

**New City (Bangkok) Public Company Limited**

**Annual Report 2016**

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## SOCIAL ACTIVITIES

For the year 2016, New City (Bangkok) Public Co., Ltd. has joined activities to support the social with organizations as follows.

Cherilon donate the clothes under the  
“Give away new clothes to the youth” project

# Cherilon

## เชอรียล่อนสนับสนุนโครงการ ข.ชา

ส่งถุงน่องสร้างขาใหม่ บริจาคถุงน่อง เพื่อทำขาเทียมแก่ทหารผ่านศึก



บริษัท นิวซิตี (กรุงเทพฯ) จำกัด (มหาชน) ได้ร่วมบริจาคถุงน่องเชอรียล่อนจำนวน 1,200 คู่ สนับสนุนโครงการ ข. ชา ส่งถุงน่องสร้างขาใหม่ ของนักศึกษาคณะนิติศาสตร์ มหาวิทยาลัยอัสสัมชัญ เพื่อมอบให้องค์การสงเคราะห์ทหารผ่านศึก ในพระบรมราชูปถัมภ์ ในการทำขาเทียมให้แก่เหล่าทหารผ่านศึกที่พิการ

ภายใต้โครงการ ข. ชา ส่งถุงน่องสร้างขาใหม่ ยังได้จัดกิจกรรม Roadshow ตามสถานที่ต่างๆ อาทิ สถานีรถไฟฟ้ามหานคร, อาคารพาณิชย์, อาคารเสริมมิตร ถนนอโศก, ศูนย์การค้าสยามเซ็นเตอร์ เพื่อให้ทราบถึงความจำเป็นในการใช้ขาเทียม ของเหล่าทหารผ่านศึก รวมถึงความจำเป็นในการนำถุงน่องเพื่อไปผลิตขาเทียม โดยมีการตั้งกล่องรับบริจาคถุงน่องทั้งใหม่และเก่า เพื่อให้กลุ่มผู้หญิงที่ใช้ถุงน่องได้มีส่วนร่วมกับการกิจกรรมครั้งนี้

ถุงน่องนับเป็นวัสดุสำคัญในขั้นตอนการทำขาเทียม โดยถุงน่องจะช่วยยึดพอร์ทขาจริงไม่ให้เกิดการเสียดสี บริเวณรอยต่อของขาเทียมกับขาจริง ซึ่งปัจจุบันขั้นตอนการทำขาเทียมของทหารผ่านศึก มีความจำเป็นต้องใช้ถุงน่องจำนวนมาก เพื่อผลิตขาเทียมรองรับทหารผ่านศึกที่พิการขาขาด ซึ่งขณะนี้ทางองค์การสงเคราะห์ทหารผ่านศึกในพระบรมราชูปถัมภ์ สามารถผลิตขาเทียมได้เพียง 360 ขาคือ 1 ปีเท่านั้น ในขณะที่ความต้องการมีสูงถึง 600 ขา จึงยังคงมีความต้องการ ที่ต้องได้รับความช่วยเหลืออยู่อย่างต่อเนื่อง เนื่องจากผู้พิการต้องมีการเปลี่ยนขาเทียมเกือบทุกปีตามสรีระที่เปลี่ยนไป

ทั้งนี้โครงการดังกล่าวประสบความสำเร็จด้วยดีตามวัตถุประสงค์ของนักศึกษา และเชอรียล่อนมีความภาคภูมิใจที่ได้เป็นส่วนหนึ่งในการสนับสนุนโครงการนี้ และหวังเป็นอย่างยิ่งว่าโครงการนี้จะสามารถจุดประกายสังคมให้ส่งมอบสิ่งดีดีและดูแลกันเพื่อความสุขของสังคมไทยต่อไป







EXECUTIVES AND EMPLOYEES OF NEW CITY (BANGKOK) PUBLIC CO., LTD has joint joining traditional philanthropy and support to employees of public consciousness

**OVERALL FINANCIAL STATEMENT**

**As of 31<sup>st</sup> December 2016 (Unit: Thousand Baht)**  
**Financial statements showing equity investment details**

List	2016	2015	2014	Change Rate %	
				2016 /2015	2015 /2014
❖ Total Assets	651,596	610,901	635,944	6.66	-3.94
❖ Total Liabilities	257,379	244,946	261,385	5.08	-6.29
❖ Capitals	149,510	149,510	149,510	0	0
❖ Shares Capitals	394,217	365,954	374,559	7.72	-2.30
❖ Sales Income	658,015	628,879	631,419	4.63	-0.40
❖ Gross Income	665,992	637,425	644,439	4.48	-1.09
❖ Initial Profit	216,190	216,188	224,017	0	-3.49
❖ Net Profit	14,519	10,800	28,782	34.44	-62.48
❖ Net Profit per share (Baht)	0.97	0.72	1.93	34.72	-62.69
❖ Stated Share value (Baht)	10	10	10	0	0
❖ Accounting Share Value (Baht)	26.37	24.48	25.05	7.72	-2.28
❖ Net Profit Rate (%)	2.18	1.69	4.47	28.99	-62.19
❖ Profit Rate per share value (%)	3.82	2.92	7.92	30.82	-63.13
❖ Benefit Rate per Total Assets (%)	2.30	1.73	4.50	32.95	-61.56

**Company Financial Statement**

List	2016	2015	2014	Change Rate %	
				2016 /2015	2015 /2014
❖ Total Assets	670,204	631,543	656,191	6.12	-3.76
❖ Total Liabilities	257,379	244,946	261,385	5.08	-6.29
❖ Capitals	149,510	149,510	149,510	0	0
❖ Shares Capitals	412,825	386,597	394,806	6.78	-2.08
❖ Sales Income	658,015	628,879	631,419	4.63	-0.40
❖ Gross Income	672,663	642,409	647,619	4.71	-0.80
❖ Initial Profit	216,190	216,188	224,017	0	-3.49
❖ Net Profit	12,638	11,153	27,945	13.31	-60.09
❖ Earnings per share (Baht)	0.85	0.75	1.87	13.33	-59.89
❖ Par Value (Baht)	10	10	10	0	0
❖ Book Value (Baht)	27.61	25.86	26.41	6.77	-2.08
❖ Net Profit Margin (%)	1.88	1.74	4.32	8.05	-59.72
❖ Return on shareholders' equity (%)	3.16	2.85	7.28	10.88	-60.85
❖ Return on assets (%).	1.94	1.73	4.23	12.14	-59.10

In 2016, the company's operating performance increased slightly from year 2015. Although the company has been trying to expand its business all the way, but the sales are 15% below the target, or only 1.38 Million Baht increased from year 2015 and there were adjustment on personnel expenses such as salaries to match current costs of living. This resulted in the increased by 1.55% of the expenses. Even though at the end of the year, the government has a policy of encouraging domestic purchases to reduce taxes, which is good for some products. However, the company has earned a sales revenue of only 0.5% from this campaign.

The company has improved internal organizational structure to improve efficiency and internal control by developing Software for external sales system to be in accordance with SAP Software to process and receive timely sales reports and support changes in the future digital world.

In the year 2017, the company set up a provident fund for its employees as a welfare fund for the employees. The Company contributed to the fund according to the number of staff members.

BOARD OF DIRECTORS

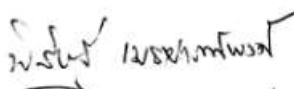
Dear Shareholders

The Audit Committee of New City (Bangkok) Public Company Limited consists of three independent directors, namely, Mr. Pisit Methapornpong, the Chairman of the Audit Committee, Mr. Sooksant Fuengrith and Miss Waraporn Phekanant are the Audit Committee members. The term of position is 3 years, and Ms. Sam-ang Chantarima, Finance Manager acting as Secretary to the Audit Committee. The Audit Committee has performed its duties in accordance with the charter of the Audit Committee approved by the Board of Directors and has performed the duties assigned by the Company. In 2016, the Audit Committee has conducted five meetings and the three Audit Committee members have attended all meetings and has the duty to review the issues which can be summarized as follows.:

1. Review the financial statements: The Audit Committee has reviewed the quarterly and annual financial statements regularly to see whether the financial statements are accurate in the preparation of financial statements in conformity with accounting changes each year. There is adequate disclosure which are reliable and generally accepted by accounting principles.
2. Internal Audit Plan: Audit Committee has reviewed the internal audit plan and found that the company has good internal control systems, internal audit and risk management measures are adequate and to focus on implementation of the policy of good governance. The recommendations to improve the effectiveness of even better for year 2015.
3. Legal Compliance: The Audit Committee has reviewed the performance of the company and found that the company has complied with the laws without being lawsuit against litigation or legal disputes have occurred. The company had the transaction as depicted in detailed notes to the annual financial statements for year 2015 in its entirety without controversy of the benefits and compliance with the law on securities and stock exchange requirements of the Stock Exchange of Thailand.
4. Proposed appointment of auditors and the auditors fees for the year 2517. The Audit Committee has considered the auditor and the Audit Office at the meeting of the Audit Committee. No. 2/2560 held on 9th March 2017 and has resolved to propose to the Board of Directors to propose to the Shareholders' Meeting appointed Mr. Jedsada Hangsapruk, a Certified Public Accountant License No. 3759 and / or Ms. Kannikar Wipanurat, a CPA. Registration number 7305 and / or Mr. Jiroj Siriroraj, Certified Public Accountant Registration No. 5113 of Karintr Audit Company Limited as the auditors for the year 2017 by stating the rate of quarterly financial statement review / audit of the financial statements for the year 2017 to be amounted to 980,000 Baht and other expenses. (reimbursed as per actual expenses), at the amount of net exceeding 15,000 baht per annum.

The Committee is of the opinion that the company has appreciate and reliable disclosure of material information in the financial statements. There are disclosures of data of the related transaction, has appropriate internal control system and risk management. Besides, the company has conducted the good corporate governance principles to the policies of the Stock Exchange.

On behalf of the Audit Committee  
New City (Bangkok) Public Co., Ltd.



(Mr. Pisit Methapornpong)  
Chairman to Audit Committee  
10<sup>th</sup> March 2017

## NATURE OF BUSINESS

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### Policy and overall business operations

New City (Bangkok) Public Co., Ltd. is a supplier of clothing products such as stockings, socks, underwear, exercise wears and pajamas as well as cosmetic products under its own brand.

The company is engaged in the following manner.

- Sell in department store (large retailers) in the Bangkok Metropolitan areas and other provinces in the retail sales and cash sales (PAYMENT ON SALE) by the counter at department stores. The company has sales representatives at each department store to be centre of company products sales.
- Sold to department stores, modern trade (Modern Trade) and a general store in the Bangkok metropolitan area and other provinces as a wholesale product in package (Packaging Unit) as a dozen-pack carton, depends on customer's requirements. Majority, client will request in cartons. The type of sales prices are lower than retail prices and focus on big volume of sales (BIG LOT) to wholesalers who will have opportunity to make more profit. The trade credit terms are 30 days, 60 days and 90 days, depending on the suitability of each customer.
- Distributor of products for export to countries in Asia such as Malaysia, India, Singapore and China.

Distribution center and showroom. The centers are available to customers and general public in the form of self-service retail where buyers make payment by cash or credit cards. Our showrooms are as follows.

1. Suriwongse Showroom, located at No. 293/16-17, Surawongse Road, Suriwongse Sub District, Bangrak, Bangkok, Tel: 02-237 8460-1.
2. Chiangmai Showroom, located at No. 47, Wat Saen Fang Road, Changmoi Sub District, Muang, Chiangmai, Tel: (053) 251 362.
3. Khon Kaen Showroom, Khon Kaen Branch, located at 250/1, 1st Floor, Com Kosa Complex, Srichan Road, Naimuang Sub District, Khon Kaen, Tel: (043) 389 021.
4. Kard Suan Kaew Chiangmai Showroom, located 21, Huaykaew Road, Suthep Sub District, Muang, Chiangmai, Tel: (053) 894 301.
5. Bumrungrad Hospital Showroom, located at 33/3, 1st Floor, Bumrungrad Hospital Building, Sukhumvit 3, Klongtoey Sub District, Klongtoey, Bangkok, Tel: 0-2667 1248.
6. Korat Showroom, located at The Mall Korat, 1242/2, 2nd Floor, Room No. 2 S-34, Mittaparb Road, City Road, Muang, Nakhonratchasima, Tel: (044) 288 175.
7. Central Plaza Khon Kaen Showroom, located at Central Plaza Khon Kaen Shopping Centre, Room 245, 2nd Floor, 99 Srichan Road, City Road, Muang, Khon Kaen, Tel: (043) 288 114.
8. Central Plaza Udonthani Showroom, No. A114, Prajaksilapakom, Makkaeng Sub-district, Muang District, Udonthani Province, Telephone 042-110 555, extension 1202.



## **Vision, Goals, Objectives or Strategies for operations**

The company is aware of the fashion apparel business has changed over the years. The Board has considered reviewing on a regular basis every year to reflect the popularity of consumers.

In the year 2016, the Company has reviewed the opinion that it is appropriate for the current situation.

### **Vision**

"Committed to developing products up to date, Creating Thai Brand to Global, Creating Jobs and Build Sustainable Society"

### **Mission**

- Develop products to become widely known in the leading level of fashion industry in the country and abroad
- Management to maximize benefits to the organization, Shareholders, society and the environment.
- Business growth by continuing to take loyalty, fairness and ethical trade into account.
- Commitment to strengthening of the organization.
- Focused on bringing new technology to the benefit of the organization.
- Communication through social networks as an alternative to international

### **Objectives and Goals**

- Targeted sales to grow 20% from the previous year.
- Develop products to market in the upper and lower levels in order to maintain its market share at 50-70%.
- Opening new stores to expand distribution channels 20% domestically and 10% abroad.
- Establish online customers by the year 2016-2017.
- Send information on product receiving - delivery and report individual sales point using internet operating software to directly link to SAP system software by the year 2016.

### **Implementation Strategy**

- Corporate Strategy: operate sustainable business practices by separating the responsibilities of each department.
- Business Strategy: building products brand to be widely known, focusing on product quality to be accepted standards for both quality and price. Developing new and unique products and to strive for being a fashion leader, learning weaknesses and strengths of the competitors to develop competitive strategies.
- Functional Strategy: apparel business is highly competitive in terms of price and imitative, so the company has get set and prepare the appropriate strategies which can be categorized as follows.

### **Marketing**

- **Product:** Focus on bringing in unique design innovation focused on bringing their own unique design, sourcing for quality materials for product manufacturing to superior that product over other similar products to that users can recognize and feel the pride in using our quality products and focus on dressing fashion.
- **Price:** breakdown by products which sell in department stores, distributors and wholesalers. The calculation of the cost, plus direct and indirect costs, plus expected profit based on company structures.
- **Distribution:** Distribution through agents and directo distribution centers.
- **Sell Promotion:** Advertising via public medias and exhibitions.

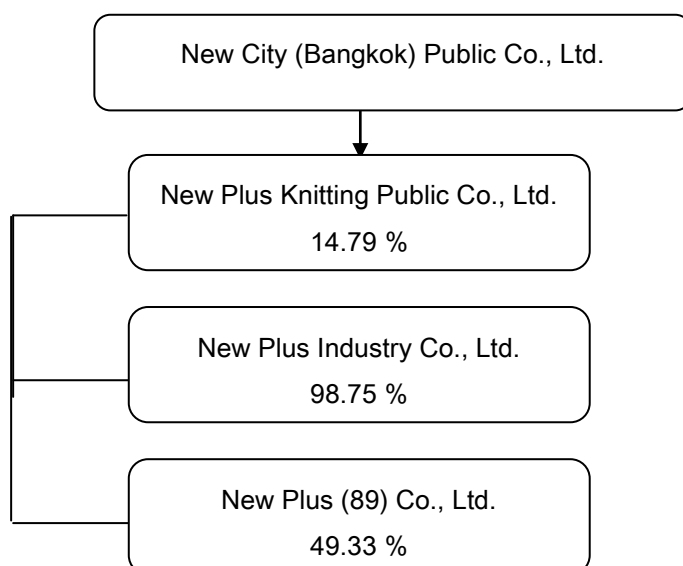
### **Changes and Developments**

New City (Bangkok) Public Co., Ltd. is a subsidiary of Sahapattanaphibul Public Co., Ltd. was established in 1964 as a partnership, located on the Rachawong Pier with a registered capital of 1 million Baht, doing business by selling cosmetics and stockings imported from overseas. The Partnership has grown every year, and was registered and limited company in 1968. Then moved the office to Surawongse Road and increased its registered capital to 3 million Baht. In 1977, the company was registered as a company listed on the Stock Exchange of Thailand with the registered capital of 20 million Baht. The company was transformed from New City (Bangkok) Co., Ltd to a public limited company on 31 May 1994 with registered capital of 120 million Baht and paid fully counted as the first company in Thailand to distribute products such as stockings, socks, underwear and cosmetics.

In 2013, the resolution of the Board of Directors No. 5/2013 on September 13, 2013 approved the sale of the common shares of Seree Control Co., Ltd. to Mizaza International Limited total of 110,000 shares, at a price of 100 baht per share, for the total money of 11 million Baht, with a stake of 11.83 % of the share capital. This is to reduce the management load of the company.

In 2014, the accounting system was improved by using SAP Business One program to record the accounts in the accounting system, stock, debtors, creditors and classification to the prepare and develop in all the tasks to be compliance with international standards. There was a resolution of the Board of Directors Meeting No. 5/2014 held on November 10, 2014 approved the sale of land in Soi Kajornvit, Bangplee, Samutprakan to the third parties, with total area of 390 square meters at a price of 35,000 baht per square, with total amount of 13.65 Million Baht, with profits from the sale of 1.56 Million Baht to reduce the burden of care.

### **Group Shareholding Structures**

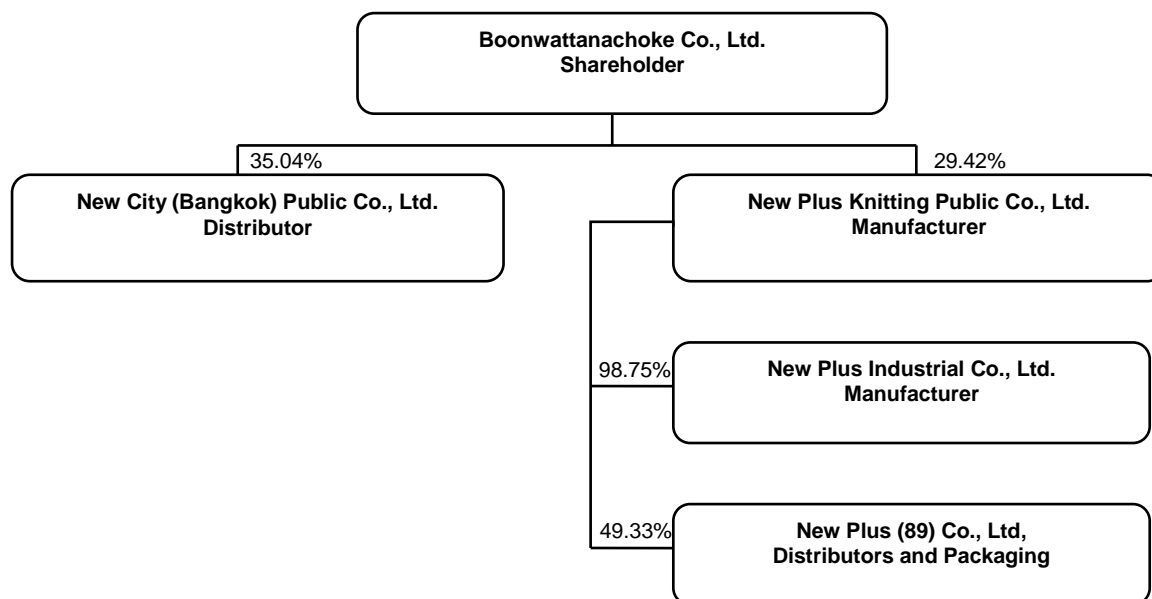


The company has one joint company, namely New Plus Knitting Public Co., Ltd., with a shareholding 14.79%, and New Plus Knitting Public Co., Ltd. has 2 subsidiaries, New Plus Industrial Co., Ltd. holds 98.75% shares and New Plus (89) has 49.33% stake, respectively.

New City (Bangkok) Public Co., Ltd. is a distributor of raiment goods such as stockings, socks, underwear, gymnastics and pajamas which purchase from New Plus Knitting Public Co, Ltd. who are manufacturer of the same type goods above and distribute of orders to two subsidiaries, New Plus Industrial Co., Ltd. and New Plus (89) Co., Ltd.

## Relationship with the group of major shareholders

The company is a distributor of garment with 76.45 % of goods order from factory in associate with New Plus Group, which is a manufacturer under the same trade mark which New Plus Group has Boonwattanachoke Co., Ltd. as major shareholder which has the business structure as follows.



The New Plus Group has a policy allowing affiliates, each with its own policies and administration. New City (Bangkok) Public Co., Ltd. is a supplier of raiment goods, with 80-85 % of goods purchased from the affiliated companies, the price set are in accordance with market prices and not different from other action items unrelated to free trade . Negotiation depends on the mechanism of the market in general.

## Nature of Business

The company is a distributor of clothing and cosmetics under its own brand, categorized by product lines as follows.

### 1. Clothing Production Line

- 1.1 Product Line of stockings / socks under the brand of Cherilon and GOLDENLEGS.
- 1.2 Product Line of nightwear and underwear, under the brand Kara and CHERILON INTIMATE.
- 1.3 Product Line of simulated exercises clothes and ballet clothes, under the brand of CHERILON-EX and DANS MATE
- 1.4 Product Line of fashion shirts and trousers under the brand of Cherilon Basic and Cherilon Leggings.
- 1.5 Product Line of men's underwear under the brand of SANREMO.

### 2. Cosmetic Products

- 2.1 Facial cares Products under "MISASA" brand, e.g. powders, lipsticks, eyeliners, mascara and skin care set.
- 2.2 Body Care Products under the "SCRUPLE" brand e.g. show cream, shower creams, gel soap with bee milk, body lotion with bee milk, body lotion with pearl extracts, hygienic gel, etc.
- 2.3 Skin Care Product, imported from Korea under the brand of DEOPROCE which consist of face care cream and kin care.

## Revenue Structure

Products Line/Business Group	2016		2015		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Clothing	588.15	89.38	579.09	32.08	608.77	96.41
Cosmetics	69.87	10.62	49.79	7.92	22.65	3.59
<b>Total revenue from sales</b>	<b>658.02</b>	<b>100</b>	<b>628.88</b>	<b>100</b>	<b>631.42</b>	<b>100</b>
<b>Increase (Decrease) Rates</b>	<b>4.63</b>		<b>-0.40</b>		<b>-6.31</b>	

## **Marketing and Competition**

The Company recognizes the importance of trade competition in the market, so we have carefully studied the comparative analysis of the competitors of the similar type of products, especially the clothing business which have high competitive in price reductions, product imitative, and the falsely popularize of the brand. The company is focusing the market sustainability and ready for the changes in circumstances that may occur very carefully and focus on customer satisfaction in the following.

1. **Products:** For the year 2016, designed the product for big size ladies under the brand of Cherilon Plus Size stockings and other products, such as ไม้เท้า Soft Socks, Zokki Tight, Long John and Perfect Pantyhose.
2. **Product Brand:**  
The Company recognizes its own products under the brand strength and popularize in the market. For example, Cherilon is well known in the fashionable stockings sustained over more than 50 years and has developed a brand and symbols under its own trademark. Such brands include CHERILON, GOLDENLEGS, ACCEMT, ANFANA, ANNABEL, AMANDA, ANGELY, AZIRA, DANS, CARA, DANS MATE, SANREMO and SCRUPLE, etc.
3. **Pricing:**  
The company has set the prices to fit the model and can be appropriate adjusted to suit the market competition.
4. **Marketing:**  
The company has implemented a marketing strategy through various public media, e.g. advertising in biweekly and monthly magazines, billboard, television such as variety shows and brochure and advertising and performing a variety of exhibitions (Road Show) at places, both public and private sector to make our products more widely known.
5. **Sales Promotion:**  
The company promote the sales by joining sales promotion activities with associated companies under the Saha Group companies in the public and private sectors in order to meet demand of the customers with low income. In addition, there are promotions to trading stores as follows.

### **5.1 Premium(Giveaway)**

The company is targeting for the customer who orders the product in the large volume to get free product, this contributes to higher sales and an incentive to order from this customer will get the attention of a wholesaler group.

### **5.2 Services**

The company focuses on training staff to be efficient and capable in servicing customers by providing training on the company's products to ensure that the customers are confident in buying our products.

### **5.3 Trade Discounts**

We have offered the discount for the customers who purchase our products in the big volume and for those credit customers who make payment before due dates. The discount will be 3% on the top of original sell prices to enable to increase their profit respectively.

## **6. Customer Group**

Competition, trade in customers, the company has a competitive wholesale market and retail market has different products to fit each customer group. Wholesale group such as storeway supply shops who focused on merchandising brand, and to help this type of stores to compete with competitors for goods imported from China and imitated products. This group of storeway shops has been commercial partner for over 50 years with the market share of 40%. The retail group such as modern trade department stores and convenience stores are sales with high quality and standards brand name that can compete with imported goods, and are in equivalent to 60% of market share.

## **Industry trends and competition**

In the year 2016, the company has expanded its business by finding new customers, increasing the importance of trade marketplace from Online Marketing to enhance the growth from last year and has developed www.newcity Bangkok.com and bring Social Media or Facebook under Cherilon New City Bangkok, Cherilondansmate, Cherilon, Cara Newcity, and online merchants at LAZADA and ZALORA. Each year, the company develops products that bring health benefits to consumers to the product that can be marketed to the target group by bringing good quality products to the market in apparel such as LACE OUT for working-class youngsters with formal and trendy look. Trend Trick is a set of women's black overcoat on long sleeved shirt with light material to cover see through. The selected products of each year are outstanding products which is difficult to imitate.

The company is developing products under its own brand and makes it very competitive in the market and hard to defeat. Besides, the company is also act as a Distributor of other unique products to enable to expand the range of products. The selection of good quality products to enhance sales channels to be in line with the plan for a

defined and selected group of customers, such as wholesalers like Modern Trade and retailers which this group does not rely on commercial staff (PC) to receive payments on payment terms and conditions, and avoiding traders with debt payment risks.

### **Competitiveness**

The company is confident in its capability under its own famous and well-known brand for over 50 years in the field of women's fashion under the name of Cherilon, and for fashionable men's brand under the name of SANREMO . They devised strategies for developing products to market continuously each year and be prepared to make changes to the philosophy and up to date is always to advance the organization.

## RISK FACTORS

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Risk factors may occur in the operations of the Company which can be summarized as follows.

### 1. Online Marketing Risk (Online).

Online marketing is the most popular sales channel in the world today through Facebook, Line, Google+, Twitter, Instagram, Mobile App, YouTube which the online media plays a key role in the modern form of life style in young generation, they get quick and timely information throughout the search process to meet their needs. So sales channels are generated through website creation to sell products. Reduce cost of sales by store and sales staff with the introduction of Social Media or Facebook is currently another popular way to work with a variety of applications and post messages, uploading pictures and videos to personal information to make an immediate offer. There are a number of Facebook friends and also Twitter sales channels to attract interests from people to click on the image uploaded and track the movement of the product at any time by using Virtual Marketing endlessly. Another great way to sell your product is Youtube. It's a deeply in-depth sales model, because it's a video clip that provides both video and audio, which can be customized to add incentives to consumers on how to use, not only see text or fix photos, but seeing the animation and demonstrating how to use is a perfect solution.

Sales channels in the online form as mentioned above, there are new entrepreneurs who have knowledge of the system using social media to do business without much capital and can start up anywhere because there is no store or sales staff requirement.

This type of sales affected the sale of the company Bangkok's wholesales system decreased by 2.35 Million Baht or 3.54 % and the provincial wholesale was 7.15 Million Baht or 9.39 %. Customers in the wholesalers group will have a negative impact on their sales, amounting to Baht 147.81 Million Baht, as these customers are traditional trading in the form of trade and petrol.

Companies have realized this by developing and building websites. [www.newcitybangkok.com](http://www.newcitybangkok.com) to increase its sales channels and Social Media or Facebook naming Cherilon Newcitybangkok, Cherilondansmate, Cherilon, Cara Newcity and additional service sales channel and educational seminars about Digital website at [www.Newcity Digital Business Network](http://www.Newcity Digital Business Network) and Facebook Newcity Digital Business Network, as well as online merchants at LAZADA and ZALORA. The company has continued to develop websites since year 2015 and is in the process of establishing e-commerce [www.happyatanywhere.com](http://www.happyatanywhere.com)

### 2. The Risk of Textile Business Operations

Its main business of fashion apparel for women and men, with a total revenue of 588.15 Million Baht, or 89.38% as the business changed by the mod is always the risk of doing business directly caused counterfeit products and competitive prices drastically. Product placement in order to market a diverse and far more than the market needs resulting in a race to dominate the market share increase and the risk of indirect caused by the economic downturn and the ongoing recession. Political stability Measures to increase the country's trade partners and free trade policy. These two factors are influencing consumer purchasing power decline negatively affect textile products, affect the company's revenue decline, prudence and patience in the business of textiles. The experience gained from doing this kind of business for a period of over 50 years, it has developed a great product quality under its own brand and strengthen the company's brand, which is known in fashion industry for women is widespread under the name of Cherilon. The company is also focusing on the quality and price of goods. Each year, the company has developed products in limited quantities and obsolete and produce the goods to meet the customer's requirements to be used to expand its sales channels to increase sales each year.

### 3. The risk of reliance on major customers or revenue

In the past year, the company sold products such as textiles, fashion dress with a major customer of 6 customers of Modern Trade, with value worth at a total of 203.51 Million Baht, or 30.93% of total revenue in 2016 was depending on doing business in this segment which has the risk of goods imported into the country each year If the company loses Modern Trade group of customers will affect the company's revenues significantly.

The company has good relationship with Modern Trade group of customers, and is a long time partnership from the start of business operations, and sales increased on each year and still partnership till this day. Dependence on customers in Modern Trade is selling products that do not rely on the company's salespersons. The sales are subject to the payment terms of 30-60 days. Current shops of this group have expanded trading into convenience stores and have effect on company trade expansion. However, the company increased its sales channel system to wholesalers in Social Network Website and the company has development and education to prepare to sell products online to add sales value in the future and can compensate this group of customers.

### 4. The risk of dependence on sales (PC) for the mall

The company has sold its products at department stores and consignment by a counter salesperson and the company has incurred costs, including employee salaries, percentage, allowances, gratuities and overtime. The total cost in 2016 in the amount of 53.77 Million Baht in sales, number of employees of 303 people and effect on loss from the sale in a department stores, and salesman are shortages. The company plans for the sales in shopping malls by focusing on counter sales with high sales volumes, and does not expand the sales areas unnecessarily. Besides, seeking more sales area at the exhibitions of the Saha Group, selling products directly to consumers in order to expand sales channels replacing the sales in the shopping malls and increase sales through online social network sites to reduce cost of sales and make profit from the sale to rely on technology to help sales to replace sales without relying on salespersons and department stores.



## **5. The risk of the relying on single manufacturer**

The company has ordered products, such as stockings, socks from New Plus Knitting Public Co., Ltd. and its subsidiaries in the amount of 339.29 Million Baht, accounting for 76.45%, which is a subsidiary and Associates which this in risk of relying on only one major manufacturer. If the manufacturer cannot keep up production by a given time, this will result in sales decline. In 2016, the company had sales of products manufactured by the New Plus Knitting and subsidiaries in the amount of 578.67 Million Baht, or 87.94%. Ordering products from New Plus Knitting Public Co., Ltd. which is a subsidiary of New Plus Group of companies and a joint venture with the joint shareholders and directors and the factory was established together to classify trades systematically by the manufacturers and distributors to facilitate the administration of each type clearly. Ordering products each year, it is planned together for 6-9 months in advance to prevent the production delays and problems can be solved together. Working in the same direction with the trust and confidence in the quality management standard ISO 9001, the company is a distributor under purchase for sell model which has variety of non-exclusive to the manufacturers if the product meets the company's needs if required. For the subsidiary that holds a joint company to support the trade business to manufacturers and distributors to grow evenly.

## **6. The risk of products obsolescence**

The company is a distributor of the product in the form of purchase - to sell. Textile goods such as fashion apparel for women and men have to be sold to meet the needs of the consumer. The fashion industry is changing rapidly, resulting in the inventory risk. In 2016 the company had inventory in the amount of 265.90 Million Baht or 63.54% of current assets and balance 1.67 time of total assets in the consolidated financial statements, and the rate of inventory turnover of 216 days, affecting the distribution of products out late, affecting inventory obsolescence and high management cost, resulting in a reduction bills that affect net income by for year 2016 has been reduced in the amount of 5.78 Million Baht, or 45.74% of net profit. However, the company is aware of this and takes responsibility and prevents the product obsolete by preparing the management plan for these products.

- For new imported goods, the company is planning to order in accordance with the sales target and pre-order plans to allow Supplier to able to shift the goods on time and the company has delivered the new imported goods to customers immediately without stock-keeping
- For slow-moving or keeping in the stock for long time, the company has plan to reduce the cost and sell at a cheaper price at the trade shows in the public or private exhibition to help consumers with low incomes, such as the flagship discounts exhibition and annual cheap products sales of the Saha Group of companies. The amount of the decreased valued goods for year 2015 was 5.37 Million Baht, a decrease from year 2014 at the amount of 1.99 Million Baht or 27.08%.

## **7. Risk Factors on monetary value of foreign partners**

The company has traded with foreign counterparts in 2016. India has experienced the change and cancellation of 500 Rupee and 1,000 Rupees banknotes in order to reduce the problem of illegal money effective on November, 2016, which affected the direct ordering of the company and suspension of shipments, resulted in outstanding inventory of Baht 432,000 Baht.

International trade is cautious and prudent in dealing with counterparties and debt settlement. The Company has preventive measures by contracting to be suitable for a common trading partner, which is classified as a long-term trading partner. The form of payment is TT (Tele Transfer) or LC at sight. New partner to pay for goods before delivery.

## **8. Risks from loans**

The company has a bank overdraft (OD) with 6 institutions, in the amount of 97.00 Million Baht in 2016, the total used of 12.15 Million Baht or 12.53% and has the short-term loan (P / N) with financial 3 institutions in the amount of 322.00 Million Baht and total amount used is 70.00 Million Baht or 21.74%. These total the debt of 82.15 Million Baht, with the risk of interest rate fluctuations on the global market. In 2016, the company paid interest for loan of overdraft (OD) type in the amount of 0.74 Million Baht in interest rates from 7.25 to 7.75% per annum and pay interest on the loan for P/N type in the amount of 1.65 Million Baht in interest rates from 2.60 to 2.65% per annum. The total interest payment is 2.39 Million Baht.

The company has systems in place to carefully manage finances to ensure the effectiveness of financial to prevent liquidity shortage. The cash flow for year 2015 has net cash provided by operating activities in the amount of 23.40 Million Baht, an increase of 7.30 Million Baht or 45.41% increased from year 2014. Throughout the period of 5-10 year period, the company has not miss any schedule on pay back of the loan agreements with financial institutions and debt.

## **9. The risk of loss resulting from operations**

For each year operations, the company has set a goal to significantly increase sales volume from the previous year and to compare the results to be applied to operations in accordance with set target and compared to the operation taking place to evaluate and measure the target that company has planned throughout the year to be positive. If there are impact of factors outside the company's control, such as the mechanisms of the market is negative the economic fluctuations and recessions, unrest political conditions, and flooding occurred in the country and abroad was a rare event even in unpredictable situations that may affect the company's operating results. This may result in loss to the company operations because the company has selling costs and administrative expenses increased in proportion to the set target for each year sales increase. The company

cannot prevent any unforeseen outside factors but was ready for the changes and strive to lead the company get through the crisis to this day

## SHAREHOLDER STRUCTURE

The company has registered paid shares for the value of 149,510,000.00 Baht, dividing into ordinary shares value of 14,951,000 shares with each share value of 10.00 Baht.

### Shareholders

The 10 Major shareholders with number shares holding and % ratio are summarized below.

Shares Holding Group	As of 30 <sup>th</sup> December 2016	
	Number of shares	% Ratio
1. Boonwattanachoke Co.,Ltd.	5,239,440	35.04
2. Sahapattana Interholding Public Co.,Ltd.	2,317,738	15.50
3. Seree Control Co.,Ltd.	812,979	5.44
4. Bangkok Insurance Public Co.,Ltd.	788,744	5.28
5. Mr. Boonpakorn Chokwathana	604,492	4.04
6. Chaopraya Assets Capital Co., Ltd.	422,644	2.83
7. Ms. Worawan Chokwathana	390,968	2.62
8. Mr. Phiphob Chokwathana	355,882	2.38
9. Ms. Worawong Chokwathana	339,000	2.27
10. Mrs.Sirina Pavarolarvidya	303,414	2.03
<b>Total shares of 10 major shareholders</b>	<b>11,576,301</b>	<b>77.43</b>
<b>Total Shares</b>	<b>14, 951,000</b>	<b>100</b>

### Shareholding's Structure

#### Shares Distribution categorized by shareholding type

Details	Number of Persons	Number of Shares	Percentage (%)
Corporations			
Thai Nationals	30	10,831,203	72.45
Expatriate	1	45	0.00
<b>Total Corporations</b>	<b>31</b>	<b>10,831,248</b>	<b>72.45</b>
Individuals			
Thai Nationals	969	3,883,385	25.97
Expatriate	8	236,367	1.58
<b>Total Individuals</b>	<b>977</b>	<b>4,119,752</b>	<b>27.55</b>
<b>Total</b>	<b>1,008</b>	<b>14,951,000</b>	<b>100.00</b>

**A group of shareholders to influence the policy management are as follows.**

<b>List of Major Shareholders</b>	<b>Number of shareholding (share)</b>	<b>Shareholding Ratio (%)</b>
<u>Family Group who has controls authority</u>		
1. Boonwattanachoke Co.,Ltd.	5,239,440	35.04
2. Sahapattana Interholding Public Co.,Ltd.	2,317,738	15.50
3. Mr. Boonpakorn Chokwathana	604,492	4.04
4. Mrs. Chumnian Chokwathana	62,853	0.42
5. Mr. Phiphob Chokwathana	355,882	2.38
6. Ms. Worawan Chokewathana	390,968	2.61
7. Ms. Worawong Chokwathana	340,000	2.27
<b>Total</b>	<b>9,311,373</b>	<b>62.28</b>

**Cross Shareholding**

The company has cross shareholding structures between them, but the cross-shareholding has no manner of contrary to the rules of Notification of the Capital Market Supervisory Board No. Tor Jor. 28/2008 "Application for and Approval of Offer for Sale of Newly Issued Shares" Article 14.

**Cross Shareholding as of 30<sup>st</sup> December 2016**

<b>Company Names</b>	<b>Shareholding Raito (%)</b>	
	<b>Company holding other company's shares</b>	<b>Company holding other company's shares</b>
<b>1. Holding shares more than 50%</b> 1. The other company holding the companys share >50% The company must not have cross shareholding. 2. The company holding other companys share >50% That company must not have cross shareholding 3. The company holding others company's share >50%	- - -	- - -
<b>2. Holding share more than 25% but not over 50%</b> (1) Other company holding share of the company more than 25% but not over 50% must not have cross shareholding over 10% - Boonwattanachoke Co.,Ltd. (2) The company holding the other company's shares more than 25% but not over 50%. The other company must not have cross shareholding over 10%.	- -	35.04 -

3. Holding share less than 25%	-	-
(1) The other company holding shares of the company not over 25%, the company must not holding share in other company over 25%.	-	-
(2) The company holding other company's shares not over 25%. The other company must not have cross shareholding over 25%.		
1. New Plus Knitting Co.,Ltd.	14.79	-
2. Seree Control Co.,Ltd.	-	5.44
3. Sahapathanapibul Public Co.,Ltd.	0.55	0.45
4. Sahapattana Interholding Public Co.,Ltd.	0.07	15.50
5. Chokewattana Co.,Ltd.	-	1.99
6. Saipin Wattana.. Co.,Ltd.	-	0.07

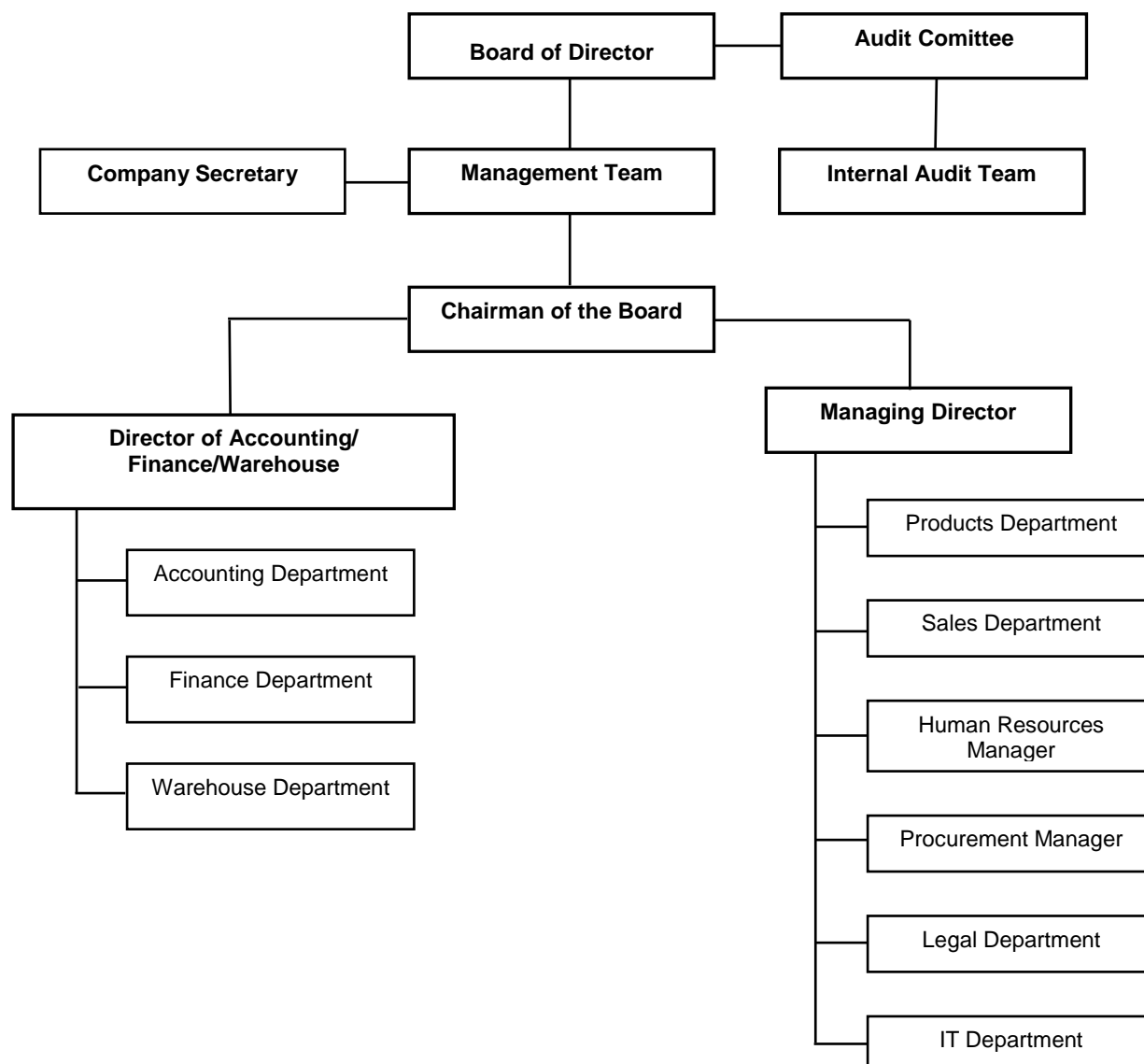
### **Dividend Payment Policy**

The Company's dividend payment policy is to pay the dividend at the total of not over 50% of net profit of the verified annual financial statements (company's financial statement). The final payment will be made after it has been approved from the annual ordinary shareholders meeting only.

### **Dividend Payment Details**

<b>Description</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Number of Shares (share)	14,951,000	14,951,000	14,951,000	14,951,000	14,951,000
Par Value (Baht)	10	10	10	10	10
Dividend per share (Baht)	0.20	0.40	0.45	0.75	0.75
Total Amount (Baht)	2,990,200	5,980,400	6,727,950	11,213,250	11,213,250
Net earnings allocated (Baht)	11,152,800	27,945,338	29,750,843	52,118,456	54,720,026
Ratio of net profit (%)	26.81	21.40	22.61	21.51	20.49

### Organisation Structure



### Management Structure

The company management structure consists of the Board of Directors, Management Team and the Audit Committee, dividing into following operations.

1. Operating Management Team, consist of Department Manager and Deputy Department Manager and Head of Departments
2. Internal Audit Control consist of Secretary to the Audit Committee and Internal Audit Team

The scope of work for each department was indicated in written charter, dividing into operational authorities and responsibilities. These were approved by the Board of Directors Meeting No. 8/2008, dated 10<sup>th</sup> November 2008 by having the secretary to act upon the regulations and as assigned by the Board of Directors.

**Changes in Shareholdings of directors and company executives during the year 2016**

Name-Surname	Position	No. of shares	Increase (Decrease)	total	Percent
1. Mr. Boonpakorn Chokwathana	Chairman of the Board	604,492	-	604,492	4.04
2. Mrs. Chumnian Chokewathana	Deputy Chairman/Director/Consultant	62,853	-	62,853	0.42
3. Mr. Phiphob Chokwathana	Deputy Chairman/Managing Director	345,882	10,000.	355,882	2.38
4. Ms. Worawan Chokewathana	Director	380,968	10,000.	390,968	2.62
5. Mrs. Duangdao Rattanasopitkul	Director	654	-	654	0.004
6. Ms. Pathaya Ketsatian	Director	36	-	36	0.0002
7. Ms. Jurai-orn Simalawong	Director/Consultant	218	-	218	0.0014
8. Ms. Sam-ang Jantarima	Director/Secretary to Audit Committee	200	-	200	0.001
9. Mr. Pisit Metapakornpong	Chairman of the Audit Committee	-	-	-	-
10. Mr. Sooksan Fuengrit	Audit Committee member	-	-	-	-
11. Ms. Waraporn Phekanant	Audit Committee member	5,000	-	5,000	0.03
12. Dr. Kaweepongse Hirunkasi	Independent Director	-	-	-	-

Note :The total number of shares of spouses and minor children (if any).

: Person No. 1. and 2. Spouses.

**Board of Directors**

The Board of Directors consists of 12 Directors, 6 of them are members of the Management Team, 2 are non-Management Team members, and 4 independent Directors as per following details.

Names	Position	Board of Directors Meetings	
		Number of Meetings held	Number of Meetings Attended
1. Mr. Boonpakorn Chokwathana	Chairman and President	5	5
2. Mrs. Chumnian Chokwathana	Deputy Chairman and Director	5	5
3. Mr. Phiphob Chokwathana	Deputy Chairman and Managing Director	5	5
4. Mrs. Duangdao Rattanasopitkul	Director	5	5
5. Ms. Pathaya Katesathian	Director	5	5
6. Ms. Jurai-orn Simalawongse	Director	5	5
7. Ms. Worawan Chokewathana	Director	5	5
8. Mr. Pisit Metapakornpong	Chairman to Audit Committee and Independent Director	5	5
9. Mr. Sooksan Fuengrit	Audit Committee member and Independent Director	5	5
10. Ms. Waraporn Phekanant	Audit Committee member and Independent Director	5	5
11. Mr. Kaweepongse Hirunkasi	Independent Director	5	5
12. Ms. Sum-ang Jantarima	Director/Secretary to Audit Committee/Secretary to the Board of Directors	5	5

**Note:** Director No. 4 has changed the family name from Mrs. Duangdao Anantraringkarn to be Mrs. Duangdao Rattanasopitkul.

: Director No. 8 has changed his name from Mr. Somchai Karnjanapisarn to be Mr. Phisit Methapakornpong



**Authorised signatories** - 2 Directors signed with company stamp affix.

The names of Directors, two of the seven who can co-sign are as follows.

- |                               |                               |                                  |
|-------------------------------|-------------------------------|----------------------------------|
| 1. Mr. Boonpakorn Chokwathana | 2. Mr. Phiphob Chokwathana    | 3. Mrs. Duangdao Rattanasopitkul |
| 4. Ms. Pathaya Katesathian    | 5. Ms. Jurai-orn Simalawongse | 6. Ms. Sum-ang Jantarima         |
| 7. Ms. Worawan Chokewathana   |                               |                                  |

**Authority**

1. To appoint, remove, transfer, evaluate and determine compensation and welfare of employees of different levels.
2. Approved for the loan to a company that has a business relationship with the company as shareholders or companies with businesses trade with each other. Or other company In the amount of excess power to the Management Team.
3. Approve the guarantee for the loan to affiliate companies which have shareholding relationship with the company or other company in the amount that exceed the authority of the Management Team.
4. Approve for participate in legal acts which are non-financial related under the amount exceeding authorisation of the Management Team.
5. Approve for investment, sell of Investments in ordinary shares and / or other securities for the amount that exceed the authority of the Management Team.
6. Approve for the procurement and invest in fix assets under the amount exceeding the authority of the Management Team.
7. To approve modification, destruction and disposal of fixed assets and intangible assets which are no longer in use, damaged, lost, destroyed, deteriorated and out of date, for the amount exceeding the authority of the Management Team.
8. To approve modification, change of price and destruction of raw materials and/or remaining inventories which are deteriorated or out of date, which are of the amount greater than the authority of the Management Team.
9. To approve compromise or settlement of dispute by arbitration, complaint, filing of lawsuits and/or any legal proceeding on behalf of the company on matters which are not/or normal business course with an amount exceeding the authority of the Executive Board.
10. To propose to shareholders an increase or a decrease of capital, a change of share value; modification of articles of association, regulations and/or objectives of the company.
11. To approve incorporation, merger or dissolution of subsidiaries.
12. To authorize the management, managerial employees of the company, or any other individual to act on their behalf under the company's board of directors policy.
13. To invite members of the management, executives, or relevant employees to provide explanations, opinions or documents as required.
14. To consult with specialists or company consultants (if any) or hire third-party consultants or specialists if necessary at the expense of the company.
15. To appoint and remove a company secretary.

**Duties and Responsibilities**

1. Set the strategy, target and policy for of the company.
2. To approve plans and annual budgets, as well as to supervise the performance of the management in order to ensure effectiveness and compliance with the laws and established policies and plans.
3. To encourage the development of the policy of corporate governance, ethics and business code of ethics in written in order for company directors, executives and employees to observe as guideline in the conduct of the business
4. To arrange for a sufficient internal control system in order to ensure that transactions are approved by authorized individuals, reviewed and well recorded; and, to implement systems preventing inappropriate use of company assets
5. Transactions with possible conflict of interests must be carefully reviewed, with a definite guideline to ensure the interests of the company and the shareholders. Individuals with interests may not be involved in the decision-making process. They must observe the requirements on the proper procedure and disclosure of transactions with possible conflict of interests.
6. To approve the reviewed and/or audited financial reports, which have been approved by the Audit Committee

7. To be equally responsible to all shareholders, and to correctly disclose information to shareholders and investors transparently.
8. To acknowledge business management reports from the Management Team.
9. Define dividend payment stating date, time, venue and agenda for the Shareholders Meeting as well as the Board of Directors' opinion on the proposed agenda to the Shareholders, including setting the date for Shareholders who are entitled to attend and to vote, together with the closing date for collecting shareholders' right to receive dividend payment.
10. To prepare the report called "Report on the Company Board of Directors' Responsibilities for Financial Statements" and disclose it in the annual report of the company (Template 56-2) and the annual disclosure template (Template 56-1)
11. To follow up on documents to be submitted to relevant regulatory agencies, in order to ensure that the statements or the items are correct as per the data appearing in the account documents, the registration or any other document of the company and to approve the charter of the Board of Directors and/or other committees
12. To engage in any other action, which is beyond the authority of the Management Team, or which the Board of Directors deems appropriate

The company has described the transactions which the Directors may have conflict with the company's interests. Such transaction which may benefit to the Directors, then they are not allowed to vote for.

The following acts need to be approved by the Board of Directors and shareholder's meeting, with the total vote of not less than 3 out of 4 (3/4) from all attendants who have the right to vote.

- An increase/decrease of capital, issuing bonds, merging or dissolution of the Company
- An amendment to the Memorandum or Articles of Association
- Sale or transfer of the company ownership, wholly or partially
- Buying or take over other company or private company
- Doing, verifying or terminating the contract regarding letting to the other company (wholly for partial), assigning personnel to acting on company behalf or merging the business for the profit/loss sharing purpose.

### **Tenure Period**

At each annual ordinary meeting, at ratio of 1 out of 3 Directors will resign from the position. If the numbers of Directors cannot divided into actual number of 3 portions, the nearest numbers to 1 portion out of 3 portions Directors will be released from the position. The released Directors may be appointed to the position again for another term.

### **Integration or Segregation**

Chairman of the Board of Directors as an independent consultant and a separation of duties in the administration are independent of each other and balance each other. The Chairman of the Company has performed the role of leadership and control of the Board of Directors to ensure efficiency and effectiveness, encourage all Directors and Managers to involve in the meeting, helping and supervising the business operations of the Management Team, but will not intervene or routine business of the management. Besides, also defines the scope of authority of each committee and the management can clearly be checked to ensure transparency in management.

### **Board of Directors Meeting**

The Board of Directors recognizes the importance of meeting attendance and treats as the responsibilities to endorse and contribute in decision making for the company operations. The company has set the 2 types of meeting; one is to meet every quarterly to review the budget, and other type of meeting in the critical subject and urgent matters. The Secretary the Board of Directors will send meeting invitation together with the agenda, as well as the minutes of previous meeting to the Board of Directors to acknowledge beforehand in accordance the law and regulations. The Directors may raise the addition agenda at the meeting and can express their views openly. The Secretary to the Board of Directors will prepare the minutes of meeting and file the minutes that were approved by the Board of Directors at the place where the Board of Directors and related persons can audit on required basis.

At the review and consideration of any agenda, the President who act as Chairman of the meeting will give opportunity to Directors and Managers to express their opinion freely.

In all Board of Directors Meeting, the executives will attend to clarify the information as directly related to the problem, and all Directors can request for additional information from the President or Secretary to the Board of Directors in all matters.

After the meeting, Secretary to the Board is responsible for preparing the minutes and submit the the President for review and approve with signature. The Board of Directors Meeting to endorse the first agenda of the next meeting. The Directors can express their view to adjust/add the information in the minutes as to ensure the most accuracy.

The approved minutes of meeting will be filed at the company's office and stored in electronic format together with agendas for each meeting, in order to facilitate the search reference.

#### **Directors Self-Assessment**

In 2016, company 12 directors has self-assessed using the assessment form provided by the Secretary of the Company in accordance with the principles of good corporate governance and responsibilities of the Board of Directors, including annual measurement and evaluation carried out at the end of December. The results will be summarized and submitted to the Committee Meeting in the following year. For self-assessment of the Board of Directors for the year 2016, the result has been presented at the Board of Directors Meeting No. 1/2017 on the February 24, 2017 and the resulted has been forwarded the Company Secretary for reference/filing.

Summary of self-assessment results by all 12 members of the committee for the year 2016 are as follows.

<b>Assessment topics</b>	<b>Full Scores</b>	<b>Scored Received (Average)</b>	<b>%</b>
1. Structure and qualifications of the director	52	50	96.15
2. Role and responsibilities of the Board of Directors	80	75	93.75
3. Board of Directors Meeting	36	35	97.22
4. Duties of directors	28	27	96.43
5. A relationship with the management	20	19	95.00
6. Development of directors and executive development.	24	23	95.83
<b>Total</b>	<b>240</b>	<b>229</b>	<b>95.42</b>

## MANAGEMENT TEAM

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The Management Team has the responsibility to management of the business operations as per assigned by the Board of Directors, acting as staff and employee of the company, total of 8 persons as per follow.

Names	Position
1. Boonpakorn Chokwatha	President and Chairman of the Board
2. Mr. Phiphob Chokwatha	Vice President and Managing Director
3. Ms. Worawan Chokwatha	Assistant to Vice President and Director of Accounting/Finance and Warehouse
4. Mrs. Duangdao Anansaringkarn	Products and Advertising Manager
5. Ms. Ms. Pathaya Katesathian	Cosmetics Sales Manager
6. Ms. Sum-ang Chantarima	Accounting Manager
7. Ms. Sujitra Karnjananant	Human Resources Manager
8. Mr.Adul Srimadee	Legal Manager

### Authority

1. To appoint, remove, transfer, evaluate and determine compensation and welfare of employees at different levels
2. To appoint and remove any other working committee to carry out actions necessary for the management of the company.
3. Set the working policy and can assign the Director and/or staff at management level to be authorized for disbursement of the company assets.
4. Approve the loan to shareholding or alliance affiliate companies or other companies for the total amount not exceeding 20 Million Baht.
5. Approve the loan guarantee to shareholding or alliance affiliate companies or other companies for the total amount not exceeding 20 Million Baht.
6. To approve engagement in non-financial juristic actions, for total amount not exceeding 20 Million Baht/per action
7. To approve investment, sale of investment capital in ordinary shares and/or any other securities, for the total amount not exceeding 20 Million Baht.
8. To approve sourcing and investment in fixed assets, in total amount not exceeding 20 Million Baht per case.
9. To approve modification, destruction and disposal of fixed assets and intangible assets which are no longer in use, damaged, lost, destroyed, deteriorated and out of date, provided that the book value does not exceed 10 Million Baht per case.
10. Approve the price adjustment for the conditioning destroy of the raw materials and/or deteriorate, obsolete inventories which will make the accounting value reduced to the actual figure.
11. To approve compromise or settlement of dispute by arbitration, complaint, filing of lawsuits and/or any legal proceeding on behalf of the company on matters which are not normal business course, provided that the amount does not exceed 20 Million Baht. In such case of a normal business course, the amount must not exceed 20 Million Baht.
12. To authorize the management level staff of the company or other individual personnel to act on their behalf.

13. Have authorization to invite relevant company staff to attend the meeting to provide the explanation or documents as per necessary on required basis.
14. To consult with specialists or company consultants (if any) or hire third-party consultants or specialists if necessary at the expense of the company.
15. To stipulate any other regulations as deemed appropriate.

#### **Duties and Responsibilities**

1. To propose goals, policies, operational plans and annual budgets to the Board of Directors.
2. Responsible for the company business management to meet the target goal and policy of the company.
3. Responsible for strengthen the competitiveness of the company and promote the new innovative continuously.
4. Responsible for the operations to be in accordance with the company policy, objectives and regulations set by the Shareholders Meeting, resolution of the Board of the Directors Meeting, as well as related regulations.
5. The Management Team may distribute the responsibilities among themselves providing that the results of each individual's performance must be reported to the management meeting.
6. Responsible for preparing the financial report for the auditor to audit and/or review before presenting to the auditor committee and the Board of Directors respectively.
7. To review any agenda prior submitting to the Board of Directors for approval.
8. Develop and revise the charter of the Management Team prior submitting the Board of Directors for approval.
9. To engage in any other action as assigned by the Board of Directors.

#### **Authority and Responsibilities of Managing Director**

The Board of Directors will appoint the Managing Director who has authority and responsibility as follows.

1. Has authority in company operations management to be in accordance with the company's objectives, regulations, and resolutions of the shareholders' meeting, resolutions of the Board of Directors' meeting, resolutions of the Management Team as well as related regulations.
2. To authorize any necessary and appropriate action to accomplish the deeds under Item 1, and, in the case of any significant matter, the Managing Director needs to report and/or notify the Board of Directors.
3. Has authority to hire, appoint, remove, transfer, reward, issue disciplinary measures against, or issue compensation and welfare for employees, provided that such actions do not conflict with the authority of the Board of Directors.
4. Has authority to issue the company operating regulations which the regulations must not contradict with the policy, regulations, discipline and command of the Board of Directors and/or the Management Team.
5. To source and invest in permanent assets with the total amount not exceeding 10 Million Baht per case.
6. To authorize the company's investment and to sell investment in ordinary shares and/or assets of other companies provided the amount is not exceeding 10 Million Baht per case.
7. To authorize the company's engagement in juristic acts involving non-financial transactions of the amount not exceeding 10 Million Baht per case.
8. To report any proceeding under Items 5, 6 and 7 to the Board of Directors and/or the Management Team as appropriate at the next meeting.
9. To authorize and/or assign another individual or other individuals to perform certain tasks on behalf of the Managing Director.
10. The above authority of the Managing Director cannot be exercised in the case where the Managing Director is a stakeholder or has a conflict of interests in any manner with the company.
11. In case that there is a doubt or an uncertainty regarding the exercise of any of the above authority, the issue must be presented to the Board of Directors for their consideration.

12. To engage in any other action as assigned by the Board of Directors and/or the Management Team.

### **Company Secretary**

Board of Directors has appointed Mr. Adul Srimadee to be the Company Secretary to replace the one who resigned, with effective date of 21<sup>st</sup> February 2014 with the duties and responsibilities as specified in Section 89/5 and Section 89/16 of the Securities and Exchange Commission (No. 4) Act 2008 which came into enforcement on 31<sup>st</sup> August 2008 with responsibility, caution and honesty, as well as the requirement to comply with regulations, objectives, Company's policy by the Board resolutions and resolutions of the shareholders' meeting. The qualifications of the person who held position of Company Secretary are shown in in Appendix 1.

The legal duties of the Company are as follows.

1. Prepare and maintain the following documents.
  - Directors Registrations
  - Issue Meeting Invitations of the Board of Directors, minutes of meetings for the Board of Directors meetings and Company annual reports.
  - Issue Meeting Invitations of shareholders' meetings and minutes of meeting for shareholders' meetings.
2. Keeping the reports of interest filed by directors or management and a report on conflicts of interest under Section 89/14, the Chairman of the Board and Chairman of the Audit Committee within 7 days from the date we receive the report.
3. Perform other duties as prescribed by the Capital Market Supervisory Board.
4. Liaise with regulatory agencies such as the Office of the Exchange and maintaining disclosure of information to regulatory agencies and should be specified by law
5. Perform any other duties assigned by the Board of Directors to ensure the Company operations are in accordance in accordance with the standards of good governance

### **Audit Committee**

Audit Committee consists of the 3 company's independent directors, by Mr. Pisit Metapakornpong as personnel with sufficient knowledge and experience to ensure the credibility of the company financial statement.

- |                             |  |
|-----------------------------|--|
| 1. Mr. Pisit Metapakornpong | Independent Director and Chairman to the Audit Committee |
| 2. Mr. Sooksan Fuengrit     | Independent Director and Audit Committee member          |
| 3. Ms. Waraporn Pekanant    | Independent Director and Audit Committee member          |

### **Authority**

1. Coordination to ensure the unique understanding of all parties between Auditors, The Board of Directors and Internal Audit Team.
2. Has authority to invite the Management Team, or related company staff to explain, express the opinion, attend the meeting or delivery the documents as appropriate, including has access to all level of organisation's information.
3. Has authority to audit related personnel and related topics under the authority and responsibility of the Audit Committee.
4. To consult with specialists or company consultants (if any), or hire third-party consultants or specialists, if necessary, at the expense of the company
5. Has authority to agree for consideration to appoint, transfer, terminate head of internal audit team or other department who is responsible for internal auditing.

### **Duties and Responsibilities**

1. To check and ensure that the company has the accurate and sufficient financial statements.



2. To check and ensure that the company has the suitable and effective internal control and internal audit system and consider for the freedom of internal audit team, including agreement for appoint, transfer, terminate any internal audit team or other department who is responsible for internal auditing.
3. To check and ensure that the company is complying with the law and regulations regarding the securities and stock exchange market under the Stock Exchange of Thailand and related business operating regulations.
4. Considering the selection of the independent personnel to take care of company accounting audit, and propose the benefits for such personnel and also attend the auditors meeting without the Management Team attendance, at least once a year.
5. Considering the related transactions or the transactions which may have contradiction with the benefits and in accordance with the law and regulations of the Stock Exchange of Thailand and to ensure that all transactions are appropriate and to the maximum benefits of the company.
6. To prepare the report of the Audit Committee for disclosure in the annual report of the company. The report must be signed by the Chairman of Audit Committee and contains the following information as a minimum:
  - a) The opinion on accuracy, completeness and credibility of the company's financial reports.
  - b) The opinion on sufficiency of the company's internal control system.
  - c) The opinion on compliance with the laws on securities and stock exchange, Stock Exchange of Thailand regulations and laws relating to the company's business.
  - d) The opinion on suitability of the auditors.
  - e) The opinion on transactions with possible conflict of interests.
  - f) The number of Audit Committee meetings and attendance of each member.
  - g) Overall opinion and observation that the auditors committee recorded from performing in accordance with charter.
  - h) Other matters which the Audit Committee believes that shareholders and investors should be aware of that are within the extent of duties and responsibilities assigned by the Board of Directors
7. In the case where the Audit Committee finds or suspects any of the following matters, which may have significant effect on the financial status and the operations of the company, the Audit Committee must report to the Board of Directors for suitable remedy within a timeframe deemed appropriate by the Audit Committee:
  - a) Transactions with conflict of interests
  - b) Fraud, irregularity or significant defect of the internal control system
  - c) Breaching the laws regarding securities and Stock Exchange as per Regulations of Stock Exchange of Thailand or related business laws.

In the case where the Board of Directors or the responsible executives do not remedy the matter within the timeframe specified by the Audit Committee, a member of the Audit Committee may report such transaction or action to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.
8. Support and follow up to ensure that the company to have an efficient risk management system.
9. Update and revise charter of the Audit Committee and submit the Board of Directors for approval.
10. To engage in any other action as assigned by the Board of Directors at the agreement of the Audit Committee under the authority of company regulations and the laws

## **Position Tenure**

The auditor will be in the position for each period for 3 years from date of position validation date. At the end of assignment, if the Board of Directors has not yet appoint the new set of auditor committee members, the expired auditor committee must carry out the duties until the new committee is appointed. The new auditor committee must be appointed within 2 months after expired date of the previous committee. The previous auditors may be re-appointed as the new auditor committee members.

## **Independent Director's Qualifications**

Definition of "Independent Director" is the person who has complete qualifications and is independent in accordance with regulations of Stock Exchange of Thailand and Securities Exchange Commission.

Qualification of the company's Director as per regulations of the Stock Exchange of Thailand and Securities Exchange Commission are as follow.

1. Holding the shares not more than 1% of the total shares that are entitled for all votes of the company, main company, subsidiary company, or juristic person who might be contradiction. This shareholding includes the shareholding of the person related to that independent shareholder.
2. Not being or never be the Director who take part with the employee's management, staff, permanent consultant, or has authority to control the company, main company, subsidiary company, associated company at the same level or juristic person who has contradiction, except that the person has be obsoleted from being the said person for the period of not less than 2 year before the date of being appointed as Independent Director.
3. Do not have lineage relationship or registered by the law as father, mother, spouse, relatives and children, including the spouse and children of the major shareholders, person who has authority to control or person who will be proposed to be the executive or person who has authority to control the company or subsidiary company.
4. Not have and never have business relationship with the company, main company, subsidiary company, associated company or juristic person who may be contradict in the way that might block the director from expressing the opinion independently. Not being and never be and major shareholder , director which not independent director or executive of the business related company, main company, subsidiary company, associated company or juristic person who might be contradict, except that the person has be obsoleted from the above position for at least 2 year on the date of being appoint as the independent director. The relationship as per the first paragraph including the normal business transaction for the rental business or let of the estates, transaction related to assets or services or providing or receiving the financial assistance by receiving or giving loan, guarantee, giving assets to guarantee the liability, including any other similar habit which will result in the contract party to have liabilities to pay off to other party. The total value is from 3% of assets of the tangible of the requesting person or from 20 Million Baht up, whichever is lower. Liability calculation will use the value calculation of the transaction which is related to each other as per the notice of the Committee of Stock Exchange of Thailand regarding the disclosure of information and follow the regulations of registered company in the allowed transaction. In considering the liability burden, will include the liability that occurred during 1 year before the person has the business relationship with the same person.
5. Not being or never be the company's auditor, main company, subsidiary company, associated company or juristic person which might be contradict and not being the major shareholders of the company. The director who is not independent director, executives or executive partner of the office of auditor which has the company's auditor, main company, subsidiary company, associated company or juristic person, except that the person has been obsoleted from such position or relationship for at least 2 years from the date of being appointed as independent director.
6. Not being or never be the person who providing any professional services, including being legal consultant or financial consultant who earns the income from service providing at the amount of more than 2 Million Baht per annum from the company, main company, subsidiary company, associated company or juristic person which may be contradict. In this case the professional services provider or juristic person include being major shareholder, director who is not independent director, executives or executive partner of the professional services provider, except that the person has been obsoleted from holding the above position for at least 2 years from the date of being appointed as independent director.
7. Not being the director who is appointed as an agent of the company director of the company's major shareholder or shareholder who is related person to the company's major shareholder.

8. Do not have any other characteristics which preventing the directors from expressing the opinion independently regarding the company operations. After being appointed as independent director which will be in accordance with paragraph 1 to 8, the independent director may be assigned from the Board of Directors to make decision with regards to the business operations of the company, main company, subsidiary company, associated company or juristic company which may have contradict by making decision using the collection decision type.

#### **Principles of Independent Director Selection and recruitment process**

Recruitment Committee considering the selection of independent director based on principles and qualifications stated by the Stock Exchange of Thailand and Securities Exchange Commission to propose to the company's Board of Directors and Shareholders' Meeting.

#### **Secretary to the Board of Directors**

The company has assigned Ms. Sam-ang Jantarima – Director and Manager of Finance and Accounting and IT who has qualifications and experiences and suitable to take care and responsible for being the secretary to the Board of Directors of the company to ensure that the operations went efficiently as per the good corporate governance.

Secretary to the Board of Directors has the following duties and responsibilities.

1. Provide initial recommendations to the Board on legal matters, Rules and regulations of the Company and to ensure compliance with accuracy and consistency, including the significant changes to the Board.
2. Liaison between Board of Directors, Management Team, overseeing and coordinate with regard to the law, related regulations and follow up that all follow the resolution of the Board of Directors.
3. Arrange the Shareholders' Meeting and Board of Directors' Meeting to be in accordance with the law, company's regulations and other related policy.
4. Record the minutes of Shareholders' Meeting and Board of Directors' Meeting, and follow up the actions from resolutions of the Shareholder's Meeting and Board of Directors' Meeting.
5. Overseeing to ensure that there is disclosure of information and report the related information as per regulations and policy of the Stock Exchange of Thailand and Securities Exchange Commission.
6. Communicate with the general shareholders to ensure that they receive all information and aware of any rights and company information.

#### **Sub Management Team**

To give shareholders confidence in the operations of company and that the company operates the business transparently by having the moderator to review and make recommendations carefully.

The Board of Directors has appointed various sub management team to do the check and report to the current Board of Directors. This sub management team consists of the Board of Directors and the Audit Committee. The scope of authority and responsibilities of each committee are set independently to assist in the governance of the company.

#### **The top management**

The Company's principal in operating executives' successor replaces commander of all units to be retired, and all executives who cannot perform the duties. The Executive Committee has monitored and evaluated the performance of the persons to be promoted to the Executive level on the basis of the following considerations.

1. Select the qualified candidate under the criteria set by the group who was was developed to replace the jobs.
2. Analyze the individually qualification to find out strength and weakness of the person that need to develop further to suit the work placements.
3. Prepare Individual Development Plan to promote the development and empowerment of people who deserve to be selected for the preparation of replacement jobs.
4. Provide leadership to manage the Company to reach strategic goals.
5. Persons who have honesty, justice, moral and ethics, and not being prohibited by law.
6. The persons with visionary, knowledgeable, experienced and understand the business of the Company as well to enable to advise the solutions and the management of the Company efficiently.
7. A person who has gained the respect and confidence of faith from directors and employees, including persons in the business community and the public.

## **Nomination of Directors**

The selection or appointment of a director of the Company is not done through the recruitment process. The company has established guidelines for the appointment of a new Board of Directors to act as the Nominating Committee and the selection of persons to be appointed as a director, by considering the person who has business related knowledge and experience. However, appointment of the new directors will be approved at the meeting of the Board of Directors.

In addition, the nomination of the directors will need to be approved by the shareholder's meeting as per following details.

1. Shareholders have one vote per one share, one vote.
2. Each shareholder must use all his votes in (1) to elect one or many persons to be Directors, but shall not distribute the votes to one more than another.
3. The persons receiving the highest number of votes shall be elected to serve as Directors up to the number of Directors to be elected at the Shareholders' General Meeting. In the case of a persons who has been elected in descending order with an equality of votes exceeded the number of Directors to be elected the Shareholders' General Meeting, the Chairman will have additional casting vote.

In each Annual General Meeting, one-third (1/3) of the directors will resign from the directors. If the number of directors cannot be divided into 3 groups, nearest number to one-third (1/3) ratio will be used.

Directors who will resign in the first and second years after the company registration will be in charge to draw out the names of the directors who will be resigning in the following year. For the years later, the directors who are in the position for longest period will be requested to resign. The resigned directors may be re-elected back to the position again in the future.

In the case of a director becomes vacant other than retirement by rotation. The Committee shall select persons who are qualified and not prohibited by law to fill the vacant position in the next Board of Directors meeting, unless the agenda of the Board is less than two (2) months period, then the replaced director will be in the position for only for the remaining term of the director he represents.

Ratio of Directors who represent shareholders

- None -

## **Director and Executive Remuneration**

Remuneration Committee has set the appropriate remuneration and submits to the Board of Directors for consideration and present to shareholders for approval of such remuneration. The General Meeting of Shareholders No. 48 for the year 2016 on April 26, 2016 has approved the remuneration at the amount of not exceeding 3 million Baht per year and assigned the Remuneration Committee to review and allocate.

Executive compensation is based on the principles and policies of the Remuneration Committee to determine from the performance of each individual executive and pay as per below details.

1. Acting Director
  - Meeting Allowance. To serve as Chairman of 5,000 Baht/time and Company directors 3,000 Baht/person/time.
  - Annual Remuneration is paid to all the Directors and the remuneration paid to the Board within the limits approved budget and authorized by the shareholders' meeting. The directors who perform duties as the Board of Directors and Management Team as well as Sub Management members will not be entitled for this allowance apart from usual salary.
2. Acting Audit Committee
  - Meeting Allowance. The allowance will be paid the Chairman of the Audit Committee at 4,000Baht/time and each Audit committee member at 3,000 Baht /time.
  - The remuneration of the Chairman of the Audit Committee 110,000 Baht/annum, and the Audit Committee 90,000 Baht / annum, as from the Annual General Meeting of shareholders and until changed by the compensation paid may not exceed the amount approved Shareholder's General Meeting.

## Remuneration of Directors

Compensation in cash for year 2016 (the limit allocate of 3 Million Baht per year).

(a) Compensation Paid to 12 Directors and a Company Secretary, totaling 13 members, comprise of the remuneration and allowances as follows.

List of Directors	Position	Director's Bonus/Allowance (Baht)				Total
		Board of Directors		The Audit Committee		
		Director's Bonus	Meeting Allowance	Auditor's Bonus	Meeting Allowance	
1. Mr. Boonpakorn Chokwathana	Chairman of the Board	770,000	25,000			795,000
2. Mrs. Chumnian Chokewathana	Deputy Chairman/Director/Consultant	210,000	15,000			225,000
3. Mr. Phiphob Chokwathana	Deputy Chairman/Managing Director	465,000	15,000			480,000
4. Ms. Worawan Chokewathana	Director/Consultant	190,000	15,000			205,000
5. Mrs. Duangdao Rattanasopitkul	Director	120,000	15,000			135,000
6. Ms. Pathaya Ketsatian	Director	90,000	15,000			105,000
7. Ms. Jurai-orn Simalawong	Director/Consultant	90,000	15,000			105,000
8. Ms. Sam-ang Jantarima	Director/Secretary to Audit Committee	170,000	15,000	90,000	15,000	290,000
9. Mr. Pisit Metapakornpong	Chairman of the Audit Committee		15,000	110,000	20,000	145,000
10. Mr. Sooksan Fuengrit	Audit Committee member		15,000	90,000	15,000	120,000
11. Ms. Waraorn Phekanant	Audit Committee member		15,000	90,000	15,000	120,000
12. Dr. Kaweepongse Hirunkasi	Independent Director		15,000	90,000		105,000
13. Mr. Abdul Srimadee	Company Secretary	60,000	15,000			75,000
Total		2,165,000	205,000	470,000	65,000	2,905,000
The amount allocated proportion						96.83%

### (b) Executive compensation

Companies paid executives on the basis of the results of Company operations and the performance of each executive in 2016. The Company to pay compensation to executives and 10 operating executives and 2 consultant, by paying by salaries, bonuses in the amount of 16.27 Million Baht and retirement funds at the amount of 0.269 Million Baht.

### (c) Other compensation

- Other remuneration of directors - without any special privileges and benefits
- Other compensation of executives - without any special privileges and benefits

### Development of Directors and Executives

The company encourages all Directors and Executives to develop their knowledge by giving opportunity for all to attend the seminars which will benefit to the management of the Directors. Such seminars include Director Accreditation Program (DAP) and Director Certification Program (DCP).

In the year 2016, Miss Worawan Chokewatthana, Director, attended the Director Accreditation Program (DAP) held by the Thai Institute of Directors.

### Internal Information Management

There is policy that all directors are responsible for reporting the change of assets' ownership of the company to the Securities and Exchange Commission under Section 59 of the Securities and Exchange Commission Act.

There is regulations to prevent the misuse of the company internal information by the Directors, Managers and all staff which is published internally, this regulations covers the spouse and children who do not become sui juris of the said persons. This is to prevent usage of company's internal information person's own benefits including trading all

company's assets, especially during the period of 1 month prior to the release of company's financial statement to public by stating clearly in the staff's Code of Conduct.

In year 2015, there is report on stake holding of the Directors and Managers or related person for the benefit on taking care of stake holding of such persons under the rules and regulations of the Board of Directors to be in accordance with the good government of the company under the new Stock Exchange's Royal Decree. The formal policy to preventing misuse of company's internal information is in written and was distributed to all personnel in the organisation to act upon and this is monitored on regular basis.

There is policy in considering the approval of the related transaction, there is disclosure of stake holding of the Directors, Managers and related person, value of transactions, view of independent Directors and related information for the decision of the Directors/ Shareholders for the company's benefits as a whole.

There is policy preventing the Directors/Shareholders who is stakeholders or related person on company's decision making with such stake holding. The person who is stake holder is not allowed to attend the meeting to make decision on such related agenda to prevent using of internal information for own benefit. All Directors/Shareholders must inform the Stock Exchange on the shareholding change and change on directorship of any companies. Besides, the Company also has a policy on disclosure of critical information to be disclosed only by the persons involved and need to use such information only. However, such information will be disclosed to all Managers together with releasing the information to public.

### **Personnel**

As of 2015 year end, there was 566 staff, divided into categories as follow.

<b>Departments</b>	<b>Number of Staff (person)</b>
Management	17 คน
Sales and marketing	426 คน
Accounting - Finance	38 คน
Warehouse	64 คน
Office	18 คน
Total	563 คน

### **Employee compensation by category is as follows**

	Amount (in thousand Baht)
Salary and bonus	105,944
Director's Bonus	2,905
Overtime and allowances	12,004
Sales Commissioning	6,834
Sales Rewards	5,317
Social Security Fund	4,097
Travel Allowance	4,220
Welfare Allowance	1,125
Uniform	127
Staff Welfare Cost	1,458
Vehicles Cost	3,848
Meetings and Membership Cost	118
Training and Seminar Cost	113
Total	148,110

### **Staff Development Policy**

New City (Bangkok) Public Co., Ltd. has policy to develop staff at all levels to enable staff to have skills and experience as per requirements of the company. Then the staff will bring success to the company steadily. All staff development will be in accordance with requirements of each function for both offices and stores staff, importantly all training can be evaluated and drastically improved.

There is evaluation process on all training, both before and after the sessions. If found that the training is not effective, there will be improved and repeated, especially for those services and products trainings. Other trainings course will be evaluated based on the effectiveness; especially the seminars will be based on each group's requirements. Besides, providing training, the company provides assistance to the staff as follows.

### **Staff Welfare**

- Annual bonuses.
- Retirement Pension
- Group Accident Insurance
- Staff Uniform
- Accident Allowance
- Dead Pension
- Spouse and parent death pension
- Other allowances, such as marriage, childbirth, etc.
- Purchase company products in welfare's prices

### **Health and welfare Services**

- Promote traditional activities such as give food offerings to a Buddhist monk, watering merit wishes to executives, etc.
- Promote health knowledge
- Promote and encourage employee to exercise
- Outdoors Seminars

In late 2016, the Company filed for the establishment of a provident fund to provide additional benefits to employees and to secure employees' financial security. It will be effective on 2017 onwards.

### **Audit Fee**

The company pays the audit fee to the Auditors as follows.

Description	Year 2016/baht	Year 2015/baht
The unaudited quarterly financial statements as 1,2,3	450,000.-	390,000.-
Annual finance audit fee	450,000.-	410,000.-
Technology system fee	-	50,000.-
Other fees Annual Information Form (56-1).	-	-
Other fees (reimbursed as per actual expenses), at the amount of not exceeding	15,000.-/year	-
<b>Total</b>	<b>915,100.-</b>	<b>850,000.-</b>





The Board of Directors is confident that a proper, transparent and accountable governance system is in place along with checks and balances and an internal control system that is sufficient and appropriate. Alongside these mechanisms are due respect for the rights and equality of shareholders and accountability to all stakeholders. These key factors contribute to the enhancement of the organisation's immunity and promotion of a balanced and sustainable growth in the long-term.

In pursuance thereof, the Board of Directors thereby prescribed the following corporate governance policies as a practice guideline for the Company directors, Executive Officers and all employees.

1. Company Directors, Executive Officers and all employees are fully committed to the application of corporate governance principles, business ethics and Codes of Conduct for Company Directors, Executive Officers and employees to Company operations.
2. Company Directors, Executive Officers and all employees must perform their duties responsibly, prudently, earnestly and honestly in accordance with the relevant laws, Company Articles and Notifications.
3. Actions shall be taken to ensure that the Company management structure contains clear prescriptions of powers, duties and responsibilities of each Company Committee and Executive Officer.
4. An internal control system shall be installed and risks management shall be managed at suitable levels, including an accounting system and financial statement which are accurate and reliable.
5. Information shall be disclosed in a sufficient, reliable and timely manner to the extent that the legitimate interests of the Company are not prejudiced.
6. The ownership rights of shareholders shall be appreciated and respected. Shareholders shall be treated equitably.
7. Undertakings shall have regard to the responsibilities of shareholders, stakeholders, communities, society and the environment.
8. There shall be a determination to strive towards business excellence with commitment to the creation of customer satisfaction by receiving comments and self-assessments in order to enhance management capabilities and continually promote productive creativity.
9. Virtue, ethics and good values shall be instilled. Employees shall be treated fairly with a commitment to develop and enhance the capabilities of personnel.
10. Dishonest conduct, corruption and intellectual property violations shall be suppressed. Laws and human rights shall be respected.
11. Conflict of interests shall be dealt with prudently and reasonably with due regard for the Company's interests.

### **Corporate Governance principles are divided into 5 chapters, as follows:**

#### **1. Rights of Shareholders**

1.1 The Board of Directors appreciates and respects the ownership rights of shareholders. No actions are taken to violate or infringe the rights of shareholders. The interests of shareholders are fairly safeguarded and the exercise of rights by all shareholder groups are supported and promoted, whether domestic or foreign, major shareholders, minority shareholders or institutional shareholders, incorporating both the fundamental rights of shareholders, access rights to information in a sufficient and timely manner, and the right to attend shareholders' meetings to determine directions for operations and decisions on matters having a significant impact on the Company.

1.2 The Board of Directors provides opportunities for shareholders to propose items to be included in the meeting agenda and submit questions prior to the shareholders' meeting day. Rules for the proposal of agenda item and advance submission of questions have been published in the Company website.

1.3 The Board of Directors ensures that information pertaining to the day, time, venue and agenda of the meeting are provided together with explanations and reasons supporting each agenda in the notice of the general meeting of shareholders. The shareholders' meeting venue shall be conveniently accessible.

1.4 The Board of Directors has granted shareholders with the authority to approve the remunerations of Company Directors on a yearly basis as well as to determine the rules for paying remuneration to each Company Committee.

1.5 The Board of Directors promotes the use of technology in shareholders' meetings in order to promote accuracy and speed. Votes are taken for each item on the agenda. Shareholders are given the right to elect Company Directors individually and ballot papers are used and independent overseers of the vote count are engaged.

1.6 The Board of Directors publishes shareholders' meeting resolutions along with the voting results for each agenda on the Company website on the day following the meeting.

1.7 The Board of Directors prepares minutes of the shareholders' meeting. The minutes provide an explanation of voting procedures, list of Company Directors, members of Company Committees, and Executive Officers present and absent from the meeting, the voting results in each agenda together with questions and answers. Items which have not been specified in the meeting notice are not added to the agenda. The minutes are published on the Company website.

## **2. Equitable Treatment of Shareholders**

2.1 The Board of Directors treats all shareholders fairly and equitably. Shares of the same class carry equal voting rights, i.e. one vote per share.

2.2 The Board of Directors encourages shareholders who are unable to attend a meeting in person to grant proxies to attend the meeting and vote on their behalves. The proxy form used allows shareholders to determine voting directions and at least 1 independent director will be provided as an alternative for the grant of shareholder's proxy.

2.3 The Board of Directors provides an opportunity for minority shareholders to nominate candidates for election to become Company Directors in the annual general meeting of shareholders.

2.4 The Board of Directors publishes the shareholders' meeting notice in both Thai and English on the Company website at least 30 days in advance of the shareholders' meeting day.

2.5 The Board of Directors encourages all shareholders to exercise their shareholders' rights. Meeting notices as well as supporting documents are sent to shareholders in advance. An English version is also prepared for foreign shareholders.

2.6 The Board of Directors pursues a policy to prevent the use of inside information and has implemented measures to prevent the exploitation of inside information for wrongful interests of oneself or of others. Company Directors, Executive Officers and employees who are in units which expose them to inside information are prohibited from trading in the Company shares in the one month period prior to the public disclosure of financial statements.

2.7 The Board of Directors has directed Company Directors and Executive Officers to declare their interests and the interests of connected persons, to act prudently in regard to the management of conflicts of interests and to comply with rules of the Office of the Securities and Exchange Commission.

## **3. Role of Stakeholders**

3.1 The Board of Directors appreciates and respects the rights of various stakeholders by having regard to rights under the law or agreement with the Company. Stakeholders are ensured that their rights are protected and that they are treated fairly and equitably. A policy has been prescribed as a guideline for the treatment of each stakeholder group, which has also taken into consideration the community, society and the environment, to promote sustainable development, suppress dishonest acts and corruption, avoid intellectual property infringements, including giving due respect to human rights.

3.2 The Board of Directors supports the social responsibility reporting which has been an integral part of the Annual Report.

3.3 The Board of Directors provides channels and procedures for all stakeholder groups to report or file a complaint on any matter which poses a risk of loss to the Company, the accuracy of financial statements or an unfair treatment.

3.4 The Board of Directors has prescribed policies or guidelines for protecting employees or informants of matters which pose a risk of loss to the Company or an unfair treatment.

## **4. Disclosure and Transparency**

4.1 The Board of Directors oversees that there is proper, transparent and timely disclosure of significant information in accordance with the relevant laws and regulations. These disclosures include reports filed in accordance with accounting periods and reports of events having an impact on shareholders' interests, as well as the disclosure of other information pursuant to good corporate governance principles prescribed by the Stock Exchange of Thailand. Disclosure is made to the extent that the Company's legitimate interests are not prejudiced. Information is published in both Thai and English on the Company's website, disclosure channels of the Stock Exchange of Thailand and other channels which are comprehensively and equitably accessible.

4.2 The Board of Directors provides the agency or person responsible for the acts of Investor Relations. Appointing Mr. Adul Srimadee, to be responsible for investor relations to provide the news, information of the Company to investors and other interested persons. These are done via contacting the website of the Company that [www.newcity.co.th](http://www.newcity.co.th) under the Investor Relations section.

In 2016, the Company and the companies under the Saha Group, together with the Stock Exchange of Thailand has organized the "Analysts and Investors Meet the Saha Group" No. 8 on 1<sup>st</sup> July 2016, at the Queen Sirikit National Convention Centre. It has prepared a summary of the history and performance to give to investors and participants, as well as discuss and exchange the business perspective which attracted many participants.

## **5. Responsibilities of the Board**

- 5.1 The Board of Directors has prescribed a structure for the Board of Directors comprising of persons having a diverse range of knowledge, competencies and experiences, without limitation to gender, and having the qualifications required by law. At least one Company Director is a Non-Executive Director who has experience in the Company's business undertaking. There are also Independent Directors as required under the Notification of the Office of the Securities and Exchange Commission.
- 5.2 The Board of Directors has provided a definition for an Independent Director which meets the minimum requirements of the Office of the Securities and Exchange Commission.
- 5.3 The Board of Directors has appointed Company Committees to screen key matters prior to submission to the Board of Directors.
- 5.4 The Board of Directors has issued a charter for each Company Committee by prescribing the tenure and scope of powers and duties to clearly demarcate the roles, duties and responsibilities of each Company Committee and the management.
- 5.5 The Board of Directors has a policy which require Company Directors and Executive Officers holding directorial positions in other companies to make a disclosure to the Company Chairman and Chairman of the Audit Committee.
- 5.6 The Board of Directors has provided for a Company Secretary to perform duties prescribed by law and as entrusted. The qualifications of a Company Secretary should be a person possessing knowledge of law or accounting, or who has completed training relating to the performance of company secretarial duties. Continual training and knowledge development are also continually provided.
- 5.7 The Board of Directors has prescribed policies for governance, business ethics and codes of conduct for Company Directors, Executive Officers and employees to ensure a harmonized approach.
- 5.8 The Board of Directors has prescribed a Company vision and mission so that the Company Directors, Executive Officers and employees would strive towards the same goal.
- 5.9 The Board of Directors has a policy of continually promoting and sponsoring the development of knowledge amongst Company Directors, Executive Officers and employees.
- 5.10 The Board of Directors prescribes an annual meeting schedule in advance every year. The determination of agenda takes into account the fair interests of shareholders and all stakeholders. All Company Directors enjoy independence in the expression of opinions. A Company Director having an interest in an agenda shall not have the right to vote in such agenda.
- 5.11 The Board of Directors prescribes a duty for Company Directors to attend all Board Meetings unless there is a necessary cause.
- 5.12 The Board of Directors has a policy of encouraging senior Executive Officers to attend Board Meetings.
- 5.13 The Board of Directors provides Non-Executive Directors with opportunities to meet among themselves in the absence of the management when necessary. The Managing Director shall be notified of the meeting outcome.
- 5.14 The Board of Directors has a policy of promoting the Company Directors' access to essential additional information from the Managing Director, Company Secretary or other assigned Executive Officer within the scope of the set policies. In the event of necessity, the Board of Directors may obtain independent opinions from advisors or external professionals on the Company's expenses.
- 5.15 The Board of Directors has implemented measures pertaining to conflicts of interest which are prudent, rational and in compliance with the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 5.16 The Board of Directors prohibits Company Directors and Executive Officers from trading in Company shares in the 1-month period prior to the public disclosure of financial statements.
- 5.17 The Board of Directors has directed Company Directors and Executive Officers as well as their spouses and children who have not attained legal age to have the duty to disclose shares holdings and changes in holdings of the Company shares to the Office of the Securities and Exchange Commission, and to submit a copy to the Company Secretary for reporting to the Board of Directors in the subsequent Board Meeting.
- 5.18 The Board of Directors has directed Company Directors and Executive Officers to disclose personal interests and interests of connected persons in accordance with the prescribed rules.
- 5.19 The Board of Directors has established an internal audit unit as an internal agency accountable to the Audit Committee.
- 5.20 The Board of Directors requires an annual assessment of the Board of Directors' performance.
- 5.21 The Board of Directors prepares a report on the responsibilities of the Board of Directors pertaining to the financial statements submitted in the Annual Report.
- 5.22 The Board of Directors oversees and determines the payment of appropriate remuneration to each committee member pursuant to the powers, duties and responsibilities and draws comparison to the operation levels in the same business sector.
- 5.23 The Board of Directors has prescribed a succession plan for employees in various positions in view of their advancement to higher positions.
- 5.24 The Board of Directors provides an orientation for first term Company Directors.
- 5.25 The Board of Directors has established an internal control system and risk management system.
- 5.26 The Board of Directors has provided for the monitoring and assessment of corporate governance by establishing a corporate governance committee.

## **Business Ethics**

### **1. Responsibilities to Stakeholders**

#### **1.1 Shareholders**

The Board of Directors performs duties responsibly, prudently, earnestly and honestly in order to generate good returns to shareholders on a continual and sustainable basis. In this regard, the following policies and practice guidelines have been prescribed.

1. The ownership rights of shareholders are equitably and fairly respected.
2. Operations are undertaken in accordance with good corporate governance principles, which will foster the trust and confidence of shareholders and eventually lead to sustainable growth.
3. The Company's businesses are continually advanced to ensure proper returns to shareholders.
4. Significant information which affects or potentially affects shareholders' interests shall be disclosed, whether reports made pursuant to the accounting period or situation reports, pursuant to the relevant laws and notifications. However, no action shall be taken to restrict shareholders' access to Company information.
5. A report of the Board of Directors' responsibility for the financial statements in the Annual Report shall be prepared.
6. Minority shareholders shall be given an opportunity to propose matter for inclusion in the meeting agenda and/or to nominate persons for election as Company Directors in the Annual General Meeting of Shareholders.
7. Shareholders are given an opportunity to submit questions relevant to the meeting prior to the shareholders' meeting.
8. Shareholders' meeting notices in both Thai and English are published on the Company website at least 30 days prior to the shareholders' meeting day as information for shareholders and to enable the study of information prior to meetings.
9. Shareholders' meeting shall be facilitated. The date, time, venue and procedure must not pose an obstacle to the shareholders' attendance of the meeting. Shareholders who are not able to attend in person must have the opportunity to grant a proxy to other persons to attend the meeting and vote on their behalves.
10. Conflicts of interests must be dealt with prudently, rationally and information must be fully disclosed.
11. The Company's interests and assets shall be safeguarded as a reasonable person would safeguard his/her property. Wrongful interests, whether obtained by direct or indirect means, shall be eliminated.

#### **1.2 Customers**

The Board of Directors realizes that customer satisfaction and confidence are key factors which contribute to the Company's sustainable success. The following policies and guidelines have been prescribed in this regard:

1. The Company operates the businesses of manufacturing, product distribution and services which are safe for consumers and environmentally friendly.
2. Businesses are operated with commitment to develop goods and services, introduce new innovations and add value to goods and services in order to continually meet the demands of customers along with the disclosure of necessary information for decision-making without concealment or distortion of facts.
3. Businesses are operated in earnest, honest and fair values and no action is taken that would violate the rights of customers. The confidentiality of customer trade secrets are maintained and not exploited for wrongful personal gains or for the gains of others.
4. The Company does not demand, receive or consent to the direct or indirect receipt of properties or other dishonest benefits from customers.
5. The Company adheres to trade agreements. In the case where adherence is not possible, the customer would be notified in advance in order to jointly find a remedy and prevent loss.
6. The Company provides communication channels to enable customers to file complaints to the Company. Complaints are processed with care and dealt with fairly.

#### **1.3 Trading Partners**

The Board of Directors treats trading partners equitably and takes into account mutual interests by prescribing the following policies and guidelines.

1. The Company has a system for screening trading partners in the value chain who operate businesses in compliance with the law, safety and occupational hygiene standards, and friendliness to the environment. Trading partners are treated on the basis of fair competition, equality and mutual respect.
2. The confidentiality of secrets or communications of trading partners are maintained and not exploited for wrongful gains of oneself or of others.
3. Relationships and good understandings are fostered. Knowledge is exchanged. Developments and value adding to goods and services are jointly undertaken to promote mutual growth.

4. The Company adheres to trade agreements and makes proper representations of data. In the event that an agreement cannot be complied with, the Company will expeditiously engage in early negotiations with trading partners in order to reach a mutual remedy and loss prevention solution.

5. The Company does not demand, receive or consent to the receipt of properties or any other benefits outside trade agreements.

#### **1.4 Competitors**

The Board of Directors operates businesses in accordance with the provisions of law. In this regard, the following policies and guidelines have been prescribed.

1. The Company shall conduct its businesses within the rules of fair competition with due regard to business ethics and trade competition laws of various countries in which the Company operates.

2. The Company will not damage the reputation of its trade competitors.

#### **1.5 Creditors**

The Board of Directors is committed to undertaking business operations in a principled and disciplined manner in order to build the trust of creditors by prescribing the following policies and guidelines.

1. All creditor groups shall be treated equitably and fairly.

2. Contracts and terms will be strictly adhered to.

3. Operations will be administered to ensure the confidence of creditors in the Company's financial standing and credit rating.

4. Financial standings shall be accurately and timely disclosed.

5. In the event of an inability to comply with a particular term, the creditor will be forthwith notified in advance in order to enable a joint solution for remedy and loss prevention.

#### **1.6 Employees**

The Board of Directors regards employees as valuable resources and a key factor to the Company's success. The following policies and guidelines have been prescribed in this regard.

1. Human dignity and fundamental rights of employees are respected at work. Employee data or confidential information is not disclosed or transmitted to third parties or unrelated persons.

2. Employees are treated in accordance with the provisions of law, regulations and articles governing the Company's operations.

3. Employment equality is promoted. There is no discrimination on the grounds of gender, skin colour, race, religion, age, disability or other status that is not directly related to the works.

4. Training and knowledge exchange are sponsored and promoted to encourage learning and skill development throughout, strengthen career security and offer opportunities for advancements pursuant to each person's potential.

5. Employee participation in the determination of the Company's direction and development are promoted.

6. Fair compensation is given as suitable for the knowledge, skill, duties, responsibilities and performance.

7. Appropriate welfare and benefits are given to employees, e.g. medical expenses, Insurance, Bonus, Pension and Employee assistance

8. Channels are provided for employees to communicate suggestions and complaints pertaining to work. These suggestions are considered and remedies will be determined in the interest of all parties and in view of the creation of good working relations.

9. Facilities necessary for work operations are provided and working conditions are maintained with due regard to safety and occupational hygiene as a means of promoting and raising the quality of lives of employees.

10. Employees of all levels are encouraged to participate in social responsibility activities

## **1.7 Community and Society**

The Board of Directors operates businesses with due regard for the duties and responsibilities owed to the nation, community and society as well as local traditions in order to maintain a desirable society and participation. In this regard, the following policies and guidelines have been prescribed.

1. A business which could lead to a deterioration of society shall not be undertaken and the rights of others in the community and society shall not be violated.
2. Consciousness of responsibilities towards the community and society as a whole shall be instilled continuously for the benefit of the Company and all levels of employees.
3. Measures shall be provided for the prevention and remedy of impact on the community and society as a consequence of the Company's operations.
4. The preservation of local culture and traditions shall be promoted.
5. Cooperation shall be entered into with various agencies for the development of communities.
6. Public benefit activities shall be sponsored.
7. Incomes shall be generated and the community economy shall be promoted through employment of community members and use of community products.
8. Good relations shall be fostered between the Company and the community and society on the basis of propriety, transparency and fairness.

## **1.8 Environment**

The Board of Directors undertakes businesses with due regard for responsibilities to the environment. In this regard, the following policies and guidelines have been prescribed.

1. Businesses shall be undertaken in accordance with laws, regulations and policies on the environment with due regard for the impact on natural resources and the environment and regular revisions and assessments of performance results shall be undertaken.
2. An organisational culture and consciousness of employees at all levels shall be promoted to encourage cooperation and responsibility for the efficient and sustainable management of the environment and utilization of resources.
3. Knowledge promotion and environmental training shall be extended to employees.
4. Environmental management system shall be promoted, from the economical use of resources to the sustainable treatment and rehabilitation, replacement, monitoring and prevention of impact on natural resources.
5. There is a system for selection of trade partners in the value chain who undertake businesses in an environmentally friendly manner.
6. Environmentally friendly technology are developed and published.

## **1.9 State Sector**

The Board of Directors undertakes businesses in compliance with the rules and regulations enacted by the State. In this regard, the following policies and guidelines have been prescribed.

1. Knowledge and understanding of the laws governing operations are acquired and no activities are undertaken which would be inconsistent with the law.
2. Proper action shall be taken when conducting transactions with an official or agency of the State.
3. Good relations are fostered between the Company and the State sector within suitable bounds.
4. Relevant laws and business traditions are observed in each country or locality.

## **2. Conflict of Interests**

The Board of Directors has a policy for dealing with conflicts of interests. The following guidelines have been prescribed.

1. The administration of conflicts of interests or connected transactions is undertaken prudently, fairly and rationally. There is a transparent system for approving transactions which primarily takes into account the Company's interests. Interested Company Directors do not have the right to vote and must make a full disclosure in accordance with the rules of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
2. The Company's interests shall be upheld subject to legality. No action shall be taken that would be a conflict with the Company's interests, and no benefits or privileges will be given to any person.
3. Company Directors and Executive Officers must disclose personal interests and the interests of related persons in accordance with the prescribed rules.
4. Company Directors, Executive Officers and employees who acquire inside information are prohibited from trading in Company shares in the 1-month period prior to public disclosure of financial statements.
5. Company Directors, Executive Officers as well as their spouses and children who have not yet attained legal age shall have the duty to report Company shares holdings and changes in such holdings to the Board of Directors in the subsequent Board Meeting.
6. Company information or secrecy acquired or acknowledged shall not be disclosed or transmitted to third parties or unrelated persons.
7. Disclosure shall be made by authorised Company personnel. Classes of secrecy may be prescribed in accordance with the significance of the information. Disclosure shall be made within the assigned scope of duties and responsibilities.

## **3. Receptions, receipts and grants of gifts**

The Board of Directors aspires to undertake the Company's businesses in line with fair competition. Nevertheless, receptions, receipts and grants of gifts or attendance at receptions in accordance with traditions and practices to maintain good relations are necessary and desirable. In this regard, the following guidelines have been prescribed.

1. No receipts or grants of gifts, tokens or receptions which may influence a decision shall be made. If there is a necessity to receive or grant a gift, token or reception in accordance with tradition to a value in excess of normal circumstances, a report shall be filed with the respective supervisors.
2. In the case of an assignment or authorisation by a supervisor to assist in an external agency, monies, objects or gifts may be received in accordance with the generally applicable rules or standards prescribed by such an agency, e.g. gifts, tokens or lucky draws.
3. In the case where an agent, contractual party, partner or any other person wishes to grant a gift, token or reception to the Company, prior authorisation must be obtained from the Company.
4. Expenses pertaining to these matters shall be maintained within a reasonable budget.

## **4. Combating Dishonest Acts and Corruption**

The Board of Directors has a policy of compliance with the law on combating dishonest acts and corruption. In this regard, the following guidelines have been prescribed.

1. A consciousness, value and attitude to comply with laws and regulations honestly and in good faith shall be instilled in employees.
2. An internal control system which is efficient and effective shall be in place. There shall be suitable oversight and checks of powers to prevent employee abuses or involvements in dishonest acts or corruption.
3. Company Directors, Executive Officers and employees are prohibited from performing any act which amounts to a demand or acceptance of properties or other benefits for oneself or for others as an inducement to wrongfully perform or refrain from performing a duty or which could result in a loss of the Company's legitimate benefits.
4. Company Directors, Executive Officers and employees are prohibited from giving or offering to give properties or any other benefits to third parties to induce such person to unlawfully or wrongfully perform or refrain from an act.
5. There shall be a financial reporting system which is transparent and accurate.
6. There shall be a channel for employees and related persons to provide notices of causes for suspicion with confidence of protection. Personnel must be appointed to examine all notices of suspicion given.

## **5. Non-infringement of Intellectual Property**

The Board of Directors pursues a policy of non-infringement of intellectual property by prescribing the following guidelines.

1. Business undertakings shall be consistent with laws, regulations and contractual obligations governing intellectual property rights.

2. Intellectual property works of the Company shall be maintained. Such intellectual properties shall not be used or allowed to be used by others without authorisation.
3. The intellectual property rights of others shall be respected. The works of others shall not be infringed or applied to personal use except where a license has been obtained or a fee paid to the owner of the work.
4. Intellectual property of creative works produced by employees shall vest in the Company. Upon termination of employment, such intellectual property works must be returned to the Company regardless of the form which it is stored.

## **6. Non-violation of Human Rights**

The Board of Directors respects human rights. In this regard, the following policies and guidelines have been prescribed.

1. There shall be no activities or support of activities which violate human rights.
2. Employees are provided with knowledge and understanding of human rights which are applied to work operations.
3. There are no limitations to independence or differences in ideology, gender, race, religion, politics or other matters. The expression of opinions which could cause conflicts or divisions should be avoided.
4. Channels shall be provided for employees or persons who believe that their personal rights have been violated or that they have been treated unfairly to file a complaint with the Company. Such complaints shall be given attention and processed fairly.

## **7. Safety and Occupational Hygiene**

The Board of Directors attaches importance to safety and occupational hygiene. In this regard, the following guidelines have been prescribed.

1. Business undertakings shall comply with laws, regulations and policies on safety, occupational hygiene and working environment with due regard to the safety of life and properties as well as to the impact on the health of employees, trading partners and stakeholders. Regular monitors and safety assessments must be conducted.
2. Occupational safety shall be promoted. Work regulations, procedures and standards are prescribed to ensure working safety consistent with risks. Working environment and safe work procedures are improved. Tools and equipment for safety protection are also provided to employees.
3. Preparations are made for emergency events. An emergency plan has been devised and regular drills and improvements are carried out. This is to prevent and minimize any loss to life or properties of the Company, employees, trading partners and related persons.
4. A safe working culture has been built for the entire organisation to ensure sustainably safe work operations.

## **Code of Conduct for Company Directors, Executive Officers and Employees**

### **1. Formal Responsibilities**

The Board of Directors appreciates the importance of good governance. Continual undertakings are implemented to ensure that Company Directors, Executive Officers and employees are aware and comply with standards under the framework of the Code of Conduct and conduct oneself honestly, cautiously and prudently for the greatest benefit of the Company and all related parties. As a consequence, the following Code of Conduct has been prescribed.

#### **Company Directors and Executive Officers**

1. Duties shall be performed responsibly, prudently, honestly and in good faith in compliance with the law, Company Articles and relevant notifications.
2. Duties shall be performed to the utmost of ability in order to generate the greatest returns to the Company. This includes attendance at all meetings, except where there is an unavoidable necessity.
3. Duties shall be performed impartially. In a Board Meeting, Company Directors and Executive Officers shall not vote on matters which they have interests.
4. Conflicts of interests shall be administered prudently and reasonably, in adherence to the Company's interests, to ensure transparent management of operations.
5. The acquisition or disposal of assets of the Company, Company Directors and Executive Officers, including their spouses and children who have not attained legal age, shall comply with the relevant rules and a disclosure shall be made to the Board Meeting in the subsequent meeting.
6. Company Directors and Executive Officers are prohibited from buying or selling Company shares in the 1-month period prior to the public disclosure of financial statements.
7. Company Directors and Executive Officers must disclose personal interests and those of related persons in accordance with the prescribed rules.
8. There shall be regular appraisals of the Board of Directors' performance every year.

#### **Employees**

1. Employees must support and cooperate in the Company's activities on a regular basis. Assigned tasks must be performed to the best of ability in order to ensure good results and advancement of the Company and employees.
2. Employees must comply with the relevant law, policies, terms of employment, regulations and notifications.



3. Persons contacting the Company must be treated courteously, hospitably and provided with an excellent service in order to preserve the Company's image and reputation.
4. Trade secrets must be kept and the Company's inside information must not be disclosed to third parties.
5. Loans shall not be obtained from customers, persons connected to customers or business counterparts of the Company, except for loans obtained from a bank or financial institution.
6. Lawful orders of supervisors shall be complied.
7. There shall be a commitment to teamwork, mutual assistance, harmony and mutual respect for the benefit of the Company and employees.
8. Co-workers must be treated generously and with good human relations. No groundless allegations shall be made against others. Credit shall not be claimed for the works of others.
9. Duties shall be performed with determination, in earnest and honesty, and the roles and responsibilities in the Company shall not be abused for the purpose of acquiring wrongful benefits for oneself or for others.
10. Duties shall be performed responsibly, cautiously and without neglect in such a manner which could cause a loss to works or properties of the Company.
11. Employees should conduct themselves as good citizens who comply with the Constitution and relevant laws. Political rights shall be exercised appropriately. Employees shall also avoid any involvement in an activity which is unlawful or inconsistent with public order or the good morals of the people.

## **2. Maintenance of Company Assets**

Company Directors, Executive Officers and employees are under a duty and responsibility to efficiently maintain Company assets and assets under the care of the Company. In this regard, the following guidelines have been prescribed.

1. Assets shall be used for business operations and not used for personal gains or for the gains or third parties.
2. Interests shall be protected and assets shall be cared to prevent loss, damage or wrongful use pursuant to the standards of a reasonable man caring for one's property. Direct or indirect wrongful exploitation of benefits shall be eliminated.
3. Sufficient insurance protection from losses shall be obtained for assets.
4. The use of computers to harass, infringe, spy, corrupt other person's personal data or fabricate evidence which could lead to data theft shall be prohibited. An information security system consistent with international standards shall be installed.
5. E-mails and internet access provided shall be used for business purposes. They shall be used cautiously and not prejudice the Company's reputation.
6. Passwords for access to the Company's data shall be kept secret and shall not be disclosed to unauthorized persons.
7. The Company's intellectual property works shall not be reproduced, adapted or used for personal benefit or for the benefit of others without authorisation from the Company.
8. The supervisor shall be reported of any finding of rights infringement or acts which could lead to a rights infringement or any act which could potentially lead to a dispute relating to the Company's intellectual property.
9. The safekeeping of important documents of the Company shall be overseen to ensure full compliance with the relevant laws and regulations. Upon the lapse of the safekeeping period, the relevant employee must oversee that the documents are destroyed by appropriate means.

## **3. Informants and Complaints**

The Board of Directors gives employees and stakeholders an opportunity to give information or file a complaint on a matter which could constitute a violation of the law, dishonest or wrongful act of an employee, including irregular behaviour which could cause a problem or loss to the Company. The Company also receives complaints on cases where the rights of an employee or stakeholder has been infringed or where they have been treated unfairly. Suitable channels and procedures have been provided by the Company in this regard.

The Company will hear and process all complaints impartially, transparently and fairly. Systematic and just measures for the protection of complainants are provided. Information provided by the complainant is kept confidential in the Company.

### **Measures for the Protection of Complainants**

1. A complainant may choose to remain anonymous if he/she deems that disclosure could lead to insecurity or loss concerns.
2. The Company will keep relevant information secret and take into account the safety of the complainant. Measures have been prescribed for the protection of complainants who are employees, including those who cooperate in the investigation of facts. These persons will be protected from unfair treatment as a consequence of the complaint, e.g. disturbances during work, reassignment or termination of employment.

## **4. Interpretations**

A supervisor shall be under a duty to take responsibility and give advice to subordinates to ensure knowledge and understanding as well as compliance with the prescribed Code of Conduct. If the Code of Conduct does not provide for any instance, or if there remains a question which renders performance not possible or that a decision cannot be made, the matter shall be consulted with the respectively higher level superior. In the case of a conflict, the decision of the Managing Director, Executive Board and Board of Directors shall be final.

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These Good Corporate Governance Principles (First Revision) Approval was granted to this edition in Board of Directors Meeting No. 1/2014 on 21 February 2014, which came into force as of 21 February 2014.

## **CORPORATE SOCIAL RESPONSIBILITIES: CSR**

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### **Overall Policies**

The Company operates on the principle of good governance and its ethics in business, and focus on social and environmental and anti-corruption by taking into account the interests of all stakeholder groups. We recognize and believe that it will develop and increase the efficiency and effectiveness of improvement across all sectors, literally, which will result in a stable and sustainable business success.

### **Implementation and reporting**

The Company operates under strict compliance with the relevant laws, do not violate or circumvent the legal practice according to the principles of corporate governance as well as the Stock Exchange of Thailand.

### **Fair Business Operations**

The Company recognizes the fair in business, not exploit or take advantage of invalid selfish interests. We operate with equality and fair treatment under the terms of trade that is fair to all trading partners. This will encourage competition and contributes to the development of new types of products and services.

### **Anti-corruption**

The Company emphasizes in the fight against corruption and has written policy set out in the regulations and ethical business practices in the Company's policy to guide the practice for employees, including creating awareness of all staff in honesty, not used for the benefit of dishonest, not to receive payments or other benefits in addition to the trade agreement.

### **Respect of Human Rights**

No action or avoid actions that might cause problems, or affect the the human rights by providing a better understanding of human rights, freedom, equality under the law, and respect for human dignity and equality, regardless of any differences, such as gender, race, religion, etc.

### **To treat all employees fairly**

The Company treats employees fairly and equally, by providing entitled benefits under labor law, Social Security Law and other laws and regulations. The Company provides a reasonable and fair compensation based on knowledge, abilities and performance, by provide training programs and seminars for staff welfare. Provide safe and healthy workplace as well as care to create a good relationship and create no labor dispute between the Company and the employees.

### **Consumer Responsibility**

The Company sale quality products with reasonable price and the products are safe and not harmful to consumers. The products have correct and clear label on product information and items in accordance to law and regulations. No hype that mislead consumers. The staff provides information to consumers, both before and after the sale and receiving feedback from customers, as well as solves the issue raised by customer fairly.

### **Environmental care**

The Company has policy to use invaluable resources for the benefit of reducing waste. The internal communications of the Company is focused on materials recycled or reuse and encourages employees to raise awareness of the importance of environmental conservation. There are various forms of energy saving measures, both in the office and logistics, for example by switching power supplies, change air conditioner to be energy saving type, having decent area and disposal of sewage system, not pollute the environment by avoid using the products that support the nature destruction, etc.

## Community and Environment Development

The Company has joint activities in the community by engaging the children's day each year, joining traditional philanthropy event to provide awareness and support to employees of public consciousness and be generous in contributing to society and the community. Also providing cleanliness care event of the Company and nearby areas the keep clean and provide well landscaped.

The company is supporting the Dr. Thiem Chokwatthana Foundation which aims to promote public activities and developing country in various fields, especially with regard to public health and education of children and youth in the remote area. The Foundation has undertaken a variety of activities continuously. Those activities include establishing school scholarship; donate school supplies to schools in deprived rural areas, donation consumables products for philanthropy and donations to the poor and the victims of disaster, as well as the activities that generate benefits to society by the New City (Bangkok) Public Company Limited taking part of the Foundation in donations throughout the period. It also supports the quality of life to the disadvantaged, the disabled, such as donating old calendars to make learning and teaching braille. For the visually impaired such as supporting the implementation of the Prostheses Foundation, donate blood to Red Cross, etc



Chairman of the Board and employees of the New City (Bangkok) Public Co., Ltd. has joined the merit in the new year occasion and to promote the religious traditional culture



Management and employee representatives donated items and dry food with CP RAM Co., Ltd. to the elderly at Banglamung, Chonburi.

### **The innovation and the dissemination of innovation, which operates in responsible to the social and environmental stakeholders**

The Company has a policy to improve all stages of the operation based on the principles of social responsibility to create change to the new things that are useful in the improvement of the quality of goods and services, and improve the work process within the Company to use the material well worth the benefits, and when there is a new innovation that benefits the economic value will be published for the benefit of society.

### **Business practices that affect social responsibility**

The Company operates business as apparel distributors, which is classified as management business, not the manufacturer. Therefore, nature of the business is not affiliated or affecting social responsibility or the environment significantly

### **Social responsibility and environmental for non-core business processes (CSR after process).**

The Company and Saha Group of companies have donated money to the Dr. Thiem Chokwathana Foundation, which aims to promote the public activities and support the development in various fields, especially in matters relating to public health and education of children and youth in remote areas, the Foundation has undertaken various activities. Current and ongoing activities include, giving scholarships and supplies for schools in the rural, donations of consumables to the poor and the victims of disaster, as well as activities that generate benefits to society and support the implementation of the Prostheses Foundation.

## Prevention of corruption involvement

The Company adheres to the principles of good governance in the business that is fair, honest, transparent and verifiable by providing a written form in the Good Corporate Governance which has been approved by the Board of Directors. The Company recognizes the importance of the fight against corruption which was written in the Good Corporate Governance under the browse ethics in the business section on anti-corruption. It also rules to measures against corruption, alignment of private practice in Thailand against Corruption (Collective Action Coalition) as a guide to further practice. The Board of Directors, management and employees acknowledged and adopt a common practice.

In 2016, Khun Boonpakorn Chokewatthana, Chairman of the Board, Khun Piphop Chokewatthana, Vice Chairman and Managing Director, along with the directors, executives and employees of the Company and Saha Group joined the activities to build understanding in the fight against corruption and attended the dissemination of the Third National Anti-Corruption Strategy (BE 2560-2564), organized by the Office of the National Commission on Corruption Prevention and Combat.



The Board of Directors recognizes the importance of internal controls and financial performance, operations and governance by appointing the internal audit unit to monitor the performance of such systems, including computing systems, as well as providing guidance to ensure the implementation of the guidelines effectively and can independent check and balance effectively.

At the Board of Directors Meeting No. 1/2017 dated 24<sup>th</sup> February 2017, the Board reviews the assessment of the adequacy of the internal control system of the Assessment Report of the Audit Committee, concluded that the evaluation system of internal control of the 17 elements of adequate facilities as follows.

1. The organization demonstrates a commitment to the values of integrity and ethics
2. The Committee is independent from the executive and carry out duty to oversight and the development of the internal control.
3. The management has established the structure of reporting system to determine the appropriate power of command and responsibility to achieve the objective under the oversight of the Committee.
4. The organization demonstrates its commitment to the attraction, developing and retaining the capable staff
5. The organization set the duty and responsibility of the employees who are in charge of internal control to achieve the objectives of the organization.
6. The organization has set objectives clearly enough to be able to identify and assess risks related to the objectives of the organization.
7. The organization identifies and analyzes all kinds of risks that may affect the achievement of the objectives set for an entire organization.
8. The organization has considered the chance of fraud risk assessment to achieve organizational objectives.
9. The organization is able to identify and assess the changes that may affect the internal control system.
10. The organization has control measures to reduce the risk of not achieving the objectives of the organization to be at an acceptable level.
11. The organization chooses and develops the general control system technology to support the achievement of objectives.
12. The organization has control activities over the policy which sets out the expectations and procedures to ensure that the policy can lead to actions.
13. The related and quality Organization information to support the quality of internal control to be proceed as scheduled.
14. The organization internal communication information which include objectives and responsibilities of internal controls that are necessary to support the internal control to proceed as planned.
15. The organization has communicated with external organizations on issues that may affect internal controls.
16. The organization are monitoring and evaluate the internal control performance to ensure that internal controls are carried out to fully appropriate.
17. The organization assesses and communicates deficiencies of the internal control in time to the responsible person. This includes the high level management and committee, as appropriate.

The Company has reviewed the assessment the adequacy of the internal control system to manage the risks that may occur each year to prevent the risks that may occur in the future

## TRANSACTIONS

The Company has transactions which are categorized under related transactions under the notice of Stock Exchange of Thailand regarding the disclosure of information and operations of the registered Company for related transactions no. 2, year 2004 and in accordance with the notice of the investment control committee number Tor.Jor.21/2008 by diving into categories as follows.

### **Type 1 – Business as Usual Transactions**

Related Person	Relationship	Nature of transaction	Transaction Value (Thousand Baht)	General Description
Boonwattachoke Co.,Ltd.	As a major shareholder and a director.	Trade Debtor	392	Amount of outstanding debt owed and are not due yet and not more than 3 months.
		Accrued Income	25	Common services such as garbage collection, electricity and water supply are not to be paid within 1 month.
		Goods Sale	1,169	My shop stocking branded MARYTEX plus the cost. 5-6% is the design and plant sales as the carrier. The Company does not cost a gain of 5-6%.
		Goods Purchase	1	Purchased Boxer Shorts Price based on outsiders price.
		Other revenues	249	A centralized garbage collection Cleaning the electric bill
New Plus Knitting PCL and subsidiaries	A joint and common directors	Trade Debtor	51	Amount of outstanding debt owed and are not due yet
		Trade Payables	85,695	The purchase of inventories by aging who have not reached the payment term of 90 days.
		Goods Purchase	339,287	Purchase at market price, which is not acceptable to act different from the other parties unrelated to free trade negotiations based on the mechanism of the market in general terms of 90 days.
		Dividends	296	Receive dividends at a rate of 0.15 baht / share.
		Commission	551	Contact Customer commission from sales abroad
		samples Product	242	samples Product terms of 30 days
Shapattanaphibul PCL	As a shareholder and a director	Dividends	1,981	Receive dividend at the rate of 1 baht.
Sahapattana Inter Holdings	As a shareholder and a director	Dividends	118	Receive dividend at the rate of 0.23 baht.
		Accrued expenses	20	Consultancy fee of outstanding payment terms of 30 days.
IT City Public Co., Ltd.	As a shareholder and a director	Dividends	177	Receive dividend at the rate of 0.05baht.
Jensilp Industry Co., Ltd.	As a shareholder and a director	Accrued expense	86	Property rental services at outstanding payment 30 days.



**Type 3 – Transactions on short term rental or lease of real estate**

Related Person	Relationship	Nature of transaction	Transaction Value (Thousand Baht)	General Description
Sahapattanaphibul Public Co.,Ltd.	As a shareholder and a director.	Rental fee	1,875	Rate headquarters building Price / month, 140,160 Baht / month. Contract period of one year starting from 1 January 2015-31 Dec. 2015, according to the rental agreement.
Jensilp Industry Co., Ltd.	As a shareholder and a director.	Property Maintenance Fee	960	Warehousing and storage rents. Monthly cost of of 80,000 baht / month. Lease term of 2 years from 1 Apr 2015-31 Mar 2017, according to the rental price is based on the area in the vicinity.

**Type 4 – Transactions on Assets or Services**

Related Person	Relationship	Nature of Transaction	Transaction Value (Thousand Baht)	General Characteristic
Sahapattana Inter Holdings PCL	As a shareholder and a director.	Business Consultant Fee	240	Business consulting fee 20,000 Baht/month

**Type of Securities: Investment in stock market for sale.**

List of Securities	Relationship	Cost of acquisition (Thousand Baht)	Market Value (Thousand Baht)
Sahapattanaphibul Public Co.,Ltd.	Shared shareholder and director	12,807	65,724
Sahapattana Inter Holding Public Co., Ltd.	Shared shareholder and director	1,898	8,771
IT City Public Co., Ltd.	Shared director	3,541	8,144
<b>Total</b>		<b>18,246</b>	<b>82,639</b>

**Type of Securities: Other long-term investments (Out of stock market)**

List of Securities	Relationship	Cost (Thousand Baht)	Fair price / book value (Thousand Baht)
Supatnee Co., Ltd.	Shared shareholders	6,000	6,000
Advance Agrotech Co.,Ltd.	Shared shareholders	3,000	2,016
<b>Total</b>	Shared shareholders	<b>9,000</b>	<b>8,016</b>

**Name of related parties**

Related Companies	Relationship Description
1. New Plus Knitting Public Co., Ltd. and subsidiaries	Associated Company
2. Suphatnee Co., Ltd.	Shared Shareholders
3. Advance Agrotech Co., Ltd.	Partly Shared Directors
4. IT City Public Co., Ltd.	Partly Shared Directors
5. Sahaphattanaphibul Public Co., Ltd.	Partly Shared Directors
6. Sahaphattana Interholding Public Co., Ltd.	Partly Shared Directors



Related Companies	Relationship Description
7. Ekpakorn Co., Ltd.	Partly Shared Directors
8. Boonwattanachoke Co., Ltd.	Partly Shared Directors
9. Jensilp Industry Co., Ltd.	Partly Shared Directors
10. Key management member	Authorized persons are planning responsibilities of the company activities both directly or indirectly. This includes company's directors (Whether or not acting in a management level)

### Related Transaction Approval Process

The related transaction is proposed to the Audit Committee and/or independent Director for review and makes recommendations to the Board of Directors' Meeting for approval to the appropriate and most beneficial to the organization. Then measure of the NTA to be compliance with the Capital Market Supervisory Board meeting. 21/22008, and in accordance with the Notification of the Stock Exchange of Thailand on the information disclosure and practices of the listed companies on the acquisition or disposition of assets, 2004.

### Audit Committee's opinion on the related transaction

The Audit Committee has reviewed the transaction with regard to the appropriate transaction and found that it is a typical of commercial business transaction and to best interest of the Company. The items that received different opinion from the usual list are item on selling products to Boonwattanachoke Co., Ltd. The selling price added 5- 6% from usual purchase price, which is considered the profitability of products, specifically product under the brand of MARYTEX 5-6% due do noncommercial cost. The buyer that purchases the goods has directly delivered the goods to the Boonwattnachoke Co., Ltd. It is considered to add on the design cost of the factory to the manufacturing Company who have manufactured under the design of the Company. There is no cost incurred, it is reasonable to assume that there is profit at the level of 5-6%.

### Policy or related transactions trend in the future

The transaction is a commercial transaction with the size of the increase or decrease of the overall business climate. To enter into a transaction with a person who may have conflicts of interest in the future, this is divided by category below.

- **Business As Usual:** Transaction Type 1, the transaction continues to promote and support the continued trade in the same group. The Company has ordered about 80 - 85% of goods per year from affiliates of New Plus Group, a manufacturer of textiles and has a common trade policy to conduct business ethically and have independent business management by pricing policy terms of trade and trade agreements, as well as the customers that can make comparison as in general. A bargain is depending on the size of the market in the future as a Type 1 are ongoing and recurring. The order quantity is more or less based on the Company's performance and the overall economy.
- **Short-term lease or rental of property.** Transaction Type3. The Company operated under the leases agreement. The Company has its headquarters office building lease, with a lease period of 1 year with an option to renew annually. In the future, the Company will construct a head office building on Suwinthawongse Road, Saladaeng Sub-district, Bangnampreaw District, Chachoengsao, on an area of 12.84 acres. The Company also rent a warehouse to store the products for the period of 2 years and is renewable every two years. In the future, the Company will also move the warehouse to the headquarter at Suwinthawongse

The Company realized its responsibilities to the shareholders and all concerned parties under the principles of good corporate governance in the event of a change in the related transaction. The Company has followed the rules of the Stock Exchange of Thailand on the disclosures and other acts of Listed Companies concerning the related transaction No. 2 year 2014 and the Regulation of the Stock Exchange of Thailand 21/2008.

## **Management's Statement and Analysis of Financial Status and Performance for the year 2016**

### **Overview of Business Operations**

In 2016, the company has expanded its business by finding new customers and trade carefully to avoid a loss. Product group which made major revenue has both decreased and increased from 2015, with its falling into products like textiles by 11.03% and its increase is such raiment by 33.20%. Products such as cosmetics, increased by 20.26%.

Besides, the company's focus on online marketing growth from the previous year and has developed

[www.newcitybangkok.com](http://www.newcitybangkok.com) Social Media or Facebook under CherilonNewcitybangkok, Cherilondansmate, Cherilon, Cara. Newcity and consignment goods online at LAZADA and ZALORA.

### **Operating Results**

For year 2016, the net profit on financial investments under the equity method of 14.52 Million Baht, an increase from year 2015 at total 3.72 Million Baht, orequivalent to 34.44% increased. The consolidated financial statements, net profit of 12.64 Million Baht, 1.48 Million Baht or equivalent to 13.31% increased from year 2015. The revenue from sales of 658.02 Million Baht, an increase of 29.14 Million Baht or equivalent to 4.63% increased. The liquidity with bank overdraft of 97.00 Million Baht in, withthe amount of 12.15 Million Baht spent and of 84.85 Million Baht remaining respectively. The spent amount was 12.52 %. The short-term loan promissory note form (P/N) is at the amount of 322.00 Million Baht with 70.00Million Baht spent, and outstanding amount of 252.00 Million Baht, or equivalent to 21.74% spent. Net cash from operating activities was positive at 14.56 Million Baht, down from year 2015 at the amount of 8.83 Million Baht, or equivalent to 37.75% decreased whichmain provision of changes can be described as per below details.

#### **1. Income**

For year 2016, the company income from domestic products sales is at amount of 641.59 Million Baht, which take 97.50% and overseas sales of 16.42 Million Baht or 2.50 %. The sales can be categorized per production lines as follows.

<b>Category</b>	<b>Amount (Million Baht)</b>	<b>Ratio/Total Sales(%)</b>
<b>Textile products</b>	410.00	62.31
<b>Apparel products</b>	144.17	21.91
<b><u>Cosmetic Products</u></b>	69.87	10.62
<b>Other</b>	33.98	5.16
<b>Total</b>	658.02	100

Revenues from sales amounted to 658.02 Million Baht in year 2016, an increase of 29.14 Million Baht , or equivalent to 4.63% increased from year 2015.

Its main products in the textile sector such as stockings/socks under Cherilon brand which has accounted sales share at 62.31%, and the company has expanded its sales to lingerie, apparel which has accounted sales share at 21.91%

Also in October 2016, the products like textile product has very high demand from the market and there were not enough black of product stock to fulfill the orders and delivered to customers by the end of December 2016. Also the

increase of online good sales at WWW.LAZADA and WWW.ZALORA at the equivalent of 1,313% which can be summarized by product groups, increased and decreased comparing to year 2015 as per below details.

<b>category</b>	<b>2016 Amount (Million Baht)</b>	<b>2015 Amount (Million Baht)</b>	<b>increased (decreased) Amount</b>	<b>%</b>
<b>Textile products</b>	<b>410.01</b>	<b>420.74</b>	<b>-10.73</b>	<b>-2.55</b>
<b>Apparel products</b>	<b>144.17</b>	<b>123.48</b>	<b>20.69</b>	<b>16.76</b>
<b><u>Cosmetic Products</u></b>	<b>69.87</b>	<b>49.61</b>	<b>20.26</b>	<b>40.84</b>
<b>Other</b>	<b>33.97</b>	<b>35.06</b>	<b>-1.09</b>	<b>-3.11</b>
<b>Total</b>	<b>658.02</b>	<b>628.89</b>	<b>29.13</b>	<b>4.63</b>

## 2. Other Income

Other revenues consist of commissions, property rents, service charges for year 2016, at the total amount of 4.76 Million Baht, decreased by 0.70 Million Baht or equivalent to 12.75% decreased. The details can be categorized as per below

Comparison with other incomes table

(Unit: Million Baht)

<b>Financial statements of investments using the equity method</b>					<b>Separate Financial Statements</b>			
<b>List</b>	<b>2016</b>	<b>2015</b>	<b>Increased (Decreased)</b>	<b>%</b>	<b>2016</b>	<b>2015</b>	<b>Increased (Decreased)</b>	<b>%</b>
Dividend	3.22	3.09	0.13	4.21	3.51	3.31	0.20	6.04
Reversal of allowance for impairment of investments in associates	-	-	-	-	6.37	4.76	1.61	33.82
Reversal of allowance for impairment of investments in associates.	4.76	5.46	-0.70	-12.82	4.76	5.46	-0.70	-12.82
<b>Total Incomes</b>	<b>7.98</b>	<b>8.55</b>	<b>-0.57</b>	<b>-6.67</b>	<b>14.64</b>	<b>13.53</b>	<b>1.11</b>	<b>8.20</b>

In 2016 the company added commercial channels as the related services and educational seminars about the Digital at Newcity Digital Business Network and Facebook Newcity Digital Business Network which made added revenue for year 2016 at the amount of 1.24 Million Baht. In October 2016, the company terminated showroom at the Mall Bang Khae which has loss from amortization of property which is for decoration fee at the amount of 0.12 Million Baht. In year 2015, showrooms at The Mall Korat has divided space for rent from January to July, total rental income per month was 73,542 Baht, which made total revenue for the period 7 months in year 2015 at the total of 514,794 Baht and has canceled the lease since August 2015 up to date (31 December 2016).

### 3. Cost of Sales

In 2016, Cost of Sales was at the rate 67.15% comparing year 2015 increased 1.53% affect gross profit was at the rate 32.85%. Sales in the Outsource group 's company is a distributor of powder product, increased 24.36% affect cost of sales was at rate 70%

### 4. Expenses

In 2016 the cost of sales of 167.13 million baht, an increase of 4.06 Million Baht or 2.49% increased from year 2015. The cost of administration was 45.81 Million Baht, or 0.79 Million Baht, or 1.70% decreased from year 2015. This can be described as follows.

(Unit: Million Baht)								
	Admin		ค่าใช้จ่ายในการขาย		เพิ่มขึ้น (ลดลง)			
รายการ	2559	2558	2559	2558	บริหาร จำนวนเงิน	ขาย จำนวนเงิน	บริหาร %	ขาย %
ค่าใช้จ่าย เกี่ยวกับ พนักงาน	21.64	21.17	100.38	95.18	0.47	5.2	2.22	5.46
ค่าบริการ	1.22	0.96	14.85	13.33	0.26	1.52	27.08	11.40

Personnel costs accounted for 67.54 of the total expenses in the year 2016 with salary adjustments of not more than 4% for allowances, the percentage of sales and reward paid to the salesperson at department stores and outdoor sales, which impact the fee for event or logistics which add additional cost for outsourcing delivery in Bangkok and to support the expansion of sales in the future.

## 5. Net income

(Unit: Million Baht)

Financial statements of investments using the equity method.					Separate Financial Statements			
List	2016	2015	Increased (Decreased)	%	2016	2015	Increased (Decreased)	%
Net Profit	14.52	10.80	3.72	34.44	12.64	11.15	1.49	13.36
Basic Earnings per share	0.97	0.72	0.25	34.72	0.85	0.75	0.10	13.33

### The cause of the increase in net profit

- 5.1 Sales increased by 29.14 Million Baht or 4.63% from year 2015 due to increased sales system such as POS at 34 places and in October 2016 there were large orders for black stockings, socks, and underwear.
- 5.2 It was recorded in investments in associates on account of the positive value of the New Plus Knitting PLC at the amount of 6.37 Million Baht, an increase of 1.61 Million Baht or 33.85% from year 2015.
- 5.3 Dividend income amounted to 3.51 Million Baht in 2016, 0.20 Million Baht or 6.09% increased from year 2015.  
IT City PLC has paid dividends of 3.54 Million shares at a price of 0.05 Baht per share, totaling 0.18 Million Baht and the company received dividend paid increased from year 2015 to 4 entities, consisting of New Plus Knitting PLC, increased of 0.05 Baht per share from year 2015. Sahaphatanapiboon has paid 0.10 Baht more per share. The Far East DDB PLC has paid 1 Baht more per share and First United Industries Co., Ltd. had paid 5 Baht more per share.
- 5.4 Administrative expenses decreased from year 2015 at the amount of 0.79 Million Baht or 1.71%. Costs decreased due to staff retirement which affected the employee benefits decreased.
- 5.5 Finance costs decreased from year 2015 by 0.52 million Baht or 17.79%. The bank overdrafts and short term loans from financial institutions dropped from year 2015 at the amount of 7.35 Million Baht or 8.21%.

## 6. Financial Status

### Assets

#### Consolidated financial statements

(Unit: million baht).

List	2016	2015	Increased (Decreased)	%
Total Current Assets	418.48	405.20	13.28	3.28
Total Non-current Assets	251.73	226.34	25.39	11.22

Current assets increased 3.28% from year 2015 and non-current assets increased by 11.22% from year 2015. Details are follows.

- 6.1 Trade receivables amounted to 142.47 Million Baht in 2016, or 9.86 Million Baht or 7.44% increased from year 2015. The increased in trade receivables are receivables from POS system which has an increase of 14.19 Million Baht or 69.01% increased from year 2015. There were 34 additional counters in department stores. The receivable from credit system reduced by 5.07 Million Baht or 4.58% from year 2015. This is because of the reduction of wholesalers' orders both in Bangkok and provinces. The decreased was at 11.07% and a retention period of 78 days, the debt collection period was reduced 2 days from year 2015.
- 6.2 Inventories amounted to 265.90 Million Baht in year 2016, an annual increase of 2.00 Million Baht or 0.76%. Added products are textiles sector such as stockings and socks.
- 6.3 Non-current assets increased from investments in securities adjusted price index for the securities amounted to an increase of 18.94 Million Baht or 18.68% from year 2015. The investments in associated companies of New. Plus Knitting PLC which increase from year 2015 at 6.37 Million Baht or 14.36% in accordance with price and book value.

## 7. Current Liabilities

Consolidated financial statements				(Unit: million baht).
List	2016	2015	Increased (Decreased)	%
Total Current Liabilities	217.71	207.96	9.75	4.69
Total Non-current Liabilities	39.66	36.99	2.67	7.22

Total current liabilities increased at 9.75 Million Baht or 4.69% from year 2015. Non-current liabilities increased by 2.67 Million Baht or 7.22% from year 2015.

- 7.1 Trade payables to related parties amounted to 85.70 Million Baht, an increase of 7.87 Million Baht or 10.11% from year 2015. Trade payables by other companies increase by 7.48 Million Baht or 49.03% from year 2015. This resulted from repayment terms to maturity with a repayment period of 82 days.
- 7.2 Liabilities Deferred tax increased by 3.79 Million Baht or 28.37% from year 2015. This resulted from the price index securities market increased by 18.94 Million Baht by calculating the corporate income tax rate of 20% amounting to 3.79 Million Baht.

## 8. Shareholders' Equity

(Unit: million baht).

Financial statements of investments using the equity method					Separate Financial Statements			
List	2016	2015	Increased (Decreased)	%	2016	2015	Increased (Decreased)	%
Unappropriated profit brought forward	152.16	147.99	4.17	2.82	172.52	167.99	4.53	2.70
Annual earnings	14.52	10.80	3.72	34.44	12.64	11.15	1.49	13.36
Legal Reserve	-0.65	-0.65	-	-	-0.65	-0.65	-	-
Dividends	-2.99	-5.98	-2.99	-50	-2.99	-5.98	-2.99	-50
Unappropriated retained earnings balance	<b>163.04</b>	<b>152.16</b>	<b>10.88</b>	<b>7.15</b>	<b>181.52</b>	<b>172.51</b>	<b>9.01</b>	<b>5.22</b>

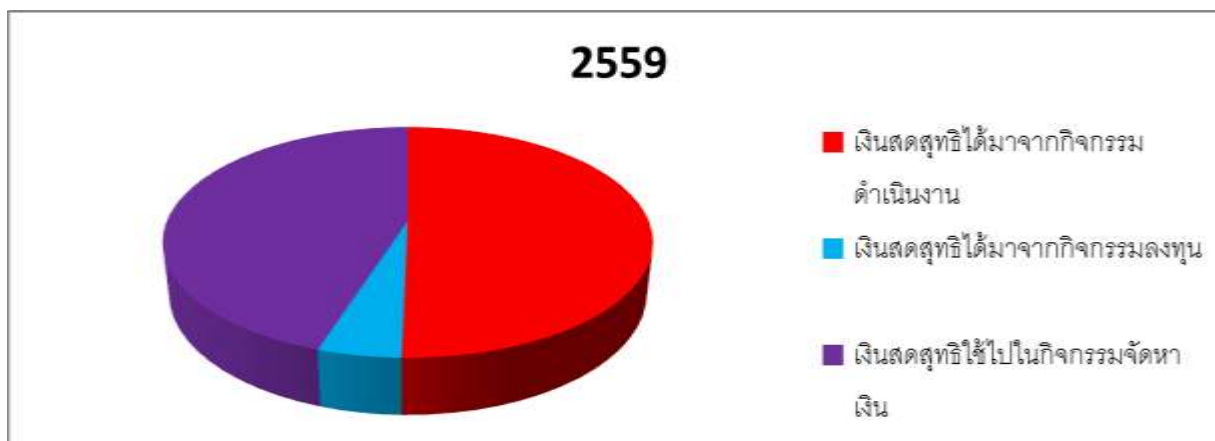
## Other components of equity

(Unit: Million Baht).

Financial statements of investments using the equity method					Separate Financial Statements			
List	2016	2015	Increased (Decreased)	%	2016	2015	Increased (Decreased)	%
Allowance for securities markets	85.71	66.80	18.91	28.31	85.71	66.80	18.91	28.31
Deferred tax liabilities	-17.14	-13.38	3.76	28.10	-17.14	-13.38	3.76	28.10
Earnings estimates based on actuarial	1.43	-	1.43	100	1.43	-	1.43	100
Share of profit (loss) from another companies	-0.13	-0.28	-0.15	-53.57	-	-	-	-
Balance	69.87	53.14	16.73	31.48	70	53.42	16.58	31.04

According to details, the unappropriated retained earnings of the consolidated financial statements, the accounts 181.52 per equity share, or 43.97% in the carrying value equal to 27.61 in year 2016, increased from year 2015 at 1.76 Baht, or 6.81%.

## 9. Liquidity Cash Flow



9.1 **Net cash provided by operating activities:** for Year 2016, in the amount of 14.56 Million Baht plus or decrease of 8.83 Million Baht or 37.75% resulting from the increased in trading receivables difference which is not due at the end of December 2016, resulting in negative of 9.82 Million Baht. For year 2015, it is at 5.53 Million Baht positive, with the difference of -15.35 Million Baht or 277.53%. The inventories increased by 2.00 Million Baht, affect change to be of 2.00 Million Baht negative. In year 2015, it was 4.48 Million Baht positive, with the difference of - 6.48 Million Baht compared to the percentage 144.59 and Inventory turnover at 1.67 times.

9.2 **Net cash provided by investing activities:** was negative in the amount of -1.69 Million Baht in year 2016, down from year 2015 at 1.33 Million Baht, or 43.96%. This was resulted from the purchase of equipment and computer software decreased by 1.17 Million Baht, or 18.29%.

9.3 **Net cash used in financing activities:** in the year 2016 is 12.68 Million Baht negative, a decrease from year 2015 of 7.70 Million Baht or 37.78%. Payment of accrued interest in the amount of 2.38 Million Baht, a decrease from year 2015 of 0.52 Million Baht or 21.65%. Payment for cutting debt, overdrafts and short-term loans from financial institutions amounting to 7.35 Million Baht, decreased of 4.05 Million Baht or 35.54% from year 2015 and a dividend payment of 2.99 Million Baht, down from year 2015 at 2.99 Million Baht, or 50%.

## 10. Liquidity and capital adequacy

The company received a loan from a financial institution in the form of overdraft (OD) and short-term borrowings (P / N) as follows.

(Unit: Million Baht)

Type	Amount	Spent Amount		Balance
		Amount	%	
Over Draft(OD)	97.00	12.15	12.53	84.85
Short Term Loan (P/N)	322.00	70.00	21.74	252.00
<b>Total</b>	<b>419</b>	<b>82.15</b>	<b>19.60</b>	<b>336.85</b>

Outstanding credit of 336.85 compared to year 2015, the amount of inventories increased by 7.35 Million Baht 2.23% because in year 2016, there was the purchase of equipment and software declined by 18.29%



## **Factors affecting results of future operations**

The company with main business in fashion clothing for ladies and gentlemen is a business that has changed upon the modern time will have an impact on operating results in the future as follows.

1. Applying innovative technology to the operations in the form of Social Network on the Internet is linked to the network to get information simultaneously creating new connection begins to take the important role of the business, which will affect businesses that are not ready to change. The company has realized the importance of this and get ready for the change by bringing SAP program in to be used in accounting and internal controls for effectiveness and prevent repetitive work and can process work quickly and in time, together with the trials of product sales through social networks to prepare for the future which stepping into the digital age, to develop the company to flourish sustainable growth.
3. Political Stability is external factor which result in lack of confidence in the expansion plan
4. Economic equilibrium is a measure of supply and demand of the economic to be good or to be downturn, a positive or negative effect on the business and cannot be controlled.
4. The policy of trade liberalization affects price competition. Counterfeit goods are violent and new competitors increased in the future increases and changes in consumer behavior from the dress of women to wear trousers rather than skirts affect the company's core products such as stockings. The Company is aware of this and trying to find alternative products to replace each year.
5. Traditional type stores and stalls facing uncertainty in the family trading system and in a risk of expanding the market in the future.
6. Quality, model and brand of the products are important. If the product is not as widely known and quality and model do not meet the consumer's requirement, this will directly affects the business in the current and future. The company can survive because of its' widely recognized brand for nearly 50 years under the name of Cherilon and other brands which the company attempt to create a strong and well-known, but it is not very successful at the moment. However, there is continuous researches to progress and pace for the success in the future.

## COMPANY GENERAL INFORMATION

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Company's Name	: New City (Bangkok) Public Co., Ltd.
Securities Abbreviation	: NC
Company's registration number	: 0107537001901 (previously Bor.Mor.Jor. 437)
Office Location	: 666 Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120 Telephone:02-294-6999, Facsimile02-294-4068
Type of business	: Selling consumables products, both wholesales and retails
Number and Type of Shares	: Registered Ordinary Shares, 14,951,000 shares
Registered capital	: 14,951,000 shares, at par value of 10 Baht/share, Total 149,510,000 Baht.
Issued capital and called for payment	: 14,951,000 shares, at par value of 10 Baht/share, Total 149,510,000 Baht.

### **Branch Locations**

Branch 1	: 293/16-17 Surawongse Road, Suriyawongse, Bangrak, Bangkok, Telephone (02) 2378460-1.
Branch 2	: 47, Opposite Saenfang Temple, Chang Moi Sub-District, Muang, Chiangmai, Telephone (053) 251-362.
Branch 3	: 250/1, 1st Floor, Com Kosa Complex, Srichan Road, NaiMuang Sub-District, Muang, Khonkaen, Telephone (043) 389-021.
Branch 4	: Kardsuankaew Complex, 21 Huaykaew Road, Suthep Sub-District, Muang, Chiangmai, Telephone (053) 894-301.
Branch 5	: 33/3, 1 <sup>st</sup> Floor, Bamrunrad Hospital, Sukhumvit 3 Road, Klongtoey Sub-District, Klongtoey, Bangkok, Telephone (02) 667-1249.
Branch 6	: 1242/2, 2 <sup>nd</sup> Floor, The Malls Korat, S-34 Mittraparb Road, Muang Sub-District, Muang, Nakonratchasima, Telephone (044) 288-175.
Branch 7	: Central Plaza KhonKaen, 245, 2 <sup>nd</sup> Floor, 99 Srichan Road, Muang Sub-District, Muang, KhonKaen, Telephone (043) 288-114.
Branch 8	: Central Plaza Udonthani Showroom, No. A114, Prajaksilapakom, Makkaeng Sub-district, Muang District, Udonthani Province, Telephone 042-110 555, extension 1202.

### **Juristic Persons who has shareholding value more than 10%**

<b><u>Company's Name</u></b>	<b><u>Type of Business</u></b>	<b><u>Number of shares</u></b>	<b><u>Investment %</u></b>
Suphatnee Co., Ltd.	Real Estates	60,000	12.00
Advance Agrotech Co., Ltd.	Flower Planting	29,998	18.28
New Plus Knitting Co., Ltd.	Textiles	1,479,062	14.79

## **Reference Personnel**

Registrar : Assets Deposit Centre (Thailand) Co., Ltd.  
93 Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand  
Telephone: (02) 009-9000, Facsimile (02) 009-9991

Accounting Auditor : Ms. Kannikar Wipanurat, a CPA. Registration number 7305  
Karintr Audit Company Limited  
138 Boonmitr Building 6th Fl. Room B1 Silom Rd.  
Kwang Suriyawong Khet Bangrak Bangkok. 10500 Thailand  
Tel. (662) 634-2484-6 Fax. (662) 634-2668

Legal Advisor : None

Financial Advisor : None

Consultant or Manager  
under the management  
contract : None

Investors can learn more on the company annual report  
(56-1 Type) of the companies listed. [www.sec.or.th](http://www.sec.or.th) or the company's website [www.NewCity.co.th](http://www.NewCity.co.th)

## Management Details and Authorized Persons

Management Details and Authorized Persons					Work Experience for the past 5 years		
Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Period	Position	Company/ Business Type
1	Mr. Boonpakorn Chokwathana Position: Chairman of the Board, Chief President Relationship with the executive (2) Relationship with the executive (3) Relationship with the executive (4)	81	Bachelor of Economics The University of Nottingham, United Kingdom Certificate of Director Accreditation Program (DAP) Director Certification Program (DCP) Role of Compensation Committee (RCC)	4.04	1969-present	Chairman of the Board	New City (Bangkok) Public Company Limited
					1962-present	Deputy Chairman of The Board	Sahapattanaphibul Public Company Limited/ Consumable products
					1972-present	Deputy Chairman of The Board	Sahapattana Inter Holding Public Company Limited /Investment
					1980-2012	Independent Director Audit Committee Member and Chairman to the Procurement Department	Bumrungras Hospital Public Company Limited
					2002-present	Director	IT City Public Company Limited
					Present	Chairman	Dr. Thiam Chokewattana Foundation
	Holding any position in other organizations or businesses in the past year -none-					Director	4 non-listed companies
2	Mrs. Chamnian Chokwathana Position: Deputy Chairman and Director Family relationship with executive (1) Relationship with the executive (3) Relationship with the executive (4)	67	Diploma in London in 1969 Certification of Director Accreditation Program (DAP)	0.42	1988-present	Deputy Chairman and Director	New City (Bangkok) Public Company Limited
					1989-present	Chairman of the Board	New Plus Knitting Public Company Limited/Textile
	Holding any position in other organizations or businesses in the past year -none-					Director	4 non-listed companies
3	Mr. Phiphob Chokwathana  Position: Deputy Chairman and Director	40	Bachelor of Management Information System The University of Central Florida, USA Certificate of Director Accreditation Program (DAP)	2.38	2003-present	Director/Vice President and Managing Director	New City (Bangkok) Public Company Limited
					2008-present	Assistance Secretary	Industrial Council of Thailand
	Holding any position in other organizations or businesses in the past year -none-					Director	2 non-listed companies

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years		
					Period	Position	Company/ Business Type
4	Ms.Vorawan chokvathana Position: Director	42	Master of Managrment Information System Eastern Michigen University , Bachelor of accounting Assumption Uiversity Certificate of Director Accreditation Program (DAP)	2.62	2015-present	Director	New City (Bangkok) Public Company Limited
					Director	3 non-listed company	
	Holding any position in other organizations or businesses in the past year -none-						
5	Ms. Pataya Khetsatsira Position: Director	65	Diploma Certificate Bangkok Accounting College Certificate of Director Accreditation Program (DAP)	0.0002	1984-present	Sales Manager – Cosmetics Department	New City (Bangkok) Public Company Limited
	Holding any position in other organizations or businesses in the past year -none-						
6	Ms. Jurai-orn Chimalawong Position : Director	55	Bachelor of Arts (Accounting) Sunantha Teacher College Certificate of Director Accreditation Program (DAP)	0.0014	1991-Present	Director	New City (Bangkok) Public Company Limited
					1992-present	Director	Boonwattachoke Company Limited
						Director	2 non-listed companies
	Holding any position in other organizations or businesses in the past year -none-						
7	Mr. Suksan Fuangrit Position: Audit Committee	66	Bachelor of Commerce and Finance (Accounting) Thammasart University Certificate of Director Accreditation Program (DAP)	-	2003-present	Audit Committee	New City (Bangkok) Public Company Limited
					1973-1974	Finance Manager	Krung Thai Bank – Ranong Branch
					1975-1976	Finance Manager	Commercial Motors Co.,Ltd.
					1977-1988	General Manager	Thai Takayama Reed Co.,Ltd.
	Holding any position in other organizations or businesses in the past year -none-				1989-present	System Planning Consultant	Zabmic Co.,Ltd.

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years		
					Period	Position	Company/ Business Type
8	Mr.Pisit Metapakornpong Position: Chairman to the Audit Committee	65	Bachelor of Commerce and Finance (Accounting) Thammasart University MBA Business Management, USA Certificate of Director Accreditation Program (DAP)	-	2003-present	Chairman to the Audit Committee	New City (Bangkok) Public Company Limited
					2001-2006	Director of Risk Management and Finance Management	Bank of Thailand
	Holding any position in other organizations or businesses in the past year -none-						
9	Mrs. Duangdao Rattanasophitkul Position: Director	61	Bachelor of Information Science Chulalongkorn University Certificate of Director Accreditation Program (DAP)	0.0004	1984-present	Manager of Products Department	New City (Bangkok) Public Company Limited
	Holding any position in other organizations or businesses in the past year -none-						
10	Ms. Waraporn Phekanant Position: Audit	69	D.I.P.S.T. Nicholas Teacher Training Centre for the Montessori Method of Education	0.03	1999-present	Audit Committee	New City (Bangkok) Public Company Limited
					Present	Executive Director	Association (Sor.Por.Tor.Thor.) 4 Army Preparatory School
	Holding any position in other organizations or businesses in the past year -none-					Director	1 non-listed company
11	Ms. Samang Chantrima Position: Director, Secretary to the Board and Secretary to Audit Committee	52	Certificate of High Vocational in Accounting Silom Accounting College Certificate of Director Accreditation Program (DAP)	0.001	1994-present	Director Finance Manager	New City (Bangkok) Public Company Limited
					2002-present	Secretary to the Board Secretary to the Audit Committee	
Holding any position in other organizations or businesses in the past year -none-							
12	Mr. Kaweepong Hirunkasi Position: Independent Director	67	Bachelor of Commerce Thammasart University Master of Business Management, International Kasetsart University Ph.D. Social Economic Administration Magach	-	2009-present	Independent Director	New City (Bangkok) Public Company Limited
					1984-2010	Vice Governor	The Metropolitan Power Board
					Present	Director	Student Alumni Association Triam Udomsuksa under the roval

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years		
					Period	Position	Company/ Business Type
			University, India Certificate of Public Economics Management for high level executives Kind Mongkut Institute, Class 5 (Por.Sor.Sor.5) Certificate of Director Accreditation Program (DAP)				patronage
					2005-present	Director	Commerce and Accounting Student Alumni Association Thammasart University
					2007-present	Director	Returning Elephant to Nature Foundation
					2009-present	Chairman of Audit Committee	AI Energy Public Co., Ltd.
	Holding any position in other organizations or businesses in the past year -none-					Director	2 non-listed company
13.	Mr. Adul Srimadee Company Secretary	52	Bachelor of Law, Ramkhamhaeng University. Diploma of Law, Lawyer Council		1992-Present	Company Secretary	Legal New City (Bangkok) Public Company Limited

## ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL REPORT

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New City (Bangkok) Public Co., Ltd.'s financial statement is prepared under the policy of the Board of Directors which is in accordance with the generally accepted accounting principles and carefully records the accounting transactions by using the judgment in preparing the financial statement to reflex the actual.

In this regard, the Board of Directors recognized the importance of financial statement's quality by using verification of the financial statement and arrange for disclosure of sufficient important additional information in the notes, definition and analysis of the financial statement for the benefit of the shareholders and general investors in using financial statement.

In addition, the Board of Directors has appointed the Auditor's Committee which consists of the Independent Director, and non-executive Director to be directly in charge for the quality of the financial statement. The opinions and views of the Auditor's Committee are included in the Annual Report.

From the management structure and internal control system together with the report of certified accounting auditor, the Board of Directors are ensured that the New City (Bangkok) Public Co., Ltd.'s financial statement as at 31 December 2016 presenting the financial status, business' s performance and cash flow to be accurate and in accordance with generally accepted accounting principles.



Mr. Boonpakorn Chokwathana  
Chairman of the Board



## Independent Auditor's Report

To the Shareholders and the Board of Directors of Newcity (Bangkok) Public Company Limited

### Opinion

I have audited the financial statements of Newcity (Bangkok) Public Company Limited which comprise the statements of financial position in which the equity method and the separate statement of financial position as at 31 December 2016, and the statement of comprehensive income in which the equity and the separate statements of comprehensive income, changes in shareholders' equity in which the equity method and separate statement of changes in shareholder's equity and cash flows in which the equity method and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, accompanying financial statement in which the equity method and separate financial statements referred to above present fairly, which comprise the financial position in of Newcity (Bangkok) Public Company Limited financial position as at 31 December 2016, their 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 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 judgment, 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.

### Allowance for decreasing in inventory valuation

As at December 31, 2016, as describe in note to financial statement no.6, the Company has inventory amount of Baht 266 million, valuation by the lower of cost or net realizable value. The management have to make subjective judgement in consideration of allowance for slow moving and declining value of inventory in accordance to physical damage of each items and the net realizable value consideration from market price at ended date.

I got a confidence of appropriate management's assumption of allowance for inventory calculation. I observed the inventory counting, also sampling invoice to check cost of inventory recording, and also cost allocation related to such inventory. I compared cost of inventory with net realizable value (subsequent sales invoice to check sales price), analyst quantity and movement to find out a slow turn-over and damage.

### **Impairment of investment in associate**

The Company has to test of impairment according to Thai financial reporting standard. This test is significant in our audit due to net realizable value of investment in associate is less than investment cost. The Company considered net realizable value by the last selling price in the stock market and recognized impairment provision in the separate financial statement amount of Baht 19.17 million.

The audit procedure are included check the adjusted value of investment in associate with last selling price in the stock market. I considered the appropriateness of notes to financial statements of the group of the company, refer to Note 8.

### **Revenue recognition**

The Company has many sales channels; such as credit-term sales, wholesale, Point of Sales (POS). Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer. Revenue recognize is significant in the audit due to there is sizes and number of many transactions.

The audit procedure are included by test of control in revenue cycle, test to ensure that account system and program system and process of preparing for the financial reporting has appropriate controlling of the revenue recognition when sale to the consumer.

### **Other**

The comparative financial statements in which the equity method is applied of Newcity (Bangkok) Public Company Limited for the year ended December 31, 2015 and the comparative separate financial statements of Newcity (Bangkok) Public Company Limited for the year ended December 31, 2015 were audited by another auditor in my office who expressed a modified opinion on those statements with respect to the non-audit of the financial statements of the associate on February 23, 2016.

### **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, 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 Group, 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 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 Company 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 judgment 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 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 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 Company to express an opinion on the 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 Ms. Kannika Wipanurat

Kannika Wipanurat

(Ms. Kannika Wipanurat)

Certified Public Accountant (Thailand) No. 7305

Karin Audit Company Limited

February 24, 2017

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**

**STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31,  
2016**

**ASSETS**

		In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
Note		2016	2015	2016	2015
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		739,415	551,089	739,415	551,089
Trade and other accounts receivable - net					
- Related parties	4,5	391,706	120,182	391,706	120,182
- Other companies	5	142,074,268	132,494,553	142,074,268	132,494,553
Inventories	6	265,897,533	263,899,930	265,897,533	263,899,930
Other current assets		9,373,552	8,134,200	9,373,552	8,134,200
<b>Total current assets</b>		<b>418,476,474</b>	<b>405,199,954</b>	<b>418,476,474</b>	<b>405,199,954</b>
<b>NON CURRENT ASSETS</b>					
Available for sale investments - net	7	120,341,205	101,400,039	120,341,205	101,400,039
Investment in associate - net	8	35,987,315	28,853,780	50,761,408	44,386,650
Other long term investments - net	9	14,154,097	12,884,526	14,154,097	12,884,526
Property, plant and equipment - net	10	28,538,229	28,293,555	28,538,229	28,293,555
Unused land - net	11	1,211,190	1,211,190	1,211,190	1,211,190
Leasehold rights - net	12	5,660,079	6,483,367	5,660,079	6,483,367
Deferred tax assets	13	19,134,918	18,193,528	22,969,120	23,302,681
Other non current assets		8,092,033	8,380,939	8,092,033	8,380,939
<b>Total non current assets</b>		<b>233,119,066</b>	<b>205,700,924</b>	<b>251,727,361</b>	<b>226,342,947</b>
<b>TOTAL ASSETS</b>		<b>651,595,540</b>	<b>610,900,878</b>	<b>670,203,835</b>	<b>631,542,901</b>

**NEWCITY (BANGKOK) PUBLIC COMPANY  
LIMITED**

**STATEMENTS OF FINANCIAL POSITION ( CONT.)**

**AS AT DECEMBER 31, 2016**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2016	2015	2016	2015
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short term					
loans from financial institutions	14	82,146,999	89,497,601	82,146,999	89,497,601
Trade accounts payable					
- Related parties	4	85,695,127	77,829,797	85,695,127	77,829,797
- Others		22,729,479	15,251,525	22,729,479	15,251,525
Income tax payable		1,914,891	1,963,158	1,914,891	1,963,158
Other current liabilities		25,227,677	23,417,232	25,227,677	23,417,232
<b>Total current liabilities</b>		<b>217,714,173</b>	<b>207,959,313</b>	<b>217,714,173</b>	<b>207,959,313</b>
<b>NON CURRENT LIABILITIES</b>					
Deferred tax liabilities	13	17,142,858	13,354,623	17,142,858	13,354,623
Employee benefit obligations	15	19,848,247	21,486,135	19,848,247	21,486,135
Other non current liabilities		2,673,413	2,146,329	2,673,413	2,146,329
<b>Total non current liabilities</b>		<b>39,664,518</b>	<b>36,987,087</b>	<b>39,664,518</b>	<b>36,987,087</b>
<b>Total liabilities</b>		<b>257,378,691</b>	<b>244,946,400</b>	<b>257,378,691</b>	<b>244,946,400</b>

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**STATEMENTS OF FINANCIAL POSITION ( CONT.)**  
**AS AT DECEMBER 31, 2016**

**LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)**

	Note	In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
		2016	2015	2016	2015
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - common share					
14,951,000 shares,					
Baht 10 par value					
Authorized share capital		149,510,000	149,510,000	149,510,000	149,510,000
Issued and paid - up share capital		149,510,000	149,510,000	149,510,000	149,510,000
Retained earnings					
- Legal reserve	16	11,800,000	11,150,000	11,800,000	11,150,000
- Unappropriated		163,038,524	152,159,446	181,515,556	172,518,007
Other components of shareholders' equity		69,868,325	53,135,032	69,999,588	53,418,494
<b>Total shareholders' equity</b>		<b>394,216,849</b>	<b>365,954,478</b>	<b>412,825,144</b>	<b>386,596,501</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>651,595,540</b>	<b>610,900,878</b>	<b>670,203,835</b>	<b>631,542,901</b>

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**AS AT DECEMBER**  
**31, 2016**

		In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2016	2015	2016	2015
<b>REVENUES</b>					
Net sales	20	658,015,068	628,879,449	658,015,068	628,879,449
Reversal of impairment loss on investments in associates		-	-	6,374,757	4,762,579
Dividend income		3,215,627	3,087,771	3,511,440	3,309,630
Other income		4,761,699	5,457,377	4,761,699	5,457,377
<b>Total revenues</b>		665,992,394	637,424,597	672,662,964	642,409,035
<b>EXPENSES</b>					
Cost of goods sold		441,824,732	412,691,643	441,824,732	412,691,643
Selling expenses		167,125,431	163,071,506	167,125,431	163,071,506
Administrative expenses		45,807,603	46,602,173	45,807,603	46,602,173
Impairment loss on assets		-	3,835,435	-	3,835,435
Finance costs		2,385,346	2,901,790	2,385,346	2,901,790
<b>Total expenses</b>		657,143,112	629,102,547	657,143,112	629,102,547
<b>Share of profit of associates</b>		7,277,147	3,678,784	-	-
<b>Profit (Loss) before income tax</b>		16,126,429	12,000,834	15,519,852	13,306,488
Tax expense	13	1,607,151	1,201,172	2,882,103	2,153,688
<b>Profit (Loss) for the year</b>		14,519,278	10,799,662	12,637,749	11,152,800



**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**STATEMENTS OF COMPREHENSIVE INCOME (Continued)**  
**AS AT DECEMBER 31, 2016**

		In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2016	2015	2016	2015
<b>Other comprehensive income</b>	18				
Items that will be reclassified subsequently to profit or loss					
- Gains (loss) on measurement of available for sale investments		15,152,934	(13,382,187)	15,152,934	(13,382,187)
- Share of other comprehensive income (loss) of associate		152,199	(41,915)	-	-
Items that will not be reclassified subsequently to profit or loss					
- Defined benefit plan actuarial gains					
Employee benefits obligations		1,428,160	-	1,428,160	-
<b>Other comprehensive gains (loss)</b>					
<b>for the year</b>		16,733,293	(13,424,102)	16,581,094	(13,382,187)
<b>Total comprehensive income for the year</b>		31,252,571	(2,624,440)	29,218,843	(2,229,387)
<b>Basic earnings per share</b>		0.97	0.72	0.85	0.75
<b>Weighted average number of common shares (shares)</b>		14,951,000	14,951,000	14,951,000	14,951,000

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
AS AT DECEMBER 31,  
2016**

Financial statements in which the equity method is applied (In Baht)								
	Note	Issued and paid - up share capital	Retained earnings		Fair value changes in available - for - sale investments	Other components of shareholders' equity		Total shareholders' equity
			Legal reserve	Unappropriated		Share of other comprehensive income (loss) of associates	Defined benefit plan actuarial losses	Total other components of shareholders' equity
<b>Balance as at January 1, 2015</b>		149,510,000	10,500,000	147,990,143	66,800,681	(241,547)	-	374,559,277
Total comprehensive income (loss)								
for the year		-	-	10,799,662	(13,382,187)	(41,915)	-	(2,624,440)
Appropriation for legal reserve	16	-	650,000	(650,000)	-	-	-	-
Dividend payment	19	-	-	(5,980,359)	-	-	-	(5,980,359)
<b>Balance as at December 31, 2015</b>		149,510,000	11,150,000	152,159,446	53,418,494	(283,462)	-	365,954,478
Total comprehensive income (loss)								
for the year		-	-	-	15,152,934	152,199	1,428,160	16,733,293
Profit for the year		-	-	14,519,278	-	-	-	14,519,278
Appropriation for legal reserve	16	-	650,000	(650,000)	-	-	-	-
Dividend payment	19	-	-	(2,990,200)	-	-	-	(2,990,200)
<b>Balance as at December 31, 2016</b>		149,510,000	11,800,000	163,038,524	68,571,428	(131,263)	1,428,160	394,216,849

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS AT DECEMBER 31, 2016**

		Separate financial statements (In Baht)					
	Note	Issued and paid - up share capital	Retained earnings		Fair value changes in available - for - sale investments	Defined benefit plan actuarial losses	Total shareholders' equity
			Legal reserve	Unappropriated			
<b>Balance as at January 1, 2015</b>		149,510,000	10,500,000	167,995,566	66,800,681	-	394,806,247
Total comprehensive income (loss) for the year		-	-	11,152,800	(13,382,187)	-	(2,229,387)
Appropriation for legal reserve	16	-	650,000	(650,000)	-	-	-
Dividend payment	19	-	-	(5,980,359)	-	-	(5,980,359)
<b>Balance as at December 31, 2015</b>		<u>149,510,000</u>	<u>11,150,000</u>	<u>172,518,007</u>	<u>53,418,494</u>	<u>-</u>	<u>386,596,501</u>
Total comprehensive income (loss) for the year		-	-	-	-	1,428,160	1,428,160
Profit for the year		-	-	12,637,749	15,152,934	-	27,790,683
Appropriation for legal reserve	16	-	650,000	(650,000)	-	-	-
Dividend payment	19	-	-	(2,990,200)	-	-	(2,990,200)
<b>Balance as at December 31, 2016</b>		<u>149,510,000</u>	<u>11,800,000</u>	<u>181,515,556</u>	<u>68,571,428</u>	<u>1,428,160</u>	<u>412,825,144</u>

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**

**STATEMENTS OF CASH FLOWS**

**AS AT DECEMBER 31, 2016**

	In Baht			
	Financial statements in which		Separate	
	the equity method is applied		financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit for the year	14,519,278	10,799,662	12,637,749	11,152,800
Adjustment for				
Depreciation and amortization	5,800,478	5,959,989	5,800,478	5,959,989
Allowance for doubtful accounts (reversal)	(34,998)	207,779	(34,998)	207,779
(Reversal) of impairment loss on investments				
in associate	-	-	(6,374,757)	(4,762,579)
(Reversal) of impairment loss on other				
long-term investments	(1,269,571)	(1,224,439)	(1,269,571)	(1,224,439)
Loss on reduction of capital on other				
long-term investments	-	1,000,000	-	1,000,000
Impairment loss on assets (reversal)	-	3,835,435	-	3,835,435
Share of profit of associate	(7,277,147)	(3,678,784)	-	-
Gain (loss) on disposals of equipment	116,992	19,963	116,992	19,963
Unrealized loss (gain) on foreign				
exchange rate	-	152	-	152
Dividend income	(3,215,627)	(3,087,771)	(3,511,440)	(3,309,630)
Interest income	(14,942)	(10,425)	(14,942)	(10,425)
Interest expense	2,385,346	2,901,790	2,385,346	2,901,790
Tax expense	1,607,151	1,201,172	2,882,103	2,153,688
Provisions for employee benefits	1,458,458	4,805,976	1,458,458	4,805,976
	14,075,418	22,730,499	14,075,418	22,730,499

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**

**STATEMENTS OF CASH FLOWS (Continued)**

**AS AT DECEMBER 31, 2016**

	In Baht			
	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
Decrease (increase) in operating assets				
Trade accounts receivable	(9,816,239)	5,529,305	(9,816,239)	5,529,305
Inventories	(1,997,603)	4,480,102	(1,997,603)	4,480,102
Other current assets	(1,226,744)	(499,797)	(1,226,744)	(499,797)
Other non-current assets	127,000	470,060	127,000	470,060
Increase (decrease) in operating liabilities				
Trade accounts payable	15,343,284	(474,178)	15,343,284	(474,178)
Other current liabilities	1,762,100	(2,102,597)	1,762,100	(2,102,597)
Other non-current liabilities	557,084	570,360	557,084	570,360
Employee benefit obligations	(1,668,186)	(2,540,730)	(1,668,186)	(2,540,730)
Income tax paid	(2,596,810)	(4,775,970)	(2,596,810)	(4,775,970)
<b>Net cash provided by operating activities</b>	<b>14,559,304</b>	<b>23,387,054</b>	<b>14,559,304</b>	<b>23,387,054</b>
<b>Cash flows from investing activities</b>				
Interest received	14,942	10,425	14,942	10,425
Increase in other long-term investments	-	-	-	-
Acquisitions of equipment and computer program	(5,219,557)	(6,387,665)	(5,219,557)	(6,387,665)
Proceeds from sales of equipment	-	46,262	-	46,262
Dividend received	3,511,440	3,309,630	3,511,440	3,309,630
<b>Net cash provided by (used in) investing activities</b>	<b>(1,693,175)</b>	<b>(3,021,348)</b>	<b>(1,693,175)</b>	<b>(3,021,348)</b>

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**AS AT DECEMBER 31, 2016**

	In Baht			
	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from financing activities</b>				
Interest paid	(2,337,001)	(2,994,028)	(2,337,001)	(2,994,028)
Decrease in bank overdrafts and short-term loans from financial institutions	(7,350,602)	(11,402,626)	(7,350,602)	(11,402,626)
Dividend paid	(2,990,200)	(5,980,359)	(2,990,200)	(5,980,359)
<b>Net cash used in financing activities</b>	<b>(12,677,803)</b>	<b>(20,377,013)</b>	<b>(12,677,803)</b>	<b>(20,377,013)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>188,326</b>	<b>(11,307)</b>	<b>188,326</b>	<b>(11,307)</b>
Cash and cash equivalents at beginning of the year	551,089	562,396	551,089	562,396
<b>Cash and cash equivalents at end of the year</b>	<b>739,415</b>	<b>551,089</b>	<b>739,415</b>	<b>551,089</b>

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
**December 31, 2016**

**1. GENERAL**

Newcity (Bangkok) Public Company Limited (“the Company”) is incorporated in Thailand and has registered office at 666 Rama 3 Road, Bangpongpan, Yannawa, Bangkok.

The Company was listed on the Stock Exchange of Thailand on September 30, 1977.

The Company engages in the distribution of pantyhose, cosmetics, innerwear and exercise outfits.

**2. BASIS FOR FINANCIAL STATEMENT PREPARATION**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Thai Securities and Exchange Commission.

The accompanying financial statements are prepared in Thai Baht in the Thai language in accordance with the financial reporting standards in Thailand. Accordingly, the accompanying financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with the financial reporting standards in Thailand.

Except as disclosed in the accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**New financial reporting standards**

**(a) Financial reporting standards that became effective in the current year**

During the year, the Company have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company financial statements.

**(b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

# **NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**

## **Notes to Financial Statements**

**December 31, 2016**

### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

The significant principle accounting policies adopted in the preparation of these financial statements are as follows:

#### **Basis of the financial statements in which the equity method is applied**

Associates are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The financial statements in which the equity method is applied include the Company's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

#### **Foreign currency transactions**

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

#### **Trade and other receivables**

Trade and other receivables are stated at their invoice values less allowance for doubtful accounts.

The Company provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on the historical collection experience coupled with a review of the current status of existing receivables.



# **NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**

## **Notes to Financial Statements**

**December 31, 2016**

### **Inventories**

Inventories are stated at the lower of cost (after deduction of allowance for obsolete and slow-moving of inventories) or net realizable value.

Cost is calculated using weighted average cost and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less necessary selling expenses.

Allowance for slow-moving and obsolete inventories is based on the ages and conditions of inventories and the historical experience.

### **Investments**

Investments in associates in the separate financial statements of the Company are accounted for using the cost method less impairment losses. Investments in associates in the financial statements in which the equity method is applied are accounted for using the equity method.

Marketable equity securities other than securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognized in other comprehensive income.

Equity securities which are not marketable are stated at cost less impairment losses.

### **Property, plant and equipment**

Property, plant and equipment are stated at cost net of accumulated depreciation and allowance for impairment losses (if any).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of an item of property, plant and equipment. Depreciation is calculated based on cost of the property and equipment less residual value. Useful lives and residual values are reviewed at each year-end. The estimated useful lives are as follows:

	<u>Period (years)</u>
Buildings	20
Furniture, and office equipments	5
Vehicles	5

No depreciation is provided on land or assets under construction.

### **Unused land**

Unused land is stated at cost net of allowance for impairment losses.

# **NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**

## **Notes to Financial Statements**

**December 31, 2016**

### **Leasehold rights**

Leasehold rights are stated at cost less accumulated amortization and allowance for impairment losses.

Amortization is recognized in profit or loss on a straight-line basis over the lease life of 26 - 27 years.

### **Impairment of assets**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of an asset's net selling price or value in use) are estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in profit or loss. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

### **Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

### **Employee benefits**

The Company's obligation in respect of post-employment benefits, which are compensations under labor protection acts, is recognized as liability and expense in the financial statements based on the amount calculated, using the projected unit credit method by a qualified actuary. Expenses from the estimated liability for post-employment benefits are recognized in profit or loss and comprise of current service cost and interest cost. Actuarial gain or loss is recognized in other comprehensive income. This employee benefit plan is unfunded and has no any incurred plan asset.

### **Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### **Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated cost or the probable return of goods.

# **NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**

## **Notes to Financial Statements**

**December 31, 2016**

Interest income is recognized in profit or loss as it accrues.

Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established.

Other income is recognized on an accrual basis.

### **Expenses**

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease.

Interest expense and similar costs are charged to profit or loss for the period in which they are incurred.

### **Income tax**

Tax expense for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **Use of estimates**

In order to prepare financial statements in conformity with financial reporting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Basic earnings per share**

Basic earnings per share are determined by dividing the profit for the year by the weighted average number of common shares outstanding during the year.

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED****Notes to Financial Statements****December 31, 2016****4. TRANSACTIONS WITH RELATED PARTIES**

Related party is a party controlled by the Company or has power control over the Company, directly or indirectly, or has significant influence over the financial or operating policies of the Company.

Name of entities	Nature of relationships
<u>Associate</u>	
New Plus Knitting Pcl. and its subsidiaries	Associate
<u>Other related parties</u>	
Supathanee Co., Ltd.	Common shareholder
Advance Acrotech Co., Ltd.	Common directors
IT City Pcl.	Common directors
Saha Pathanapibul Pcl.	Common directors
Saha Pathana Inter-Holding Pcl.	Common directors
Ekpakorn Co., Ltd.	Common directors
Boonwatanachok Co., Ltd.	Common directors
Chensin Industry Co., Ltd.	Common directors
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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

Type of transactions	Pricing policies
Sale	Market price
Purchase	Market price
Commission income	Market price
Rental income	Market price
Other income	Negotiated price
Rental expense	Market price
Service for inventory	Market price
Other expense	Negotiated price

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
**December 31, 2016**

	In Thousand Baht	
	December 31	December 31
	2016	2015
2.		
3.		
4.		
5. <u>Trade accounts receivable</u>		
6. <i>Related party</i>		
7. Boonwatanachok Co., Ltd.	392	120
8.		
9. <u>Other receivables</u>		
10. <i>Associate</i>		
11. New Plus Knitting Pcl. and its subsidiaries	51	-
12. <i>Related party</i>		
13. Boonwatanachok Co., Ltd	25	14
<b>14. Total</b>	<b>76</b>	<b>14</b>
<b>15.</b>		
16.		
17. <u>Available - for - sale investments</u>		
18. <i>Related parties</i>		
19. Saha Pathanapibul Pcl.	12,807	12,807
20. IT City Pcl.	3,541	3,541
21. Saha Pathana Inter - Holding Pcl.	1,898	1,898
22.	18,246	18,246
23. Add fair value changes	84,027	64,393
<b>24. Total</b>	<b>102,273</b>	<b>82,639</b>
25.		
26. <u>Other long - term investments</u>		
27. <i>Related parties</i>		
28. Supathanee Co., Ltd.	6,000	6,000
29. Advance Acrotech Co., Ltd.	3,000	2,290
30.	9,000	8,290
31. Less allowance for impairment loss	(984)	(984)
<b>32. Net</b>	<b>8,016</b>	<b>7,306</b>
<b>33.</b>		

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
**December 31, 2016**

	In Thousand Baht	
	December 31	December 31
	2016	2015
<b>34.</b>		
<b>35.</b>		
<b>37.</b>		
<b>39.</b>		
40. <u>Trade accounts payable</u>		
41. <i>Associate</i>		
42. New Plus Knitting Pcl. and its subsidiaries	85,695	77,829
43. <i>Related party</i>		
Boonwatanachok Co., Ltd.	-	1
<b>44. Total</b>	<b>85,695</b>	<b>77,830</b>
<b>45.</b>		
46. <u>Other current liabilities (accrued expense)</u>		
47. <i>Associate</i>		
48. New Plus Knitting Pcl. and its subsidiaries	-	29
49. <i>Related parties</i>		
50. Chensin Industry Co., Ltd	86	86
51. Saha Pathana Inter-Holding Pcl.	20	20
<b>52. Total</b>	<b>106</b>	<b>135</b>

Significant transactions with related parties for the years ended December 31, 2016 and 2015 were as follows:

	In Thousand Baht	
	2016	2015
<b>53.</b>		
<b>54.</b>		
55. <u>Sale</u>		
56. <i>Associate</i>		
57. New Plus Knitting Pcl. and its subsidiaries	-	10
58. <i>Related party</i>		
59. Boonwatanachok Co., Ltd.	1,169	840
<b>60. Total</b>	<b>1,169</b>	<b>850</b>
61.		
62. <u>Purchase</u>		
63. <i>Associate</i>		
64. New Plus Knitting Pcl. and its subsidiaries	339,287	324,816
65. <i>Related parties</i>		
66. Boonwatanachok Co., Ltd.	1	3
67. Saha Pathanapibul Pcl.	-	-
<b>68. Total</b>	<b>339,288</b>	<b>324,819</b>

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**

**Notes to Financial Statements**

**December 31, 2016**

<b>69.</b>			In Thousand Baht
<b>70.</b>			
72. <u>Dividend income</u>			
<u>Financial statements in which the equity method is applied</u>			
73. <i>Related parties</i>			
74. Saha Pathanapibul Pcl.	1,981		1,801
75. Saha Pathana Inter - Holding Pcl.	118		82
76. IT City Pcl.	177		-
<b>77. Total</b>	<b>2,276</b>		<b>1,883</b>
78.			
79. <u>Separate financial statements</u>			
80. <i>Associate</i>			
81. New Plus Knitting Pcl. and its subsidiaries	296		222
82. <i>Related parties</i>			
83. Saha Pathanapibul Pcl.	1,981		1,801
84. Saha Pathana Inter - Holding Pcl.	118		82
85. IT City Pcl.	177		-
<b>86. Total</b>	<b>2,572</b>		<b>2,105</b>
<b>87.</b>			
88. <u>Other income (commission, rental, etc.)</u>			
89. <i>Associate</i>			
90. New Plus Knitting Pcl. and its subsidiaries	551		361
91. <i>Related parties</i>			
92. Boonwatanachok Co., Ltd.	249		157
<b>93. Total</b>	<b>800</b>		<b>518</b>
94. <u>Selling and administrative expenses</u>			
95. <u>(rental, warehouse service, etc.)</u>			
96. <i>Associate</i>			
97. New Plus Knitting Pcl. and its subsidiaries	242		119
98. <i>Related parties</i>			
99. Saha Pathanapibul Pcl.	1,875		1,682
Saha Pathana Inter-Holding Pcl.	960		960
100. Chensin Industry Co., Ltd.	1,226		1,160
<b>101. Total</b>	<b>4,303</b>		<b>3,921</b>
102.			
<u>Key management compensation</u>			
103. Short - term employment benefits	16,270		17,178
104. Post - employment benefits	269		459
<b>105. Total</b>	<b>16,539</b>		<b>17,637</b>

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
**December 31, 2016**

**5. TRADE ACCOUNTS RECEIVABLE**

Aging analyses for trade accounts receivable as at December 31, 2016 and 2015 were as follows:

		In Thousand Baht	
		December 31	December 31
	Note	2016	2015
106.			
107.			
108.			
109. <u>Related party</u>			
110. Current		392	120
111. Overdue not over 3 months		-	-
<b>112. Total</b>	4	<u>392</u>	<u>120</u>
113.			
114. <u>Other companies</u>			
115. Current		116,962	103,805
116. Overdue			
117. Not over 3 months		23,104	26,728
118. Over 3 - 6 months		2,007	1,962
119. Over 6 - 12 months		1,930	1,295
120. Over 12 months		<u>3,767</u>	<u>4,436</u>
121.		147,770	138,226
122. Less allowance for doubtful accounts		<u>(5,696)</u>	<u>(5,731)</u>
<b>123. Net</b>		<u>142,074</u>	<u>132,495</u>

**6. INVENTORIES**

	In Thousand Baht	
	December 31	December 31
	2016	2015
124.		
125.		
126.		
127. Merchandise	<u>265,898</u>	<u>263,900</u>



**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
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**7. AVAILABLE - FOR - SALE INVESTMENTS – NET**

128.	In Thousand Baht		
129.	Related		
130.	parties	Others	Total
131.	(Note 4)		
<b>132. As at December 31, 2016</b>			
133. Cost	18,246	16,381	34,627
134. Fair value changes	84,027	1,688	85,715
<b>135. Total</b>	<u>102,273</u>	<u>18,069</u>	<u>120,342</u>
136.			
<b>137. As at December 31, 2015</b>			
138. Cost	18,246	16,381	34,627
139. Fair value changes	64,393	2,380	66,773
<b>140. Total</b>	<u>82,639</u>	<u>18,761</u>	<u>101,400</u>

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
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**8. INVESTMENTS IN ASSOCIATE - NET**

Investment in associate as at December 31, 2016 and 2015 was as follows:

				In Thousand Baht				
Type of business	Ownership interest (%)		Paid-up share capital	Investments				
	2016	2015		Cost method		Equity method		
				2016	2015	2016	2015	
<u>Associate</u>								
New Plus Knitting Pcl.	Textiles	14.79	14.79	100,000	69,932	69,932	35,987	28,854
Less allowance for impairment loss					(19,171)	(25,545)	-	-
<b>Net</b>					50,761	44,387	35,987	28,854

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED****Notes to Financial Statements****December 31, 2016**

The Company accounted its investment in associate in the financial statements, in which the equity method is applied, using the equity method as at December 31, 2016 ,and share of profit of the associate and share of other comprehensive income of the associate for the years then ended were based on the consolidated financial statements for the years ended December 31, 2016 New Plus Knitting Public Company Limited and its subsidiaries by another auditor. The carrying value of the investment as at December 31, 2016 and 2015 amounted to Baht 35.99 million and Baht 28.85 million, respectively. The Company's share of profit of the associate for the years ended December 31, 2016 and 2015 amounted to Baht 7.28 million and Baht 3.68 million, respectively.

The Company received dividend from New Plus Knitting Public Company Limited for the years then ended December 31, 2016 and 2015 amounting to Baht 0.29 million and Baht 0.22 million.

Financial information of the associates were as follows:

	In Thousand Baht	
	2016	2015
<b>As at December 31</b>		
Current assets	195,706	180,728
Non-current assets	289,853	278,214
Current liabilities	72,517	76,065
Non-current liabilities	69,824	81,878
<b>For the years ended December 31</b>		
Revenues	395,665	374,641
Profit	43,039	27,963
Other comprehensive Gain (loss)	1,181	(509)
Total comprehensive income	44,220	27,454

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
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**9. OTHER LONG - TERM INVESTMENTS -NET**

141.	In Thousand Baht		
142.	Related		
143.	parties	Others	Total
144.	(Note 4)		
<b>145. As at December 31, 2016</b>			
146. Cost	9,000	16,187	25,187
147. Allowance for impairment loss	(984)	(10,049)	(11,033)
148. Allowance for loss on reduction of capital	-	-	-
<b>149. Net</b>	<b>8,016</b>	<b>6,138</b>	<b>14,154</b>
150.			
<b>151. As at December 31, 2015</b>			
152. Cost	8,290	18,127	26,417
153. Allowance for impairment loss	(984)	(7,800)	(8,784)
154. Allowance for loss on reduction of capital	-	(4,749)	(4,749)
<b>155. Net</b>	<b>7,306</b>	<b>5,578</b>	<b>12,884</b>

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
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**10. PROPERTY, PLANT AND EQUIPMENT -NET**

	In Thousand Baht				
	Land	Building	Furniture and office equipment	Vehicles	Total
<b>Cost</b>					
At January 1, 2015	15,810	42,486	66,003	5,461	129,760
Additions	-	238	5,412	43	5,693
Disposals	-	-	(787)	(133)	(920)
<b>At December 31, 2015</b>	<b>15,810</b>	<b>42,724</b>	<b>70,628</b>	<b>5,371</b>	<b>134,533</b>
Additions	-	41	4,793	-	4,834
Disposals	-	-	(2,246)	(43)	(2,289)
<b>At December 31, 2016</b>	<b>15,810</b>	<b>42,765</b>	<b>73,175</b>	<b>5,328</b>	<b>137,078</b>
<b>Accumulated depreciation</b>					
At January 1, 2015	-	41,915	56,121	4,602	102,638
Depreciation charge for the year	-	274	3,784	397	4,455
Disposals	-	-	(787)	(67)	(854)
<b>At December 31, 2015</b>	<b>-</b>	<b>42,189</b>	<b>59,118</b>	<b>4,932</b>	<b>106,239</b>
Depreciation charge for the year	-	30	4,123	303	4,456
Disposals	-	-	(2,145)	(10)	(2,155)
<b>At December 31, 2016</b>	<b>-</b>	<b>42,219</b>	<b>61,096</b>	<b>5,225</b>	<b>108,540</b>
<b>Net Book Value</b>					
At December 31, 2015	15,810	535	11,510	439	28,294
At December 31, 2016	15,810	546	12,079	103	28,538

The gross carrying amounts of the Company's fully depreciated property, plant and equipment those are still in use as at December 31, 2016 and 2015 amounted to Baht 94.99 million and Baht 96.7 million, respectively.

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
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**11. UNUSED LAND - NET**

	In Thousand Baht	
	2016	2015
156.		
157.		
158.		
159. Unused land - at cost	5,047	5,047
Less allowance for impairment loss	(3,836)	(3,836)
160. Net	1,211	1,211

**12. LEASED HOLD RIGHTS - NET**

	In Thousand Baht
161.	
162. At cost	
At January 1, 2015 and December 31, 2015 and 2016	19,025
163.	
164. Accumulated amortization	
At January 1, 2015	(16,066)
165. Amortization charge for the year	(898)
166. At December 31, 2015	(16,964)
167. Amortization charge for the year	(821)
168. Accumulated Amortization	4,420
169. At December 31, 2016	(13,365)
170.	
171. Net book value	
172. At December 31, 2015	6,483
173. At December 31, 2016	5,660

174. The Company entered into two lease agreements for building for 26 years 6 months to 27 years ending in January 2027. Under the term of the agreements, the Company paid Baht 19.02 million as leasehold rights on buildings.

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
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**13. INCOME TAX**

Movements in deferred tax assets and deferred tax liabilities during the years were as follows:

	Financial statements in which the equity method is applied (In Thousand Baht)					
	At January 1, 2015	Recognized in		At December 31, 2015	Recognized in	
		Profit or loss	Other comprehensive income		Profit or loss	Other comprehensive income
<u>Deferred tax assets</u>						
Allowance for doubtful accounts	1,105	42	-	1,147	(7)	-
Allowance for impairment loss on Other long - term investments	2,751	(45)	-	2,706	(500)	-
Unused land	-	767	-	767	-	-
Post - employment benefit	3,844	453	-	4,297	(328)	-
Consignment sales	8,776	501	-	9,277	1,776	-
<b>Total</b>	<u>16,476</u>	<u>1,718</u>	<u>-</u>	<u>18,194</u>	<u>941</u>	<u>-</u>
<u>Deferred tax liabilities</u>						
Fair value change in available - for - sale investments	<u>16,700</u>	<u>-</u>	<u>(3,345)</u>	<u>13,355</u>	<u>-</u>	<u>3,788</u>

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
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	Separate financial statements (In Thousand Baht)						
	Recognized in			Recognized in			
	At January 1, 2015	Profit or loss	Other comprehensive income	At December 31, 2015	Profit or loss	Other comprehensive income	At December 31, 2016
<u>Deferred tax assets</u>							
Allowance for doubtful accounts	1,105	42	-	1,147	(7)	-	1,140
Allowance for impairment loss on							
Investment in associate	6,061	(952)	-	5,109	(1,275)	-	3,834
Other long - term investments	2,751	(45)	-	2,706	(500)	-	2,206
Unused land	-	767	-	767	-	-	767
Post-employment benefit	3,844	453	-	4,297	(328)	-	3,969
Consignment sales	8,776	501	-	9,277	1,776	-	11,053
<b>Total</b>	<u>22,537</u>	<u>766</u>	<u>-</u>	<u>23,303</u>	<u>(334)</u>	<u>-</u>	<u>22,969</u>
<u>Deferred tax liabilities</u>							
Fair value change in							
available - for - sale investments	16,700	-	(3,345)	13,355	-	3,788	17,143



**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
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**14. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

	In Thousand Baht	
	December 31	December 31
	2016	2015
175.		
176.		
177.		
178. Bank overdrafts		
179. (interest rate at 7.12% - 7.75% p.a. at December 31, 2016		
180. and 7.30% - 7.75% p.a. at December 31, 2015)	12,147	29,498
181.		
182. Short-term loans		
183. (interest rate at 2.60% - 2.65% p.a. at December 31, 2016		
184. and 2.63% - 3.15% p.a. at December 31, 2015)	70,000	60,000
<b>185. Total</b>	<b>82,147</b>	<b>89,498</b>

As at December 31, 2016 and 2015, the Company had remaining of credit lines for bank overdrafts and short-term loans from financial institutions amounting to Baht 336 million and Baht 329 million, respectively.

**15. EMPLOYEE BENEFIT OBLIGATIONS**

Movement in the present value of the obligations (unfunded) was as follows:

	In Thousand Baht	
	2016	2015
Obligations as at January 1	21,486	19,221
Recognized transitional obligations for the year ended December 31	(1,428)	2,324
Current service cost	1,106	1,879
Interest on obligations	427	603
Employee benefits paid	(1,743)	(2,541)
	(1,638)	2,265
Obligations as at December 31	19,848	21,486

Principal actuarial assumptions:

	%	
	2016	2015
Discount rate	2.04	2.80
Salary increase rate	4.00	4.00
Disability rate (year)	55.00	50.00

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
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**16. LEGAL RESERVE**

Section 116 of the Public Limited Companies Act, B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

**17. EXPENSES BY NATURE**

Significant expenses by nature are as follows:

	In Thousand Baht	
	2016	2015
Change in finished goods	1,998	4,480
Purchase	443,822	408,212
Employee expenses	148,111	143,885
Advertising and sale promotion	15,615	16,382
Service expenses	11,050	9,784
Rental expenses	7,276	8,184
Depreciation and amortization	5,800	5,960
Transportation expenses	5,016	4,509
Utilities	3,281	3,684

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
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**18. OTHER COMPREHENSIVE INCOME**

	In Thousand Baht					
	2016			2015		
	Amount	Tax income	Net	Amount	Tax expense	Net
186. <u>Financial statements in which the</u>						
187. <u>equity method is applied</u>						
Items that will be reclassified subsequently to profit or loss						
- Gain (loss) on measurement of available - for - sale investments	18,941	(3,788)	15,153	(16,727)	3,345	(13,382)
- Share of other comprehensive income (loss) of associate (gain (loss) on measurements of available - for - sale investments)	152	-	152	(42)	-	(42)
- Defined benefit plan actuarial gains Employee benefit obligations	1,785	(357)	1,428	-	-	-
Other comprehensive income (loss) for the year	<u>20,878</u>	<u>(4,145)</u>	<u>16,733</u>	<u>(16,769)</u>	<u>3,345</u>	<u>(13,424)</u>
188. <u>Separate financial statements</u>						
Items that will be reclassified subsequently to profit or loss						
- Gain (loss) on measurement of available - for - sale investments	18,941	(3,788)	15,153	(16,727)	3,345	(13,382)
- Defined benefit plan actuarial gains Employee benefit obligations	1,785	(357)	1,428	-	-	-
Other comprehensive income (loss) for the year	<u>20,726</u>	<u>(4,145)</u>	<u>16,581</u>	<u>(16,727)</u>	<u>3,345</u>	<u>(13,382)</u>

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
**Notes to Financial Statements**  
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**19. DIVIDEND PAYMENT**

At the shareholders' meeting of the Company held on April 28, 2016, the shareholders approved the appropriation of dividends at of Baht 0.20 per share for 14,951,000 shares, amounting to Baht 2.99 million, from the retained earnings as at December 31, 2015.

At the shareholders' meeting of the Company held on April 28, 2015, the shareholders approved the appropriation of dividends at of Baht 0.40 per share for 14,951,000 shares, amounting to Baht 5.98 million, from the retained earnings as at December 31, 2014.

**20. SEGMENT INFORMATION**

The segmental financial information of the Company for the years ended December 31, 2016 and 2015 were as follows:

	(In Thousand Baht)			
	Financial statements in which the equity method is applied			
	Textile	Cosmetic	Others	Total
<b>2016</b>				
Net sales	496,427	70,814	90,774	658,015
Gross profit	161,901	16,948	37,341	216,190
Unallocated other income				7,976
Unallocated selling and administrative expenses				(213,259)
Unallocated finance costs				(2,385)
Share of profit of associate				7,277
Unallocated tax expense				(1,542)
Profit for the year				14,257
<b>2015</b>				
Net sales	513,097	49,792	65,990	628,879
Gross profit	166,879	16,773	32,536	216,188
Unallocated other income				8,545
Unallocated selling and administrative expenses				(209,674)
Unallocated impairment loss on assets				(3,835)
Unallocated finance costs				(2,902)
Share of profit of associate				3,679
Unallocated tax expense				(1,201)
Profit for the year				10,800
<b>Unallocated assets</b>				
As at December 31, 2016				651,596
As at December 31, 2015				610,901

Sales to major customer during the year ended December 31, 2016 and 2015 amounted to Baht 116 million and Baht 99.8 million, respectively.

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
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Sales by geographic for the year ended December 31, 2016 and 2015 were as follows:

	In Thousand Baht	
	2016	2015
189.		
190.		
Domestic sales	641,595	615,263
Export	16,420	13,616
<b>Total</b>	<b>658,015</b>	<b>628,879</b>

## **21. DISCLOSURES OF FINANCIAL INSTRUMENTS**

### **Financial risk management policies**

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not issue derivative financial instruments for trading purposes.

### **Interest rate risk**

Interest rate risk incurs from the future interest rate instability, which may affect the Company operating result and cash flow. The Company also incurs interest rate risk from investment in financial institutes, bank overdraft, loan from banks, and promissory note - financial institute.

Since the financial assets and liabilities are held primarily in short - term and have fixed interest rates in relation with the current market interest rate, the Company has not used financial derivative to protect against such risk.

### **Liquidity risk**

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

### **Fair values**

Fair value of investment in associate amounts to Baht 34.32 million (Level 1 inputs).

Cash and cash equivalents, trade and other receivables - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments (Level 2 inputs).

Bank overdrafts and short-term loans from financial institutions, trade and other payables - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments (Level 2 inputs).

Other long-term investments are not practicable to estimate the proper fair values without incurring excessive expenses and costs.

**NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED**  
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**22. COMMITMENTS AND CONTINGENT LIABILITIES**

**22.1 COMMITMENTS**

As at December 31, 2016, the Company had commitment under vehicle, building and equipment leased contracts as follows:

	<u>In Thousand Baht</u>
Within one year	4,811
After 1 year but not over 5 years	2,839
After 5 years	<u>2,310</u>
<b>Total</b>	<u><u>9,960</u></u>

**22.2 CONTINGENT LIABILITIES**

As at December 31, 2016, the Company had contingent liabilities in respect of letter of guarantee issued by bank amounting Baht 1.08 million.

**23. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Company's directors on February 24, 2017

