

ANNUAL REPORT 2016



MOONG
PATTANA



POSSIBILITIES
GREATER RESULT

บริษัท มุ่งพัฒนา อินเตอร์เนชั่นแนล จำกัด (มหาชน)
Moong Pattana International Public Company Limited

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Message from the Chairman



On behalf of the Board of Directors



Mr. Sumeth Lersumitkul
Chairman

Moong Pattana International Company Limited, I, Mr. Sumeth Lersumitkul, along with the Board of Directors, Executive Members and Employees have greatly grieved and mourned by the passing of His Majesty King Bhumibol Adulyadej, Phrabat Somedet Phra Poraminthara Maha Bhumibol. As we deeply appreciate on His majesty's immeasurable grace we all pledge to determine and cherish implementation on His Majesty's speech and the Royal Address of His Majesty the King in our lives and business practice forever.

Moong Pattana aims to be a high performing company regarding on the top quality of products and services with Good Corporate Governance, proper Code of Conducts and good ethics in our business operation. In 2016, the Company announced its intentions to be an alliance of the Thai Private Sector in opposing corruption (Collective Action Coalition, CAC). Also this year, we reviewed and revised the Good Corporate Governance, Business Code of Conduct and Code of Conduct for Suppliers, including Anti-Corruption Practices and Policies. We have firmly applied and submitted the Anti-Corruptions Practice documentation and received the CAC Certificate already on the October 14, 2016. As we are leading the Company to grow ethically, morally for sustainable growth under the good compliance with Global International standard practice continually, so we have received the increasing of grade evaluated by the Corporate Governance Report (CGR) of Thai Listed Company to 4 stars in 2016 which was improved from 3 stars in the previous year.

In 2016, the Company had continuously achieved in business growth by sales increased 5.8% from 2015, also having achievement in profit in accordance with the equity method at earning profit of 0.52 Baht per share. With the above-mentioned performance achievement, it was come from the high determination of the Board of Directors, Executive Members and Employees to driven them thoroughly the years.

From this moment, the Company will earnestly develop its business adhering to *"The Sufficiency Economy Philosophy of The King Bhumibol"* and drive together with Era Thailand 4.0 into *"Stability, Wealthy and Sustainability"*. The Company focuses on effective operation, to adaptable reinforcement with the modern technological changes and also to develop employees' capabilities which are the significant engine of key success factors in the organization. In addition, The Company has focused to expansion business into the New Engines of Growth in the digital market which is enlarging to serving the ultimate consumer behavior. This also will support us to achieve higher opportunities to overcome various customer groups in around the world.

Finally, on behalf of the Company Moong Pattana, I am firmly confident that the Board of Directors, Executive Members and Employees will determine our hearts and souls to move forward in consistency with solid mission and strategic operational plan, adhering under the Good Corporate Governance Policy in order to create shareholders and stakeholders' return with successful sustainably.

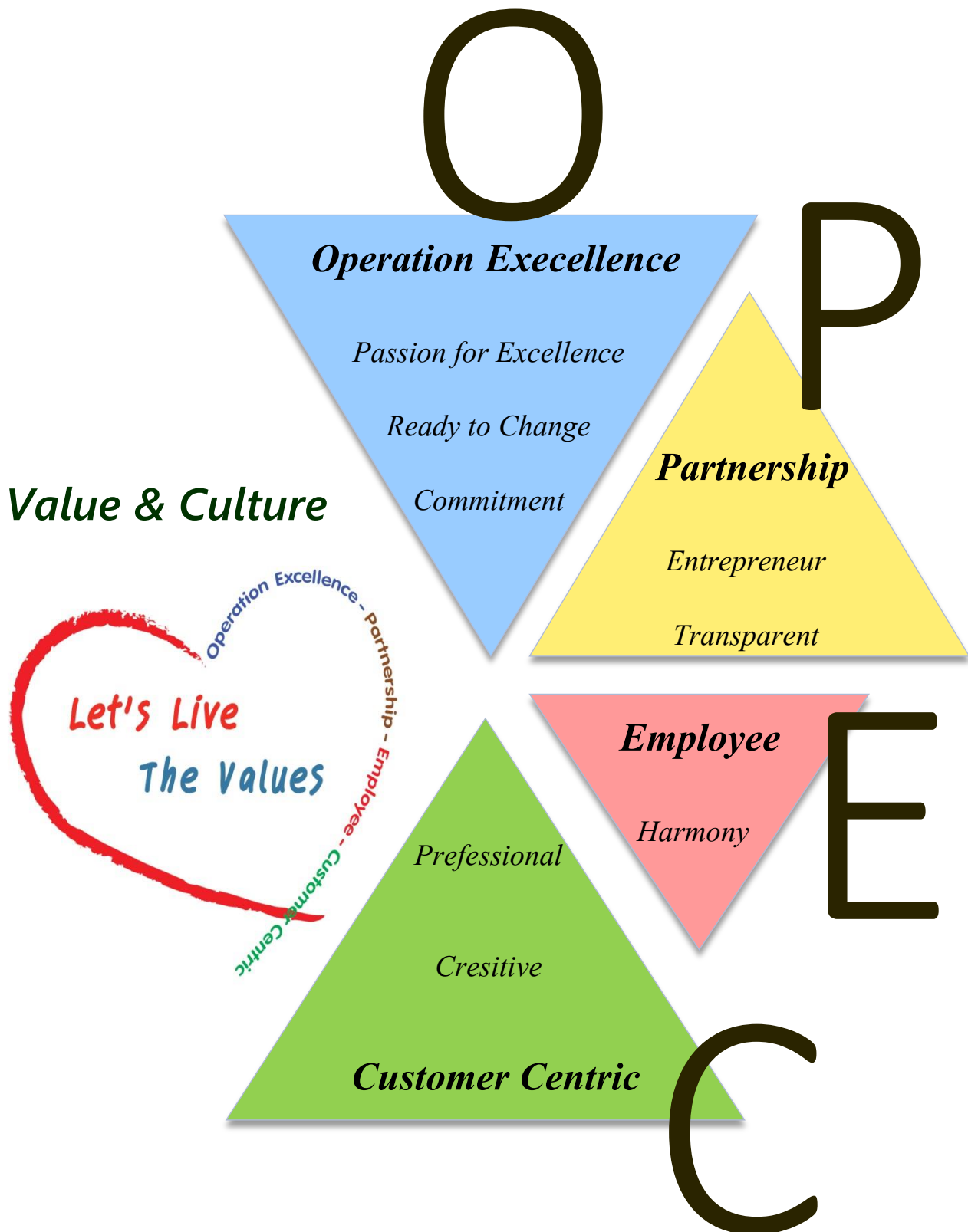
Vision & Mission

Vision

“Striving for excellence in products and service with business ethic and integrity of business operation, fulfilling customer and investor expectation whilst achieving utmost relationship with business partners.”

Mission





Board of Directors



- | | |
|------------------------------|---|
| 1. Mr. Sumeth Lersumitkul | Chairman of the Board |
| 2. Mrs. La-aid Vongvongpop | Independent Director / Chairman of Audit Committee / Remuneration Committee |
| 3. Mr. Manit Jeeradit | Independent Director / Chairman of Remuneration Sub-committee / Audit Committee |
| 4. Mr. Thaevan Uthavith | Independent Director / Remuneration Committee / Audit Committee |
| 5. Mrs. Sureeporn Anuvatudom | Director / Joint Chief Executive Officer |
| 6. Ms. Suwanna Chokdee-anand | Director / Chief Executive Officer |
| 7. Mr. Methin Lersumitkul | Director |

Mr. Sumeth Lersumitkul Chairman of the Board

Age 66

Education

Master Degree of Business Administration, Ramkhamhaeng University

Bachelor Degree of Economics, Ramkhamhaeng University

Training
Thai Listed Companies Association (TLCA)

Certification of Executive Development Program (EDP), 14/2014

Capital Market Academy (CMA)

Certification of Chief Executive Program, 15/2012

Thai Institute of Directors (IOD)

Role of the Chairman Program (RCP), 31/2013

Role of Compensation Committee (RCC), 16/2013

Role of Nomination & Governance Committee (RNG), 5/2013

Director Certification Program (DCP), 107/2008

Director Accreditation Program (DAP), 69/2008

No. of Share (%): 59.316

Relationship among Directors Spouse of Mrs. Sureeporn Anuvatudom / Father of Mr. Methin Lersumitkul

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary	Yes
Be a professional service provider (such as auditor or a lawyer)	No
Having material business relationship that may affect independence of judgment	No

Work Experiences
Listed Companies

2015-Present	Chairman of the Board of Director, Moong Pattana International Pcl.
2011 - 2015	Chairman of the Board of Director & Chief Executive Officer, Moong Pattana International Pcl.
2008 - 2011	Director & Chief Executive Officer, Moong Pattana International Pcl.

Non-Listed Companies

2015 - Present	Advisory Director, Yoshino Moong Pattana (Thailand) Co.,Ltd.
2015 - Present	Advisory Director, Pigeon Industries (Thailand) Co.,Ltd.
1990 - Present	Chairman, Thai Pigeon Co.,Ltd.
1981 - 2008	Chief Executive Officer, Moong Pattana Marketing Co.,Ltd

Positions in other competitor / related companies

No

Meeting Attendance in 2016

Annual General Meeting	1/1
Board of Directors	6/6
Executive Committee	12/12



**Mrs. La-aid Vongvongpop Chairman of Audit Committee /
Independent Director / Remuneration Committee**

Age 72



Education

Master Degree of Business Administration, Golden Gate University, California U.S.A.

Bachelor Degree of Commerce, Thammasat University

Bachelor Degree of Accounting, Thammasat University

Certified Public Accountant (Thailand) No.5834

Training

Thai Institute of Directors (IOD)

Risk Management Program for Corporate Leaders (RCL), 5/2016

Anti-Corruption for Executive Program (ACEP), 15/2015

Audit Committee Program (ACP), 22/2008

Director Certification Program (DCP), 51/2004

Director Accreditation Program (DAP), 23/2004

No. of Share (%): 0.008

Relationship among Directors No

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary No

Be a professional service provider (such as auditor or a lawyer) No

Having material business relationship that may affect independence of judgment No

Work Experiences

Listed Companies

2015 - Present Remuneration Committee, Moong Pattana International Pcl.

2008 - Present Chairman of the Audit Committee / Independent Director, Moong Pattana International Pcl.

2005 – 2012 Chairman of Audit Committee / Central Plaza Hotel Pcl.

1998 – 2004 Deputy Managing Director, Thainox Stainless Steel Pcl.

Non-Listed Companies

2011 - Present Independent Director / Audit Committee, Erawan Sugar Co., Ltd. Pte.

2006 – Present Director, TPN Singapore Pte.

2006 – Present Executive Director, Thapanin Co., Ltd.

2009 – 2011 Chairman, Green R.V. Co., Ltd

Positions in other competitor / related companies No

Meeting Attendance in 2016	Annual General Meeting	1/1
	Board of Directors	6/6
	Audit Committee	7/7
	Remuneration Sub-committee	2/2

**Mr. Manit Jeeradit Chairman of Remuneration Sub-committee /
Audit Committee / Independent Director**

Age 68

Education

Bachelor Degree of Art (Summa Cum Laude) Economics and Accounting,
Claremont Men's College (now, Claremont McKenna College), California, U.S.A.

Training

Thai Institute of Directors (IOD)

Anti-Corruption for Executive Program (ACEP), 15/2015

Director Certification Program (DCP), 187/2014

Director Accreditation Program (DAP), 87/2011

Audit Committee Program (ACP), 36/2011

No. of Share (%): No

Relationship among Directors No

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary No

Be a professional service provider (such as auditor or a lawyer) No

Having material business relationship that may affect independence of judgment No

Work Experiences

Listed Companies

2015 – Present Chairman of Remuneration Sub-committee, Moong Pattana International Pcl.

2012 – Present Chairman of Audit Committee, Chularat Hospital Group

2011 – Present Director and Audit Committee, Moong Pattana International Pcl.

Non-Listed Companies

2015 – Present Director, License2Q Company Limited

2004-2009 Chairman, BT Asset Management Company Limited

1999-2008 Senior Executive Vice President, Bank Thai Public Company Limited

Positions in other competitor / related companies No

Meeting Attendance in 2016	Annual General Meeting	1/1
	Board of Directors	6/6
	Audit Committee	7/7
	Remuneration Sub-committee	2/2



**Mr. Thaevan Uthaiwat Independent Director / Audit Committee /
Remuneration Committee**

Age 56

Education

Master Degree Public and Private Management, National Institute of Development Administration (NIDA)

Master Degree of Public Affairs, University of Texas, U.S.A.

Master Degree of Public Administration, Midwestern State University, Wichita Falls, Texas, U.S.A.

Bachelor Degree LL.B., Thammasat University

Training

Thai Institute of Directors (IOD)

CG for Executives (CGE), 6/2016

Ethical Leadership Program (ELP), 3/2016

Anti-Corruption the Practical Guide (ACPG), 25/2016

Chartered Director Certification Program (CDC), 9/2015

Director Certification Program (DCP), 181/2013

Audit Committee Program (ACP), 43/2013

Director Accreditation Program (DAP), 72/2008

Office of the Judiciary

Executives Training on Justice Administration, National Justice Academy, 19/2015

Thailand Arbitration Center (THAC)

Mediation Training Class, 2016-2017

No. of Share (%): No

Relationship among Directors No

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary No

Be a professional service provider (such as auditor or a lawyer) No

Having material business relationship that may affect independence of judgment No

Work Experiences

Listed Companies

2015 – Present Remuneration Committee, Moong Pattana International Pcl.

2008 - Present Independent Director / Audit Committee, Moong Pattana International Pcl.

Non-Listed Companies

2014 – Present Director Saint Honore (Bangkok) Ltd.

2003 – Present Legal Advisor, Thai Legal Law Office

2003 – Present Director, Sukajitra Co.,Ltd.

2001 – 2002 Public Affairs Director, Ford Operations (Thailand) Co.,Ltd.

1997 – 1999 Director of Legal Division, Mass Rapid Transit Authority of Thailand

1995 – Present Director, Surint Omya Chemicals (Thailand) Co.,Ltd.

1982 – 1996 Attorney and Counselor at Law, Dr.Ukrit Mongkolnavin Law Office

Positions in other competitor / related companies No

Meeting Attendance in 2016	Annual General Meeting	1/1
	Board of Directors	6/6
	Audit Committee	7/7
	Remuneration Sub-committee	2/2



Mrs. Sureeporn Anuvatudom
Director / Joint Chief Executive Officer

Age 66

Education

Master Degree of Business Administration Ramkhumhaeng University

Bachelor Degree of Economics, Ramkhumhaeng University

Training
Thai Institute of Directors (IOD)

Anti-Corruption for Executive Program (ACEP), 15/ 2015

Role of Nomination & Governance Committee (RNG), 5/2013

Director Certification Program (DCP), 181/2013

The Board's Role in Mergers & Acquisitions (M&A), 1/2011

Director Accreditation Program (DAP), 69/2008

No. of Share (%): 1.317

Relationship among Directors Spouse of Mr.Sumeth Lersumitkul / Mother of Mr. Methin Lersumitkul

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary Yes

Be a professional service provider (such as auditor or a lawyer) No

Having material business relationship that may affect independence of judgment No

Work Experiences
Listed Companies

2014 – Present Director and Joint Chief Executive Office, Moong Pattana International Pcl.

2008 – 2014 Director and Senior Vice President, Moong Pattana International Pcl.

Non-Listed Companies

2015 – Present Director, Yoshino Moong Pattana (Thailand) Company Limited

1983 - Present Director, Elegant Hardware Company Limited

1981-2008 Vice President-Finance, Moong Pattana Marketing Company Limited

Positions in other competitor / related companies No

Meeting Attendance in 2016	Annual General Meeting	1/1
	Board of Directors	6/6
	Executive Committee	12/12
	Risk Management Sub-committee	4/4



Ms. Suwanna Chokdee-anand
Director / Chief Executive Officer

Age 47

Education

Master of Business Administration (MBA Executive) Chulalongkorn University
 Bachelor of Economics and Business Administration, majoring in marketing,
 Kasetsart University

Training
Thai Institute of Directors (IOD)

Anti-Corruption for Executive Program (ACEP), 15/2015
 How to Develop a Risk Management Plan (HRP), 3/2013
 Director Accreditation Program (DAP), 96/2012
 Successful Formulation & Execution Strategy SFE, 13/2011
 The Board's Role in Mergers & Acquisitions (M&A), 1/2011

Narit & Associates Limited

Commercial Contracts Drafting, Risk Management and Tax Aspects, 2013

Thai Productivity Institute

Business Process and SOP, 2012

No. of Share (%): 0.137

Relationship among Directors No

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary	Yes
Be a professional service provider (such as auditor or a lawyer)	No
Having material business relationship that may affect independence of judgment	No

Work Experiences
Listed Companies

2015-present Director & Chief Executive Officer Moong Pattana International Pcl.
 2012-present Director / Senior Executive Vice President -Operation and Commercial, Moong Pattana International Pcl.
 2011 - 2012 Vice President - Marketing and Sales, Moong Pattana International Pcl.

Non-Listed Companies

2015-present Director, Pigeon Industries (Thailand) Co.,Ltd.
 2009 - 2010 Managing Director, Maxus Thailand Co.,Ltd. (GroupM Thailand)
 2006 - 2009 Assistant Managing Director Branded Business Malee Enterprise Co.,Ltd.
 2003 - 2005 AVP. Channel Development Nestle (Thailand) Co.,Ltd.
 2001 - 2002 Senior Manager National Distributor Development (FoodServices BU), Nestle (Thailand) Co.,Ltd.

Positions in other competitor / related companies

No

Meeting Attendance in 2016

Annual General Meeting	1/1
Board of Directors	6/6
Executive Committee	12/12
Risk Management Sub-committee	4/4
Creating Shared Value Sub-committee	4/4



Mr. Methin Lersumitkul Director

Age 40

Education

Master of International Business, Aston Business School, UK

Bachelor Degree of Economics, Chulalongkorn University

Training
Thai Institute of Directors (IOD)

How to Develop a Risk Management Plan (HRP), 3/2013

Director Accreditation Program (DAP), 122/2015

Thai Chamber of Commerce (NTCC)

Transforming Mindsets for Executive Leadership - Boost Accountability, Engagement and Collaboration in your team, Netherlands, 2014

Narit & Associates Limited

Commercial Contracts Drafting, Risk Management and Tax Aspects, 2013

Idea Forum Co.,Ltd.

Investment Laws in Myanmar, 2015

No. of Share (%): 4.649

Relationship among Directors Son of Mr. Sumeth Lersumitkul and Mrs. Sureeporn Anuvatudom

Relationship with the Company

Be an executives, employee, staff or advisor who receives salary	Yes
Be a professional service provider (such as auditor or a lawyer)	No
Having material business relationship that may affect independence of judgment	No

Work Experiences
Listed Companies

2016 - Present	Business Development and Marketing Director, Moong Pattana International Pcl.
2013 - Present	Director / Business Development Director, Moong Pattana International Pcl.
2011 – 2013	Marketing Director, Moong Pattana International Pcl.
2010 – 2011	Assistant Vice President, Moong Pattana International Pcl.
2002 – 2008	Marketing Manager / Group Brand Manager / Brand Manager, Moong Pattana International Pcl.

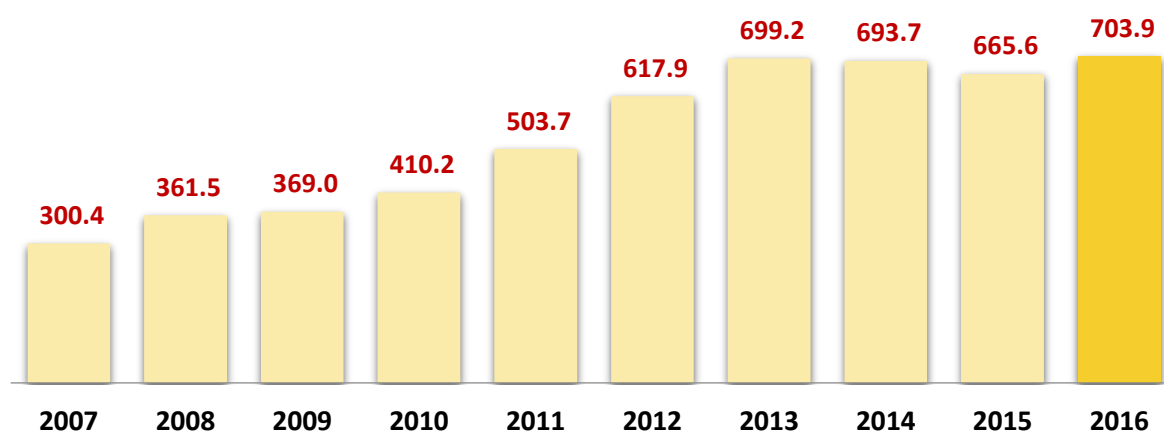
Positions in other competitor / related companies No

Meeting Attendance in 2016	Annual General Meeting	1/1
	Board of Directors	6/6
	Executive Committee	12/12

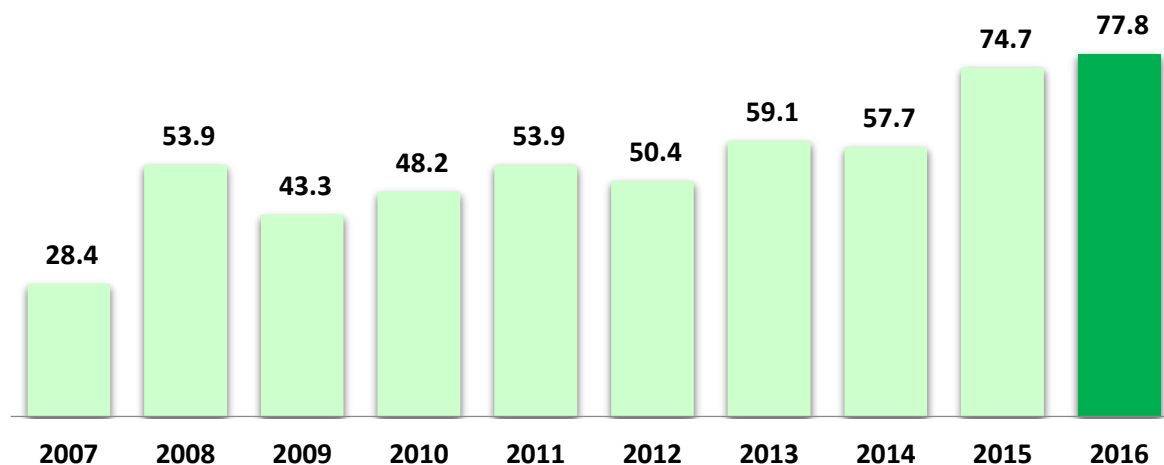


Financial Highlights (Equity Method)

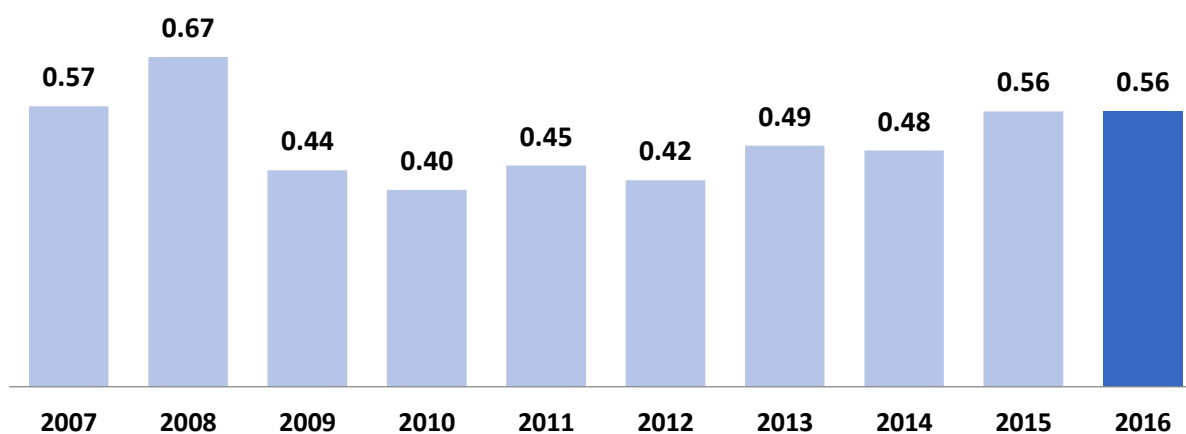
Sales of Goods (Million Baht)



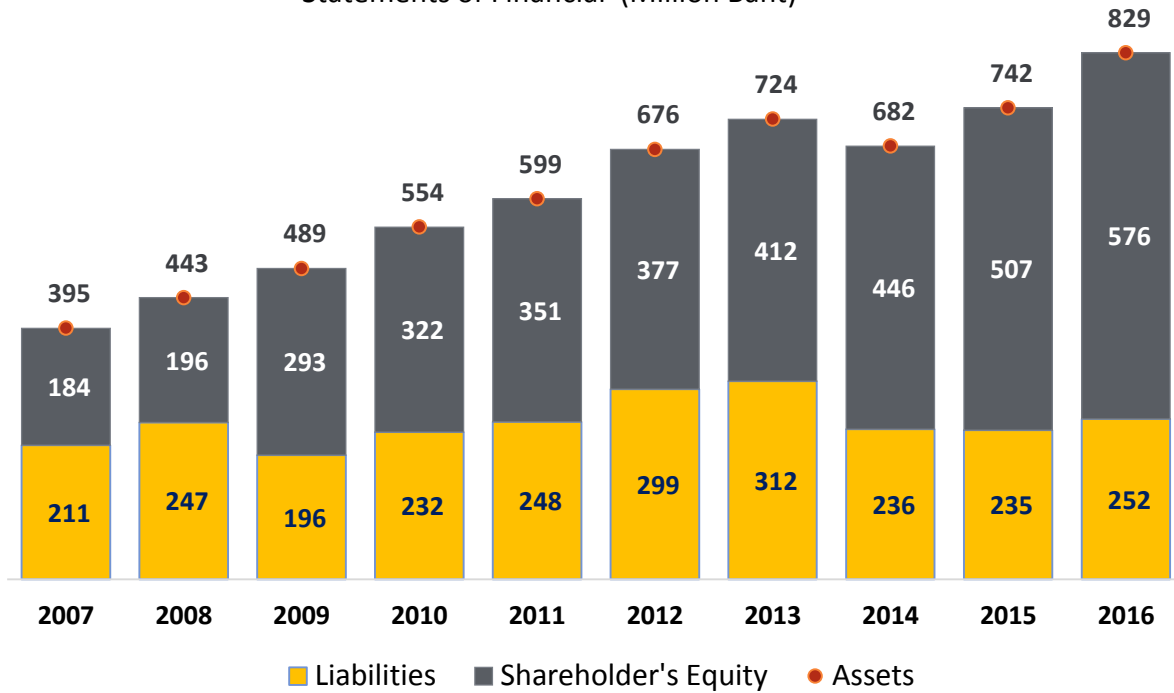
Net Profit (Million Baht)



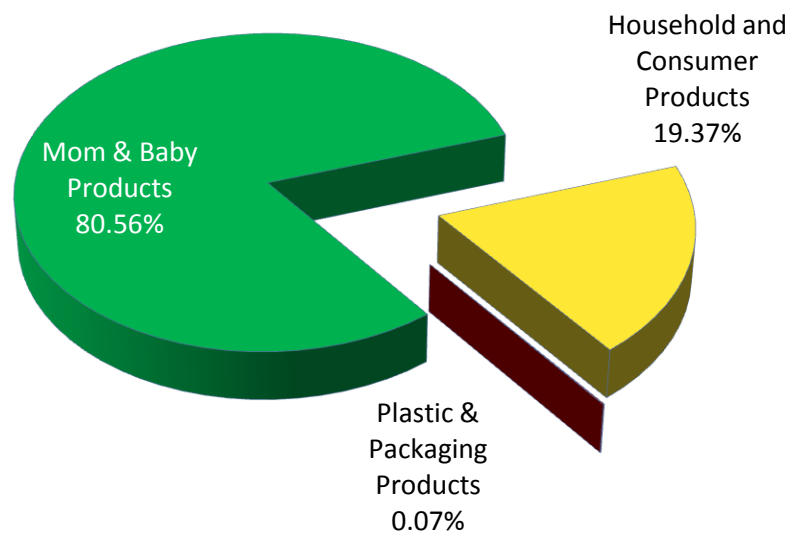
Primary Earnings Per Share (Baht / Share)



Statements of Financial (Million Baht)



Revenue Structure Year 2016



3 Years Financial Highlights					% Growth Rate	
Description	Unit	2016	2015	2014	2016	2015
Statements of Comprehensive Income (Equity method)		Baht Million				
Sales of goods		703.9	665.6	693.7	5.8	-4.1
Total revenues		722.9	682.4	714.1	5.9	-4.4
Gross Profit		367.7	353.5	352.5	4.0	0.3
Profit before share of income from investment in associated, company, finance cost and income tax expenses		15.1	8.8	14.6	71.6	-39.7
Finance cost		2.8	2.5	2.3	12.0	8.7
Profit before income tax expenses		12.3	6.3	12.3	95.2	-48.8
Income tax expenses		1.6	0.3	1.0	433.3	-70.0
Profit for the year		77.8	74.7	57.7	4.1	29.5
Total comprehensive income for the year		77.8	73.1	57.7	6.4	26.7
Statements of Financial Position (Equity method)		Baht Million				
Total assets		828.7	742.1	681.9	11.7	8.8
Total liabilities		252.3	235.0	236.1	7.4	-0.5
Total shareholders' equity		576.4	507.1	445.8	13.7	13.8
Int Bearing Debt		96.8	68.2	68.7	41.9	-0.7
Share Capital Data						
Registered share capital issued and fully paid up	'000 Share	145,832	144,157	120,000	1.2	20.1
Book value per share	Baht	3.95	3.52	3.72	12.2	-5.4
Par value per share	Baht	1.00	1.00	1.00	0.0	0.0
Earnings per share (Equity method)	Baht	0.52	0.52	0.48	0.0	8.3
Earnings per share (Separate method)	Baht	0.20	0.14	0.21	42.9	-33.3
Dividend per share	Baht	0.15	0.30	0.20	-50.0	50.0
Financial Ratios						
Gross profit margin	%	52.23	53.11	50.81	-1.7	4.5
Net profit margin (Equity method)	%	11.05	10.98	8.32	0.6	32.0
Dividend payout ratio (Equity method)	%	29.5	62.4	40.6	-52.7	53.7
Dividend payout ratio (Separate method)	%	107.3	141.7	143.1	-24.3	-1.0
Return on total assets	%	9.4	10.1	8.5	-6.9	18.8
Return on equity	%	13.5	14.4	12.9	-6.3	11.6
Liquidity ratio	Times	1.10	1.10	1.07	0.0	2.8
Collection days	Days	74	78	80	-5.1	-2.5
Average number of days sales	Days	101	100	93	1.0	7.5
Debt to equity ratio	Times	0.4	0.5	0.5	-20.0	0.0
Interest bearing debt to equity ratio	Times	0.2	0.1	0.2	100.0	-50.0

General Information

Name	Moong Pattana International Public Company Limited (MOONG)
Registration No.	0107551000274
Type of Business	distributor and a sale agent for consumer goods
Capital Registered	213,488,988 Baht
Year of Registered	2552
In MAI	
Fiscal Year	1 January – 31 December
Head Office Location	2/97 – 104 18 th – 19 th Floor, Thospol Land 4 Building, Soi Bangna-Trad 25, Bangna-Trad Road, Bangna, Bangna 10260
Telephone	+662 020 8999
Facsimile	+662 020 8990
Warehouse Location	888/1 Moo 7 Bangpla, Bangplee, Samutprakarn, 10540
Company Secretary Contact	e-mail company.secretary@moongpattana.com
Investor Relation Contact	e-mail ir@moongpattana.com
Website	www.moongpattana.com and www.pigeonlittlemomentsclub.com

Registrar

Name	Thailand Securities Depository Company Limited
Location	93 The Stock Exchange of Thailand Building Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone	+662 009 9000
Facsimile	+662 009 9991

Auditor

Name	EY Office Limited
Location	193 / 136 - 137 33 rd Floor, Lake Rajada Office Complex, Ratchakapisek Road, Klongtoey, Bangkok 10110
Telephone	+662 264 9090
Facsimile	+662 264 0789 – 90

Company's Shareholding Position in Other Companies

Name	Thai Pigeon Company Limited (TP)
Type of Business	Produce and distribute baby products under Pigeon Brand such as nipples, nursers and plastic parts for local and international markets.
Location	944 Moo 15 Theparak Industrial Estate, Bang Saotong, Samutprakan 10540
Share Information	573,400 shares, 47% of registered capital of 1,220,000 shares at Baht 100 per share

Name	Yoshino Moong Pattana (Thailand) Company Limited (YMP)
Type of Business	Produce plastic products and packaging such as spray pumps for liquid products, bottle packaging and coated plastic.
Location	103/1 Moo 5 Wellgrow Industrial Estate, Bangna-Trad Road, KM 36, Bangsamak, Bangpakong, Chachoengsao, 24180
Share Information	180,000 shares, 6% of registered capital of 3,000,000 shares at Baht 100 per share

Name	Pigeon Industries (Thailand) Company Limited (PIT)
Type of Business	Produce and distribute breast pads, baby wipes, and baby bottle and nipple liquid cleanser.
Location	700/103 Moo 1 Amata City Industrial Estate, Bangkiao, Panthong, Chonburi, 20160
Share Information	360,000 shares, 2.5% of registered capital 14,400,000 shares at Baht 10 per share

Company History and Significant Developments

1981

Established by Mr. Sumeth Lersumitkul under the name Moong Pattana Marketing Company Limited with registered capital of THB 10 million and THB 100 per share.

1988

The Company was the only company in Thailand that has been granted license to produce, use, and sell as well as apply the Pigeon Trademark from Pigeon Corporation (Japan).

1990

The Company entered a joint venture with Pigeon Corporation to establish Thai Pigeon Company Limited (TP) with the objective to produce and distribute nipples and nersers, and plastic parts for local and international distribution. TP was first registered with THB 20 million of capital, with 200,000 units of shares, 84,000 shares of which the Company holds, or 42% of the issued and paid-up capital.

1992

The Company increased the registered capital to THB 50 million at THB 100 per shared value and 500,000 shares in total for business expansion.

1994

The Company entered a joint venture with Yoshino Kokusho (Japan) and Nomura Jimusho Inc. (Japan) in order to set up Yoshino Moong Pattana (Thailand) Company Limited (YMP). The Joint Venture Company built a factory to produce plastic product and packing such as spray pumps for liquid products, bottle packaging, and coated plastic. YMP was first registered at THB 125 million, with 1,250,000 numbers of shares, 437,500 shares of which was held by the Company, 35% of issued and paid-up capital.

1996

The Company entered a joint venture with Pigeon Corporation to establish Pigeon Industries (Thailand) Company Limited (PIT) with aimed to produce and distribute breast pads and baby wipes. PIT first registered capital was THB 12,000,000 shares, 1,200,000 shares of which the Company owns 10% of issued and paid-up capital.

1998

TP increased capital from THB 20 million to THB 122 million or 1,220,000 shares in total for the purpose of expanding production capacity. The Company increased its stake in TP to 47% of issued and paid-up capital, or 573,400 units of shares held.

2000

PIT increased capital from THB 120 million to THB 144 million, or 14,400,000 units of shares for factory expansion. The Company sold back 840,000 shares to Pigeon Corporation and did not acquire new share capital, resulting in a decrease in PIT shareholding to 2.5% of issued and paid-up capital.

2001

YMP increased the registered capital from THB 125 million to THB 300 million equaling to 3,000,000 shares for the purpose of expanding the factory. The Company had sold back 287,500 shares to Yoshino Japan and bought only handful new shares, resulting in the shareholding structure in YMP decreasing to only 6% of issued and paid-up capital.

2007

The Company acquired the Smile-V, Smart-V and V-Care trademarks from Misis Company limited (Misis) which sold daily consumer products and formerly distributed in provinces outside of bangkok. However, Misis did not have any other relationship with the Company.

2008

The Company increased registered capital to THB 90 million. Then, the Company conversed to become a public company limited and changed the Company's name to Moong Pattana International Public Company Limited, splitting stock value from THB 100 per share to THB 1 per share and raising its capital from THB 90 million to THB 120 million by issuing 30 million share of common stock for initial public offering.

3. Issued ordinary shares in the amount 5 million shares in order to support the rights of the ESOP Project warrants holders (MOONG-ESOP) to purchase ordinary shares.
4. Issued and offered ordinary shares in the amount of 24 million shares to existing shareholders in proportion to their respective shareholding (Right offering)
5. Issued and offered ordinary shares in the amount of 27 million shares under the Private Placement Person (This project has not yet begun.)
6. Debentures project for THB 500 million

2009

The Company signed a distributorship agreement with P.I.P. International Company Limited to distribute Exfoliating Foot Pack under the brand Revival Care.

The Company launched the project "Thailand Breastfeeding Day by Pigeon"

2011

The Company had introduced the Pigeon Little Moments Club which is the communication channels for customers. The club provides the advice of raising baby or products information for members. In this year, the Company had cancelled the distribution of the product brand Jintan.

2016

The Company decreased its registered capital from THB 200,000,000 to THB 167,999,968, by cancelling 32,000,032 of the authorized but unissued ordinary shares at a par value THB 1 each (saved for the authorized but unissued ordinary shares amounting to 23,784,184 shares, which has been reserved for exercise of the holders of the Warrants to purchase the ordinary shares of the Company No.1 (MOONG-W1))

The Company increased its registered capital from THB 167,999,968 to THB 213,488,988 by issuing 45,489,020 new ordinary shares at a par value of THB 1 each. The Capital increased was described as follow:









2015

The Company increased its registered capital to THB 200 million, which was comprised of 200 million shares at a value of 1 Baht per share. The capital increased was described as follows:

1. Issued ordinary shares in the amount of 24 million shares in order to support the rights of warrants holders MOONG-W1. In 2015, the number of warrants converted to ordinary shares was 215,800 units.

1. Issued ordinary shares by specifying purpose in the amount of 2,224,285 shares in order to reserve for the rights of warrants holders of MOONG-ESOP in the amount of 2,000,000 shares as well as MOONG-W1 in the amount of 224,285 shares.
2. Issued ordinary shares for capital increase under General Mandate purpose in the amount of THB 43,264,735 to the existing shareholders in proportion to their respective shareholding (Right offering)

Production and Distribution Timeline

Year	Own Brands	Distribution Brands
1988 - 2008	  	 
2009		
2010		  
2012		 
2013	  	
2014		 
2015		   
2016	 	  

- * Cancelled the distribution
- ** Distribute to Cambodia only
- *** B-Care changed the name to V-Care

Overview of Business Operations & Revenue Structure

Overview of Business Operation

The Company operates in Distribution Business and is a distributor of consumer goods with two (2) core businesses as follows:

1. The Company's Branded Business

- 1) Household Products Foggy and Smile-V spraying bottles
- 2) Personal Care Products V-care cottons, adult wipes, and toothbrushes

2. The Company's Distribution Branded Business

The Company's expertise lies within marketing. Our brand management manages product distribution so that brands are widely known and retain targeted customer loyalty through marketing activities. In addition, the Company specializes in distribution with a wide range of distribution channels throughout Thailand. This includes Modern Trade, Traditional Trade, Cash Vans, and other channels such as direct sales, E-commerce, etc.

The Company's experience and expertise in brand management, which includes nationwide distributing channels, have strengthen the Company's potential to be a well-qualified product distributor for any product aiming to penetrate the Thai Market, hence resulting into the increase of our distribution products. The various products categories are as follows:








- 1) Pigeon Mothercare & Baby Accessories Products from Japan with high quality, serving new born to three-year old babies and mothers with variety of maternity products to meet every satisfaction, for instance, nipples, baby bottles, feeding accessories, breastfeeding accessories, and baby wipes, etc.
- 2) Splash About Infant and Baby Swimwears from England
- 3) Personal Care Products
 - Jordan : Dental care products – toothbrushes, dental flosses
 - Elleair : Tissue paper and skin wipes
 - Midori : Sanitary napkins
 - Tree-Herb : Herbal toothpaste
- 4) Food and Beverages Products
 - Roong Chareon : Mini chili paste
 - Peachy : Baby food and snacks (Distribute to Cambodia only)
 - Herband : Gummy products for kids
- 5) Elderly Products : Mu Mu - Adult diapers
- 6) Household Products : Hero - Garbage bags, zipper bags and shopping bags

Business Strategies of the Company's Core Business & Product Lines

Product under Company's Branded Business

Personal Care Products under V-care Brand

The Company is the distributor of personal care products under the major brand of "V-Care". The current products under brand V-Care are listed as the following:

Brand	Product Category	Product's Highlight
 V-care Natural	Multiple-purpose cottons	100% cotton, soft and gentle, free of chemical substances that cause possible irritation
 V-care Beauty and Makeup	Cosmetic cottons	A quality cotton is specially designed for skincare and makeup, with advance Hydro-Knitting Technology, the cotton is extra soft and long fiber to give gentle touch and comfortable for your delicate skin even eyes or mouth area
 V-care Extra Large	Premium cosmetics cottons	New innovation of cotton in Thailand, there are 2 different types of knitting, to serve customers' demand by one-side is Hydro-Knitting for masking face and other back line side for cleaning make-up cosmetic with good spreading toner action.
 V-care Natural skin wipes	Skin wipes for women	Naturally mild formula, alcohol-free, scents of chamomile and rose hip, attractive packaging with Hello-Kitty design
 V-care	Skin wipes for men	Refreshing Cool Max formula for manly confidence, reduce perspiration and accumulation of bacteria – the cause of body odor
 V-care Multi Purpose Wipes	Multi-purpose wipes	Anti-bacteria formula and alcohol-free with large wipes, easy cleaning, thick and sticky texture, reducing skin irritation without residue stains.
 V-care Toothbrush	Toothbrushes for adults and kids	Soft bristles for gum protection and tooth enamel, available in variety of designs at affordable prices

Competitive Strategies

The Company emphasizes the development and distribution of various quality products at valuable prices in order to meet customer needs and the different lifestyles of target groups. The Company focuses on branding the V-care brand to be well-known and become a top-of-mind brand that customers think of when it comes to cotton products. The Company developed various new products, entered new market segments, emphasized distribution coverage and expanded distribution channels in a wide variety of locations which included traditional trade and modern trade.

In 2016, the Company had a policy to improve and develop cotton products under the V-care brand, fully invested in a comprehensive marketing plan to be a top-of-mind brand. The Company launched a new innovative product called “V-care Extra Large Cotton”. Nicha- Ms. Nutthanicha Dungwattanawanich, a rising star from channel 3, is the product brand ambassador and promoted highlights of the product’s quality through various social media channels.

In addition to that, the Company launched a new campaign under the slogan, “Beautiful, Shine Bright like a University Star”, in order to expand V-Care brand awareness to students and university students. The V-care product campaign has been advertising through media and social media channels.



v-care วิ-แคร์

สวยวิ้ง ใสวิ้ง ดาวมหาลัย

7 ดวงดาว จาก 7 มหาลัย ที่มีผิวหน้า
 สวยใสเป็นอาวุธ! กับภารกิจพิชิตตำแหน่ง
 V-Care สวยวิ้ง ใสวิ้ง ดาวมหาลัย

ร่วมโหวต 7 ดาวมหาลัย
 ที่สวยที่สุดในจักรวาล
 กับสำลี วิ-แคร์



Marketing Activities of the Skin Wipe Product Lines

The Company consistently emphasized the support of marketing activities for V-care Hello Kitty and V-care Men's Wipes. In 2016, the Company advertised products via magazines and online social media, distributed free samples and sponsored the Kitty Run Campaign which was well received by customers.



Kitty Run marketing activity held on January 31, 2016 at Makkasan Airport Rail Link



*Chula-Thammasat Traditional Football Match held on February 13, 2016 at Supachalasai Stadium
Sampling Troop offered free product samples during the Songkran Festival at PTT gas stations in Silom, Chatuchak and Siam in order to create an experimental use of products and promoted the product in order to gain more perception among consumers' target groups.*

For the skin wipe product lines, the Company distributed a new product called V- care Antibacterial Multipurpose Wipes, to meet the needs of target customers who search for better quality products at a valuable price and continues to create product awareness through marketing activities that capture the attention of its main target consumers. This includes communication through social media which is a key medium for connecting with the lifestyle of people today.

Promotions available at department stores throughout the country stimulated awareness of the V-care brand, making it more well-known among target groups. This created consumer trust in the product's quality so that products were well received by all customers, especially those in the target group.



Skin wipes – V-care Multi purpose wipes

Sales and Distribution Channels

The Company distributed products through a nationwide coverage of distribution networks, primarily through modern and traditional trades. The latter is comprised of wholesalers and retailers across all regions of the country. Other distribution channels included direct sales, specialty shops, hospitals, beauty institutes and e-commerce.

Foggy and Smile-V Household Products

Household products distributed by the Company are Foggy and Smile-V spray bottles. The Company is the manufacturer and distributor of Foggy. The Company owns the registered trademarks of both Foggy and Smile-V which makes the Company the first manufacturer interested in the development of spray products. For more than 30 years, Foggy has maintained its reputation on quality, especially its nozzles which have been developed to be practical and are recognized for their durability.

In 2016, the Company launched 4 new bottle designs for Smile-V spray bottles in order to enhance the product's design. This made the product more appealing at the point of sale. In addition to this, the Company continued to support marketing activities for the product which were well-received among the target groups.



Smile-V spray bottles

Competitive Strategies

The Company positioned the Foggy brand as a premium grade product for spray bottles. There are a variety of spray bottle models suitable for heavy industrial use and ordinary use. Foggy Duty products place an emphasis on market segments that are driven by customers looking for quality, durable products that can be used in business operations such as laundry services and car washes. Foggy Multi products are widely used in restaurants, beauty salons, landscaping businesses, etc. Apart from mass distribution channels, specific distribution channels have been explored with the aim of reaching industrial customers. However, the Smile-V brand focuses on mass contribution at an economical price with various designs in order to reach target customer groups that use the products only temporarily.

Sales and Distribution Channels

The Company distributed products across the country through a network of nationwide channels which included industrial network channels.

Distribution Business

Mothercare and Baby Accessories under Pigeon Brand

The Company is Thailand's sole distributor of Pigeon products manufactured by the Pigeon Corporation in Japan. The Pigeon brand is high quality mother care and baby accessory products which have been widely accepted and recognized among mothers and families all over the world. This makes Pigeon the Number 1 leading brand in Japan, China and many other countries including Thailand.

Pigeon has a wide variety of products which went through product research and are constantly being developed from Pigeon Central Laboratories, located in Ibaraki, Japan. Every product has been researched by experts and tested on actual customers in order to assure that products met the customer's demands and enhanced the quality of life of the baby and family.

The Company has been marketing and distributing products under the Pigeon brand in Thailand for more than 30 years. Presently, the products have become a trusted, top of the mind brand for mothers. In Thailand, products under the Pigeon brand have been classified into 7 categories. They are feeding accessories, baby wipes, mother care and accessories, weaning and accessories, health and hygiene care, toiletries and skincare products, and cleansing and sterilizing accessories. Among all the Pigeon products, feeding accessories are the core sales product equaling 69% of the Company's total sales.



Competitive Environment

Feeding accessories are the Company's core product and they compete in a highly competitive market with a number of other brands in the market. However, Pigeon is the market leader for feeding accessories. Feeding accessories are comprised of baby bottles, nipples, nursing bottles, and child pacifiers that relax the baby. Pigeon has been the Number 1 brand in the market for a long time and it has 36% of the market share. This was an increase of 2% from the previous year and it still maintained the number 1 position in all product categories and continues to have sustainable growth in sales performance.

High quality baby bottles that are made from PPSU material in the SofTouch Peristaltic Plus category come with nipples that resemble a mother's nipple. This enables mothers to switch from breastfeeding to bottles without the baby feeling any difference. They have been widely accepted and the Company is able to maintain its leadership and great success over the past year.



Wide Neck Baby Bottles with PPSU - SofTouch Peristaltic Plus

In marketing, more marketing campaigns for mini model nipple products that resemble a mother's nipple were organized in order to promote the product to be well-known and expand more distribution channels.



Baby Peristaltic Nipple Model Mini Size for using with Standard Baby Bottles

Pigeon Product Highlights

Pigeon is the number 1 brand in Japan for mother care and baby accessories. They have been well accepted and have been recognized as a high quality product. Japan is one of the world's most reputable countries in regards to high technology and standardized products. The products have undergone thorough research and a well-developed process that considers the baby's development stages and breast feeding behaviors of mothers. As a result, the Pigeon brand and its products have been well received by mothers all over the world, including Thailand.

Quality: Pigeon products were produced with modern technology. They have been proven and certified as standardized products by reputable institutes, both domestically and internationally. Besides that, an innovative Pigeon product was designed with the concept of mother and baby care assistance. This enabled the products to meet consumer demands, were convenient to use, and were practical and durable. As a result, the products were well received and highly accepted from mothers worldwide.

Variety: The Pigeon brand offers various products to consumers and there are many products to choose from. These products cover every need from pregnancy to child delivery. On top of that, the Company has developed baby products to help with child development from birth to age 3. Products are available in different price ranges in order to meet the needs of every target group. This is an advantage over other competitors that normally penetrate the market focused on a specific group of consumers.

Marketing Activities

As a leading Company in mother care and baby products, Pigeon is recognized as an expert in child and baby development. Pigeon is an advisor and friend to new moms. The Company is aware of the importance of breastfeeding and as a result, the "Pigeon Supports Breastfeeding" campaign was held continually through comprehensive communication tools both "Above the Line" and "Below the Line". However, adjustments were made to media strategies in order to reach mothers in the digital age whose behaviors and ways of taking in information has changed.

In the previous year, Pigeon organized a campaign called "Thailand Breastfeeding Day by Pigeon " which was held for the second year to gather breastfeeding mothers throughout the country to show their power and build statistics in regards to breastfeeding at the same time. There were 796 mothers and children that participated in the activity, 602 mothers and children participated the activity in Bangkok and 194 mothers and children from the Northern region participated in this activity in Chiang Mai. This was the first year that the activity was held in Chiang Mai in collaboration between Moong Pattana International Public Company Limited and the Faculty of Medicine of Chiang Mai University. The event's awesome statistical number was recorded in Thailand's Book of Records for another year.



"Thailand Breastfeeding Day by Pigeon No. 2" at Chaloem Phra Kiat Phrabarami 50th Building (Soi Sun Wichai)



“Thailand Breastfeeding Day by Pigeon No. 2” at Department of Community Medicine, Chiang Mai University

Last year, a new product in the breastfeeding support category was launched called the “Pigeon Breast Pump Manual”. It is a new manual breast pump model that was imported from Japan. This product was researched and developed by Pigeon Research Center in Japan and was designed to be easy to use, quiet, light-weight, compact, and portable in order to meet the needs of mothers in this new age. This product was designed to perfectly fit breasts with an extra soft silicone funnel edge that was made from high grade premium silicone that is highly flexible. It can get rid of air and latch on to breasts better. Moreover, this new Pigeon Brest Pump Manual has a milk stimulation system and a gentle pumping system which enables mothers to control the suction and speed as desired. The handle was designed in alignment with the mother’s body in order to relieve the mother’s labor to breast pump smoothly.



Pigeon New Manual Breat Pump from Japan

More Marketing Communication for Baby Wipe Products

The market for baby Cleansing Clothes or Baby wipes products has increased continually because mothers of this new generation care more about hygiene and they desire convenience when taking care of babies. In 2016, Mr. Singto Numchoke, a good- tempered father with a heart for music, was chosen to be this product’s brand ambassador. He represents professional fathers because he impressively helped his wife care for their 3 sons, especially in the area of baby hygiene.



Mr. Singto composed a song for this Pigeon advertising campaign called “Hero Calling (Un-ne Eh Hey Oh)” which was a collaborative effort between the Pigeon team and Mr. Singto. This was done to communicate product awareness and create more understanding in the selection of baby wipe products because parents must be meticulous in selecting products for cleaning a baby’s skin in accordance with the different stages and different needs of babies.

Pigeon Baby Wipes innovated in order to meet the difference needs of hygienic cleansing such as the delicate skin of newborn babies because they go to the bathroom often and they need a moisturizing product that helps prevent diaper rash. Baby wipes can be used to clean babies when they eat or play or get their mouth, hands or body dirty. Parents can be 100% assured of this hand and mouth formula. On top of that, there is another hygienic cleansing option for parents that is a chamomile and alcohol-free formula. It is fragrance free and paraben free so that babies can be cleaned gently. There is a mosquito repellent formula for children also.

This campaign activity was communicated through Above the Line and Below the Line means that focused on online media, radio and free sample distribution and sales promotion. This marketing communication created brand awareness and promoted the quality of the products very well.

The Pigeon Little Moments Club, a Deep Connection through Love

Apart from marketing communications and consumer activities, Pigeon holds activities that promote breastfeeding by having marketing activities in hospitals. Activities included the support of building breastfeeding rooms in different hospitals, giving information to pregnant mothers and having special activities for members of the Pigeon Little Moments Club. The Pigeon Little Moment Club members receive counsel on raising children and personal care from expert doctors. Members can join activities arranged by the club throughout the year which creates a strong bond between the brand and its customers.

Sustainable Development Report

The Company has carried out business with concern for economics, social, community, environment and all involved parties. Creating Shared Value Sub-committee determined policies and procedures to creating shared value into day-to-day operations of the Company's as well as notified all employees, partners and the relevant companies.

In 2016, the Company has continued making the sustainable development report by separate it from the Annual Report and develop key indicators according to the Global Reporting Initiative (GRI) within 3 years, since 2015.

Risk Factors

The Company defined the scope of visible risk management by using integrated risk management principles. This began by defining acceptable risk levels. Risk management plans were planned for the short-term, mid-term and long-term in order to be implemented in every segment. Risk was clearly supervised. This included continuous follow up and giving reports to senior executives in order to be assured that the Company can prevent and lower the effects of risk in different situations and be able to recuperate in short period of time.

In 2016, the Company still emphasized information technology system development in order to have convenient and fast services and be able to lower costs management. This modernized the Company so that it could support the Company's future business expansion. The Company's risk management plans are as follows.

Strategic Risk

Low Birth Rate Risk

The country's birth rate has been declining since 2013. Births are declining by an average of 3.5% per year. There were 808,901 births in 2015 and only 736,352 births in 2016. Thailand's birth rate is expected to continue to decrease. Thailand's declining birth rate directly affects the purchasing volume of mothercare and baby accessory products and caused it to decrease.

Even though the birth continues to decline, the desire for good quality products that are safe for both mothers and children is increasing. The Company has developed and provided a variety of new products that meet the needs of mothers who are concerned about safety and baby hygiene. Meeting these needs greatly increased revenue even though the purchasing volume decreased because of a low birth rate.

Business Competition Risk

The Company's business operates in consumer products distribution and sales agent. The Company has earned a reputation for its good and efficient management. The primary products distributed by the Company are daily use products such as food and beverages which is an extremely competitive industry but has continual growth potential every year. As a result, competition among distributors and dealers is extreme.

This causes the competition among distributors and agents is extremely high. The Company understood its need to adjust in these competitive environments and has enhanced its management capabilities in order to support the demands of target groups by increasing sale volume through an increase in distribution channels. This included supporting small and medium sized businesses that have plans to expand their businesses into other domestic and international regions, especially into CLMV countries.

The Company developed and searched for new products under the brand of the Company and its subsidiaries. The Company expanded various distribution channels in order to support new products from product owners, hold on to existing customers and create good relationships between one another. The Company also organized effective sale promotion plans and implemented these plans in the specified areas. The Company prepared satisfaction questionnaires for product owners to evaluate Company satisfaction in order to improve working methods to be able to meet the needs of product owners.

The Company created CRM allies to make "Moong Pattana" a well-known Company that is known as a reputable distributor that is widely accepted in the market. The Company studied and developed information technology to make it more useful for distributors and appropriate for the various businesses of the Company. The Company designed the operational structures of the warehouse to be suitable for distribution businesses in the area of efficiency and costs.

Pigeon Corp Reliance Risk

Since 1988, the Company has been Thailand's sole distributor of mothercare and baby products under the "Pigeon" brand. The Company also jointly founded Thai Pigeon Company Limited and Pigeon Industry (Thailand) Company Limited which produce products under the "Pigeon" brand for the Company to distribute domestically. Revenue from the sale of products under the "Pigeon" brand has been higher than 80% and most recently in 2016; the Company's sale of "Pigeon" products was at 80.6%. This shows that the Company's operations rely heavily on the "Pigeon" brand.

However, because of a good, deep, long lasting relationship and the continued increase of sales volume, Pigeon Corp trusts the Company as its sole distributor of "Pigeon" products in Laos People's Democratic Republic in 2016. This shows the good relationship between the Company and Pigeon Corp very well. However, relying on Pigeon Corp alone could affect the Company's business in the future.

As a result, the Company also provides more services as a distributor and sale agent for consumer products for brands other than "Pigeon". This can be seen from the growth of revenue over the past 10 years. The average revenue growth was 9.9% per year. The average growth rate for "Pigeon" products was 9.5% per year and the average growth from other branded products was 11.6% per year.

Operational Risk

Qualified Personnel Recruitment Risk

Thailand's economy has slowed down and investments have not expanded consistently in either public or private sectors for a long time. As a result, personnel development is inconsistent with market demands. Personnel that are knowledgeable, competent, experienced and qualified are in high demand. Recruiting qualified personnel to fill positions is difficult and time consuming. This problem could cause the Company to miss its goals and affect the Company's business expansion.

As a result, the Company looks for personnel ahead of time and applicants' data is kept in a data base so that vacant positions can be filled quickly and conveniently. Personnel development plan for each employee have been planned so that employees can develop their job skills in order to fill or support other positions that need help immediately.

Skill Gap Testing was implemented and employees were trained to have knowledge and skills to be able to understand the Company's products and services. The Company also searched for business allies to help with personnel training and training interns so that they can be employed as a sales person immediately.

Sole Warehouse Service Risk

In regards to warehouse management, the Company used warehouse services from just one external service provider. Thus, the Company was able to control the costs of storage and warehousing costs more effectively. However, if the warehouse service provider was unable to effectively manage the warehouse, it will affect the transport time from warehouse to the retailers and it could create a higher cost to store inventory more than necessary. The Company regularly followed up, monitored and evaluated the performance of the warehouse service provider. There was a system for detecting product movement in the warehouse in order to be assured that products were not lost. KPI was implemented to evaluate the performance of the service provider in order to achieve the goals defined by the Company.

The Company studied the services of other warehouse service providers in order to compare costs, effectiveness and the quality of the expected tasks. The Company also looked for other transportation and warehousing providers in order to prevent risk in case the existing service provider was unable to manage the warehouse as effectively as promised. The Company defined clear warehouse strategic plans and policies in both the short-term and the long-term. This was so that warehouse service providers could prepare appropriate warehouse management plans in accordance with the Company's policies and guidelines regarding business operations.

Financial Risk

Economic Fluctuation Risk

Economic growth in Thailand has slowed down because economies in Europe, Russia, America and China are still slow and because of political instability in Thailand over the past few years. These factors directly impact expenditures in both private and public sectors. In 2016, the economy within the country only expanded by 3.2%, with an inflation rate of 1.5%. This factor directly impacted the growth of the Company's revenue. The Company foresaw this risk and as a result the Company pushed a strict control on expenses in every segment of the corporation.

The Company prepared and implemented budget worksheets for income received and expenses in every department and raised employee awareness about cost reduction and act in the best interests of the Company. As a result, these expenses decreased when compared to 2015. Moreover, the Company searched for business allies and other suppliers in order to compare product quality and product costs. This will help the Company acquire raw materials at lower costs and create benefits in both the present and future.

Exchange Rate Fluctuation Risk

Fluctuations in the exchange rate of the Thai Baht in 2015 due to fluctuations in the world economy, along with an increase in product orders from overseas means that exchange rate fluctuations can directly impact the cost of production and affect the Company's overall profit. As a result, the Company closely followed movements in the exchange rate of important currencies over the past year. The Company also negotiated with product owners to lower costs or compensate for differences that resulted from exchange rate fluctuations in order to protect the Company's profit.

Moreover, the Company has a policy preventing the exchange rate fluctuation risk by making agreements with a fixed exchange rate in advance to prevent this kind of risk. In the previous year, the Company's profits were impacted slightly by the exchange rate fluctuations. However, the overall gross profit margin was at a normal level when compared to the previous year because more than 80% of the Company's products were manufactured in Thailand.

Loan Rate Fluctuation Risk

The Company attained short-term loans from many financial institutions to be used as working capital in business operations. Fluctuations in interest loan rates directly impacted administrative costs. However, the Company managed incoming finances in accordance with spending goals by having various financial avenues as options for choosing appropriate investment sources.

The Company interacted with more financial institutions in order to understand the products and services of banks that are continuing to modernize. These products and services can reduce cost of finances and make the process faster and more convenient. In 2016, the Company increased its registered capital by offering ordinary shares to its existing shareholders and by issuing rights for employees to purchase the Company's ordinary shares or ESOP. This helped the Company reduce loans from financial institutions and was another way to lower risk from interest loan rate fluctuations.

Compliance Risk

Complicated Regulation Risk

Since the Company operates distribution and sale agent businesses for products that require import and export transactions, many private and public sectors must be contacted in order to request licenses for selling food and drugs and product certification for industrial standards. The procedures, and the relevant laws, rules and regulations are complicated and sometimes it requires the opinion of officers to get permits or approve the Company's requests.

As a result, the Company defined policies to strictly comply with laws and regulations in conducting its business. If the Company encounters expenses, fees or permit procurement that may lead to a violation of laws, rules of relevant agencies, the Company will consult with various experts such as IRS Officials, tariff experts, experts on food and drug standards, internal auditors, auditors, etc., in order to be assured that the Company follows the procedures and pays taxes correctly, transparently, and able to be audited. The Company does not engage in any misconduct or violate any regulations of public or private sector agencies.

Management's Discussion and Analysis

Overall Business Operations of the Company and Subsidiaries

The Company operates a business in the area of sales and the distribution of mothercare and baby accessories under the brand "Pigeon" by having Thai Pigeon Company Limited, Pigeon Industry (Thailand) Company Limited and Yoshino Moong Pattana (Thailand) Company Limited are product and material manufacturers distributing to the Company in order to sell domestically and in Laos.

In addition to that, the Company is a dealer of consumer products such as plastic containers and sprayers under the brand "Foggy" and "Smile V". This includes daily consumer products such as cottons, toothbrushes and skin wipes under the brand name V-care. Swimsuits for infants and babies are under the brand "Splash About". The Company was also appointed to be the dealer of toothbrushes and oral care products under the brand "Jordan". It also includes branded products such as "Roongjaroen" chili paste, tissues and skin wipes under the brand "Elleair", razors imported from Egypt branded "Lord", adult diapers branded "MuMu", fruit flavored jelly gummies branded "Herbaland", Thai herbal toothpaste branded "Tree Herb", garbage bags and plastic bags branded "Hero" and sanitary pads branded "Midori".

The overall economy of Thailand is strong, even though Thailand still has political instability while waiting for the government to hold democratic elections, the world economy has slowed down because of an economic recession in European countries, and low oil prices have affected oil producing countries. The Fiscal Policy Office (FPO) projected that Thailand's economy would expand by 3.3% in 2016, an increase from 2.8% from the previous year. This affected the Company's overall performance in 2016. The Company's growth rate for total revenue continued to grow at a rate of 5.9%. The total revenue was 722.89 million Baht.

In 2016, the Company implemented marketing strategies with an emphasis on quality products. This included the launch of new products that were consistent with the changing needs of customers, an increase in distribution channels for customer convenience and an effective inventory management. This also included organizing advertisements activities and continually promoting sales promotions, widening its base of new target customers, using technology to improve services, monitoring storage controls and reviewing every steps of product transportation. This way the Company would be accepted among the product owners who sell products through the Company's distribution channels, among shops that sell the products and for the satisfaction of customers who continually use the products.

Performance

For the fiscal year ended December 31, 2016, the Company had a net profit of 77.81 million Baht based on the equity method. This was an increase of 4.70 million Baht or 6.43% from the previous year. The list of major changes is summarized below.

Income

Revenue from the sales of products was 703.95 million Baht. This was an increase of 38.36 million Baht or 5.8% from the previous year. The increase of revenue was derived from the sales of mother care and baby accessories products in the amount of 32.41 million Baht. Revenue from the sales of consumer products increased by 6.42 million Baht while sales from plastic products and containers decreased by 0.48 million Baht.

Other revenue was 18.94 million Baht. This was an increase of 2.16 million Baht from the previous year. This was from an increase in sales commissions in the amount of 1.26 million Baht and an increase in dividend from investing in other companies and other incomes for 0.90 million Baht.

The gross profit margin in 2016 was 52.2%, a decline of 53.1% from the previous year. This result from operating the business as a distributor for other consumer products, the cost of sales for these products is higher than mother care and baby accessories products causing the cost of goods sold to increase by 24.16 million Baht or an increase of 7.7%. This was higher than the growth rate of sales revenue.

Sales Expenses and Administrative Revenue

Selling expense for the year 2016 were 206.28 million Baht. This was equivalent to 29.30% of the sales volume, a decrease of 5.21 million Baht or 2.46% from the previous year. Administrative expenses were 165.25 million Baht, an increase of 15.28 million Baht or 10.2% from the previous year. These main expenses are from an increase in personnel expenses which resulted from an increase in the number of employees and warehousing costs. This included an increase in rental costs and depreciation because the Company moved the offices to a new location in the middle of 2016.

Interest expenses were 2.75 million Baht, an increase of 0.21 million Baht from the previous year. This was due to the increase in short-term loans from financial institutions that was used as working capital in the past year. As of December 31, 2016, the amount of short-term loans was 90.00 million Baht. This was an increase from 60.00 million Baht at the same time in the previous year.

Net Profit

The Company's net profit before the inclusion of profit share from joint ventured investments, financial expenses and tax expenses was 15.12 million Baht. This was equivalent to 2.2% of the sales volume or 2.1% of the total revenue. This was an increase of 6.28 million Baht from the previous year. When profit share from joint ventured investments based on equity method were included, the Company's net profit was 77.81 million Baht. This equaled 11.1% of profit-volume ratio, or 10.8% of the total revenue.

Financial Status of the Company (equity method)

Assets

As of December 31, 2016, the Company's total assets were 828.75 million Baht. This was an increase of 86.58 million Baht from the same period of the prior year. The changes are as follows.

Current assets increased by 22.87 million Baht. This was due to an increase in account receivables and other debtors for the amount of 14.51 million Baht. This resulted from higher sales volumes and an increase in the number of stores during the year. Net inventory declined 13.11 million Baht. Finished goods and goods in transit declined by 5.39 million Baht. Materials and packaging declined 7.72 million Baht. The average selling period was 95.5 days and other current assets decreased 3.88 million Baht.

In this period, the Company's cash and cash equivalent increased 25.32 million Baht. This was due in part to money received from warrant holders and employees (ESOP) who purchased the Company's ordinary shares and partially from a reserved loan for account payables that the payment is due at the beginning of next year.

The Company's non-current assets increased 63.71 million Baht. This was due to moving the office to a new location. There was an investment on decorations for the new offices in the amount of 26.72 million Baht. At the end of 2016, the Company allocated the asset category by transferring land and buildings that were no longer being used for operations to assets for investment. In addition to that, the Company reviewed the assessment of the price of land and buildings that are no longer being used. Due to the value assessment by an independent assessor, the value of land and buildings that are no longer being used was worth 152 million Baht. This was an increase from 77.31 million Baht as accounted in accounting in 2013.

Joint ventured investments and other long-term investments also increased by 48.25 million Baht. This was due mainly to revenue recognition from joint-ventured companies. Deferred tax assets increased by 0.30 million Baht and other non-current assets decreased by 0.76 million Baht.

Liabilities

As of December 31, 2016, the Company's total liabilities were 252.32 million Baht. This was an increase of 17.30 million Baht from the same time last year. This was due to increased short-term loans for the amount of 30.00 million Baht. These loans were used to expand the Company's business through the dealership of new products and partially reserved to pay account payables that are due at the beginning of next year. Liabilities from lease agreement and finance lease agreement for the purchase in respect of decreased by 1.46 million Baht. Account payables and other debtors decreased by 13.72 million Baht. Other non-current assets increased by 1.94 million Baht. Long-term reserved fund for employees increased 0.56 million Baht.

Shareholders' Equity

As of December 31, 2016, the Company's total shareholders' equity was worth 576.42 million Baht. This was an increase of 69.28 million Baht from the same period of last year. The annual net profit was 77.81 million Baht and the annual dividend payment was 21.63 million Baht. Other components of shareholders' equity increased from warrant holders and employees (ESOP) exercising the right to purchase the Company's ordinary shares in the amount of 13.11 million Baht.

Liquidity and Working Capital

The liquidity or net cash for the Company's operations was better due to an increase in sales volume and profits from operations. The necessity of working capital decreased because of the appropriate inventory control. The Company had net cash for operations in the amount of 8.02 million Baht. In 2015, the net cash for operations was -2.44 million Baht. The Company does not have any long-term loans. The only short-term loans for the Company are for working capital and liabilities from lease agreement and finance lease agreement. As of December 31, 2016, the Company's debt to equity ratio equaled 0.44x and the interest bearing debt from financial institutions to equity equaled only 0.26x.

Shareholder Structure

1. Top 20 shareholders as of December 30, 2016:

No.	First Name	Last Name	No. Shares	%
1	Mr. Sumeth	Lersumitkul	86,501,926	59.316%
2	Mr. Methin	Lersumitkul	6,780,000	4.649%
3	Mr. Suthee	Lersumitkul	6,280,000	4.306%
4	Mr. Sorrapun	Lersumitkul	6,180,000	4.238%
5	Ms. Juntarawan	Jarootum	2,335,000	1.601%
6	Ms. Roongrat	Siripermpoonsuk	2,010,600	1.379%
7	Mr. Pornchai	Thanuputrachai	2,007,636	1.377%
8	Mrs. Sureeporn	Anuvatudom	1,920,000	1.317%
9	Mr. Pornchai	Ngarmmaneevat	1,527,000	1.047%
10	Ms. Chanatip	Srithrakul	1,394,140	0.956%
11	PIGEON CORPORATION		1,200,000	0.822%
12	Mr. Paisit	Thungwiwutwong	1,178,874	0.808%
13	Ms. Paweena	Srithrakul	1,146,600	0.786%
14	Mr. Chalermchai	Eiamsherangkoon	1,026,300	0.704%
15	Mr. Teerawut	Jernarongrit	839,000	0.575%
16	Mr. Chatchai	Mongkolpan	718,200	0.492%
17	Ms. Maliwan	Nopadonsatarn	617,826	0.424%
18	Ms. Tanaporn	Preechatanachote	582,020	0.399%
19	Mr. Thapana	Thanatsang	496,471	0.340%
20	Mr. Chan	Poondee	476,700	0.327%
Total Number of Top 20 Shareholders			125,218,293	85.865%
Total Shareholders			145,832,431	100.000%

2. Shareholdings of the Board of Directors and Management

First Name-Last Name	2558		2559		Δ Shares
	Shares	%	Shares	%	
Mr. Sumeth Lersumitkul	88,301,926	61.2541%	86,501,926	59.316%	-1,800,000
Mrs. La-aid Vongvongepop	12,000	0.0083%	12,000	0.008%	-
Mr. Manit Jeeradit	-	0.0000%	-	0.000%	-
Mr. Thaevan Uthaivath	-	0.0000%	-	0.000%	-
Mrs. Sureeporn Anuvatudom	1,920,000	1.3319%	1,920,000	1.317%	-
Ms. Suwanna Chokdee-anand	-	0.0000%	200,000	0.137%	200,000
Mr. Methin Lersumitkul	5,880,000	4.0789%	6,780,000	4.649%	900,000
Ms. Pataya Thavaterarat	-	0.0000%	-	0.000%	-
Mr. Thinarom Chewinwiwat	-	0.0000%	-	0.000%	-
Mr. Suppharuek Yutthakovit	-	0.0000%	-	0.000%	-
Total	96,113,926	66.6732%	95,413,926	65.427%	-700,000

Dividend Policy

The Company has a dividend policy of minimum of 50% of the net profit after deduction of taxes and legal reserves. However, the dividend payment is subjected for changes of periodical changes depending on future operational plans, investments, liquidities, and necessities of the Company under the justifications of the Board of Directors, with the exception of when the policy is not complied, under the condition that the implement shall provide the utmost benefit to shareholders, its payment must be approved at a shareholders' meeting. The board of directors may occasionally pay interim dividends, in which case it will report to the shareholders at the next meeting.

Management Structure

1. Organization Structure

As of December 30, 2016, the Company's management structure was comprised of the board of directors and 5 subcommittees. These subcommittees are the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, the Risk Management Subcommittee, and the Creating Shared Value Subcommittee. In 2016, the Company adjusted the corporate structure by separating the accounting and finance departments into an accounting department and a finance department in order to increase the effectiveness of management and support business expansion.

2. The Board

The Board of Directors must possess appropriate qualifications and characters to display reliable in managing a business whose shareholders are the public as specified by the Securities of Exchange Commission Thailand (SEC) and Stock Exchange of Thailand (SET). The Board of Directors consists of neither the directors not less than 5 members nor more than 12 other members, who are elected at Annual General Meeting; a minimum of half the members must reside in the country.

Currently, the Board of Directors consists of 7 members as the following:

- Independent Director 3 members
- Non-executive Director 1 members
- Executive Director 3 members

	First Name-Last Name	Position	Type
1.	Mr. Sumeth Lersumitkul	Chairman	Non-executive Director
2.	Mrs. La-aid Vongvongpop	Chairman of Audit Committee / Remuneration Sub-committee	Independent Director
3.	Mr. Manit Jeeradit	Chairman of Remuneration Sub-committee / Audit Committee	Independent Director
4.	Mr. Thaevan Uthavath	Audit Committee / Remuneration Sub-committee	Independent Director
5.	Mrs. Sureeporn Anuvatudom	Director	Executive Director
6.	Ms. Suwanna Chokdee-anand	Director	Executive Director
7.	Mr. Methin Lersumitkul	Director	Executive Director

2016 Meeting Attendance of the Board of Directors and Sub-committee

First Name-Last Name	Board Meeting 6 times	Audit Committee Meeting 7 times	Executive Committee Meeting 12 times	Remuneration Sub-committee Meeting 2 time	Risk Management Sub-committee Meeting 4 times	Creating Shared Value Sub-committee Meeting 4 times
1. Mr. Sumeth Lersumitkul	6/6					-
2. Mrs. La-aid Vongvongpop	6/6	7/7		2/2		-
3. Mr. Manit Jeeradit	6/6	7/7		2/2		-
4. Mr. Thaevan Uthaivath	6/6	7/7		2/2		-
5. Mrs. Sureeporn Anuvatudom	6/6		12/12		4/4	-
6. Ms. Suwanna Chokdee-anand	6/6		12/12		4/4	4/4
7. Mr. Methin Lersumitkul	6/6		12/12		4/4	-

3. Audit Committee

The Company's Audit Committee must consist of at least 3 independent directors. In addition, at least 1 member must have knowledge, understanding or experience in accounting or finance with the qualifications specified by SEC laws and SET, including Audit Committee Charter (24 February 2016)

As of December 30, 2016, the Audit Committee consisted of 3 independent directors as the following:

First Name-Last Name	Position	Skill
1. Mrs. La-aid Vongvongpop	Chairman	Accounting and Finance
2. Mr. Manit Jeeradit	Member	Accounting and Finance
3. Mr. Thaevan Uthaivath	Member	Law

4. Remuneration Sub-committee

Remuneration Sub-committee consists of 3 members and the chairman of the Remuneration Sub-committee shall be independent director.

As of December 30, 2016, the Remuneration Sub-committee consisted of 3 independent directors as the following:

First Name-Last Name	Position
1. Mrs. La-aid Vongvongpop	Chairman
2. Mr. Manit Jeeradit	Member
3. Mr. Thaevan Uthaivath	Member

5. Executive Committee

Executive Committee consists of 5 members and has roles and responsibilities in considering, approving, controlling, and supervising the operations of the Company within the scope authorized by the Board of Directors, to include filtering matters to be presented for directors' agreement.

As of December 30, 2016, the Executive Committee consisted of 5 members as follows

First Name-Last Name	Position
1. Ms. Suwanna Chokdee-anand	Chairman
2. Mrs. Sureeporn Anuvatudom	Member
3. Ms. Pataya Tevatirarut	Member
4. Mr. Methin Lersumitkul	Member
5. Mr. Thinarom Chewinwiwat	Member

6. Risk Management Sub-committee

It is authorize of the Board of Directors to appoint the Risk Management Sub-committee. The Committee consists of at least 5 members. In addition, at least 1 member must be a board member.

As of December 30, 2016, the Risk Management Sub-committee consisted of 5 members as follows

First Name-Last Name	Position
1. Mrs. Sureeporn Anuvatudom	Chairman
2. Ms. Suwanna Chokdee-anand	Member
3. Ms. Pataya Tevatirarut	Member
4. Mr. Methin Lersumitkul	Member
5. Mrs. Sasithon Lersumitkul	Member

7. Creating Shared Value Sub-committee

The Creating Shared Value Sub-committee must consist of at least 5 members. In addition, at least 1 member must be a board member.

As of December 30, 2016, the Creating Shared Value Sub-committee consisted of 7 members as follows

First Name-Last Name	Position
1. Ms. Suwanna Chokdee-anand	Chairman
2. Ms. Pataya Tevatirarut	Member
3. Mr. Methin Lersumitkul	Member
4. Mrs. Pornpimon Suwankajit	Member
5. Mrs. Jittranart Buacharoen	Member
6. Mrs. Maliwan Thiamthan	Member
7. Mr. Teerapong Songkrowh	Member

8. Executive Management

As of December 31, 2016, the Company's executive management is consisted of the following 6 member:

First Name-Last Name	Position
1. Ms. Suwanna Chokdee-anand	Chief Executive Officer
2. Mrs. Sureeporn Anuvatudom	Joint Chief Executive Officer
3. Ms. Pataya Thavaterarat	Senior Accounting Director
4. Mr. Methin Lersumitkul	Business Development and Marketing Director
5. Mr. Thinarom Chewinwiwat	Finance Director
6. Mr. Suppharuek Yutthakovit	Sales Director

9. The Chief Executive Officer

The Chief Executive Officer has authority and responsibilities regarding Company management as assigned by the board of directors. The Chief Executive Director is responsible for defining the Company's mission, objectives, guidelines and policies. This includes monitoring the overall business operations of the Company.

Duties and Responsibilities of the Chief Executive Officer

- 1) Operate and/or manage the Company's daily tasks so that they are in accordance with the Company's vision, mission, expected value, goals and policies approved by the board of directors.
- 2) Follow-up operational results and advancement. This includes reporting the operational results, problems or obstacles that arise, and guidelines for improvement for the board of directors to acknowledge.
- 3) Consider the stipulations for anti-corruption policies and guidelines. This includes the promotion and support of the policies and guidelines and the regular review of the appropriateness of the systems and measures in order to align them with changes in business, acts and regulations of the law.
- 4) Consider setting up communication between Company personnel and relevant persons in order to acknowledge fraud and anti-corruption policies and guidelines.
- 5) Consider defining corporate structure and annual manpower ratios for the consideration of the executive committee.
- 6) Consider the approval of procurement, appointment, transfer, removals, and layoffs. Define wages, remuneration, bonuses and other benefits for the Company's executives and employees except for the position of Chief Executive Officer which will be considered and approved by the board of directors.
- 7) Consider the approval of budgets for production projects and/or new dealers and new distributors.
- 8) Consider the approval of permanent assets purchases within a budget that does not exceed 20,000,000 Baht and does not exceed 5,000,000 Baht for non-budgeted items.
- 9) Consider the approval of distribution, demolition and contribution of permanent assets and other assets that do not exceed 3,000,000 Baht.
- 10) Consider the approval of all administrative expenses that do not exceed 5,000,000 Baht or does not exceed 100,000 Baht for non-budgeted items.
- 11) Consider the approval of advertising and sales promotion expenses that have a value over 8,000,000 Baht.
- 12) Consider the approval of employee loans that have a value over 200,000 Baht.
- 13) Consider the approval of work-related overseas travelling expenses for executives and employees.
- 14) Consider the approval of regale allowance that have a value over 30,000 Baht per time.
- 15) Consider the approval of products given as tributes and samples that have a value over 10,000 Baht.
- 16) Operate in other areas assigned by the board of directors and/or the executive committee and operate according to the laws and regulations of government sectors.

Policies in Regard to Holding the Position of Director for another Company

The board of director stipulated that the Chief Executive Officer can hold the position of director for other companies, but no more than 3 companies. In the case that the Company is a shareholder, the Chief Executive Officer can be the director or the Chief Executive Officer can consider another qualified executive to hold the position of director for that company.

10. Company Secretary

The board of directors appointed Company Secretary in accordance to the Securities Exchange Acts, to give advice on issues regarding laws and regulations of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. Ms. Pataya Tevatirarut was appointed as the Company Secretary on August 8, 2014.

Qualifications of the Company Secretary

- 1) Have knowledge and understand the nature of the Company's business. This included the roles and responsibilities related to the duties of the Company Secretary duty such as responsibilities of the directors, duties of the Company, and have knowledge regarding relevant laws and regulations, develop knowledge regularly and follow-up with news and information in order to develop work regularly.
- 2) Perform duties in accordance with the laws, regulations and Companies Act in regards to responsibilities, caution, loyalty, honesty, determination, and dedication and support the operations to achieve its goals under the principles of corporate governance and business ethics of the Company.
- 3) Adhere to morality and ethics and take all stakeholders into account, refrain from any act that will negatively affect the image and reputation of the Company.
- 4) Does not seek personal benefits from the business opportunities of the Company and keep the Company's information confidential.
- 5) Have good interpersonal relations, the ability to contact and cooperate with different departments and sectors both inside and outside the Company.

Profile of the Company Secretary

Ms. Pataya tevatirarut

Age 54

Education

Master Degree of Commerce and Accountancy, Thammasat University

Bachelor Degree of Accounting (second-class honors), Chulalongkorn University

Traning

2016 Advances for Corporate Secretaries, Thai Listed Companies Association

2015 Smart Disclosure Program (SDP), Stock Exchange of Thailand

2015 CSR 360° Supply Chain Sustainability, Stock Exchange of Thailand

Work Experiences

2014 – Present Company Secretary / Senior Accounting Director, Moong Pattana International Pcl.

2004 – 2013 Senior Executive Officer - Foreign Affair Center, Panasonic Manufacturing (Thailand) Co., Ltd.

1998 – 2003 Director, Vice President - Finance and Accounting, BHP Steel Building Products (Thailand) Co., Ltd.

Relationship among management

No.

11. Remuneration for Directors, Executives and Employees

Remuneration Policies for Directors

The board of directors assigned the remuneration committee to review and consider the fair and reasonable remuneration of directors by considering the duties and responsibilities of the directors, the Company's financial position in comparison to other companies that are the same size and conduct the same kind of business. Therefore, the Company stipulated that directors only receive remuneration according to meeting attendance. Directors who were also appointed and held a position of a director on a subcommittee shall receive greater remuneration according to their increased responsibilities. The board of directors will monitor the remuneration process in order to be transparent and propose the consideration of approval to the meeting of shareholders.

2016 Director Remuneration by Position

Meeting Allowance (Baht)	
The Board	
Chairman	85,000
Member	30,000
Audit Committee	
Chairman	40,000
Member	30,000
Remuneration Sub-committee	
Chairman	10,000
Member	7,500

2016 Total Remuneration of the Board of Directors and Sub-committee

List of Directors	Director	Sub-committee	Bonus	Other Benefit	Total
1. Mr. Sumeth Lersumitkul	510,000	-	-	-	510,000
2. Mrs. La-aid Vongvongpop	180,000	255,000	-	-	435,000
3. Mr. Manit Jeeradit	180,000	200,000	-	-	380,000
4. Mr. Thaevan Uthaivath	180,000	195,000	-	-	375,000
5. Mrs. Sureeporn Anuvatudom	180,000	-	-	-	180,000
6. Ms. Suwanna Chokdee-anand	180,000	-	-	-	180,000
7. Mr. Methin Lersumitkul	180,000	-	-	-	180,000
Total Remuneration	1,590,000	650,000	-	-	2,240,000

* The audit committee held 7 meetings in 2016 but remuneration for meeting attendance was given for attending 6 meetings only. This was because of an extraordinary meeting to review 71 self-assessment questions before proposing them to the Company's board to consider approving and submit documents to be certified from the Collective Section Coalition Against Corruption. The board of the audit committee refused to receive any remuneration for attending that meeting.

Remuneration of Management

The Company has established remuneration of Management in short-term and long-term goals

Type of Remuneration	2016 (Baht)	2015 (Baht)	2014 (Baht)
Total Salaries	24,933,321	25,880,840	19,407,780
Bonus	2,916,966	3,536,784	3,098,881
Social Security Funds	53,250	54,750	36,000
Provident Funds	715,689	776,416	582,233
Advisor Fee	3,616,800	1,076,380	-
Long-term employees' benefit	427,481	350,758	998,700
Net Total	32,663,507	31,675,928	24,123,594

12. Human Resource as of December 31, 2016

As of December 31, 2016, the Company's total number of employees was 141 people. In 2016 the Company's employees received remuneration that equaled 115.6 million Baht. This included salary, overtime pay, monetary rewards, incentives, Social Security contributions, and providence fund

Number of Employees and Remuneration in 2016	Male	Female	Total
Executives	3	3	6
Operating and Supporting Employee	52	83	135
Net Total	55	86	141

The Issuance and Offering of Warrant Certificates to Purchase the Company's Ordinary Shares (MOONG-ESOP)

According to the resolution of the Meeting of Shareholder's for 2016, the Company proceeded to issue and offer warrant certificates to purchase the Company's ordinary shares (MOONG-ESOP) by allocating warrant certificates to purchase the Company's ordinary shares (ESOP Warrant) to directors, executives and employees for 2,000,000 units. The objective was to reward and encourage employees in their determination and dedication by playing an important role in the success and continued growth of the Company. The Company focused on opening opportunities to directors, executives and employees to own and have a part in the business. This will create motivation to work and push the Company to grow stably and sustainably.

13. Personnel Development Policy

The Company has a policy to promote and develop all level of personnel and organized human resource plans to be in accordance with the plan and the direction of growth for the business. The competency that is needed to achieve the operations in every position and duty will be analyzed individually to define development plans to accompany their responsibility (career path and succession plan). This way they are aligned with the Company's vision and values in operating its business as a high performing organization and determining to create balance between the business, employees and society

Organization's Core Values "(OPEC)"

The company aim to have employees adhere vision and value in their performance guideline which consist of

- "O" Operation Excellence or operation for success, highly driven
- "P" Partnership or moral and ethical business partners
- "E" Employee or employees who always strive for knowledge, capabilities, and motivation
- "C" Customer Centric or customer as the focal point, to meet the needs with ethics

The following guidelines have been applied to all employees at all levels in order to ensure their readiness for aligning with the Company's priority policies:

Core Competency

Employees have been developed and heavily coached on attitude, belief, and behavior appropriate for supporting and achieving the organizational shared values.

Management principles

The Company realizes that management capability and skill are significant and critical tools for all managing-leveled employees and has set development guidelines appropriate for the present and future possibilities in order to prepare managing individuals with proper tools to lead the organization and the team to exceed the visions, obligations, and shared values of the Company.

Functional Competency

Each personnel / position would be developed in knowledge, skills, and capabilities appropriate to his/her role and job responsibility to ensure effective operations with full potential to exceed job expectations and be standardized onto the same direction.

In 2016, the Company began to incorporate Career Path to retain talents and excellent employees at the organization and promote the employees for their own career growth. The Career Path enhances knowledge and capabilities of employees at all levels to exceed set goals and be competitive in the business.

In 2016, the Company supported executives and employees to several seminars as below:

Type of Competency	Name of Course	Hour	# of Employee
Core Competency	Base of Training Course for all employee		
	Induction program	8	63
	Unleash the power of excellence	8	131
	Sales Training SOP	8	89
	Anti-Corruption	8	134
	Positive Thinking & EQ for smart people	8	26
	Training course for ISO 9001 (2015)	8	68
Functional Competency	Basic Supply Chain Knowledge	2	8
	KPI Analysis for DPA improvement	160	10
	Demand Segmentation	160	10
	Root cause analysis for better performance	160	10
	TFRS for SMEs No. 2/59	8	1
Functional	Board Reporting Program	8	1

Type of Competency	Name of Course	Hour	# of Employee
Competency	IR Professional Training 2016	8	1
	How to use investment tools for financing and increasing Corporate value	32	2
	Human Resource Management for New HR Staffs, 73/2016	40	1
	Budgeting Techniques for Management Planning and Business Decisions	8	1
	Essential Financial Accounting for Accountants	8	1
	Accounting and Financial Reporting Standards	8	1
	Think Smart Move Fast Beyond AEC	12	2
	Fundamentals Practice for Corporate Secretaries	24	1
	Business Data Processing Control	8	1
	Effective Minute Taking	16	1
	Increase Profit by Cost Management	16	2
	S01: Strategic CSR Management	16	1
	S02: Supply Chain and Stakeholder	16	1
	S03: Sustainability Initiatives	16	1
	S04: Sustainability Risk and Materiality Analysis	16	1
	S05: CSR Evaluation and Data Management	16	1
	S06 Sustainability Reporting	16	1
	Managing Cash Flow and Cash Flow Statement, 8/2016	8	1
	Win the Battle, the Retail Stores War in Department Store	8	1
	Employee Development and Training	8	1
	New Employee Onboarding Program	8	1
	Salary & Job evaluation Workshop	8	1
	Pivot Report	8	1
	IT Future for Listed Company	8	1
	Internal Control Integrated Framework, 2/2016	8	1
	2016 New Laws, and Trends for 2017	8	1
	IFRS 9, IFRS 7 and LAS 32	8	1
	IT Audit for Non IT Auditor	8	1
	Risk Management in OBGYN	44	2
	Basic Network (Pre-CCNA)	12	1
	Enhancing Good Corporate Governance based on CGR Record	6	1

Corporate Governance

The board of directors of Moong Pattana International Public Company Limited realizes the necessity of good corporate governance. Thus, the board of directors reviewed and improved the corporate governance policies, business ethics and code of conduct for business partners because the Company believes that the management that is effective, transparent, examinable, and internationally accepted leads to long-term stability, advancement and sustainable growth and builds the confidence of shareholders, investors, stakeholders and all relevant parties.

On top of that, in order to confirm the intentions of carrying out business in accordance with corporate governance principles, the Company declared its intentions to affiliate with the Private Sector Collective Action Coalition against Corruption (CAC) and set up anti-corruption policies and guidelines and apply for certification for anti-corruption standards from the CAC. This was approved on October 14, 2016.

1. Shareholder's Rights

Shareholders who are owners of the Company have the right to define the direction of the business, monitor operations and make decisions on critical matters which affect the Company through the shareholders' meeting and the board of directors. The Company set up regulations to protect shareholders' rights regarding profit share, dividend payments and share repurchases. This included freely buying, selling and transferring of held shares. This also included facilitating shareholders to exercise their rights through attending the shareholders' meeting, giving comments, making inquiries, casting votes, choosing directors to perform duties instead of shareholders in relation to overseeing the business, and having rights to make decisions on important Company matters such as amendments to memorandums and the Articles of Association, appointing auditors, approving financial budgets, dividend payments, issuing additional shares or decreasing capital, etc.

Invitation to Shareholders to Propose Meeting Agenda Items and Nominate the Company's Directors

The Company gave all shareholders the opportunity to propose meeting agenda items and nominate the Company's director. Shareholders received a letter via the SET Portal System from the Stock Exchange of Thailand in both Thai and English. Shareholders were able to send a proposal letter concerning agenda items for the meeting and were able to nominate people to sit on the board of directors via the Company's website (www.moongpattana.com) between November 15, 2016 and December 31, 2016. The Company facilitated shareholders by preparing a proposal form (Form A) for agenda items of the shareholders' meeting and a nomination form for the nomination of candidates to sit on the board of directors (Form B) on the Company's website (www.moongpattana.com). In regards the proposal agenda items for the meeting, the shareholders had to specify reasons that supported the proposal of that agenda item and enclose documents for consideration. To nominate directors, shareholders had to do so in written form and enclose an agreement letter from the nominee and document containing the nominee's qualifications for consideration. The nominee had to be qualified and never committed any acts prohibited by the Limited Public Company Act. However, no shareholders proposed any agenda items for the meeting nor nominated anyone to be considered for the Company's board of directors.

The Meeting of the Shareholders

The Company holds the ordinary meeting of general shareholders' once a year and the meeting occurs within 4 months of the end of the accounting fiscal year. In the case that there were extraordinary agenda items that could affect shareholders and those items had to be approved by shareholders, the Company would call for an extraordinary meeting of general shareholders'. In 2016, the Company held the ordinary general shareholders' meeting on April 25, 2016 in the 7th floor Conference Room in the Moong Pattana Building. The address was 32 Soi Bangna-Trad 26, Bangna Bangna District, Bangkok, 10260. There was no calling for an extraordinary meeting of shareholders.

Delivering Meeting Invitation Letter in Advance

The Company publicized the meeting's invitation letter in advance in both Thai and English versions via the Stock Exchange of Thailand system. This was done 14 or more days prior to the meeting and the letter specified the place, the date and time, agenda items for the meeting, details, reasons and opinions of the board of director regarding each agenda item. In addition to that, the Company sent the invitation letter to all shareholders whose names were recorded on a list as of the closing book date which notified shareholders 14 days prior to the closing book date. The Company created advertisements in newspapers which called for a meeting and these advertisements ran for at least 3 consecutive days and for the 3 days prior to the meeting. Shareholders were able to download the meeting invitation letter and all document needed for the meeting from the Company's website.

Assigning Proxies

The Company gave shareholders who were not able to attend the meeting themselves an opportunity to assign a proxy or an independent director of the Company to act on the behalf of shareholders. The Company offered the names of independent directors which could be authorized to attend the meeting as a proxy on behalf of the shareholder. Using the authorization letter that was attached with the meeting invitation letter and Form A, Form B and Form C (they could be downloaded from the Company's website) along with documents/ evidence indicating the assigning of a proxy. The proxy authorization form, Form B, would allow the shareholder to cast a vote for each agenda item.

Conducting the Shareholders' Meeting

For the convenience of all the shareholders that attended the meeting, especially institutional investors, the Company implemented a barcode system for registration and counting votes at the shareholders' meeting. The Company selected this service from a well-received company among listed companies. The registration was opened more than 2 hours prior to the meeting. Directors, executives and the Company's auditors were required to attend the meeting. In the casting of votes, ballots were used for every agenda item in order to be transparent and auditable. Approval for each item on the meeting agenda was given by a majority votes. Each share was allowed one vote.

Prior to the meeting, the chairman of the meeting announced the number of people who attended the meeting. This included the chairman and meeting proxies and the procedures for casting votes was explained prior to the meeting of shareholders. After that, the chairman of the meeting conducted the meeting in the order of the agenda items specified in the meeting's invitation letter. The order was not changed and other agenda items not defined in the invitation letter were not brought to the meeting floor for consideration. If the number of shareholders who attended the meeting increased during the meeting, the Company would recount the number of shareholders and the number of shares each time. However, shareholders could only cast votes for agenda items that no resolution had yet been made. The chairman of the meeting gave opportunities for all shareholders to make comments and recommendations and ask questions regarding each agenda item. The chairman of the meeting also gave sufficient time for shareholders to have a discussion before meeting was asked to make a resolution for each agenda item. During the nomination of the director, the Company gave the shareholders the opportunity to cast votes individually. The Chairman announced the results of each agenda item for the acknowledgement of the meeting by announcing number of shares that agreed, disagreed and abstained from voting.

Therefore, throughout the meeting, the Company made a tape recording and wrote down minutes of the shareholders' meeting

Disclosure of the Resolutions of the Meeting of Shareholders

The Company sent a report containing the results of the resolutions for each item on the agenda of the shareholders' meeting for the Stock Exchange of Thailand. This was done after the meeting was adjourned for investors, shareholders and any relevant parties or anyone with any interest to acknowledge. The report of the shareholders' meeting was sent within the first 14 days after the meeting was held to the Stock Exchange of Thailand and the Office of Securities and Exchange Commission and it was broadcast via the Company's website in both Thai and English.

2. Equal Treatment of Shareholders

The Company's policy is to treat all shareholders equally and fairly. This included Thai and foreign shareholders, major and minor shareholders and included institutional investors even though each shareholder did not hold a share or have an equal right to vote. Apart from giving shareholders the opportunity to propose meeting agenda items and nominate people as the Company director via the Company's website, shareholders are able to give comments, notifying clues and complaints to independent directors via e-mail (ind.director@moongpattana.com). The independent directors considered appropriate procedures. In the case that a complaint against corruption was given, there shall be an investigation to find facts and protect the person who gave notifying clues and complaints from persecution, threats and any danger. In other matters, independent directors considered and proposed agenda items to the board of directors' meeting for consideration in the next shareholders' meeting.

Making the Shareholders' Meeting Convenient for Shareholders

The Company held the meeting of the shareholders where all shareholders could easily attend the meeting and organized employees to accommodate the meeting, organized the barcode registration system, filled out proxy information, made copies, reviewed the accuracy of documents, prepared stamps and duties and opened for registration more than 2 hours prior to the meeting. This also included the preparation of the location and meeting equipment so that the presentation of information ran smoothly throughout the meeting.

Equal Access to Shareholder Information

The Company broadcasted information through the system of the Stock Exchange of Thailand and the Company's website so that shareholders, investors, analysts and anyone interested could access the Company's information equally. There were regulations concerning connected transactions and regulations regarding the acquisition and sales of assets that the Company and all the employees had to comply to in order to meet standards regarding the protection of benefits for minor shareholders by revealing relevant relationships. Therefore, the board of directors considered and gave its opinion on connected transactions and disclosed the information for the acknowledgement of shareholders. Besides that, the Company set up written guidelines for business ethics in order to keep information and prevent the use of inside information and the Company announced these guidelines so that everyone in the Company would adhere to them. The Company required all directors and executive directors to give a report of asset declaration in accordance with the laws and they were responsible for sending this report to the board of directors through the Company secretary.

3. Role of Stakeholders

The Company's goal was to create long-term stability and sustainability together with taking all stakeholders into account. The board of directors organized policies regarding the treatment to stakeholders in business ethics and defined the rights of stakeholder in order to be certain that stakeholders would definitely be protected and treated equally.

Business Operation Policies

The Company aimed to carry out its business with ethics, morality and social responsibility. This included operating the business legally, under good corporate governance. The directors, executives and employees had to be responsible for their decisions and carry out their responsibilities carefully and prudently based on academic correctness, the appropriateness of the situation and sufficient information. They had to adhere to the fair treatment of all stakeholders and consider the greatest benefit for the Company. They must do so with transparency and full disclosure and carry out business honestly, without exploiting others, resisting all kinds of fraud, and treating everyone equally and fairly. They would not discriminate and aimed to create long-term business value for all stakeholders. They focused on the importance on creating concepts and developing new products that would be able to compete in the market.

Policies regarding the Treatment and Responsibilities toward Shareholders

The Company has a policy to consistently treat all shareholders equally, be responsible for decisions made and to perform duties honestly, with transparency and fairness for the greatest sustainable benefits of the shareholders. The Company reported the Company's situations for the acknowledgement of its shareholders. This included the acknowledgement of positive and negative trends with sufficient and completely accurate support. The Company disclosed information through different channels such as the system of the Stock Exchange of Thailand and the Company's website. These were accessible and convenient in both Thai and English.

Policies regarding the Treatment of Customers and Consumers

The Company has a policy to develop and deliver high quality products that meet the needs of customers. The Company presented correct information regarding products and services and focused on the customers' greatest benefits through high quality products at a reasonable price. The Company provided consulting services and gave recommendations regarding the application of products, organized a process for handling complaints and customer feedback, evaluated customer satisfaction which was used to improve and develop the Company's products and services.

Policies regarding the Treatment of Account Payables

The Company has a policy to treat account payables equally and fairly. The Company carried out its contracts, agreements and conditions of any account payables. If the Company is unable to carry out the contract, the Company would inform account payables in advance in order to find a way to solve the problem together. The Company did not request, take or give any benefits that were dishonest while negotiating business with account payables.

Policies regarding the Treatment of Business Partners

The Company has a policy to treat business partners equally and fairly on the basis of fair return for both parties and to strictly comply with contract agreements or conditions that were agreed upon between the business partners. If the Company is unable to carry out the contract agreement, the Company would inform the business partners in advance. The Company did not request, take or give any benefits that were dishonest while negotiating business.

The Company intended to operate its business with moral ethics and responsibility to its business partners in accordance with corporate governance principles and in compliance with any laws related to all kinds of anti-corruption. As a result, the board of directors considered the revision of "Business Ethics for Business Partners" and communicated with the Company's business partners to acknowledge the Company's business operation principles and guidelines. The Company hoped that the Company's business partners would operate their businesses by taking into human rights and labor rights into account, have good working environments that are safe and follow hygienic principles and are responsible to society.

Policies regarding the Selection of Sellers and Service Providers

The Company set out procurement guidelines in order to meet procurement standards and relevant laws in Thailand and international laws as well as laws regarding all aspects of fraud and anti-corruption. The Company managed and recruited with honesty, transparency and examinable. The Company set up transparent and fair competition processes by setting out clear procedures, practice guidelines, operators and authorized people, especially in the case of high value procurements and in accordance with anti-corruption practice guidelines. The Company must not offer gifts, rewards, fees, services, discounts or any privileges or any other benefits to employees of the partner company in order to get privileges in return.

Policies regarding the Treatment of Employees

Employees are a valuable asset and a major contributor to the Company's success. The Company has a policy to treat employees fairly, equally and impartially. These policies will be followed in the selection of employees, consideration for remuneration, appointments, transfers as well as the development of operational capabilities along with ethical and moral development.

Policies regarding the Treatment of Business Competitors

The Company adheres to fair business operations under the framework of the law and business ethics without seeking the confidential information of a competitor in a dishonest or inappropriate manner. The Company does not ruin the reputation of its competitor with malicious accusations without any truth. This includes any other acts that violate the intellectual property of a competitor.

Policies regarding the Treatment to Regulatory Agencies

The Company has practices and control policies to strictly comply with laws and relevant regulations issued by the regulatory agency. The Company does not act in a manner that helps, contributes to, or has any part in avoiding compliance to laws and regulations. The Company complies, cooperates and reports any information regarding the violation or non-compliance of any laws or regulations to the regulatory agency.

Policies regarding Social and Public Treatment

The Company places an importance on community care, society and environmental preservation. The Company is ready to strengthen and stabilize Thai society by supporting and holding activities that are always beneficial and creative for the community, society and the environment.

4. Disclosure and Transparency

The board of directors determined an approach to disclose important financial and non-financial information accurately, thoroughly, timely, transparently and equitably through the system of the Stock Exchange of Thailand and the Company's website. In 2016, the Company organized an Opportunity Day in the first quarter of 2016 on June 16, 2016. The Company joined the MAI Forum 2016 on July 1, 2016 at the Centara Grand Hotel at Central World. In addition to this, the Company organized for investor relations to carry out the responsibilities of managing the Company's data and information in order to be published for anyone interested in the information, whether they are shareholders, investors, analysts, interested parties or other related parties. You can contact investor relations or the company secretary at

5. The Board of Directors

The Company has 6 committees which include the board of directors, the audit committee, the nomination and remuneration committee, the executive committee, the risk management subcommittee, and the creating shared value subcommittee.

The board of directors is composed of no less than 5 members. At least one-third of the committee is independent directors. The directors are knowledgeable, competent and experienced.

The Board of Directors Qualifications

The Company's directors must be qualified, have knowledge, skills, experience, and have an expertise that is beneficial to the Company's operations without being incompatible with the Public Limited Companies Law, the Securities and Exchange Law, rules of the relevant regulatory bodies, as well as the Company's corporate governance regulations and policies. The director can hold the position of director in no more than 3 other listed companies and the position of director in no more than 5 subsidiaries, except when assigned by the Company.

Qualifications of Independent Directors

The board of directors determined the qualifications of independent directors to be more stringent than the minimum requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. Independent directors must not hold more than 0.5% of the total voting shares of the Company, the parent company, subsidiary companies, associated companies, or entities with a possible conflict of interest. This includes shares held by any relevant parties and those who are not the director who is involved with management, employees, consultants who receive a regular salary, and those without controlling power of the parent company, subsidiary companies, associated companies, or entities with a possible conflict of interest. This cannot be a person who has a blood

relationship or a registered relationship such as a parent, a spouse, a sibling, and the spouse of the child of an executive, a major shareholder, a controlling authority or a person that is nominated as an executive or a controlling person of the Company or its subsidiaries.

The term of office of an independent director shall not exceed three (3) terms or nine (9) years from the date of first appointment. In the event that an independent director is appointed to continue his position, the board of directors will reasonably consider the necessity of such an event.

The Nomination of Directors

Since the Company does not have a nomination committee, the board of directors is responsible for screening people who are appointed as directors based on their qualifications, knowledge and experience in the field where the company operates. This includes the qualifications to be considered in the nomination process as defined above. When a member vacates office by rotation, the board of directors will consider the screening of qualified persons for proposal to the shareholders' meeting for approval. This includes the consideration of people proposed by the shareholders for appointment as directors and of the return of retired directors by rotation for another term.

If the position of the director is vacant for any reason other than the expiration of the term of office, such as death or resignation, the remaining board members may elect a qualified person to be the replacement of the director at the next meeting. However, the term of office will only be for the remaining term of the director he replaces. The board's resolution must consist of votes of not less than three-fourths of the remaining number of directors. However, if the term of the vacant committee is less than 2 months, the board of directors will not recruit a director and let the shareholders' meeting consider approval.

Duties and Responsibilities of the Board of Directors

- 1) Has responsibilities to shareholders concerning the Company's business operations, complying with laws, the Company's objectives, regulations and resolutions of the shareholders' meeting as well as the rules and regulations of the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC) and any applicable laws. Duties must be performed with honesty, protecting and maintaining the shareholders' present and long-term benefits.
- 2) Has responsibilities in considering and providing opinions on significant matters regarding the Company's operations, as well as ensuring that management complies with the set policies and plans efficiently and effectively and ensuring that management complies with good governance.
- 3) Has the responsibility to provide a system to control the operations of financial reporting in accordance with accounting standards. This includes internal controls and an internal audit at an appropriate and effective level.
- 4) Has the responsibility to carefully consider conflicts of interest by taking into account the interests of the Company and the shareholders as a whole and to oversee that the Company appropriately adheres to the procedures for transactions that have a potential conflict of interest.

Directors are prohibited from engaging in the same or similar businesses that compete with the Company or from being a partner in an ordinary partnership partner or from being a partner with unlimited liability in a limited partnership or a director of a private company or any other company operating in the same business that competes with the Company, whether it is for their own benefit or benefit to others. Unless the director informs the shareholders about this fact at the general meeting before he or she is appointed by resolution of the shareholders' general meeting.

- 5) Has the responsibility to set up risk management policies that cover the entire organization. Making management comply with these policies and regularly reporting for the acknowledgement of the board of directors.
- 6) Has the authority to appoint a Chief Executive Officer to hold the position for the period allowed by the board of directors. The board of directors may grant power or authorization to the Chief Executive Officer as deemed

appropriate by the board where authorization follows laws and follows regulations of the Company that are not specified as the shareholders' authority.

- 7) Has the duty and responsibility to set policies and supervise systems that support effective anti-corruption. This includes cultivating them as part of corporate culture.
- 8) Has to consider the appointment of the audit committee and various other subcommittees.

Duties and Responsibilities of the Chairman of the Board of Directors

The chairman of the board shall serve as the chairman of the meeting of the board of directors, consider the agenda items of the board of directors' meeting together with the Chief Executive Officer, conduct the meeting of the board of directors in accordance with the agenda by allocating enough time, and encouraging all directors to freely discuss and express opinions. This includes the supervision of the board of directors and the subcommittees to be efficient and effective. He also plays a leading role in preventing and combating all forms of corruption.

Approval of the Board of Directors' Authority

- 1) Consider and approve the annual and revised budget.
- 2) Consider and approve the purchase of fixed assets worth more than 80,000,000 Baht in accordance with the rules and regulations stipulated by the Stock Exchange of Thailand and the Securities Exchange Commission concerning the acquisition or disposal of assets.
- 3) Consider and approve investments in securities, bonds, equity instruments, and unit trusts. This includes acquisitions, joint ventures in projects/other activities in which the project/activity value is more than 80,000,000 Baht per transaction or the project/activity is in accordance with the rules and regulations stipulated by the Stock Exchange of Thailand and the Securities Exchange Commission concerning acquisition or disposal of assets.
- 4) Consider and approve the borrowing or issuance of debentures. This includes providing a guarantee, loan guarantee, pawns, and mortgages for any of the Company's loan requests worth more than 80,000,000 Baht per request.
- 5) Consider and approve the writing-off of bad debt in accordance with the principles, procedures, and conditions declared and determined by law worth more than 5,000,000 Baht.
- 6) Consider and approve transactions that connect the Company, subsidiaries, and associated companies with related associates on matters that do not require resolution from the shareholders' meeting.
- 7) Consider and approve the leasing of the Company's assets with a contract period of more than 3 three years.
- 8) Consider and approve other matters beyond the scope, authorization, and duties of the executive committee.

Directors that are Authorized to Sign on Behalf of the Company

The Company's authorized directors are Mr. Sumeth Lersumitkul or Mrs. Sureeporn Anuvatudom or Mr. Methin Lersumitkul, together with Mrs. Suwanna Chokdee-anand. Two directors sign together along with affixing the Company's seal. In the case of filing tax returns or submitting financial statements to government agencies or any other agencies, any one of the authorized directors above shall sign and affix the Company's seal.

The Meeting

The board of directors is responsible for arranging or convening the meeting as it deems appropriate. In 2016, at the board of directors' meeting No. 6/2016, the Company announced to the board of directors the schedule for the board of directors' meeting in 2017 so that the directors could arrange their schedule to attend the meeting. The quorum of the board of directors requires at least half the total number of directors to be in attendance. The decisions of the board of directors' meeting shall be passed by a majority vote of the directors that attended the meeting. Each member has one vote. Unless a director has an interest in any matter, that director has no right to vote on that matter. In case of a tied vote, the chairman of the meeting shall have the deciding vote.

The Term of Office for the Board of Directors

One-third of the total number of directors must leave their position during every annual general meeting. In case that one-third of the number of directors results in a number that is not whole, the number of directors that leave will be rounded to the nearest number. Directors who had left may be re-elected.

Release from a Position on the Board of Directors

In addition to being released as director because they reached the end of their term according to the Public Limited Companies Act, directors are released from their position in case of:

- 1) Death
- 2) Resignation
- 3) Lack of qualifications or possess prohibited characters in accordance to Section 68 of the Public Company Act B.E. 2535
- 4) End of Term
- 5) Voted to be released at the shareholders' meeting in accordance with Section 76 of the Public Company Act
- 6) A court's order to release

In 2016, the board of directors' duties and responsibilities are summarized as follows:

- 1) Responsible to consider and provide opinions on significant matters regarding the Company's operations in 2016 and were open to and provide suggestions in regard to the Company's annual operational plans.
- 2) Consider conflicts of interest by establishing guidelines that are clear and for the overall benefit of the Company and its shareholders.
- 3) Establish effective internal controls in financial reports and comply with the rules and policies, and give reports regarding internal audits and controls and provide the internal audit results directly to the Audit Committee to ensure their independence from management.
- 4) Establish a risk management plan for the organization and define comprehensive risk-management policies to reduce business risk and support smooth and effective business operations.
- 5) Establish policies for creating shared value to create values for the organization, society, and environment. This includes providing recommendations and opinions on the development of the organization's sustainability report.
- 6) Provide improvements on good corporate governance policies, business ethics and business ethics for partners. This includes anti-corruption practices and guidelines for directors, executives and employees to follow and to apply for certification of anti-corruption standards by the Collective Action Coalition (CAC).
- 7) Supervise the remuneration committee to set up remuneration policies that are appropriate, fair, transparent, and conform to corporate governance principles for personnel in the organization.

6. The Audit Committee

The audit committee consists of at least 3 independent directors and at least 1 person who have knowledge and experience in accounting and/or finance so that the audit committee is competent and able to reliably audit the Company's financial statements and monitor the Company's operational processes in order to meet the policies, regulations, as well as the laws and regulations of the regulatory bodies. The audit committee can perform and give opinions independently with an internal audit unit performing and reporting directly to the audit committee at least once a year. The audit committee should hold a meeting with the auditors without management present.

The Duties and Responsibilities of the Audit Committee

- 1) Audit the Company's financial reports for accuracy and adequate disclosure by coordinating with independent auditor(s) and executives that are responsible for the preparation of financial statements both quarterly and annually.
- 2) Audit the Company's internal controls, management controls, and the internal audit for suitability and effectiveness.
- 3) Audit the Company's operations to comply with the laws of Securities and Exchange, the regulations of the Stock Exchange of Thailand (SET), or any other laws related to the Company's business, as well as good corporate governance policies, business ethics for partners and anti-corruption practices.
- 4) Consider the adequacy of risk management systems by discussing them with management.
- 5) Consider the disclosure of the Company's information in cases regarding related transactions or transactions with potential conflicts of interest in order that they comply with the regulations of the Stock Exchange of Thailand (SET), and to ensure the appropriateness of the transactions and the greatest benefit for the Company.
- 6) Consider, select, and nominate independent people that are knowledgeable, capable, and have the experience to perform audits and be an independent auditor for the Company and offer appropriate remuneration to be proposed to the board of directors and get approval from the shareholders. This includes attending a meeting with a certified public accountant without management being present at least once a year.
- 7) Prepare the audit committee report which is disclosed in the Company's annual report and the prepared report must contain the chairman of the audit committee's and at least the following information:
 - (1) Comments concerning the accuracy, completeness, and credibility of the Company's financial report.
 - (2) Comments concerning the sufficiency of the Company's internal controls.
 - (3) Comments concerning the compliance with the laws of Securities and Exchange, regulations of the Stock Exchange of Thailand or any other laws related to the Company's business.
 - (4) Comments concerning the suitability of the certified public accountant.
 - (5) Comments concerning the transaction that could have possible conflicts of interest.
 - (6) The number of audit committee meetings and the attendance of each member of the audit committee.
 - (7) Overall opinions or remarks of the audit committee in compliance with the charter.
 - (8) Other items which shareholders and investors in general should be informed that are within the scope, authorization, and duties assigned by the board of directors.
- 8) Consider and approve the internal audit division's charter.
- 9) Consider and approve the internal audit division's plans, budget, and personnel.
- 10) Consider and audit the independence of the internal audit division's operating results report.
- 11) Consider and comment on appointments, transfers, or demotions. This includes the internal audit division's performance evaluation.
- 12) Seek independent advice from advisors of other professions when necessary.
- 13) Supervise to enable the process of necessary examination or interrogation of matters of the duties and responsibilities of the audit committee.
- 14) Accept whistle-blowers/complaints. This includes corrupt practices in which the Company and/or its employees are involved and examine the facts given and propose punishment or other solutions for the executive committee to jointly consider.
- 15) Other operations as assigned by the board of directors and agreed upon by the audit committee. For example, review financial management and risk management policies, review the compliance of business ethics of executives, and review key reports that will be disclosed to the public together with the Company's executives in accordance with laws, such as executive management's analysis and reports.

During the process of the stated duties, the audit committee is directly responsible to the Company's board of directors and the board of directors is still responsible for the Company's operations toward shareholders and external parties as well.

The Audit Committee Meeting

The audit committee must arrange or convene a meeting as it deems appropriate at least 4 times a year and at least half of the total number of directors must be present at each meeting. All audit committee members must attend at least three-fourths of the total number of meetings held during the year. The audit committee is empowered to invite relevant persons such as executive directors, management and employees of the Company to attend meetings in order to discuss or answer any questions. This includes calling the certified public accountant and internal auditor to explain and present the information at the meeting.

The decisions of the committee's meeting shall be passed by a majority vote of the members who attended the meeting. One member has one vote unless a member has an interest in any matter and then that member has no right to vote on that matter. In the case that there is a tie vote, the chairman of the meeting shall have the deciding vote. The meeting held specifically with management, internal auditors or account auditors must be held regularly at least once a year.

Term of Office for the Audit Committee

Members of the audit committee that are also independent director may hold the position for 3 years per term. Audit committee members who leave by rotation may be reappointed but for a maximum of 9 years or 3 terms (Audit Committee Charter dated February 24, 2016). In the case that an audit committee member resigns before the end of their term of office, the audit committee must notify the board of directors 1 month in advance and explain the reasons. The Company shall notify the resignation and send a letter of resignation to notify the Stock Exchange of Thailand.

7. The Remuneration Committee

The remuneration committee consists of at least 3 directors, at least one of whom is an independent director. The chairman of the remuneration committee should be an independent director.

Duties and Responsibilities of the Remuneration Committee

- 1) Consider the guidelines for determining the remuneration of directors at a fair and appropriate level in relation to the duties and responsibilities of the committee. The remuneration should be enough to motivate and retain a quality committee. The committee proposes remuneration for the approval of the board of directors and the shareholders' meeting.
- 2) Determine the criteria, the form and the nature of the Chief Executive Officer's remuneration. It should be consistent with the Company's performance in both the short-term and the long-term in order to motivate executives to fully perform their duties with caution and responsibility.

The Meeting of the Remuneration Committee

The Remuneration Committee must arrange or call a meeting as it deems appropriate at least once a year. At least two-thirds of the total remuneration committee members must attend the meeting. The committee may invite management, related staff or appropriate people to attend the meeting, provide comments or send relevant/necessary documents/information.

The decisions of the remuneration committee's meeting shall be passed by a majority vote of the committee members that attended the meeting. Each member has one vote unless a member has an interest in a matter, then that member has no right to vote on that matter. In the case that there is a tie vote, the chairman of the meeting shall have the deciding vote.

The Term of Office for the Remuneration Committee

The Remuneration Committee has a term of office of 1 year (until changes are made). Retired directors by rotation may be reappointed by the board of directors.

8. The Executive Committee

The Executive Committee consists of at least 3 directors and executives. They have roles and responsibilities regarding the consideration, approval, control, and supervision of the Company's operations within the scope authorized by the board of directors. This includes filtering matters that are presented to the directors for approval. The board of directors appoints the Chief Executive Officer as the chairman of the executive committee.

Duties and Responsibilities of the Executive Committee

The Executive Committee has the following scopes, authorities, and duties in controlling the operations of the Company in order to comply with the policies as established by the board of directors.

- 1) Responsible for the management of the Company's business so that it complies with the objectives, regulations, policies, rules of the Company, and resolutions of board of directors meeting, and/or the resolutions of the Company's shareholders' meeting.
- 2) Determine the Company's policies, direction, plans, business strategies, operational structure, and annual budget.
- 3) Determine information technology policies for various areas within the Company.
- 4) To ensure that the operations assigned to different steering committees achieve its targets and ensure that management operates in accordance with the predetermined policies, with efficiency and effectiveness.
- 5) To ensure that the Company's comprehensive risk management systems and effective risk management operations are managed, reported, and followed-up.
- 6) Approve the organizational structure, employee benefits and salary structure, annual manpower and budget. This includes nominations, appointments, transfers, promotions, evaluations and adjusting the employment rates of management and employees at all levels except Chief Executive Officer.
- 7) Consider and approve insurance types, sums insured, and claims of product/all types of asset insurance, excluding vehicles.
- 8) Consider and approve all types of administrative expenses worth less than 5,000,000 Baht.
- 9) Authorize the approval of fixed-assets purchases as set in the annual budget or estimations worth less than 80,000,000 Baht per transaction.
- 10) Consider and approve investments in bonds, equity instruments, and unit trusts. This includes acquisitions/joint-ventures of projects/activities with other businesses worth less than 80,000,000 per transaction or per project/activity.
- 11) Consider and approve the borrowing or issuance of debentures. This includes providing guarantees, loan guarantees, pawns, and mortgages for any of the Company's loan requests worth less than 80,000,000 Baht per request.
- 12) Consider and approve the distribution, destruction, and donation of fixed and other kinds of assets worth less than 80,000,000 Baht per transaction.
- 13) Consider and approve writing-off bad debt in accordance with the principles, procedures, and conditions declared and determined by laws worth less than 5,000,000 Baht.
- 14) Consider transactions that connect the Company, subsidiaries, associated companies, and related associates on general trade agreements in order to be proposed to the board of directors meeting for further consideration and approval.
- 15) Consider annual company holidays.
- 16) Perform other duties assigned by the board of directors

The Meeting of the Executive Committee

The executive committee must arrange or call for a meeting as it deems appropriate. A quorum shall consist of at least two committee members. The decisions made at the meeting of the remuneration committee shall be based on the majority of the members attending the meeting. Each member has one vote unless a director has an interest in any matter, then that person has no right to vote on that matter. In the case of a tied vote, the chairman of the meeting shall have the deciding vote.

The Term of Office for the Executive Committee

The Executive Directors' term of office is three years. Executive committee members who are discharged by rotation may be reappointed by the board of directors.

9. The Risk Management Subcommittee

The risk management subcommittee consists of executives from various departments and will not be less than 5 people. Members are appointed by the board of directors to set risk management policies, strategies and resources in order to manage the risk that occurs and publicize these policies for employees throughout the organization. This includes assessing risk and reporting it to the audit committee for the audit committee to consider and be proposed to the board of directors at least once a quarter.

Duties and Responsibilities of the Risk Management Subcommittee

- 1) Prepare the risk management manual.
- 2) Prepare plans to prevent or reduce risk.
- 3) Present the Company's risk-management policies to the executive committee for approval prior to executing the policies.
- 4) Support senior directors by establishing a comprehensive risk-management structure for the entire organization.
- 5) Research, analyze, and evaluate actual and/or potential risk which affects the organization both internally and externally.
- 6) Evaluate, develop, and present reports related to the sufficiency of risk controls and systems to the executive committee and the board of directors.
- 7) Review risk-management reports in regards to the effectiveness of operations and management for execution against acceptable risks.
- 8) Arrange risk-management systems by integrating them with information systems.
- 9) Perform other operations related to the Company's risk-management policies as assigned by the board of directors.

The Meeting of the Risk Management Subcommittee

The risk management committee must hold a monthly meeting or convene a meeting as it deems appropriate. A quorum shall consist of at least 3 members. The decisions of the meeting of the remuneration committee shall be by a majority of the members who attended the meeting. Each member has one vote unless a director has an interest in any matter, then that person has no right to vote on that matter. In the case of a tied vote, the chairman of the meeting shall have the deciding vote.

The Term of Office for the Risk Management Subcommittee

The risk management committee has a term of office of 3 years. The risk management committee members who retire by rotation may be reappointed by the board of directors.

10. The Creating Shared Value Subcommittee

The creating shared value subcommittee consists of executives and employees from various divisions. The board of directors appointed the Chief Executive Officer to chair the creating shared value subcommittee to jointly create social values that drive the creation of the shared value in the society tangentially.

Duties and Responsibilities of the Creating Shared Value Subcommittee

- 1) Establish the direction and approach of the Company in creating shared value (CSV) in society.
- 2) Execute communications to all employees, business partners, and related parties to ensure awareness, understanding, and realization of CSV.

- 3) Budget, follow-up, and evaluate the progress and results. The includes the reporting of CSV by different divisions, and reviewing plans and budgets to ensure consistent effectiveness.
- 4) Operate in accordance with the approved plans and budgets. This may include appointing personnel, divisions or establishing assignments for external experts.
- 5) Promote the constant exchange of knowledge, success, and experiences in CSV among internal and external divisions.
- 6) The creating shared value subcommittee shall meet and have consistent reporting of the operations of CSV to the Chief Executive Officer.

The Meeting of the Creating Shared Value Subcommittee

The creating shared value subcommittee must hold a meeting every three months or convene a meeting as it deems appropriate. A quorum shall consist of at least three members. The decisions of the meeting of the remuneration committee shall be by a majority of the members that attended the meeting. Each member has one vote unless a director has an interest in any matter, then that person has no right to vote on that matter. In the case of a tied vote, the chairman of the meeting shall have the deciding vote.

The Term of Office for the Creating Shared Value Subcommittee

The creating shared value subcommittee has a term of office of 3 years. A member of the creating shared value subcommittee who vacates office by rotation may be reappointed by the board of directors.

11. Self-Assessment of the Board

The Company regularly assesses the performance of the board of directors and the subcommittees at least once a year. The assessment is divided into 2 types: 1) a performance evaluation of the board of directors as a group, 2) an individual performance evaluation of the members of the board of directors. The board of directors will consider the evaluation results, analyze and find a conclusion to determine any measures that will improve the performance of the board further.

The performance evaluation form of individual committee members and the group as a whole consists of 6 main topics: 1) Structure and qualifications of the board of directors 2) Duties, roles, and responsibilities 3) Board meetings 4) Operations of the board of directors 5) Relationships with management and 6) Self-development of directors and executives.

To evaluate the performance of the board, the company secretary sent the assessment form to all the directors for the evaluation of performance of the board of directors and subcommittees, for both the group and individuals at the board of directors' meeting. Then the company secretary collected the results of the assessment and prepared the summary of the evaluations for further consideration to the board of directors.

12. Separation of Roles and Duties between the Board of Directors and Management

The Company clearly separates the roles and responsibilities of the board of directors and management. The board of directors is responsible for setting policies and supervising operations of management, while management handles various aspects of management to meet policies and is responsible for the overall performance of the Company. Therefore, the chairman and Chief Executive Officer are different individuals.

13. Development of Directors and Executives

The board of directors encourages directors and executives to continue to train and develop their knowledge related to their duties and responsibilities. This includes providing orientation that covers all areas of the Company's business operations for new directors who have taken the position. In addition to this, the board of directors encourages directors and executives to attend various seminars which are beneficial and provide an opportunity to meet with senior experts and senior executives from various organizations.

Type of Competency	Institute	Name of Course
Mrs. La-aid Vongvongpop	Thai Institute of Directors	Audit Committee Forum: New Auditor's Report "What is it for you?"
		Business's Interests and Values from Anti-Red Tape Act of Thai Customs
		Operating Transparency Business in Asia
		Corporate Governance Code
Mr. Manit Jeeradit	Federation of Accounting Professions	Ethical Leadership: Combating Corruption Together
		How Increased investor interest in non-financial information is shaping the future of Sustainability Reporting
		Compensation Survey 2016
		Financial Model 1: Fundamentals of Finance รุ่นที่ 3/59
Mr. Thaevan Uthavath	Thai Institute of Directors	Financial Model 2: Feasibility Study รุ่นที่ 3/59
		How Increased investor interest in non-financial information is shaping the future of Sustainability Reporting
		Anti-Corruption and Practical Guide (ACPG) & Ethical Leadership Program (ELP)
		Ethical Leadership: Combating Corruption Together
Ms. Suwanna Chokdee-anand	Thai Institute of Directors	Audit Committee Forum: New Auditor's Report "What is it for you?"
		Business's Interests and Values from Anti-Red Tape Act of Thai Customs
		Operating Transparency Business in Asia
		Corporate Governance Code
Mrs. Sureeporn Anuvatudom	How Increased investor interest in non-financial information is shaping the future of Sustainability Reporting	How Increased investor interest in non-financial information is shaping the future of Sustainability Reporting
		How Increased investor interest in non-financial information is shaping the future of Sustainability Reporting
		How Increased investor interest in non-financial information is shaping the future of Sustainability Reporting
		How Increased investor interest in non-financial information is shaping the future of Sustainability Reporting
Ms. Pataya Tevatiratrut	Securities and Exchange Commission	Revision in Securities and Exchange Act, What's New?
	CC&B Partnership Limited	Unleash the Power of Excellence
	Asia Training Center Co., Ltd	ISO 9001 Standards :2015
	CC&B Partnership Limited	Unleash the Power of Excellence
	CC&B Partnership Limited	Unleash the Power of Excellence
	Asia Training Center Co., Ltd	ISO 9001 Standards :2015
	Thai Institute of Directors	Company Reporting Program
	Stock Exchange of Thailand	Draft Accounting Standard 104, 105 and 107 (revised 2016)
	Stock Exchange of Thailand	Detecting Insider Trading
	Stock Exchange of Thailand	Company Snapshot: New Investment Tool
	Securities and Exchange Commission	Corporate Governance of Institutional Investors about Listed Companies
	Department of Business Development	Revision in Accounting Act B.E.2543
	Thai Listed Companies Association	Qualifications of Company's CFO and Chief Accountant

Type of Competency	Institute	Name of Course
Mr. Methin Lersumitkul	Federation of Accounting Professions	Fundamentals Practice for Corporate Secretaries
		IFRS 9 IFRS 7 and LAS 32
		TFRS Pack 5 (revised 2016) Draft TFRS 15
	CC&B Partnership Limited	Unleash the Power of Excellence
	Moong Pattana International Pcl.	Sales Training SOP
	Thai Institute of Directors	Family Business Governance for Sustainability (FBS)
	Asia Training Center Co., Ltd	ISO 9001 Standards: 2015
	AEC Business Support Center	Think Smart Move Fast Beyond AEC

14. The Company Secretary

The board of directors appoints the company secretary who is qualified to perform duties as required by law. This includes performing various functions in compliance with good corporate governance. This includes legal advice and rules which the board of directors must know.

Duties and Responsibilities of the Company Secretary

- 1) Prepare and keep important Company documents. This includes the registration of the board of directors, notices of board meetings, minutes of the board meetings, annual reports, notices of AGM and minutes of the shareholders' meeting.
- 2) Carry out the arrangement of the meeting of the board of directors and the shareholders' meeting. This includes coordinating to comply with the resolutions of the board of directors.
- 3) Provide orientation to advise new directors.
- 4) Keep stakeholding reports submitted by directors and executives and submit copies of stakeholding reports to directors, executives or related parties, in which the stakes are related to operations management of the Company or subsidiaries, to the chairman of the board of directors and the audit committee within 7 days starting from date the reports were received.
- 5) Take any other actions as required by the board to coordinate with the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand and other regulators.
- 6) Provide advice to ensure that the Company and the board for conform and comply with the laws, related regulations, as well as the resolutions of the board of directors and shareholders and the principles of good corporate governance.
- 7) Other duties and responsibilities as assigned by the board of directors

15. Remuneration of the Auditor

The Company has hired EY Corporate Services Limited as auditor since 2007. All auditors are independent and have no benefits from the Company, the directors, executives, major shareholders or those related to the person at all. The remuneration of the Company's auditors between 2014 and 2017 is 770,000 Baht.

16. Policies Regarding Securities Trading and Abuse of Internal Information of the Company

The Company's board of directors set up measures to prevent insider trading of related persons. This includes executives, directors, and employees in the data-related departments. They are forbidden from using the Company's material inside information for their own benefit to buy or sell the Company's securities or provide internal information to others, which has not been disclosed to the Stock Exchange of Thailand. They should refrain from buying or selling securities for a period of one month before publishing the Company's financial statements, positions or other important information. They should wait at least 24 hours after the disclosure to the public before trading the Company's securities.

The directors and executives (including the spouse and under-aged children) are responsible for reporting changes in holding securities to the Office of the Securities and Exchange Commission under Section 59 of the Securities and Exchange Act BE 2535 within 3 business days from the date of purchase, sale, transfer or acceptance of transfer and report it to the board of directors at the next meeting.

17. Policies regarding the Preparation of Stakeholders Report

The Company requires preparation of stakeholders report of directors, executives, and relevant parties as fundamental for governance of the stakes held at the level of directors and executives and requires directors and executives to produce such reports to the company secretary for keeping, collecting for examination and governance on conflicts of interest. Regarding changes, executives are responsible to report the changes to the company secretary only.

18. Policies regarding Conflicts of Interest

The board of directors requires directors, executives and employees to avoid any actions that have a conflict of interest with the Company which are caused by contact with trade-related parties of the Company or by using opportunities or information gained from being a director, executive or employee for personal gain or doing business that competes with the Company or does work other than the work of the Company. In addition to this, the directors and executives are obliged to disclose information about their interests and those involved in order for the Company to consider the transactions of Company that may have conflicts of interest.

19. Anti-Corruption Policies

The Company has policies to ensure that its directors, executives, employees and employees do not act in any manner that is related to any form of corruption for the direct or indirect benefit to themselves, family, friends and acquaintances, regardless if they are in the position to take, give or offer bribes, either monetary or non-monetary, to a public agency or private entity with which the Company operates business or contacts. The Company will strictly follow the "Code of Business Conduct" and "Anti-Corruption Practices".

20. Giving or Receiving Gifts, Entertainment, Donations for Charity and Grants

The Company has set guidelines for giving and receiving gifts or other benefits for directors, executives and employees to be put into practice by prohibiting the directors, executives and employees at all levels, including their family, to receive or give gifts or other benefits from customers, suppliers, contractors, subcontractors or those who are involved with the Company's business, unless it is a traditional gift to maintain good relationship between individuals only. If the gifts or other benefits are worth more than 3,000 Baht, they must be reported to the supervisor and a "Report on

Giving or Receiving Gifts or Other Benefits" must be prepared and the gift delivered to the Human Resource Department.

21. Entertainment Practices

Entertainment must be based on tradition and comply with the Sufficient Economy philosophy. It must be moderate, infrequent, and appropriate for opportunity. It must not conflict with the legal regulations and be in accordance with good corporate governance policies and the Company's codes of conduct strictly.

22. Charity Donation Practices

Donations must be for public charities or with the clear purpose of benefiting society, without any hidden agenda or receive incorrect business benefits or indirect bribery. Therefore, the Company requires that donations be approved by an authorized person in accordance with the Company's approval manual and under the framework of good corporate governance policies and codes of conduct strictly.

23. Funding Practices

The Company requires an internal control process and internal audit to ensure the reasonable and transparent use of funding. The approval process and the use of funds are in accordance with internal control procedures and approval is according to the Company's approval manual. In this regard, funding requires an internal record identifying clear objectives, responsibilities, evaluations, and monitoring and reporting to the supervisor.

24. Reporting of Compliance with Anti-Corruption Practices

The board of directors requires the preparation of a report on compliance with anti-corruption practices to be reported to the executive board on a monthly basis and to be proposed to the board of directors. It covers the communication of the anti-corruption policies, both inside and outside the organization, corruption-risk management, the giving and receiving of gifts, entertainment, charitable donations, funding, whistle-blowing and complaints.

25. Political Contribution Practices

The Company does not provide any support to carry out political activities of any political party. The Company is neutral, not aligning with any parties or political groups. However, directors, executives, and employees have the right to engage in or support political activities personally, outside of office hours, and not on behalf of the Company. But the directors, executives, and employees are not allowed to be members of a political party or represent public activities, which may mislead people to think that the Company is affiliated with or aligned with a political party.

26. Acceptance of Whistle-Blowing, Complaints, Concerns and Protection Measures of Reporters

Subjects to be notified:

- Finding non-compliance to rules or dishonest business operations
- Finding fraud related to the Company, directly or indirectly, such as bribes to government officers or private agencies
- Finding misconducts against the Company's regulations or misconducts that impact the Company's internal control systems causing suspicion that it may be a channel for corruption.
- Finding actions that make the Company lose benefits and affects the Company's reputation.
- Finding actions that are illegal, unethical, or breach business ethics.
- Feedback/asking for suggestions.

Channels for Accepting Notification

The board of directors assigned the Audit Committee to consider the acceptance of whistle-blowing, complaints, and recommendations regarding actions that may cause suspicion of corruption, provided that the complainants provide details related to the matter that is being reported, complaints or issues that require suggestions along with the name, address and phone number in order to be contacted. The following channels can be used.

In case of whistle-blowers or complainants, the Chief Executive Officer or the executive committee would like you to send the complaint directly to the chairman of the audit committee.

In cases where there is an urgent complaint or matter regarding corruption, the related persons shall immediately report to the hierarchy and present it to the senior supervisor to command without delay.

Practices on Protection and Confidentiality Measures

People who blow the whistle or complain about corruption are all Company stakeholders. This includes shareholders, customers, competitors, creditors, governments, communities, society, executives, and employees. No matter how the Company is notified, the Company will not disclose the name of the whistle-blower and will keep the information of the related persons confidential. This is limited to those who are responsible for the investigation of the complaints and have access to this information.

During the investigation on the facts, the Chief Executive Officer and/or the executive committee and/or the audit committee shall, as the case may be, will take reasonable steps to ensure that the reporter is not harmed or treated unfairly as a result of blowing the whistle, complaining, witnessing, or giving information. The person receiving information from performance of duties related to the complaint shall have a duty to keep the information, complaints and evidence of the complainants and informants confidential and not disclose any information to anyone who is not involved, except disclosing by a statutory duty.

Practices on Investigation and Penalties

When accepted whistle-blowing complaint, the Chief Executive Officer, executive committee and/or the audit Committee will investigate the facts. During the investigation, the Chief Executive Officer, the executive committee and the audit committee may delegate a representative (executive committee) to periodically inform the whistle-blower or complainant of the progress.

If the investigation finds that the information or evidence is reasonable and that the accused person actually committed corruption, the Company will grant the accused the right to be informed of the allegations and grant the accused the right to prove himself by finding additional evidence or evidence showing that he was not involved in the alleged corruption. If the accused actually committed the act of corruption, such corruption shall be deemed as an offense against the anti-corruption practices and business ethics of the Company and then the accused must be investigated and disciplined according to the Company's working regulations. If the act of corruption was illegal, the offender may also be subject to legal penalties as well.

Internal Control and Risk Management

The Assessment of the Company's Internal Control Systems is as follows

The Company greatly emphasizes the importance of the internal control system. The Company's internal audit department reviews the Company's working systems to ensure that there is sufficient internal controls and it is suitable for business operations, able to prevent damages to the Company by evaluating different aspects of the internal control systems such as corporate internal controls, risk assessment, control activities, information and communication systems and monitoring and evaluation systems.

The Audit Committee reviewed the internal control systems, followed up with the results of the assessment and the adequacy of the internal control systems according to the Securities and Exchange Commission (SEC) form and reported the evaluation results of the Company's internal control system. Management is required to report directly to the audit committee on a consistent, regular basis. Regarding the results of the annual audit in 2016, there was no identification of any significant issues or defects. Besides this, the Company also paid attention to any suggestions or comments in order to develop internal control systems for maximum efficiency.

The essence of the Company's internal controls and internal audit systems are as follows.

Part 1: Corporate Internal Controls

- 1) The board of directors and management set out guidelines and practices regarding principles of integrity and maintain work ethics that cover the daily duty's task, decision making and the treatment of business partners, customers and unrelated parties.
- 2) The board of directors supervises the establishment of clear and measurable business goals to be used as practice guidelines for employees. They were prepared by the executive committee and proposed to the board of directors.
- 3) Provide a thorough review of performance goals. This includes the possibility of achieving goals, not setting goals that motivate or reward unreasonably or may lead to fraud and misconduct. Set out goals that significantly consider the business environment.
- 4) Organize a corporate structure that enables management to operate effectively by regularly reviewing its appropriateness.
- 5) Prepare ethics and regulations in written form in order to prohibit management and employees from acting in a manner that could lead to a conflict of interest with the business and includes the prohibition of corruption that damages the organization.
- 6) The board of directors established good corporate governance policies, business ethics, and ethics for business partners and anti-corruption practice guidelines for the directors, executives and the Company's employees to adhere to. The policies were communicated and broadcast to the executives and all Company employees via the Company's website. A regular training program for these policies was also organized.

Part 2: Risk Assessment

- 1) Regularly evaluate risk assessment, both internally and externally. The risk management subcommittee consists of executives from different divisions presenting risk management to the audit committee on a quarterly basis.
- 2) Set up measures that monitor events that cause risk factors and set up measures to lower those risks.
- 3) Inform all employees regarding risk management measures so that they acknowledge and carry out these set measures and be able to follow up on the results of the implementation of these measures.
- 4) The Company complies with generally accepted accounting standards and is appropriate with the nature of its business.

Part 3: Control Activities

- 1) The Company wrote measures regarding internal controls which appropriately cover different procedures. For example,
 - Prepared written policies and procedures regarding financial transactions. Have a concise procurement and general management that is able to prevent corruption.
 - Clearly define the scope of powers, responsibilities and the approval of financial limits for each level of management in writing.
- 2) Clearly divide duties and responsibilities in three areas, the responsibility to approve, the responsibility to record accounts and information technology, and the responsibility to manage the storage of property in order to review the performance of one another.
- 3) Set clear and accurate measures. In the case that the Company made transactions with major shareholders, directors, executives or any related person, there should be follow up on implementation of the transaction measure in order to comply with the set up approval procedures.
- 4) The person who has the responsibility to approve shall not be a stakeholder that makes transactions with major shareholders, executive directors or any related person and they must consider the utmost benefit of the Company and think as if the transaction was made with an outsider.
- 5) In the case that there were transactions with major shareholders, directors, executives or related persons which have long-term binding effects, the monitoring process must be implemented to follow up the compliance with the agreed upon conditions.
- 6) Regularly monitor the performance of subsidiaries and associated companies. This includes setting the direction for appointed directors and executives to practice accordingly.
- 7) Set up measures that prevent the Company's operations from violating any relevant laws in order to reduce business operation risk and maintain the reputation of the Company.

Part 4: Information Technology and Communication Systems

- 1) Present sufficient important information for the board of directors to use in the decision-making process.
- 2) The Company receives meeting notifications or meeting documents that provide the necessary information 7 days prior to the meeting.
- 3) Minutes of the meeting should have sufficient details for shareholders to review the performance of the directors appropriately.
- 4) Keep complete accounting documents of accounting records and others accounts in different categories.
- 5) The Company set up channels for complaint notification. The Company clearly defined procedures for complaint management to ensure that the complaint will be considered transparently and fairly.

Part 5: Monitoring and Evaluation Systems

- 1) The Company provides a process for monitoring compliance with business ethics and regulations prohibiting management and employees from behaving in a manner that may cause a conflict of interest.
- 2) An internal auditor is required to review and evaluate the results of the activities of internal controls in accordance with the audit plan that was approved by the audit committee. Suggestions are given to enhance the effectiveness of internal controls. Communication is done for the acknowledgement of the executives and in order to proceed with corrective action plans. The audit results are reported directly to the audit committee in order to enable internal auditors to freely perform their duties freely and reports are given straightforward every quarterly.
- 3) When any material defect is detected, it shall be reported to the board of directors/audit committee in order to consider a corrective action plan within an appropriate time.
- 4) Regularly report the progress of the corrective action plans to the board of directors/the board of audit committee.
- 5) There are policies that require management to immediately report to the board of directors in such cases as an act of corruption or suspicion of corruption occurs, a practice violates the law and another offense occurs that could significantly affect the Company's reputation or financial position.

The audit committee and the board of director are of the same opinion that the internal control systems adhere to the set out policies.

The Company appointed Mrs. Pawadee Udomsritanakorn to be the internal audit manager. The audit committee considered the approval of appointments, removals, transfers and terminations which included an evaluation of the performance to internal audit manager.

In 2016, the audit committee reviewed the internal control systems which were evaluated by the executives and internal auditors. There was no indication of any issues or defects in all material respects which was in line with the opinions of the Company's auditor.

Transaction between Related Parties

In 2016, the Company had a connected transaction with an associated company and a person who may reasonably be in conflict with the Company, with the audit committee and be responsible for auditing and commenting on the necessity, reasonableness and suitability of the price of the connected transactions. This included conditions to conform to normal trading, including the comparison of prices with an outsider. The related transactions had to comply with the measures and procedures for approval of connected transactions (February 27, 2013) which requires control of connected transactions of the Company or its associated companies with a person who may have a conflict of interest or a conflict in the future.

In addition to this, the Company imposed measures that the authorized persons cannot approve their own disbursements even within the limit of their authority. And in the case of transactions with connected persons or persons with potential conflicts of interest or interests, such persons are not allowed to approve the transactions and shall follow the procedures regarding approval authority when there is a connected transaction. In the case that there is a transaction, acquisition or disposition of assets, the approval authority on disclosures and the practice of acquiring or disposing of assets must be followed.

Detail of the Transactions

Thai Pigeon Company Limited (TP)

<u>Type of Business</u>	Production and Distribution of Baby Products under Pigeon Brand such as nipples, nursers, baby bottles, and plastic parts for local and international markets.
<u>Relationship</u>	A joint venture between Pigeon Corporation (Japan) and the Company, in which the Company holds 47% of issued and paid-up capital, with mutual executive board

Yoshino Moong Pattana (Thailand) Company Limited (YMP)

<u>Type of Business</u>	Production plastic products and packaging such as spray pumps for liquid products, bottle packaging and coated plastic for distribution in local and international markets.
<u>Relationship</u>	A joint venture between Yoshino Kokusho (Japan), Nomura Jimusho Inc. (Japan), and the Company, in which the Company holds 6.0% of issued and paid-up capital, with mutual director.

Pigeon Industries (Thailand) Company Limited (PIT)

<u>Type of Business</u>	Production and distribution of breast pads, baby wipes, and baby bottle and nipple liquid cleanser.
<u>Relationship</u>	A joint venture between Pigeon Corporation and the Company, in which the Company holds 2.5% of issued and paid-up capital, which mutual director.

Sumethaporn Company Limited

<u>Type of Business</u>	Consulting Firm
<u>Relationship</u>	Mr. Sumeth Lersumitkul and Mrs. Sureeporn Anuvatudom hold 75% and 25% respectively, of issued and paid-up capital.

List of Individuals that may have conflict of interest with the Company and their relationship

Individual with Potential Conflict of Interest	Relationship
Mr. Sumeth Lersumitkul	Holds the position of Chairman of the Board and is the major shareholder of the Company at 59.316%
Mrs. Sureeporn Anuvatudom	Holds the position of Joint Chief Executive Officer, and is the shareholder of the Company at 1.317%
Mr. Methin Lersumitkul	Holds the position of Business Development and Marketing Director and is the shareholder of the Company at 4.649%

Connected Transactions as of December 31, 2016

The transactions detail between the Company, associated company, and related parties for the fiscal year 2014 – 2016 Financial Statements, as the following:

Transactions of Products and Services

Seller of Products / Provider of Services	Buyer of Products / Receipt of Services	Transaction Detail / Key Condition	Transaction Value (Million Baht)		
			2016	2015	2014
The Company	PIT	Boxes and plastic lids – the Company sets the sales price consisted of the cost and the profit, which were the same as the price for other customers	-	-	2.8
	YMP	The Company sources production-required raw materials and equipments for YMP and, for this service, receives 1.5% of the prices of the materials / services and, in accordance to the distributor service agreement with the Company, YMP will absorb the commission fees at rate 0.3% of the net selling prices of the products that YMP sells to their customers. (Revised January 1, 2014)	6.6	5.8	6.6
TP	The Company	The Company buys Pigeon products from TP such as nipples, baby bottles and others.	102.5	111.4	92.4
PIT		The Company buys Pigeon products such as breast pads, baby wipes, and baby bottles and nipples liquid cleanser from PIT.	101.1	85.4	73.9
YMP		The Company buys plastic products from YMP such as plastic boxes and lids, powder cassette, hair dye comb, pump and sprayer for plastic bottles	4.7	5.5	35.7
Mr. Sumeth Lersumitkul	The Company	The Company hires him to be a Company Advisory Director	-	1.1	-
		The Company rents office space on 18 th floor (partly) and 19 th floor, Thosapol Land Building 4	4.0	0.3	-
Sumetha porn Company Limited		The Company hires for management consulting services.	-	1.2	-
		The Company hires a Company Advisory Director for business consulting services.	3.6	-	-

Transactions of Dividends Received from Related Parties

Dividend Provider	Transaction Detail	Transaction Value (Million Baht)		
		2016	2015	2014
TP	The Company received dividend income	18.8	14.1	14.1
PIT		2.5	2.5	2.0
YMP		2.2	2.1	1.7

Transactions of Total Outstanding between Related Parties and the Company

Company	Individual / Juristic Persons with Total Outstanding Transaction	Transaction Type	Total Outstanding Value (Million Baht)		
			2016	2015	2014
Company	TP	Other receivables	-	1.7	-
		Trade payables	30.1	47.3	27.3
	PIT	Trade receivables	-	-	-
		Trade payables	31.9	24.1	28.8
	YMP	Other receivables	1.6	1.6	1.4
		Trade payables	0.9	1.0	1.1

Transaction of Collateral

None

Policies or Prospects for Future Connected Transactions

In the future, the Company expects that there will be ongoing connected transactions with associated companies in conducting general business with normal conditions of business. This can be referenced to business conditions of the same type that the Company deals with outsiders, such as the purchase and sale of raw materials and finished goods, lease of office buildings, etc. The connected transactions are for necessity for business operations within the group, with price policies clearly defined. The audit committee will strictly consider and audit all connected transactions in accordance with rules and regulations on disclosure, connected transactions, acquisition or disposition of assets and the accounting standards set by the Federation of Accounting Profession.

The Board of Directors' Responsibility for Financial Reporting

Dear Shareholders,
Moong Pattana International Public Company Limited

The Board of Directors of Moong Pattana International Public Company Limited is responsible for the financial statements which includes the financial data presented in this annual report. The financial statements for the fiscal year ended 31 December, 2016 were prepared in accordance with generally accepted accounting principles by applying appropriately accounting standard policies. The Company used carefully discretion and reasonable estimation to preparing them. The company has disclosed the sufficient information and proper notes in the financial statements. It also has been examined by the Company's Certified Public Auditor from EY Company Limited with unqualified opinion.

The board of directors set up and maintained effective risk management systems, internal control systems, internal audit systems with appropriate and effective corporate governance policy in order to ensure that the Company's financial information were accurately presented. The audit committee could express its opinions in regarding to these matters and they are shown in the audit committee report contained in this annual report.

The board of directors has the opinion that the Company's overall internal control systems are sufficient and appropriate and is able to obtain reasonable assurance that the Company's financial statements for the fiscal year ended 31 December, 2016 has been shown accurately financial performance and cash flows in conformity with the generally accepted accounting principles as well as related laws and relevant regulations.

On behalf of the Board of Directors



Mr. Sumeth Lersumitkul

Chairman

The Remuneration Sub-committee Report

Dear Shareholders,

Moong Pattana International Public Company Limited


The board of directors has appointed the Remuneration Sub-committee that is composed of at least 3 directors and at least one of them to be an independent director. The chairman of the Remuneration Sub-committee should be an independent director. The Remuneration sub-committee performs its duties by assignment of the board of directors which will provide Good Corporate Governance Policy and recognize the proper Remuneration Sub-committee Charter.

In 2016, the Remuneration Sub-committee held the meetings in two times and were participated by all members. Therefore, the Remuneration Sub-committee performed the duties as assigned by the board of directors and reported the meeting resolution to the board of directors to acknowledge. The main agendas are as follows.

- To consider the increasing of salary and annual bonuses of the Chief Executive Officer and Joint Chief Executive Officer.
- To review the Remuneration Sub-committee Charter.

In performing the duties and responsibilities set out in the Remuneration Sub-committee Charter, it has already performed the duties with deliberateness, transparency and aim for the greatest benefits of the Company and our shareholders.

On behalf of Remuneration Sub-committee



Mr. Manit Jeeradit

Chairman of the Remuneration Sub-committee

The Audit Committee Report

Dear Shareholders

Moong Pattana International Public Company Limited,

The Audit Committee of Moong Pattana International Pcl. consists of 3 Independent Directors whose qualification, knowledge, ability, and specific experience are accordingly completed with the notification of the Stock Exchange of Thailand as well as whose independency of performance to follow the Charter of the Audit Committee. The 3 Independent Directors are Mrs. La-aid Vongvongpop, as the Chairman of the Audit Committee, Mr. Manit Jeeradit, and Mr. Thaevan Uthavath, as the members of the

Audit Committee.

In 2016, there were 7 meetings of the Audit Committee which were attended by the Company's Senior Executives and Manager - Internal Auditing Division in the related agendas to jointly propose the information or suggestion which were beneficial to the administration. The meetings' results were summarized and included in the report always proposed to the Board of Directors for acknowledgement. The summaries of the results are as follows:

1. Quarterly Statements of Financial Position and Annual Statements of Financial Position of 2016

The Audit Committee had considered the verification of the quarterly Statements of Financial Position and the annual Statements of Financial Position of 2016, with the cooperation of the Auditor and the Executives who were responsible for the preparation of the financial report, by making inquiries and receiving the explanation concerning the accuracy and completeness of the Statements of Financial Position following the accounting standard.

In addition, the Committee had considered the accounting amendment which had an impact on the significance of the Statements of Financial Position prior to submitting to the Board of Directors for approval. Moreover, the Audit Committee had met and consulted with the Auditor with no presence of the management at the meeting to acknowledge the opinion or remark concerning the procedure of the preparation of the Statements of Financial Position, the internal control of the accounting, and the disclosure of important information of which were found no problem or abnormal transaction which were significant.

The Audit Committee opinioned that the aforementioned Statements of Financial Position were accurate in accordance with the important information of the general accepted accounting standard and had adequacy of the disclosure of important information.

2. Internal Control System

The Audit Committee had jointly verified the internal control system with the Auditor and the internal Auditor in every quarter. According to the report of the internal auditing result in 2016 following the assigned plan which covered important work system, there was no significant abnormality or deficiency found in the internal control system. The operations were authorized and approved in compliance with the stipulated principles. The Executives received an emphasis to improve as stated in the report of the internal auditing results to increase efficiency and effectiveness.

The Audit Committee opinioned that the Company's internal control system was adequate and compatible with the Company's business and had a clear separation of the power and duty.

3. Compliance with the Securities and Exchange Law

The Audit Committee had reviewed the compliance with the Securities and Exchange Law, the notification of the Stock Exchange, and laws related to the Company's business, with the Internal Auditing Division and the Corporate Secretary Office of the Company, it was found that there was no significant matter of non-compliance with the laws.

4. Transaction with possible conflicts of interest

The Audit Committee had quarterly considered the verification of the transaction with connected persons or enterprises with the finding that the Company had followed the normal general trading agreement and the transactions provided the utmost benefit to the Company's business operation without any indication of abnormality and the disclosure of the Company's information was performed with adequacy.

5. Verification of the Risk Management

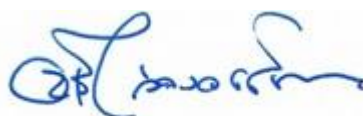
The Audit Committee had quarterly verified the progress of the risk management with the Risk Management Sub-Committee with the indication and categorization of the risk, risk assessment, the Company's internal and external risk management with the short-term and long-term planning, including the consistent monitoring and reviewing of the risk management.

6. Consideration and Nomination of the Auditor of 2017

The Audit Committee had considered the performance of the Auditor in the past period with the realization of reputation and creditability, professional independency, service proficiency, consistently on time certifying of Statements of Financial Position, and the consultancy of accounting standard, and proposed to the Board of Directors for further approval to the shareholders' Annual General Meeting to appoint 1) Ms. Chonlaros Suntiasvaraporn, C.P.A. No. 4523, or 2) Ms. Siraporn Ouaanunkun, C.P.A. No. 3844, or 3) Mr. Supachai Phanyawattano, C.P.A. No. 3930 of EY Office Limited as the Company's Auditor for 2017 in another term with the Auditing fee at a total of Baht 880,000 (Eight Hundred Eighty Thousand Baht)

The self-assessment of the Audit Committee had compared the important activities of the Committee all with the Charter of the Audit Committee and the good guideline for practice, the result was at a good level.

In conclusion, the Audit Committee had opinioned that the Company's Statements of Financial Position had prepared in accordance with the general accepted accounting standard with appropriate and effective internal control system, the business operation had followed the regulations of laws, with suitable risk management, and the Audit Committee had completely performed their duties following the Charter of the Audit Committee stipulated by the Board of Directors.



(Mrs. La-aid Vongvongepop)

Chairman of Audit Committee

The Independent Auditor's Report

To the Shareholders of Moong Pattana International Public Company Limited

Opinion

I have audited the accompanying statements of financial position in which the equity method is applied of Moong Pattana International Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2016, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Moong Pattana International Public Company Limited for the same period.

In my opinion, the financial statements in which equity method is applied and the separate financial statements present fairly, in all material respects, the financial position of Moong Pattana International Public Company Limited as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

The key audit matters and the audit procedures performed in response to each matter are described below.

a) Revenue recognition

Revenue from sales is considered to be a significant account because the amounts recorded directly impact the Company's annual profit and loss. Moreover, the Company has numerous customers in various industries which have different commercial terms. I therefore focused on the Company's recognition of sales revenue.

I assessed the Company's revenue recognition by obtaining the understanding and evaluating the effectiveness of the Company's internal controls related to the sales cycle. In addition, I randomly selected sales transactions occurring during the year and near the period end for testing and reviewed credit notes issued to customers after the reporting period. Lastly, I performed analytical reviews of the sales accounts whether there were any unusual sales transactions.

b) Inventories

Determining the net realisable value of inventories, as disclosed in note to the financial statements No.9, required the exercise of judgement, especially in estimating allowance for diminution in the value of inventories for obsolescence and deterioration, which requires a detailed analysis of the inventory cycle, market competition, the economic situation and the industry. There is a risk that the allowance for diminution in value of inventories may be understated, resulting in the overstatement of the inventory balances.

I gained understanding and evaluated the effectiveness of the Company's internal controls related to the estimation of the allowance for diminution in value of inventories. When estimating the allowance for diminution in value of inventories, I also evaluated the assumptions used by management, by reviewing the criteria used in determining the allowance, the consistency of the application of these criteria. I reviewed whether the calculation of the allowance was made in accordance with the Company's accounting policy and I performed analytical reviews of the inventory holding period and inventory movement to identify whether there were any unusually slow inventory movements.

c) Litigation

As disclosed in note to the financial statements No. 28.5, the Company has contingent liabilities in respect of pending litigation regarding employment contracts. The Central Labor Court has issued a judgment dismissing the lawsuit but the plaintiff has appealed to the Supreme Court. Currently, the case is being heard by the Court.

In addition, the Company is involved in a trade dispute relating to a distributorship agreement, and the Court of First Instance and the Appeal Court have ordered the Company to pay the plaintiff damages together with interest. Recently, the Company has filed an appeal with the Supreme Court.

Since the cases are not yet finalised, the management has to exercise judgement in determining the outcome of the litigation brought against the Company, taking into account the facts and the related legal provisions, in order to estimate the contingent liabilities resulting from the losses to be incurred. The actual results when the cases are finalised could differ from these estimates.

I inquired with the Company's management and the Company's external legal advisors regarding the progress of the pending litigation and the method applied by the management in estimating the Company's liabilities. I discussed with the Company's management regarding the judgement exercised by management in estimating the liabilities. I reviewed the correspondence between the Company and its external legal advisors and related documentation. In addition, I sent requests for confirmation to the Company's external legal advisors to obtain a written report on the details and status of the cases and the legal advisor's opinion on the likely impact of the cases on the Company. Lastly, I reviewed the disclosures made in relation to the litigation and disputes in the note to financials statements.

Other Information

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Narong Puntawong.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

EY Office Limited

Bangkok: 27 February 2017

Financial Statements

Moong Pattana International Public Company Limited
Statement of Financial Position
As at 31 December 2014 - 2016

Unit : Million Baht

	Financial Statement (Equity Method)					
	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets						
Cash and cash equivalents	29.1	3.5	3.8	0.5	6.5	1.0
Short-term investment	0.0	0.0	-	-	-	-
Trade and other receivables	151.6	18.3	137.1	18.5	147.7	21.7
Related parties	-	-	-	-	-	-
Unrelated parties	143.9	17.4	129.1	17.4	141.2	20.7
Less: Allowance for doubtful accounts	(1.3)	(0.2)	(1.6)	(0.2)	(1.8)	(0.3)
Total trade accounts receivable - net	142.7	17.2	127.5	17.2	139.4	20.4
Other accounts receivable	9.0	1.1	9.6	1.3	8.3	1.2
Inventories	81.4	9.8	94.5	12.7	68.0	10.0
Other current assets	6.2	0.8	10.1	1.4	11.0	1.6
Total current assets	268.4	32.4	245.5	33.1	233.2	34.2
Non-current assets						
Restricted bank deposits	-	-	-	-	-	-
Investment in associated company	386.4	46.6	338.2	45.6	285.3	41.8
Other long-term investments	24.9	3.0	24.9	3.4	24.9	3.7
Property, plant and equipment	40.8	4.9	76.4	10.3	77.9	11.4
Investment properties	77.4	9.3	22.9	3.1	22.9	3.4
Intangible assets	20.2	2.4	23.1	3.1	25.7	3.8
Deferred tax assets	4.0	0.5	3.7	0.5	3.9	0.6
Other non-current assets						
Leasehold rights to building	5.9	0.7	6.7	0.9	7.4	1.1
Others	0.7	0.1	0.7	0.1	0.7	0.1
Total non-current assets	560.3	67.6	496.6	66.9	448.7	65.8
Total assets	828.7	100.0	742.1	100.0	681.9	100.0

Moong Pattana International Public Company Limited
Statement of Financial Position (Con't)
As at 31 December 2014 - 2016

Unit : Million Baht

	Financial Statement (Equity Method)					
	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from banks	90.0	10.9	60.0	8.1	57.0	8.4
Trade and other payables	145.4	17.5	159.2	21.5	154.9	22.7
Related parties	62.5	7.5	72.4	9.8	57.2	8.4
Unrelated parties	26.4	3.2	27.8	3.7	29.4	4.3
Accrued expenses	44.8	5.4	48.2	6.5	48.8	7.1
Account payable - others	11.7	1.4	10.8	1.5	19.5	2.9
Current portion of finance lease liabilities	3.4	0.4	2.7	0.4	3.3	0.5
Accrued corporate income tax	-	-	-	-	-	-
Other current liabilities	4.3	0.5	2.3	0.3	2.5	0.4
Total current liabilities	243.1	29.3	224.2	30.2	217.6	31.9
Non-current liabilities						
Finance lease liabilities – net of current portion	3.4	0.4	5.5	0.7	8.4	1.2
Deferred tax liability	0.0	0.0	0.0	0.0	-	-
Provision for long-term employee benefits	5.8	0.7	5.3	0.7	10.1	1.5
Total non-current liabilities	9.2	1.1	10.8	1.5	18.5	2.7
Total liabilities	252.3	30.4	235.0	31.7	236.1	34.6
Shareholders' equity						
Registered share capital	213.5	25.8	200.0	27.0	120.0	17.6
Registered share capital issued and fully paid-up	145.8	17.6	144.2	19.4	120.0	17.6
Share subscription received in advance	10.9	1.3	0.1	0.0	-	-
Share premium	35.3	4.3	34.8	4.7	34.8	5.1
Capital from stock-based pay as a criterion	0.1	0.0	-	-	-	-
Retained earnings						
Appropriated – statutory reserve	15.7	1.9	13.0	1.8	12.0	1.8
Unappropriated	368.6	44.5	315.0	42.4	279.0	40.9
Total shareholders' equity	576.4	69.6	507.1	68.3	445.8	65.4
Total liabilities and shareholders' equity	828.7	100.0	742.1	100.0	681.9	100.0

Moong Pattana International Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2014 - 2016

Unit : Million Baht

	Financial Statement (Equity Method)					
	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
Revenue						
Sales of goods	703.9	97.4	665.6	97.5	693.7	97.1
Other income						
Rental income	3.2	0.4	3.2	0.5	2.0	0.3
Commission income	9.7	1.3	8.4	1.2	10.0	1.4
Dividend income from other companies	4.7	0.7	4.6	0.7	3.7	0.5
Others	1.4	0.2	0.6	0.1	4.7	0.7
Total revenues	722.9	100.0	682.4	100.0	714.1	100.0
Expenses						
Cost of sales	336.3	46.5	312.1	45.7	341.1	47.8
Selling expenses	206.3	28.5	211.5	31.0	205.0	28.7
Administrative expense	165.2	22.9	150.0	22.0	153.4	21.5
Total expenses	707.8	97.9	673.6	98.7	699.5	98.0
Profit before share of income from investment in associated company, finance cost and corporate income tax	15.1	2.1	8.8	1.3	14.6	2.0
Share of income from investment in associated company	67.1	9.3	68.7	10.1	46.4	6.5
Profit before financial cost and corporate income tax	82.2	11.4	77.5	11.4	61.0	8.5
Finance cost	2.8	0.4	2.5	0.4	2.3	0.3
Profit before corporate income tax	79.4	11.0	75.0	11.0	58.7	8.2
Corporate income tax	1.6	0.2	0.3	0.0	1.0	0.1
Profit for the year	77.8	10.8	74.7	10.9	57.7	8.1
Basic earning per share – net income (baht/share)	77.8	10.8	73.1	10.7	57.7	8.1
Primary earning per share (baht/share)	0.56		0.56		0.48	
Earnings per diluted share (baht/share)	0.52		0.52		0.48	

Moong Pattana International Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2014 - 2016

Unit : Million Baht

	Financial Statement (Equity Method)		
	2016	2015	2014
Cash flows from operating activities			
Profit before tax	79.4	75.0	58.7
Adjustment to reconcile profit to net cash provided by (paid from) operating activities			
· Depreciation and amortisation	12.6	11.8	13.5
· Allowance for doubtful accounts (reversal)	(0.4)	(0.2)	(1.4)
· Allowance for diminution in value of inventories (reversal)	1.3	(0.8)	(5.6)
· Unrealised exchange (gain) loss	0.1	0.05	(0.3)
· Loss (gain) on disposal of property	(0.6)	(0.3)	(3.2)
· Transfer of the land to real estate investments	(1.2)	-	-
· Long-term employee benefits	0.6	0.8	1.1
· Expenditure by the shareholders	0.1	-	-
· Dividend income from investments in associated companies	-	-	-
· Dividend received from investment in other companies	(4.7)	(4.6)	(3.7)
· Share of income from investment in associated company	(67.1)	(68.7)	(46.4)
· Interest expense	2.8	2.5	2.3
Income from operating activities before changes in operating assets and liabilities	22.9	15.6	15.0
Operating assets decrease (increase)			
· Trade and other receivables	(14.1)	10.8	82.2
· Inventories	11.8	(25.7)	7.3
· Other current assets	3.9	1.3	(2.1)
· Other non-current assets	0.0	(0.0)	(0.2)
· Short-term investments	-	-	-
Operating liabilities increase (decrease)	-	-	-
· Trade and other payables	(13.9)	4.2	(93.6)
· Other current liabilities	0.7	(0.1)	(1.2)
· Long-term employee benefits expense	-	(5.6)	-
Cash flows from operating activities	11.3	0.5	7.4
· Cash paid for operating activities	(2.6)	(2.5)	(2.3)
· Cash paid for corporate income tax	(0.7)	(0.5)	(1.4)
Net cash flows from operating activities	8.0	(2.4)	3.7

Moong Pattana International Public Company Limited
Statement of Cash Flows (Con't)
For the year ended 31 December 2014 - 2016

Unit : Million Baht

	Financial Statement (Equity Method)		
	2016	2015	2014
Cash flow from investing activities			
Decrease in restricted bank deposits	-	-	3.1
Dividend received from investment in associated companies	18.8	14.1	14.1
Dividend received from investment in other companies	4.7	4.6	3.7
Proceeds from disposal of assets	0.7	1.2	4.1
Purchased assets	(24.4)	(6.9)	(1.5)
Short-term investments increase	(0.0)	-	-
Increase in intangible assets	(0.1)	(0.5)	(4.1)
Net cash from (used in) investing activities	(0.3)	12.5	19.4
Cash flows from financing activities			
Short-term borrowings from banks net increase	30.0	3.0	8.5
Repayment of finance lease liabilities	(3.8)	(4.0)	(5.0)
Cash received from capital increase	1.7	24.1	-
Share premium	0.5	-	-
Increase in share subscription received in advance	10.8	0.1	-
Dividend payment	(21.6)	(36.0)	(24.0)
Net cash flows from (used in) financing activities	17.6	(12.8)	(20.5)
Net increase in cash and cash equivalents	25.3	(2.7)	2.6
Cash and cash equivalents at beginning of year	3.8	6.5	3.9
Cash and cash equivalents at end of year	29.1	3.8	6.5



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