

SECTION 2

MANAGEMENT AND CORPORATE GOVERNANCE

7. SECURITIES INFORMATION AND SHAREHOLDERS

7.1. REGISTERED CAPITAL AND PAID-UP CAPITAL

The Company has a registered capital of Baht 2,200,000,000 and a paid-up capital of Baht 2,200,000,000 which is divided into 220,000,000 ordinary shares at par value of Baht 10 (as at 31 December 2016).

7.2. SHAREHOLDERS

7.2.1. Top 10 Major Shareholders

As at 28 March 2017, major shareholders of the Company are as follows:

	Shareholders	No. of Shares	Percentage (%)
1.	KWT1499 (Thailand) Company Pte. Ltd.*	100,000,000	45.45
2.	Mrs Jantira Luesakul	41,137,600	18.70
3.	Mrs Lamipalkaur Sriguruwal	15,934,000	7.24
4.	Mr Suvit Sriguruwal	15,769,600	7.17
5.	Utayan Thani Company Limited	3,254,246	1.48
6.	Citibank Nominees Singapore Pte. Ltd. – PBG Jaxware Investment Ltd.	2,821,720	1.28
7.	Thai NVDR Co., Ltd.	2,743,840	1.25
8.	Edmonton Pte. Ltd.	1,600,000	0.73
9.	Mr Varit Ungpakorn	1,400,000	0.64
10.	Mr Dhidhat Vanichstian	1,219,601	0.55
	Total	185,880,607	84.49

* KWT1499 (Thailand) Company Pte. Ltd. incorporate in Singapore is the property arm of King Wai Group.

7.2.2. Shareholders divided by nationality

Shareholders	Entity		Individual		Total		
	Number	Number of Shares	Number	Number of Shares	Number	Number of Shares	%
Thai Locals	15	7,157,923	1,208	106,766,932	1,223	113,924,855	51.78
Foreigners	6	104,741,720	10	1,333,425	16	106,075,145	48.22
Total	21	111,899,643	1,218	108,100,357	1,239	220,000,000	100

Source: Thailand Securities Depository Company Limited

Updated shareholding structure can be viewed at www.kwgthai.com

7.2.3. Shareholders in subsidiaries operating core business

The Company directly holds shares in four (4) subsidiaries which make up the core business of KWG and generate direct revenue to the Company. The shareholding structure of subsidiaries are as follows:

Shareholders	Subsidiary Companies									
	(1) Top Property			(2) Thai-Kami		(3) Gold Star Property		(4) Cornerstone Realty		
	Ordinary Share	Preferred Share	%	Ordinary Share	%	Ordinary Share	%	Ordinary Share	%	
King Wai Group (Thailand) Public Company Limited	2,915,792	520,940	61	37,474,992	100	4,090,993	100	9,992	100	
Hampshire Pte Ltd.	1,864,200	333,060	39	-	-	-	-	-	-	
Ms Supattra Tasilapa	7	-	0	7	0	5	0	6	0	
Mr Paisan Supornpun	1	-	0	1	0	2	0	2	0	
	Total		100	Total	100	Total	100	Total	100	

7.3. DIVIDEND PAYMENT POLICY

7.3.1. 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.

7.3.2. Dividend Payment of Subsidiaries

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

8. MANAGEMENT STRUCTURE

8.1. BOARD OF DIRECTORS

Board of Directors as at 31 December 2016 is as follows:

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

Details of Changes of Directorship in 2016

Date/Month/Year	Resign Director(s)	New Director(S)
18 May 2016	Mr Ng Ooi Hooi Mr Lim Kei Hin Madam Melissa Tan Siew Ngok	Mr King Wai Chan Mr Antonio Hang Tat Chan Mr Yupeng Huang
19 May 2016	Mr Oh Wang Soon (Oh Lock Soon)	Mr Boonyong Yongcharoenrat
20 June 2016	-	Mr Hang Lee Chan Mr Shaosan Zheng

Authorised Signatory Directors

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

Directors' attendances at the meetings of the Board and Board Committee for the year ended 31 December 2016 are as follows:

	Board Committees		
	Board	Executive Committee	Audit Committee
No. of meetings held	13	Nil	7
Directors			
Mr King Wai Chan	-	Nil	-
Mr Antonio Hang Tat Chan	4	Nil	-
Mr Yupeng Huang	7	Nil	-
Mr Boonyong Yongcharoenrat	4	-	-
Mr Hang Lee Chan	1	-	-
Mr Shaosan Zheng	-	-	-
Mrs Jiraporn Pimpoorash	13	-	7
Prof Chukiat Pramoolpol	13	-	7
Mr Somprasong Makkasaman	13	-	7
Resigned			
Mr Ng Ooi Hooi	5	Nil	-
Mr Lim Kei Hin	5	Nil	-
Madam Melissa Tan Siew Ngok	5	Nil	-
Mr Oh Weng Soon (Oh Lock Soon)	6	Nil	-

Board of Subsidiary Company

The Company holds shares in four subsidiary companies which are revenue-generating. Directors' attendances at the meetings of the Board for these subsidiaries for the year ended 31 December 2016 are as follows:

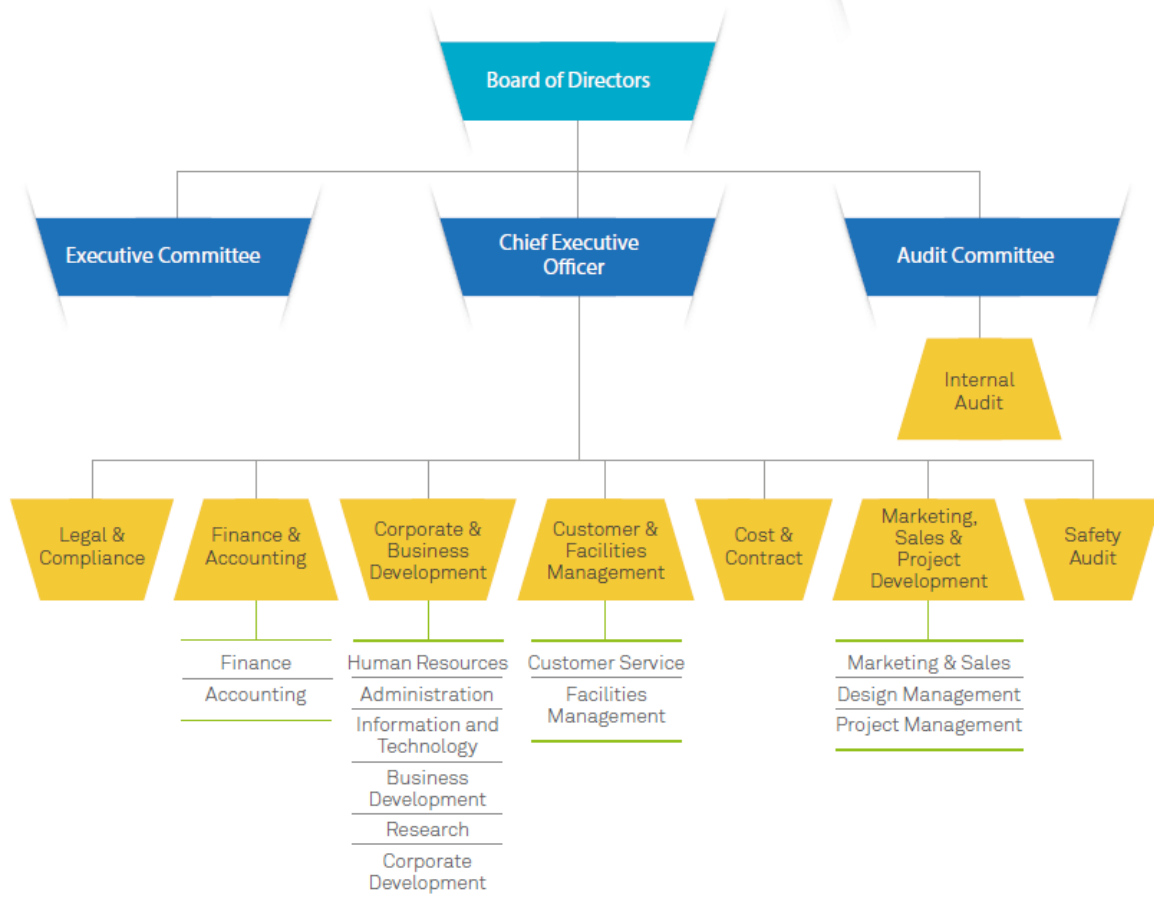
Directors	Board Meetings			
	Thai-Kami Co., Ltd.	Top Property Co., Ltd.	Gold Star Property Co., Ltd.	Cornerstone Realty Co., Ltd.
Mr King Wai Chan	12/12	1/1	5/5	1/1
Mr Antonio Hang Tat Chan	12/12	1/1	5/5	1/1
Mr Yupeng Huang	12/12	1/1	5/5	1/1
Mr Lim Kei Hin (resigned)	7/7	2/4	2/2	2/2
Madam Melissa Tan Siew Ngok (resigned)	7/7	-	2/2	2/2
Mr Oh Weng Soon (Oh Lock Soon) (resigned)	7/7	4/4	2/2	2/2
Mr Jestada Tangboonpant (resigned)	7/7	4/4	2/2	2/2

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

ORGANISATION CHART

KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED

As at 31 December 2016



8.2. EXECUTIVE OFFICER

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

As at 31 December 2016, the Executive consists of six (6) persons:

Name	Position	Department/Function
Mr Yupeng Huang	CEO	
Mr Jestada Tangboonpant	Senior Assistant Vice President	Finance & Accounting
Mr Peter Cheng	Senior Assistant Vice President	Cost & Contact, Customer Service, Facility Management
Mr Paisan Supornpun	Assistant Vice President	Accounting
Ms Wilailak Kraisuwannasarn	Assistant Vice President	Marketing & Sales
Mr Lattapant Yuthakarn	Assistant Vice President	Project Management

8.3. COMPANY SECRETARY

The Company has appointed Ms Supattra Tasilapa, Senior Manager, Legal & Compliance Department as Company Secretary since 6 August 2013 to comply with the Securities and Exchange Act (No.4) B.E. 2551 (2008). The responsibilities of the Company Secretary include:

- 1) Overseeing activities of the Board and ensuring that they comply with the requirements of SET, SEC and are in compliance with corporate legislation, 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 transacted during the meetings and 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.

8.4. REMUNERATION OF THE DIRECTORS AND EXECUTIVE OFFICERS

8.4.1. Director's Remuneration

The Company's policy on remuneration of the Directors shall be reviewed and approved by shareholders at the Annual General Meeting (AGM) each year. The Directors' scope of duties, roles and responsibilities are also taken in for consideration. During the AGM held on 26 April 2016, the Directors' remuneration was approved. The details are as follows:

- Chairman of the Board Baht 30,000/ month
- Board member Baht 20,000/ month

In 2016, the total monetary remuneration of the Directors paid or payable to the Board of Directors to a total amount of Baht 2,054,666.66.

Name of Director	Monetary Remuneration (Baht)				Other
	Board of Directors	Audit Committee	Executive Committee	Total	Membership (Baht)
Mr King Wai Chan (Effective 18 May 2016)	223,548.39	-	Nil	223,548.39	0
Mr Antonio Hang Tat Chan (Effective 18 May 2016)	149,032.26	-	Nil	149,032.26	0
Mr Yupeng Huang (Effective 18 May 2016)	149,032.26	-	Nil	149,032.26	0
Mr Boonyong Yongcharoenrat (Effective 19 May 2016)	148,387.10	-		148,387.10	0
Mr Hang Lee Chan (Effective 20 June 2016)	127,333.33	-	-	127,333.33	0
Mr Shaosan Zheng (Effective 20 June 2016)	127,333.33	-	-	127,333.33	0
Mrs Jiraporn Pimpoorash	240,000.00	Nil	-	240,000.00	0
Prof Chukiat Pramoolpol	240,000.00	Nil	-	240,000.00	0
Mr Somprasong Makkasaman	240,000.00	Nil	-	240,000.00	0
Mr Ng Ooi Hooi (resigned 18 May 2016)	136,451.61	-	Nil	136,451.61	0
Mr Oh Weng Soon (Oh Lock Soon) (resigned 19 May 2016)	91,612.90	-	Nil	91,612.90	0
Mr Lim Kei Hin (resigned 18 May 2016)	90,967.74	-	Nil	90,967.74	0
Mrs Melissa Tan Siew Ngok (resigned 18 May 2016)	90,967.74	-	Nil	90,967.74	0
Total	2,054,666.66	-	-	2,054,666.66	0

8.4.2. Remuneration of the Executive Officers

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.

8.5. PERSONNEL

Total Number of employees is 69 persons

Employees classified by department as of 31 December 2016:

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

Note: Includes staff in KWG's subsidiaries

8.5.1. 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. bonus, 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 2016, the Company paid a total of Baht 63,969,989.90 for the remuneration of employees.

Type of Remuneration	Amount (Baht)
Fixed Salary	49,371,188.00
Bonus	7,416,137.00
Allowance (Overtime, Provident Fund, Commission, etc.)	7,182,664.90

8.5.2. Human Resources Policy

The Company emphasises 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) Online surveys are conducted to evaluate employees' satisfaction in the Company. Results from these surveys are evaluated and relevant suggestions are implemented.
- 4) 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 2016

Course	No.	Attendance	Total (Hours)	Average per person (Hours)
In-house Training	2	59	445.25	6.45
External Training	36	26		

8.5.3. Training Programs

In 2016, the Company supported employees in both internal and external trainings programs, seminars and courses. The total training cost for 2016 amounted to Baht 36,600.00

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

- 144 Techniques for Tax Invoice
- AGM Checklist for 2016
- Business Strategy for IR
- CG Forum 1/2016
- Direction of Sustainable Business
- Draft New Securities and Exchange Act
- Enhancing Good Corporate Governance based on CGR Scorecard
- Financial Eco System and Good Internal Control
- Get ready e-filling for submission of financial statement
- How to manage staff benefits for the most tax utilization
- IR Preparation for Roadshows
- Material Transactions and Related Party Transactions
- Mega project, new growth engine, new Thailand
- Modern Provident Fund
- Preparation of financial statement to accordant with business and TFRS

- Project to prevent and solve the narcotic problem in the corporate
- Public Hearing (TFRS9, TFRS7, TAS32 issues)
- Real estate strategies for condo market
- Real Estate Trend 2016
- Requests Electricity for Use in the Condominium / Apply Electrical Meters
- Residential Market Trend vs Thai Economy 2016
- Revenue from contracts with customers (The new revenue standard)
- SCP Straight through
- Secret of Digital Marketing 2016
- Seminar : Update Land Price Change 2016
- SET Portal Improvement
- Shareholders' Rights and Responsibilities
- Smart Disclosure Program
- Strategic Shareholder
- Summarized Tax Cases is Reviewed by RD
- Tax Case Study
- Techniques to solve in accounting preparation under accounting standard
- The Failure of the Building Structure, the Causes & Solutions
- VAT & Withholding Tax in Contract Payment & Business Agreement
- Financial Report Standards Related Assets
- Guiding to the Group Insurance Policy
- Nutrition & Office Syndrome

9. CORPORATE GOVERNANCE

9.1. 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' interests and ensure long-term shareholder value. The Board of Directors has implemented best practices in corporate governance based on the Code of Business Conduct.

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

A. RIGHTS OF SHAREHOLDERS

A 1 Protection of Rights

The Company recognises the importance of protecting the rights of shareholders and promotes the exercising of these rights. The basic legal rights of shareholders include the rights to buy, sell or transfer shares, receive dividends, obtain relevant and adequate information in a timely and regular basis, participate in shareholder meetings, propose the meeting agenda, vote for the appointment or removal of Directors and auditors, determine their remuneration, as well as partake in decisions that could have material impact on the Company such as acquisitions and mergers, liquidations of subsidiary companies, dividend payments, amendments 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 to facilitate its shareholders in matters relating to the Company's shares and securities registration.

The Company recognises 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.

A2 Shareholders' Meeting

The Company holds its Annual General Meeting once a year within four months after the end of its accounting period. Date, time, and venue for the meeting shall be convenient and easily accessible for shareholders. The Company shall not arrange meetings on holidays or commercial bank holidays and non-business days. In 2016, the Company held its Annual General Shareholders Meeting at Crowne Plaza Bangkok which is easily accessible via public transportation systems such as the BTS and the MRT.

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 2016, all relevant information was posted on the Company's website, 30 days before the date of the meeting to ensure that shareholders had adequate time to review the relevant information. In addition, the Company did not add items to the meeting agenda without advance notice to ensure fairness to its shareholders. Shareholders were also informed of the rules of the meeting and voting procedures to allow fair and equal opportunity to ask questions, recommend, as well as give opinions during the meeting. Board members and management of the Company were in attendance to explain the Company's operational performance and policies, as well as answer relevant questions at the meeting. These recommendations and questions were recorded in minutes of the meeting and disclosed on the Company's website within 30 days after the date of the meeting.

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

B. EQUITABLE TREATMENT OF SHAREHOLDERS

The Company ensures equitable treatment of all shareholders. KWG has in place policies to disclose complete and accurate information, including shareholders' 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 the 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 organisation to-date.
- 4 The Company has guidelines in place for Directors and Executives to disclose their stake in the Company and relation to the Directors, if any. The Company also discloses information of its Directors and Executives shareholding in the Company and subsidiaries in accordance with the requirements from regulators such as the Office of Securities and Exchange Commission (SEC) and the SET.

The Company allows all its shareholders to access the Company's information, as well as provides a variety of channels of clear communications to its staff through the Company's website, or through other channels such as telephone, fax, post, or email. Interested parties can directly contact the Company at:

King Wai Group (Thailand) Public Company Limited

30th Floor, Jewellery Centre Building

138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500

Tel : (662) 237-1999

Fax : (662) 237-2666

Or email: info@kwgthai.com or visit the Company's website: www.kwgthai.com/ for more information.

C. **ROLE OF STAKEHOLDERS**

The Company recognises 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:

C 1 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.

C 2 Employees: The Company recognises that its employees are the core driving force of the organisation. 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 2016, the Company organised a total of 445.25 training hours for its staff. This included both internal and external training sessions.

C3 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.

C 4 Creditors: The Company has put in place policies 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.

C 5 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 rendering special assistance at a later occasion.

C 6 Competitors: The Company respects competition and does not engage in deals and/or discussion with employees of its competitors on issues and/or information that may impact either party's business.

C 7 Community and Society: The Company is committed to positively impact the community and society in the four focus areas of education, sports, society and the environment as well as arts and culture.

Others

1. Purchase of licensed software

The Company purchases computer software which are duly licensed and prohibits illegal use of unlicensed computer software. If the need arises to install any additional software applications, the Information Technology department will ensure the relevant licenses prior to installation.

2. Medical Benefits

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

3. Safety

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

D. DISCLOSURE AND TRANSPARENCY

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

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

The Company has appointed Ms Marisa Sangvoranit as an investor relations officer to provide timely information and news to shareholders. Interested parties can contact her directly for required information at marisa@kwgthai.com or visit the Company's website, www.kwgthai.com for more information.

E. RESPONSIBILITIES OF THE BOARD

E 1. 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 2016, the Board comprised four executive Directors and three Non-executive Directors.

E 2. Independence from the management

The Board acts independently from the management. There is a clear segregation of duties and responsibilities between the Board and management.

The Board formulates policies, provides strategic business direction, as well as oversees and ensures that operations are carried out according to the highest levels of transparency and disclosure, and in accordance with the respective policies.

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

E 3. Appropriateness of the Board

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

E 4. 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 Mazars Limited to audit the Company at least once a year. The Internal Audit team then reports its findings to the Board of Directors and the AC.

- The Board and the AC will then review all items to ensure compliance with relevant laws and regulations as well as with internal policies with respect to the conduct of business. The AC will review the quarterly financial statements and report to the external auditors as well as Internal Audit team before seeking approval from the Board. The AC is satisfied that KWG and its subsidiaries have maintained adequate internal controls for the year 2015.
- 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 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.

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

Contact Details:

Receiving Officer

Mr Yupeng Huang	:	Office	:	0 2237 1999
Director, CEO	:	E-mail	:	eric@kwgthai.com
King Wai Group (Thailand) Pcl.	:	Office Address	:	30th Floor, Jewellery Centre Building, 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500

Audit Committee Chairman

Mrs Jiraporn Pimpoorash	:	Office	:	0 2237 1999
	:	E-mail	:	jiraporn@sj.co.th
	:	Office Address	:	30th Floor, Jewellery Centre Building, 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500

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 is the 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 Audit Committee Chairman may, if need be, contact them for more information

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.

- **Code of Conduct**

The Company has a Code of Conduct 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.

9.2 BOARD COMMITTEES

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

9.2.1 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 Directors

The principal functions of the Board are as follows:

- 1) Review and approve the Company's corporate policy and the authorisation 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 2016 include:

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

9.2.2 EXECUTIVE COMMITTEE:

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

Roles, Duties and Responsibilities of the Executive Committee

- 1) To operate the daily business of the Company in line with the Company's policy and budgets, set the directions, targets, organisation 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 authorised limits.
- 5) To approve the hiring of consultants and procurement of materials in accordance with procedures.

The Company's Executive Committee as at 31 December 2016 include:

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

9.2.3 CHIEF EXECUTIVE OFFICER

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

Role, Duties and Responsibilities of the CEO

1. Responsible for daily business operation and management of the Company.
2. To assure that operations are in accordance with policies, work plans, and within the budget approved by the EC and/or the Board.
3. Be the authorised person to manage the Company's operations to be in line with Company's objectives, regulations, policies, standards, requirements, instructions and the resolution of Board meetings and/or the shareholders' meeting.

4. Manage and lead business operations, and at the same time, evaluate the Company's performance on a regular basis so that proper action will be taken to prevent or minimise risks associated with external and internal factors.
5. To oversee any binding agreements with regards to the Company's business, as well as evaluate opportunities which may be beneficial to the Company. This includes overseeing the drafting of contracts to be further submitted to the EC and/or the Board.
6. Allocate sufficient funds for awards and compensations to employees as previously approved by the Board.
7. To authorise employment, including the 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 authorise 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 organisation.
10. To perform other duties as assigned by the Board.

Actions of the Chief Executive Officer concerning the assignment of duties, responsibilities and authorisation 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 the regulations of the Company, its subsidiaries, or the applicable law. However, there is an exception when such activities are part of regular business operations with a predetermined scope.

9.2.4 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 2016, the AC called for five meetings.

Roles, Duties and Responsibilities of the Audit Committee

The AC is guided by the following terms of reference:

- 1) Review financial statements to ensure adequacy, accuracy and proper disclosure as required by accounting standards and relevant laws.
- 2) Review the efficiency of the internal audit system set by management.
- 3) Review business operations in accordance with the requirements of the Securities and Exchanges Act, Rules and Principle Standards of the SET or any other laws related to the Company's business.
- 4) 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.

- 5) Review relevant transactions for any conflicts of interest, adherence to related laws and regulations of compliance and to ensure that such transactions are transparent.
- 6) 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.
- 7) Report on activities of the AC in the Company's annual reports which must be signed by the Chairman of the AC.
- 8) 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 2016 include:

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

Mrs Jiraporn Pimpoorash, with her extensive experience in the relevant industry for 28 years, is qualified to carry out the audits for KWG.

9.3 SELECTION OF DIRECTORS AND EXECUTIVE OFFICER

9.3.1 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 a new Board member shall serve the remainder of that term.

9.3.2 Independent Director

The person who shall be qualified to be independent director must be in fully 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, guarantees, providing assets as collateral, and any other similar actions, which result in the Company or his counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the Company or twenty million baht or more, whichever is lower. The amount of such indebtedness 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 indebtedness shall include indebtedness occurred 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 receive 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 as 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, 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 regards 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 contributions for the benefit of all stakeholders and the Company's 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, as well as courses arranged by other agencies so that they can apply the knowledge for the sound progress of the Company.

BOARD MEETING POLICY

The Company requests for cooperation from all Directors to attend all meetings whenever possible. In 2016, there were seven Board meetings. The Company has fixed the minimum quorum where at least one-half of total number of Directors should be present at each meeting.

9.4 INSIDER INFORMATION CONTROL

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

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

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 utilisation 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.

9.5 AUDIT FEE

9.5.1 Audit fee

The Company and its subsidiaries engaged PricewaterhouseCoopers ABAS Ltd. for auditing services and paid for audit fee expenses incurred in 2016 totaling of Baht 1,731,2400.00.

Auditor's Fee for the Company	Baht 715,680.00
Auditor's Fee for subsidiaries	Baht 1,015,560.00

9.5.2 Non-audit fee

There were no none-audit fee incurred in 2016.

10. CORPORATE SOCIAL RESPONSIBILITY

Sustainability Framework

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

Customers:

To develop quality homes of enduring values

Shareholders:

To deliver sustainable earnings and maximize shareholder returns

Employees:

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

Business Partners:

To build long-term and mutually beneficial relationships

Communities:

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

Business Ethics

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

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

Intellectual Property Policy

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

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

Anti-Corruption

KWG has anti-corruption policies and measures to protect its businesses, resources and reputation. The Human Resources team conducted its annual briefing to all staff on the Company's anti-corruption policy, after which all staff were required to sign an acknowledgment form.

The anti-corruption policy is as follows:

- The Company's employees must under no circumstances offer, promise, give or authorise the giving, directly or through third parties, of any bribe, kickback, illicit payment, benefit in-kind or any other advantage to any customer, supplier, contractor, or any other person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Facilitation payments are also considered bribery. Employees should not make any facilitation payments on behalf of the Company.
- Similarly, KWG staff must not under any circumstances solicit or accept, directly or indirectly, any bribe, kickback, illicit payment, benefit in-kind or any other advantage from any customer, supplier, contractor, or any other person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.
- Reporting Mechanism: The Company has a channel of anti-corruption reporting in place. Employees are encouraged to lodge a protected report in relation to suspected reportable conduct to his supervisor and/or the Audit Committee Chairman.
- Investigation: The Company monitors all investigations closely. The Audit Committee Chairman will review the information gathered, following which he will interview and determine whether the circumstance warrants an investigation and if so, decide on the appropriate investigative process to be executed and corrective actions (if any) to be taken.

Human Rights

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

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

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.

Fair Treatment to Labour

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

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

The Company also provides annual medical check-ups, medical payment plan as well as medical care seminars for all employees. In 2016, the medical check-ups were held during October.

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

KWG has continued to conduct Customer Relation Management (CRM) activities and has a policy to build and maintain mutual long-term relationship with customers. Every year, the Company organizes various CRM activities and invites customers to attend. The Company and customers would meet up and develop relationship together during organized activities such as T-shirt painting, Thai dessert making (Look Shup), decoupage decoration, cupcake decoration, Clock DIY, Yoga exercise, "Kra Thong" making for Loy Krathong festival, pottery painting and tree planting.

These activities would give us a chance to strengthen the relationship with our customers and collect their feedback on their suggestion and preference for market trend, which helps us to gain the insights on the competitive advantage for our marketing plan.

We are conscious of any potential external risk that does harm to our customers and their properties and strive to take any possible preventive measure to minimize the impact of the uncontrollable risk. During the heavy rainy season, on 12 July 2016, our property management team at Villa Arcadia Watcharaphol, an area which is located at North of Bangkok and once experienced the 2011 Thailand flooding, conducted a flooding drill with planned procedures to better prepare the villagers for the flooding.

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.

On Saturday 24th June 2016, KWG organised a green activity at Chet Sao Noi waterfall, located on Chet Sao Noi National Park, Saraburi province. 56 volunteered KWG staff joined this environment nurturing activity to clean up the river. Every rainy season, Jed Sao Noi waterfall and its surrounding town and roads are the main flooding area which endangers the villagers and their properties. Cleaning the river by taking away the garbage and unnecessary water plants would help increase the flow of river water. With the supervision of national park officers, a group of KWG volunteers went into the water to collect the garbage and pulled out unnecessary water plants. In addition, the company donated equipment including life vests, baskets, sickles and nets to the national park.

Support Society

During the mourning period for His Majesty King Bhumibol Adulyadej, the Company had given away black ribbon pins for free at its head office for visitors just in case that some might not have enough black apparel or cannot afford black cloths. Black ribbon pins are accepted as an alternative way to mourn for the king.

Community Development

KWG intends to give back to community and continues to support the development of the community including children development.

On Saturday 17th December 2016, led by KWG's Executive Vice Chairman, Mr. Antonio Hang Tat Chan, KWG sponsored nine awards during an awards ceremony organised by the Duang Prateep Foundation for the selected children living in Klongtoey community, Bangkok's largest slum community with some 80,000 residents. The awards are composed of 3 categories, namely, outstanding leadership, outstanding humanitarian activity, and outstanding manners. The selected children are members of a foundation programme, which aims to nurture the children for their education, society adaption and mind development in the community and to keep them off the slum street where many bad influences are. Additionally, to show the appreciation and thankfulness for those who make contributions to the community, KWG sponsored twenty two more rewards for twenty two volunteers who had been actively helping with the organization activities through the year of 2016.

The organization operates over 20 projects in the fields of education, child abuse, welfare of the elderly and slum youths at Klong Toey, Bangkok.

11. INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

12. RELATED PARTY TRANSACTIONS**APPROVAL PROCEDURES OF RELATED PARTY TRANSACTIONS**

In case that the Company, its subsidiaries, related persons or parties enter into related party transactions, the Company shall proceed in accordance with laws, regulations, notifications, orders and rules of the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), to comply with corporate governance principles. It must also follow the rules of the related transaction disclosure and acquisition and disposal of the asset.

Such related party transactions shall be agreed and approved by the Board and shareholders. However, no Director or Executive with conflict of interest in the matter shall be involved in the approval.

POLICIES ON FUTURE RELATED PARTY TRANSACTIONS

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

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

RELATED PARTY TRANSACTIONS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**1. Management Fee**

The Company had entered into a management agreement with Straits Mansfield Property Marketing Pte. Ltd. ("Straits Mansfield") a subsidiary of Keppel Land Limited ("KLL"), to provide professional and consultancy services for the Company and its two subsidiaries; Thai-Kami Co., Ltd. and Top Property Co., Ltd. ("Top Property") of which the Company held 100% and 61% respectively of total shares. This is a normal business transaction based on reasonable commercial terms, and was approved by the Board with the transaction value of SGD 155,000.

KLL completed the sale and transfer of 100,000,000 shares in the Company to KWT1499 (Thailand) Company Pte. Ltd. ("KWT1499") on 18 May 2016, as a result, KWT1499 has become a major shareholder of the Company. The management agreement with Straits Mansfield was also terminated since then.

The management fee charge based on monthly basis, the actual fee incurred from January – May 2016 is SGD 64,583.67.

2. Internal Audit Fee

The Company had entered into an agreement with Straits Mansfield to provide internal audit services. This is a normal business transaction based on reasonable commercial terms, and was approved by the Board with the transaction value of SGD 15,000.

The internal audit fee charge based on monthly basis, the actual fee incurred from January – May 2016 is SGD 6,250.

3. Management Fee between the Company and its subsidiaries

The Company had entered into a management agreement with the Company's subsidiary (Top Property) to provide professional and consultancy services with the transaction value of not more than THB 1,600,000. This is a normal business transaction based on reasonable commercial terms, and has been approved by the Board.