Dollar	Singapore Dollar
Floating rate - expiring within one year	3,000,000	3,000,000

38.6 Management remuneration

Key management of the Group 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	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term benefits	45.30	37.25	27.30	24.97
Post-retirement benefits	21.20	5.65	21.30	4.41
Total	66.50	42.90	48.60	29.38

39. SEGMENT INFORMATION

The Group and the Company is engaged in development of real estate for sale, rental and service 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 and condominium 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		Rental and service		Non-life insurance		Total	
	business segment		business segment		business segment			
	2019	2018	2019	2018	2019	2018	2019	2018
	Million	Million	Million	Million	Million	Million	Million	Million
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Revenues from external customers	14	200	46	47	29	(64)	89	183
Gain from fair value adjustments on investment properties	-	571	-	-	-	-	-	571
Segment gain (loss)	(65)	550	(94)	(156)	(193)	(161)	(352)	233
Unallocated income (expenses)								
Other income							12	10
Gains on exchange rate, net							22	12
Finance costs							(74)	(72)
Profit (loss) before income tax expense							(392)	183
Income tax expense							-	(114)
Profit (loss) for the year							(392)	69

	CONSOLIDATED FINANCIAL STATEMENTS							
	Real estate		Rental and service		Non-life insurance		Total	
	business segment		business segment		business segment			
	2019	2018	2019	2018	2019	2018	2019	2018
	Million	Million	Million	Million	Million	Million	Million	Million
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Assets by segment	6,052	6,049	467	532	1,328	1,589	7,847	8,170
Liabilities by segment	3,174	3,150	1,077	950	930	1,011	5,181	5,111

The Group derives its revenue over time and at a point in time for the year ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
	Baht	Baht
Revenues		
Revenue from external customers		
Major revenues		
Revenue recognition at a point of time		
Revenue from sale of property	13,800,000	200,150,000
Revenue recognition overtime		
Revenue from rental and service	46,158,672	46,868,500
Net premium earned	(71,661,474)	(151,754,917)
Fee and commission income	99,364,127	87,506,654
Other income		
Revenue recognition at a point of time		
Net investments income	10,578,085	7,384,305
Gain on sales of fixed assets	1,061,217	480,383
Other	937,340	2,758,087
Total	100,237,967	193,393,012

40. SECURITIES PLEDGED AND ASSETS RESERVED WITH THE REGISTRAR

As at December 31, 2019 and 2018, 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”, respectively, as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
	Baht	Baht
Investment in securities used to secure the facilities collateral with the Office of Insurance Commission		
Securities pledged with the registrar		
- Government bonds	14,666,187	14,139,609
Assets reserved with the registrar		
- Government bonds	109,996,404	110,264,893
Total investment in securities under pledged	124,662,591	124,404,502

41. CONTRIBUTION TO NON-LIFE GUARANTEE FUND

As at December 31, 2019 and 2018, a subsidiary has accumulated funding amount which was paid into contribution to non-life guarantee fund amounting to Baht 19.85 million and Baht 17.89 million, respectively.

42. SIGNIFICANT AGREEMENT

At the Board of Directors' Meeting No. 9/2019 held on December 4, 2019, it was resolved to approve King Wai Capital Co., Ltd. ("KWCAP"), a subsidiary of the Company, to purchase 322,746,861 ordinary shares in Manulife Insurance Thailand PCL. ("MIT") (representing approximately 99.61% of the total issued shares in MIT) from OQC (Thailand) Limited ("OQC"), Manulife Financial Asia Limited ("Manulife Asia") and CDF (Thailand) Limited ("CDF") (collectively as the "Manulife Group"), and to purchase 17,200,001 ordinary shares in Manulife Asset Management (Thailand) Co., Ltd. ("MAMT") from Manulife Asia (representing approximate 48.86% of total issued shares in MAMT). The share acquisition in MIT and MAMT will enter the transaction with the total purchase price of Baht 1,000 million.

In addition, there was approval of the execution of a share sale and purchase agreement (with conditions precedent) in respect of the Sale Shares among KWCAP (as the purchaser), the Manulife Group (as the sellers), and the Company (as the guarantor for the performance of KWCAP's obligations under the share sale and purchase agreement).

Furthermore, the Board of Directors has approved the increase of the company's registered capital from Baht 13,170,534,700 to not exceed Baht 20,670,534,700 by issuance of not exceeding 750,000,000 new ordinary shares with a par value of Baht 10 each, and the amendment to clause 4 of the Memorandum of Association to be consistent with the increase of the Company's registered capital. At the Board of Directors' Meeting No. 2/2020 held on February 5, 2020 specified that such increase of the company's registered capital will be taken into consideration at the Annual General Meeting of Shareholders 2020, which the Company will notify the shareholders in the future.

43. CONTINGENT LIABILITIES AND COMMITMENTS

43.1 As at December 31, 2019 and 2018, lawsuits have been brought against a subsidiary, as insurer, from which the subsidiary estimates losses totaling Baht 3.97 million and Baht 10.22 million, respectively. The subsidiary's management believe that such estimate is adequate to losses and 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 the subsidiary's operating results.

43.2 As at December 31, 2019 and 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, respectively.

44. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

As at December 31, 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 from 1 to 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	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
- Within 1 year	28,390,370	22,082,635	16,775,359	15,404,478
- Later than 1 year but not later than 5 years	39,282,147	4,210,917	34,057,353	3,783,223
Total	67,672,517	26,293,552	50,832,712	19,187,701

For the years ended December 31, 2019 and 2018, the Group recorded expense according to the long-term operating lease agreements in the consolidated statements of comprehensive income of Baht 36.18 million and Baht 24.92 million, respectively. The Company recorded expense according to the long-term operating lease agreements in the separate statements of comprehensive income of Baht 15.86 million and Baht 15.81 million, respectively.

45. CAPITAL COMMITMENTS

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Construction costs for projects	380,301,104	386,973,237	-	-
Acquisition of building improvement and equipment	189,316	22,024,226	-	-
Acquisition of computer program	5,621,522	71,270,881	1,401,922	1,401,922
Total	386,111,942	480,268,344	1,401,922	1,401,922

46. BANK GUARANTEES

As at December 31, the Group has the bank guarantees as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Bank guarantees	13,746,278	13,607,450	1,252,900	1,252,900

As at December 31, 2019 and 2018, the 3-month fixed deposit at bank amounting to Baht 10 million of the subsidiary are pledged as collateral for the letter of guarantees issuance amounting to Baht 10 million (see Note 13) and another subsidiary mortgaged the land and single detached house, land development and construction in progress with a financial institution amounting to Baht 13.66 million and Baht 23.25 million, respectively, as collateral for issuance of letter of guarantees facility of the subsidiary amounting to Baht 3.83 million and 3.69 million, respectively, (see Note 11). In addition, the first subsidiary above pledged the saving deposit amounting to Baht 3.00 million as collateral for the letter of guarantees issuance amounting to Baht 3.69 million (see Note 11).

47. INSURANCE AND FINANCIAL RISK MANAGEMENT

47.1 Insurance risk

47.1.1 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 agreed terms.

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.

47.1.2 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, are as follows:

CONSOLIDATED FINANCIAL STATEMENTS		
2019		
	Increase (decrease) in insurance contract liabilities	Increase (decrease) in profit and equity
	Baht	Baht
Gross		
Loss ratio - 10% increase	10,533,788	(10,533,788)
Loss ratio - 10% decrease	(10,533,788)	10,533,788
Net		
Loss ratio - 10% increase	6,823,305	(6,823,305)
Loss ratio - 10% decrease	(6,823,305)	6,823,305

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

47.1.3 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 Baht	Marine Baht	Motor Baht	Miscellaneous Baht	Total Baht
2019					
Gross	8,158,851	21,390,568	12,577,488	473,503,752	515,630,659
Net of reinsurance	6,370,484	10,549,870	12,577,476	199,413,920	228,911,750
2018					
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

47.2 Financial risk

47.2.1 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.

47.2.2 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			Total
	Less than	1 - 5 years	5 - 10 years	
	1 year			
	Baht	Baht	Baht	Baht
2019				
Insurance contract liabilities				
Loss reserves and outstanding claims	82,399,064	142,649,262	6,376,284	231,424,610
2018				
Insurance contract liabilities				
Loss reserves and outstanding claims	236,099,455	308,702,126	3,327,523	548,129,104

47.2.3 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 authorized credit limits before further transactions are undertaken with each counter-party to manage credit risk, the Group transacts with counter-parties under strict guidelines covering the limits and terms and does not expect such counterparties of strong credit rating to fail to meet its obligations.

47.2.4 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 19). 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, 2019 and 2018 and the periods in which the loans mature or re-price were as follows:

As at December 31, 2019		CONSOLIDATED FINANCIAL STATEMENTS			
	Effective	Outstanding balance maturing			Total
	interest rate	Within	After 1 year	Over	
		1 year	but within	5 years	
	% per annum	Baht	5 years	Baht	Baht
Current liabilities					
Short-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated in the contract	887,157,851	-	-	887,157,851
Short-term borrowings from a related party	4.00	70,000,000	-	-	70,000,000
Current portion of long-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated in the contract	827,800,000	-	-	827,800,000
Current portion of long-term borrowings from related person or parties	4.15	245,992,850	-	-	245,992,850
Non-current liabilities					
Long-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated in the contract	-	465,955,873	-	465,955,873
Long-term borrowings from related person or parties	4.15	-	1,205,025,447	-	1,205,025,447
Total		<u>2,030,950,701</u>	<u>1,670,981,320</u>	<u>-</u>	<u>3,701,932,021</u>

As at December 31, 2018		CONSOLIDATED FINANCIAL STATEMENTS			
	Effective	Outstanding balance maturing			Total
	Interest rate	Within	After 1 year	Over	
		1 year	but within	5 years	
	% per annum	Baht	5 years	Baht	Baht
Current liabilities					
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 or parties	4.15	261,001,642	-	-	261,001,642
Bills of exchange	6.00	88,146,058	-	-	88,146,058
Non-current liabilities					
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
Total		<u>1,387,641,028</u>	<u>2,160,763,751</u>	<u>-</u>	<u>3,548,404,779</u>

As at December 31, 2019

	Effective interest rate	SEPARATE FINANCIAL STATEMENTS			
		Outstanding balance maturing			Total
		Within 1 year	After 1 year but within 5 years	Over 5 years	
		Baht	Baht	Baht	
	% per annum				Baht
Current liabilities					
Short-term borrowings from financial institutions	MLR minus a fixed percentage as stipulated				
	in the contract	887,157,851	-	-	887,157,851
Short-term borrowings from a related party	4.00	70,000,000	-	-	70,000,000
Non-current liabilities					
Long-term borrowings from subsidiaries	3.40 - 6.00	-	51,758,429	-	51,758,429
Total		957,157,851	51,758,429	-	1,008,916,280

As at December 31, 2018

	Effective interest rate	SEPARATE FINANCIAL STATEMENTS			
		Outstanding balance maturing			Total
		Within 1 year	After 1 year but within 5 years	Over 5 years	
		Baht	Baht	Baht	
	% per annum				Baht
Current liabilities					
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
Non-current liabilities					
Long-term borrowings from subsidiaries	3.40 - 6.00	-	51,520,000	-	51,520,000
Total		829,639,386	51,520,000	-	881,159,386

47.2.5 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.

47.2.6 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.

47.2.6.1 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	Valuation techniques
	2019	2018	hierarchy	and key inputs
	Baht	Baht		
<u>Financial assets</u>				
Available-for-sale investments - Government securities	366,702,067	379,357,388	Level 2	Latest bid prices of the last working day of the reporting period as quoted by the Thai Bond Market Associate
Available-for-sale investments - Private securities	475,300	458,750	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Investment properties	4,013,465,660	4,013,454,259	Level 3	By appraiser
SEPARATE FINANCIAL STATEMENTS				
	Fair Value		Fair value	Valuation techniques
	2019	2018	hierarchy	and key inputs
	Baht	Baht		
<u>Financial assets</u>				
Available-for-sale investments - Private securities	475,300	458,750	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	395,295,160	Level 3	By Appraiser

47.2.6.2 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, advances received from customers, due to reinsurers, unearned fee and commission income, current portion of long-term borrowings from financial institutions, current portion of long-term borrowings from related parties, short-term borrowings from a related party 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	2019 Carrying amount Baht	Fair value Baht	2018 Carrying amount Baht	Fair value Baht
<u>Financial liabilities</u>					
Long-term borrowings from financial institutions	Level 2	1,293,755,873	1,303,284,109	1,252,738,304	1,262,870,405
Long-term borrowings from related person or parties	Level 2	1,451,018,297	1,450,231,094	1,466,027,089	1,465,208,357
SEPARATE FINANCIAL STATEMENTS					
	Fair value hierarchy	2019 Carrying amount Baht	Fair value Baht	2018 Carrying amount Baht	Fair value Baht
<u>Financial assets</u>					
Long-term loans to subsidiaries	Level 2	1,938,175,684	1,927,166,124	1,852,837,086	1,878,502,313
<u>Financial liabilities</u>					
Long-term borrowings from subsidiaries	Level 2	51,758,429	51,470,669	51,520,000	52,733,690

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.

47.3 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, 2019 and 2018, the Group's capital level is maintained according such notifications.

48. RECLASSIFICATION

Certain reclassification has been made in the financial statements for the year ended December 31, 2018, 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 STATEMENTS Baht	SEPARATE FINANCIAL STATEMENTS Baht
Statements of financial position as at December 31, 2018				
Deposits	Deposits	Other non-current assets	143,868,502	3,870,208
Statements of comprehensive income for the year ended December 31, 2018				
Loss from impairment of investment in subsidiaries	Administrative expenses	Loss from impairment of investment in subsidiaries	-	1,284,967

49. EVENTS AFTER THE REPORTING PERIOD

49.1 At the Board of Directors' Meeting No. 1/2020 - No. 3/2020 during January 21, 2020 to February 25, 2020 were approved to enter into the term loan from related party in amounting to Baht 27.80 million.

49.2 At the Board of Directors' Meeting No. 3/2020 on February 25, 2020, it was resolved to approve the increase of the company's registered capital from Baht 13,170,534,700 to not exceed Baht 22,370,534,700 by issuance of not exceeding 920,000,000 new ordinary shares with a par value of Baht 10 each. The allocation of not exceed 920,000,000 newly issued ordinary shares in the Company with a par value of Baht 10 each for offer for sale to the existing shareholders of the Company in proportion to their respective shareholding at the offering ratio of not exceeding 1.4316 existing ordinary shares to 1 newly issued ordinary share, at the offering price calculated based on volume weight average price of the Company's share traded on the Stock Exchange of Thailand during 15 working days prior to March 31, 2020 (10 - 30 March 2020), in addition the Right Offering Price shall not be lower than Baht 1.3043 per share. In this regard, the Company shall notice the Right Offering Price to the shareholders, following the number of newly issued shares and ratio of the entitlement to subscribe for new ordinary shares in proportion to their existing shareholding (old: new) on March 31, 2020 which is the date prior to the AGM 2020 on April 1, 2020. Share fraction derived from the calculation shall be disregarded. The existing shareholders may subscribe for the newly issued ordinary shares in excess of their right (oversubscription). The shareholders who are entitled to subscribe for the newly issued shares shall be those whose names are recorded in the share register on April 10, 2020, which is the date on which the list of eligible shareholders for subscribing to the newly issued shares in this capital increase is determined.

50. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Board of Directors on February 25, 2020.



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