

## SECTION 2

### MANAGEMENT AND CORPORATE GOVERNANCE

#### 7. SECURITIES INFORMATION AND SHAREHOLDERS

##### 7.1. REGISTERED CAPITAL AND PAID-UP CAPITAL

As at 31 December 2017, the Company has a registered capital and paid-up capital of THB 9,240,000,000 which is divided into 924,000,000 ordinary shares at par value of THB 10.

##### 7.2. SHAREHOLDERS

###### 7.2.1. TOP 10 MAJOR SHAREHOLDERS

As at 14 February 2018, major shareholders of the Company are as follows:

Shareholders	No. of Shares	Percentage (%)
1. KWT1499 (Thailand) Company Pte. Ltd.	444,960,000	46.96
2. Tommo (Thailand) Limited	314,275,219	33.17
3. Mrs Jantira Luesakul	50,292,900	5.31
4. Mr Boonyong Yongcharoenrat	12,178,615	1.29
5. King Wai International Holdings Company Limited	11,396,855	1.20
6. Thai NVDR Co., Ltd.	6,600,640	0.70
7. Mr Suvit Sriguruwal	5,007,300	0.53
8. Mrs Lamipalkaur Sriguruwal	4,384,000	0.46
9. Mrs Nattanant T-Thienprasert	2,250,000	0.24
10 Mrs Yanna Ma	1,890,000	0.20
<b>Total</b>	<b>853,235,529</b>	<b>90.04</b>
<b>Other</b>	<b>70,764,471</b>	<b>9.96</b>

Note:

KWT1499 (Thailand) Company Pte. Ltd. incorporated 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	15	321,970,696	2,529	165,896,594	2,544	487,867,290	51.49
Foreigners	5	456,944,455	11	2,763,725	16	459,708,180	48.51
Total	20	778,915,151	2,540	168,660,319	2,560	947,575,470	100.00

Source: Thailand Securities Depository Company Limited

Updated shareholding structure can be viewed at [www.kwgthai.com](http://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 as follows:

As at 31 December 2017	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	%	
Shareholders										
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	-	-	-	-	-	-	
Supattra Tasilapa	7	-	0	7	0	5	0	6	0	
Paisan Supornpun	1	-	0	1	0	2	0	2	0	
	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 operating 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 members occupied various qualifications, skill, experience and expertise that are useful to the Company. As at 31 December 2017, the Board of Directors consisted of 9 persons are as follows

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

There were no changes of Directorship in 2017.

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

#### Authorised Signatory Directors

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

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

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

#### Board of Subsidiary Companies

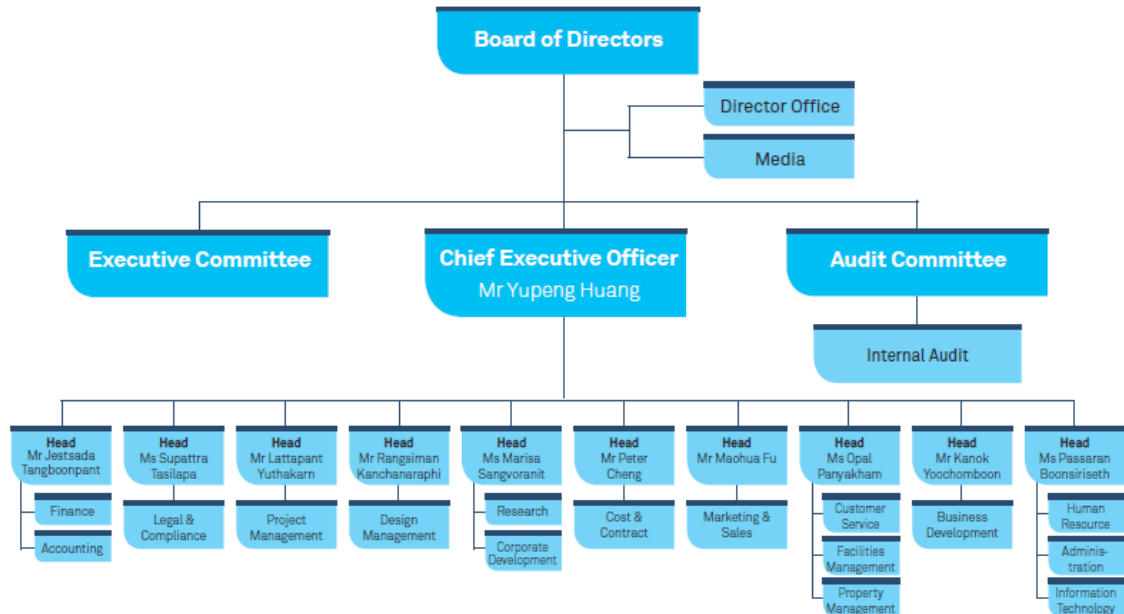
The Company holds shares in four subsidiary companies which are revenue-generating. Directors' attendances at the meetings of the Board for these subsidiaries for the year ended 31 December 2017 are as follows:

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

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

## ORGANISATION CHART

### KING WAI GROUP (THAILAND) PUBLIC COMPANY LIMITED



## 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 the next four executives.

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

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

## 8.3. COMPANY SECRETARY

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

- 1) Overseeing activities of the Board and ensuring that they comply with the requirements of SET, SEC and are in compliance with corporate legislation as well as the Articles of Association of the Company.
- 2) Arranging the Shareholders and Board of Directors meetings in accordance with the laws and regulations, the Company's Articles of Association and best practices. This responsibility will involve the issuing of proper notices of meetings, preparation of agenda, circulation of relevant papers and taking and producing minutes to record business transaction during the meetings as well as decisions made.
- 3) Maintaining the Company's statutory registers or books, including director registration, annual reports of the Company, notices and minutes of Board meetings and general shareholder meetings.
- 4) Ensuring that the directors and executives have filed reports on their interest and related persons' interests, as required by laws.
- 5) Communicating within internal business units and monitoring actions taken to ensure accuracy and compliance with the resolutions of Board and shareholder meetings.

- 6) Providing advice to the Board pertaining to laws, rules and regulations governing the Company's business, as well as monitoring compliance on a regular basis and reporting any significant changes to the Board.
- 7) Promoting understanding of corporate governance principles, providing relevant information, as well as monitoring compliance among the Board of Directors.
- 8) Coordinating between the Board and Executive.
- 9) Communicating and providing shareholders with information about the Company so as to enable them to exercise their rights.
- 10) Ensuring that disclosure of corporate information to regulatory agencies is in accordance with the relevant laws and regulations.
- 11) Taking any other actions as prescribed by the Capital Market Supervisory Board.

## 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 21 April 2017, the Directors' remuneration was approved. The details are as follows:

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

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

Name of Director	Monetary Remuneration (Baht)				Other
	Board of Directors	Audit Committee	Executive Committee	Total	Membership (Baht)
Dr King Wai Chan	360,000	-	Nil	360,000	0
Mr Antonio Hang Tat Chan	240,000	-	Nil	240,000	0
Mr Hang Lee Chan	240,000	-	-	240,000	0
Mr Yupeng Huang	240,000	-	Nil	240,000	0
Mr Boonyong Yongcharoenrat	240,000	-		240,000	0
Mr Shaosan Zheng	240,000	-	-	240,000	0
Mrs Jiraporn Pimpoorash	240,000	Nil	-	240,000	0
Prof Chukiat Pramoolpol	240,000	Nil	-	240,000	0
Mr Somprasong Makkasaman	240,000	Nil	-	240,000	0
<b>Total</b>	<b>2,280,000</b>	<b>-</b>	<b>-</b>	<b>2,280,000</b>	<b>0</b>

#### 8.4.2. REMUNERATION OF THE EXECUTIVE OFFICERS

In 2017, the Company paid monetary remuneration including fixed salary to 11 (eleven) executive officers (including 3 executive officers who resigned during the year) amounting to 22,611,006 BAHT.

##### Other Remuneration

##### ✓ Provident Fund

The Company contributed to the provident fund monthly at the same rate of 5% of basis salary. The funds will be paid to employee upon termination in accordance with the rules of the fund.

In 2017, the Company contributed to the fund of 11 executive officers (including 3 executive officers who resigned during the year) amounting to 499,454 BAHT.

##### ✓ Welfare

The Company provides yearly health check-up, welfare for IPD and OPD medical expense for its employee.

In 2017, the Company paid health welfare to 11 executive officers (including 3 executive officers who resigned during the year) amounting to 51,400 BAHT.

##### ✓ Other

The Company paid car rental, gasoline, driver, phone bill allowance, housing allowance for 11 executive officers (including 3 executive officers who resigned during the year) amounting to 84,425.97 BAHT, and paid life/accident insurance fee expense of 6,360 BAHT.

#### 8.5. PERSONNEL

Total Number of employees is 87 persons

Employees classified by department as of 31 December 2017:

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

*Note: Includes staff in KWG's subsidiaries*



### 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 2017, the Company paid a total of 71,528,073.59 BAHT for the remuneration of employees.

Type of Remuneration	Amount (Baht)
Fixed Salary	64,735,900.00
Bonus	0
Allowance (Overtime, Provident Fund, Commission, etc.)	6,792,173.59

### 8.5.2. 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 2017

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

### 8.5.3. TRAINING PROGRAMS

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

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

- 144 Techniques for Tax Invoice or Technic Use and Issue tax invoices
- 2018 Prospects for Thailand Tourism and Tourism Ministry's Plan

- Report Standards 2018 for PAEs and NPAEs Related Assets
- Digital Tax (National E-payment)
- Up to date of Labor laws
- Value Added Tax
- Law and Regulation related to Real Estate No.65
- Certificate in Investor Relations 2017
- Technique to cope with Cheques
- English for Lawyers
- AGM Checklist for 2018
- Residential Market Trend vs Thai Economy 2017
- SCP Straight Through
- SET Portal Improvement
- Smart Disclosure Program
- Strategic Shareholder
- Brainstorm: Real of Estate Return Round 9th
- Set Listed Companies & Opportunities in CLMV Countries
- FAP Seminar Focus group on TFRS 16th Leases (Draft)
- BIM – Technology & Process
- Asean Legal Alliance Annual Conference
- Tea Talk – IFRS 15
- Smart Approach for Cybersecurity for Thailand 4.0
- EEC – Thailand Economic Connecting The World
- New Competition ACTs
- The Right Time for REIT Seminar
- Private Sector Collective Action against Corruption
- New Regulation on CFO & Chief Accountant qualification on stock exchange of Thailand
- Basic Valuation for IR
- Update the latest of Financial Statement and Problem for according to IFRS
- Training for Strategic Shareholders / FSCOM report
- Draft for IAS 12 (Income Taxes) and IFRS 16 (Leases)
- Draft for IFRS 15 (Revenue from contract with customer)
- Corporate Governance Code

- Smart Solution for Smart Real Estate
- Update taxation and guidelines for audit of Revenue Department in the year 2017
- Personal Income Tax
- Public Hearing on warning signs (TFRS9, TFRS7, TAS32 issues)
- China Policy Direction under communist party of China Resolution
- BMR Housing Markets outlook, Location Analysis 2018
- Introduction and Understanding to Group Health Insurance for 2018

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

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

**A. RIGHTS OF SHAREHOLDERS****Protection of Rights**

The Company recognizes the importance of protecting the rights of shareholders' and promotes the exercising of these rights. The basic legal rights of shareholders include the right to buy, sell or transfer shares, receive dividends, obtain relevant and adequate information in a timely and regular basis, participate in shareholder meetings and express opinion or suggestion, propose the meeting agenda, vote for the appointment or removal of Directors and Auditors, determine their remuneration as well as partake in decisions that could have material impact on the Company such as acquisitions and mergers, liquidations of subsidiary companies, dividend payment, amendment to the Memorandum and the Articles of Association or by-laws, capital increase or decrease.

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

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

**Shareholders' Meeting**

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

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

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

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

The Company has a policy to disclose to the SET relevant resolutions for each agenda item as well as voting results by 9:00 a.m. of the next working day after the shareholders' meeting at latest.

## **B. EQUITABLE TREATMENT OF SHAREHOLDERS**

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

The Company strives to ensure the following:

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

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

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

47<sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa Sub-District, Sathorn District, Bangkok 10120 Thailand

Telephone: (662) 129-5999

Telefax: (662) 129-5998

or by e-mail: [info@kwgthai.com](mailto:info@kwgthai.com) or visit the Company's website: [www.kwgthai.com](http://www.kwgthai.com) for more information.

**C. ROLE OF STAKEHOLDERS**

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

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

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

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

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

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

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

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

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

Others:

**1) Purchase of licensed software**

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

**2) Medical Benefits**

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

**3) Safety**

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

**D. DISCLOSURE AND TRANSPARENCY**

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

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

*Investor Relations*

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

**King Wai Group (Thailand) Public Company Limited**  
**47<sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa Sub-District, Sathorn District, Bangkok 10120 Thailand**  
**Telephone: (662) 129-5999**  
**Telefax: (662) 129-5998**

or by e-mail: [info@kwgthai.com](mailto:info@kwgthai.com) or visit the Company's website: [www.kwgthai.com](http://www.kwgthai.com) for more information.

**E. RESPONSIBILITIES OF THE BOARD**

**Board Structure**

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

**Independence from the Management**

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

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

**Appropriateness of the Board**

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

**Effectiveness of the Board**

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

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

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

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

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



The reports and procedures include:

### Whistle-Blower Protection Policy

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

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

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

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

Receiving Officer	Contact Information
Mr Yupeng Huang	: Office : (662) 129-5999
Director, CEO	: E-mail : <a href="mailto:Eric@kwgthai.com">Eric@kwgthai.com</a>
King Wai Group (Thailand) Public Company Limited	: Office Address : 47 <sup>th</sup> Floor, Empire Tower, No.1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand

### Reporting procedure

- A Protected Report may be made orally or in writing. However, such reports should preferably be in writing so as to ensure a clear understanding of the matters raised. Oral reporting should be documented by the supervisor, Receiving Officer or AC Chairman, depending on who receives the report first. All communications relating to the allegations made in a Protected Report should also be in writing.
- The Receiving Officer will retain all documents related to Protected Reports in a safe, secure and proper manner.

- Protected Reports (whether oral or written) should be factual rather than speculative, but need not be conclusive evidence of the alleged Reportable Conduct. The report should include the nature of the alleged Reportable Conduct, the name(s) of the person(s) alleged to be involved, the date and description of the alleged wrongdoing(s) and other pertinent information. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.
- Whistle-Blowers must provide their names, phone numbers and addresses so that the Receiving Officer or AC Chairman may contact them for more information if need be.

**Confidentiality**

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

**Enterprise Risk Management**

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

**Internal Audit Report**

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

**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.

## 9.2 BOARD COMMITTEES

The Board currently comprises three committees, namely, 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 the Directors

The principal functions of the Board are as follows:

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

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

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

### 9.2.2 EXECUTIVE COMMITTEE:

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

Roles, Duties and Responsibilities of the Executive Committee

- 1) To operate the daily business of the Company in line with the Company's policy and budgets, set the directions, targets, organization and business operations of the Company, at the same time, monitor the Company's performance in achieving its targets.
- 2) To assess transactions of the Company and its subsidiaries which have conflict 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 Executive Committee as at 31 December 2017 includes:

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

### 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 Chief Executive Officer

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

- 6) Allocate sufficient funds for awards, and compensations to employees as previously approved by the Board.
- 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.

#### **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 2017, the AC called for six (6) 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 2017 includes:

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

\* Mrs Jiraporn Pimpoorash, with her extensive experience in the relevant industry for 29 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 Boards shall appoint a qualified person in his or her place with voting of no less than three-fourths and shall hold the office until the expiration of the term. The person appointed as new Board member shall serve the remainder of that term.

### 9.3.2 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 MEETING POLICY

The Company requests for cooperation from all Directors to attend all meetings whenever possible. In 2017, there were nine (9) 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 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 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:

- 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 disclose of its inside information or financial statements.
- The Company is also required to file reports to the SET to disclose any changes in the Company's securities holdings for all Directors and management each time such changes occur.
- All staffs of the Company are required to acknowledge this policy upon hire. The Company is also required to review this policy annually to ensure compliance. Any employee who fails to observe the insider trading policy will be subjected to disciplinary action, including dismissal, in addition to civil and criminal penalties.

## 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 2017 totaling of Baht 4,260,000.00.

<b>Auditor's Fee for the Company</b>	<b>Baht</b>	<b>2,100,000.00</b>
<b>Auditor's Fee for subsidiaries</b>	<b>Baht</b>	<b>2,160,000.00</b>

### 9.5.2 Non-audit fee

No none-audit fee incurred in 2017.



## 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 products of enduring values

#### *Shareholders:*

To deliver sustainable earnings and maximize shareholder returns

#### *Employees:*

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

#### *Business Partners:*

To build long-term and mutually beneficial relationships

#### *Communities:*

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

### Business Ethics

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

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

### Intellectual Property Policy

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

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

### Anti-Corruption

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

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 she 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.

Being aware of social responsibilities, KWG participating in the declaration of intention to join the "Private Sector Collective Action Coalition against Corruption" or CAC on 25 August 2017. Mr. Antonio Hang Tat Chan, the Vice Chairman, signed the declaration and had consistently supported KWG to participate in the certification process in order to establish a standard in business operation with transparency, integrity and social responsibility.

## Human Rights

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

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

## Safety

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

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

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

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

### Fair Treatment to Labour

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

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

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

### Policy for Resource Usage

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

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

### Care for Environment

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

### Responsibility to Customers

KWG is responsible for providing correct and accurate portrayal of its products and services as well as of the Company to its customers. The Company aims to deliver products of quality and value to customers. The Company provides after sales service and also has avenues for customer feedback.

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

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

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

## Support Communities

During July-August 2017, Sakon Nakorn province, located in Northeastern region of Thailand had been hit by flood, the worst in 2 decades. The flood caused hospitals, schools, and airport to be shut down. Thousands had to evacuate from their own residents, and many areas did not have water and electricity. KWG promptly donated financial support for flood relief to help the residents.

## Children Development and Education

Children education and development is always main of KWG's social contribution. We strive to contribute to help children development where is in need. In 2 June 2017, as a part of ongoing corporate social responsibility endeavors, KWG organized a Children Care Initiative today. The Vice Chairman of KWG Mr. Antonio Chan Hang Tat, together with other volunteered employees paid a visit to two schools in Phetchaburi Province, Thailand to spend some quality time with the children there.

Ban Song Phi Nong School and Ban Hui Pladuk School are the two destinations for the program today. And the facilities and faculty level in both schools need improvement and support to some extent.

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

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

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

## The Hong Kong Scholarship Program for "Belt and Road" Students (Thailand)

Chairman of the Group, Dr King Wai Chan intends to support international standard education and increase opportunities for Thai students to study in Hong Kong. The Hong Kong Scholarship Program for "Belt and Road" Students (Thailand), set up by a donation of HK\$20 million (about 84,000,000 Baht) from Dr King Wai Chan, founder and Chairman of King Wai Group and Chairman of King Wai Group (Thailand) have been successfully implemented. Under the program, 10 scholarships have been offered annually to Thai students to enroll in undergraduate program of publicly funded institutions in Hong Kong for three academic years starting from 2017/2018. Each scholar receives a scholarship of up to HK\$120,000 (about Baht 504,000) per annum, and each financially needy scholar will receive a grant of not over HK\$50,000 (about Baht 210,000) per annum. The students are attending five of top universities in Hong Kong, which are Hong Kong Baptist University, The Chinese University of Hong Kong, City University of Hong Kong, The University of Hong Kong, The Hong Kong University of Science and Technology.

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

## **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 have in place adequate internal control systems and processes that safeguard and protect the Company's resources. The policies and procedures also ensure effective management of the Company.

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

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

## 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 2017

#### April 2017

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

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

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

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

**December 2017**

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

- KWII has one shareholder, i.e. Dr King Wai Chan, who is a director of the Company, as well as an indirect major shareholder in KWT1499 and Tommo, by indirectly holding 100.00 % of total issued shares in KWT1499 and indirectly holding approximately 48.70 % of total issued shares in Tommo (through 100.00 percent indirect shareholding in Tomorrow Investments (Mauritius) Company Limited, which directly holds 43.00 % of shares in Tommo, and through 100.00 % shareholding in Tomorrow Investments Partners (Mauritius) Company Limited, which indirectly holds 5.70 % of shares in Tommo).

KWT1499 and Tommo respectively hold approximately 48.16 and 34.01 percent of total voting shares in the Company as of 20 November 2017, which is the Company's latest record date. Therefore, the purchase of ordinary shares in AEC City Co., Ltd. from KWII is considered the Company's connected transaction in relation to Dr King Wai Chan, who is the Company's director and indirectly holds more than 10.00 % of shares in the Company.

- Mr Boonyong Yongcharoenrat is a director of the Company, as well as an indirect major shareholder in Tommo, by indirectly holding approximately 51.3 % of total issued shares in Tommo.

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