



# Annual Report 2016 รายงานประจำปี 2559



บริษัท ยูเนียนไฟโอเนียร์ จำกัด(มหาชน)  
Union Pioneer Public Company Limited.

## ***Risk Management Policy***

Union Pioneer Public Company Limited acknowledged upon the importance of risk management of the organization efficiently which leads us to reach our objectives and growth with stableness and sustainability. Therefore the Company had managed to adapt COSO (The Committee of Sponsoring Organizations of the Treadway Commission) appropriately to fit the organization and to make succession throughout the organization.



## ***Employees' Health Promotion Policy***

Union Pioneer Public Company Limited has intention to operate employees' health promotion program by compiling reduction of NCDs (Non-Communicable diseases) are diseases which are not caused by infection, cannot be infected by skin contact or by disease carrier or secretion but can be infected by other factors in the body which mostly are the effect from their lifestyles which consist of behavioral health risk such as alcohol, smoking, lacking of exercise, consuming on sweet/greasy/salty foods and stress. Examples of NCDs are diabetes, hypertension, stroke and metabolic syndrome etc. this program is carried out in the organization with Nopparat Model collaborating with Nopparat Rajathanee Hospital.



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## Major Financial Ratio and Summary Information for 5 Years

### Financial Information

Unit: Thousand Baht

	2016	2015	2014	2013	Revised 2012
Sales	591,397	578,892	604,075	663,783	703,654
Other Income	19,740	20,506	21,637	30,541	37,084
Total Revenues	611,137	599,398	625,712	694,324	740,738
Total Costs and Expenses	545,202	553,177	596,647	664,687	690,220
Interest Expenses	-	-	-	3	625
Corporate Income Tax	12,622	9,364	3,922	7,383	10,676
Net Earnings for the Year	53,312	36,858	25,143	22,251	39,217
Actuarial loss - net of income tax	-	(602)	-	-	-
Total comprehensive income for the year	53,312	36,256	25,143	22,251	39,217
Earnings per share (Baht)	7.11	4.91	3.35	2.97	5.23
<b>Dividends per share (Baht)</b>	<b>7.10</b>	<b>4.90</b>	<b>3.35</b>	<b>2.80</b>	<b>5.00</b>
Current Assets	402,175	379,336	376,437	364,582	375,606
Property, plant and equipment-net	89,134	89,460	96,627	110,857	119,628
Total Non-Current Assets	16,831	16,451	16,955	17,151	10,147
Total Assetss	508,140	485,247	490,019	492,590	505,381
Total Liabilities	111,696	105,365	121,268	127,983	125,524
Registered, Issued and fully paid	75,000	75,000	75,000	75,000	75,000
Share premium	30,625	30,625	30,625	30,625	30,625
Retained Earnings: Allocated and Unallocate	290,819	274,257	263,126	258,982	274,232
Total Shareholders' Equity	396,444	379,882	368,751	364,607	379,857
Total Liabilities and Shareholders' equity	508,140	485,247	490,019	492,590	505,381
<b>Major Financial Ratio</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Dividends per Net Profit (%)	99.88	99.71	99.93	94.38	95.62
Book Value per share (Baht)	52.86	50.65	49.17	48.61	50.65
Earnings Ratio (%)	8.72	6.15	4.02	3.20	5.29
Returns on Equity (%)	13.73	9.85	6.86	5.98	10.75
Returns on Assets (%)	10.73	7.56	5.12	4.46	7.34

## Report of the Board of Directors

Over the past year, the company has continued to emphasize proactive work efforts with expansion of our current domestic customer and internationally. Moreover, we are extending this expansion to new groups of customers. The economic recoveries in Europe and USA have seen improvements. This has resulted in increasing exports over the past year. However, domestic consumers continue to be anxious about the cost of living. Furthermore, debts burdens are likely to put pressure on household spending resulting in the consequences have had their impact on the expansion of domestic markets.

The company has developed and added value to new products in combination with ongoing training and building of skills for personnel. Investments in the purchase of new machinery had been made to replace the old one and added equipment to boost our production for improved capacity and quality. Thus, we have increased the channels for selling our products and maintained ISO 13485:2003 quality standards in terms of tourniquet rubber strips for venipuncture and tourniquets rubber to stop blood flow which are exported to USA.

In addition, we have marketed domestically under the name of "FIT BAND", which are rubber band for exercise. The outstanding features of these products are quality and variety with no hazards for the consumers who use them, because they are made from natural rubber. Moreover, we are always mindful of environmental friendliness in compliance with ISO14001 standards. The company is accredited as a Class 3 Green Industry (Green System) and meets Oeko-tex Standard 100 Class I safety standards (For baby articles), which is considered the most stringent level. The company is also focused on confidence in product quality, proper capital management and continued production efficiency with a firm commitment to coming up with new types of products to meet our customers' needs and punctual delivery.

On 2<sup>nd</sup> August 2016, the company received an ESG 100 certificate for 2016 from the Thaipat Institute. We were in a group of 100 listed companies selected from 621 companies for outstanding Environmental, Social and Governance (ESG) practices. The selection was based on integrated analysis of a mixture of ESG and financial data called an "Integrated ESG Assessment".

As for performance in 2016, the company had a total income of 611 million baht. This is an increase from the previous year by 1.96 percent with export growth of 347 million baht, which is an increase from the previous year by 9.46 percent, and domestic growth of 245 million baht. This is down from the previous year by 6.49 percent. The company made a net profit of 53.31 million baht, which is an increase from the previous year by 16.45 million baht, or 7.11 baht per share.

Concerning trends for 2017, both domestic and international factors are expected to have impact on business. The company will need to continue with capacity building to retain our trade competitiveness. As a result of various measures taken by the government sector to stimulate both short and mid-term consumer spending, accelerated disbursement of government budget and investment projects that are works in progress are expected to infuse capital into the domestic economy, while the prices of agricultural products are likely to rise. This might boost domestic demand in a better direction.

The board of directors would like to take this opportunity to express our appreciation to the company's shareholders, trade partners, customers, employees and all parties involved for your constant support of the company's activities. Moreover, the company will assure that we shall continue in our firm commitment and dedication to business operations that are meticulous, cautious, transparent and adherent to good governance practice. We shall also conduct our business that preventing from involvement in any corruption, so we can build secure, sustainable growth for the business and society.



(Miss Dalad Sapthavichaikul)

Chairman

Union Pioneer Public Company Limited



## Policies and Overall Business Operation

Union Pioneer Public Company Limited is located at No.1, Soi Serithai 62, Khwaeng Minburi, Khet Minburi, Bangkok. The company was registered as a limited company with registered capital of 5 million baht on October 8th, 1973. The company was registered in the Stock Exchange of Thailand on April 21st, 1978 and was registered as a legal entity according to the Public Company Act. Por Sor. 2537, on March 30th, 1994.

There were many times that the company has increased in capital since the company was listed. Until now, the Company has registered capital that are sold and paid for 75 million baht, all of which are ordinary shares for 7.5 million shares at value 10 baht per share. Our Company's products, which are made of natural rubber, such as Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing, Elastic Bandage, Back Support Belt, Esmark Bandage & Tourniquet, and Exercise Band for exercise and physical therapy.

### Objective

The company runs the business on morality with the good corporate governance and good conducting. We are pursuit to be *"the leader in Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing"* for targeting on world class quality, and be accepted among worldwide market. We also emphasized on the benefit of the Company's stakeholders for well growth.

### Strategies

The company has been improving internal system to achieve efficiency so as to respond to the changing market environment and economy of speed.

About the quality of product, we emphasized on time delivery and great service for the customer.

### Policies

Board of director has determined significant policies which are disclosed on company's website on section number 4, in manual of the corporate good governance and business morality at <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

- |                                   |  |
|-----------------------------------|--|
| 1. Quality and Environment Policy | 6. Security Policy                           |
| 2. Policy in Safety and Health    | 7. Policy in Project of Hearing Conservation |
| 3. Energy saving Policy           | 8. Anti-corruption Policy                    |
| 4. CSR Policy                     | 9. Risk Management Policy                    |
| 5. Anti-Drug Policy               |  |

### Vision, Objective, Goal or strategy in company operation

#### Vision

**"To be the leader in Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing  
in which very well accepted in world market about quality"**

#### Mission

1. Make business growth of continued circulation
2. Manufacture in quality product; safe for consumer, and on time delivery.
3. Make strength point on research and developing in product.
4. Develop in human resource
5. Strive in internal management for efficiency
6. Make continuous customer impression and customer satisfaction
7. Responsible for shareholders, employees, partners society and environment

## Policies and Overall Business Operation

### Core Value UPF “S-T-A-R”

# S

#### **Sense of owner**

It means working carefully, looking for the company benefit by taking care of the company asset, maximizing the benefit from the resource, and preventing from any damages or asset being usages which are unrelated to company business.

# T

#### **Teamwork**

It means appreciating in mission and serving it by all ability with good efficiently. Workers should have respect to each other as well as great cooperate, helping, giving opinion and solving problem together.

# A

#### **Accountability**

It means awareness of responsibility, having responsibility on their decision and action and being able to explain about it. The decision is made according to law and concerned rules with morality. It also means having mission to use the company's belonging for best proficiency.

# R

#### **Role of Integrity**

It means business running and working with honestly, legal, and another rule that concerned, and working under morality, be equality and undoable standard.

### Significant Changing and Developing

In past three years, there is nothing significant changing about managing in the company.

### Stockholder Structure of Company Subsidiary

The Company has no associate and subsidiary company.

### Relationship with Business Group of Majority Shareholder

The largest shareholder is Saha-Union Company Limited. Most transactions between us are on the normal market, such as selling and purchasing (which is collection a quantity of material purchasing for bargaining power), fairly suitable factory renting (which can be compared with the market price). The aforementioned transaction was done without conflict of interest for highest benefit.

The Details of Inter-Transaction of year 2016 are shown at the topic of Inter-Transaction on page 126-127

### 1. Products and Services

The Company's products mainly market under the trademark "Venus" and also performing as OEM. Majority of the company's products are the raw materials for other products, such as, baby/adult diapers industry, garment industry, medical devices or other usage depending on the nature of business of the customers.

The company's products able to classify as followed:

- 1.1 **Elastic for diapers** Elastic product of this group is Rubber Thread which is used in diaper industry and made from rubber block both natural and synthetic rubber. The Company can produce the rubber thread by customizing the varieties of size according to the customers' preference. Rubber Thread is elastic component in the rim of the legs and waist for both baby and adult's disposable diaper.
- 1.2 **Elastic for garment and textile** Elastic products of this group are Rubber Tape, Elastic braid, Elastic Webbing, Crochet and Covering yarn. The elastic in this group is mostly used in garment industry such as the rim of legs and waist of pants and swimming suits.
- 1.3 **Elastic for medical devices** Elastic products of this group are following;
  - Elastic Bandage** used for preventing and protecting from sprain that might occur in routine activities as well as other recreations. It is widely used in medical and sports profession.
  - Back Support Belt** used for preventing and protecting from back pain that might occur from work and routine activities. It is available in both hard-working industry and for normal usage model.
  - Esmark Bandage** used in hemostasis in small operation for hands and feet.
  - Tourniquet** used in arms pinion for blood collection/stop bleeding.
- 1.4 **Elastic products for exercise and physical therapy** Elastic product of this group is Elastic Bands which have many levels of resistance for using exercise of many levels, including physical therapy for the patients and old people. Exercise with exercise bands is comfortable because of no need to use the exercise space and with portability. Therefore the user can exercise in everywhere and every time as their needs.

The company is certified with Oeko-Tex Standard 100, Quality Management System ISO 9001, Environmental Management System ISO 14001, Quality Management System for Medical Devices ISO 13485 and medical standards of Food and Drug Administration (FDA) both Thai and USA.

### 2. Marketing and Competition

The moving of garment production base to the neighbouring countries including Vietnam, Cambodia and Myanmar for lower labor cost and Generalized System of Preferences(GSP) making the garment industry in those countries expand and growing dramatically and lead to the decline of garment industry in Thailand. The garment manufacturers in other countries for examples China, Sri Lanka etc. also start moving the facilities to those countries. It is also affect the competition for upstream industries for garment to get to higher level. Some suppliers set up their facilities in those countries and some looking for the most effective distribution channel to satisfy their customers.



In disposable diapers business, it is still hard for small and medium size manufacturer to compete with the market leaders. Sales in this category was still stable in the year 2016.

For medical device business, the manufacturers of medical devices are the same as the manufacturers who supply to garment industries and the high level of competition also happened in this category. Moreover, the customers in this market are sensitive for the change and it makes the expansion in this market will take times.

For exercise/therapy band business, the market leaders are still monopoly in the natural rubber band market while the synthetic rubber market is quite stable.

#### Key Competition Strategy

Customers Retention is the most important thing to do in this high competition circumstance. Besides good price, good service and product, on time delivery and fast reaction to customers' need are also the key factor to make customers not to seek for other alternatives..

#### Customers' Characteristics

Majority of the customers are manufacturing factories and brands' owners. Some customers include: disposable diaper manufacturers, underwear and swimsuit manufacturers, which are faithful customers of the company and have a good long business relationship. The company is still putting emphasis in becoming a part of development in the customers' business for the products, delivery system, as well as other kinds of management in order to achieve the highest efficiency in the supply chain.

The Company does not rely on any customer exceeded 30% of total revenue.

#### Target Market

- a. Manufacturing factories and brands' owners in both disposable diaper manufacturers and underwear and swimsuit manufacturers.
- b. Proprietor manufactures, in which the company (being as their outsourcing) will manufacture the products under the customer brands.
- c. Small factories and customers, the company will sell the products via retailers and wholesalers both in domestic and foreign countries.
- d. The companies that sell medical devices and appliances.

#### Distribution Channel

1. The company manufactures and distributes directly to the factories which are sufficiently capable in ordering by themselves and selling via distributors for both retailers and wholesalers in order to deliver the products to the customers who do not want to buy in large quantity.

2. The company exported the products to the United States and Asia Continents.

#### Industry Trend and Future Competition

The whole industry is still being in the high competition level due to the high bargaining power of the brands owner which also affects the upstream industries. Moreover, the new management science for example Risk Management is one of the key factors for the policy of each company. Therefore, the manufacturers have to study the new science and change their ways of operation to be competitive in the market. Although, the customers need a good price materials but still need good product and service, on time delivery and fast reaction to their needs. The manufacturers have to improve their capability including lowering cost, effective operation and ready for changing needs in the fast-paced market. The main competitors are still China and India.

### 3. Finding Raw Materials and Services

Important manufacturing policy is manufacturing products in order to sell in accordance with the company's standard and customers' order.

**Finding Raw Materials:** Major raw material used in manufacturing process is natural rubber be found locally. Majority of them were bought from the company in the Saha Union Group, the source of materials are located at Chantaburi province and Trad province, in order to get the same quality of raw materials which will affect quality of the products having the standard.

The company is very strict in the quality of the rubber which is the most important raw materials in the manufacturing processes. We often visited the sellers and cooperated with them to improve the quality of raw materials in order to satisfy the customers' needs continuously.

**Problem from Raw Materials Shortage:** Expected that it will not be a problem because the rubber trees are raw material that produced locally in many provinces. Currently, Thailand had expanded the boundaries in growing rubber tree in many regions in order to satisfy the greater need of rubber tree. Although the fluctuated rubber price, it will not cause the problem in rubber shortage because the company have rubber in stocks for risk management and will be sufficient for production plan.

**Change in Technology effecting to Usage of Raw Materials:** Technology which used rubber product as raw material in manufacturing garments and textiles have no significant changing for a new innovation. In the near future, the company expects there is no change in technology having problem in raw materials usage.

**Manufacturing processes/Eliminated Leftover Raw Materials that affected the environment,** such as, eliminating two categories of unused waste: hazardous wastes and non-hazardous wastes, water pollution, misspend the energy and natural resources, dust generated in manufacturing process and vapor from toluene chemical.

**Operation for lower affect:** The Company had a measurement in solving and protecting from the mentioned affected by creating the environmental management system ISO 14001 in order to control the activities which will affect the environment as following:

#### **Eliminating on unused waste material:**

1. Hazardous wastes: Responsible by the company that has a license from Ministry of Industry.
2. Non-hazardous wastes: Responsible by the company that has a license from Ministry of Industry using landfill method.

**Wastewater Treatment:** Using wastewater treatment "ACTIVATED SLUDGE" method and controlling the wastewater system before releasing it outside the factory by sending the water to be analyzed every month in order to control it not to exceed standard. In waste water plant is use 2 "Aerators" for input enough oxygen to microorganism able to digest organic compound in waste water. There is "Dissolved Oxygen: DO" for controlling oxygen in water for not exceeding necessities and its testing result did not exceed from standard.

**Vapor from toluene chemical** by installing toluene deodorize machine from the blade washing and parts process in order to eliminate the vapor and toluene smell in the working area not exceeding the standard that have been specified by law.

**Measure the quality of the air and environment** in the company regularly, such as: measure the state of dust, sound, water and light, etc. This project for control with environment, it must be under environmental laws.

**Waste of Natural Resource** The Company organized a group specialized in energy conservative. The conservative time is cooperating for making conservative energy in industry project as energy conservative laws. The team was joined with seminar about project of developing in energy conservative person for more efficiency in machine and equipment in controlled factory and building (Refresh PRE 2558) and searching for new technologies to use in the Company. New law and regulations are received from the Department of Energy of Thailand. In 2016, the Company applied to attend the project of "Continual Improving of Thailand Energy Management under Law of Thailand to International Standard (ISO 50001).

Activities carried out by Energy Conservation team in 2016 as follows:

- Managing working time in production lines to be suitable with TOU electrical cost type to decrease monthly electrical consumption and cost.
- Changing the old air conditioners to the new ones with energy saving number 5.
- Improved machineries by changing from DC to AC motor and installing inverter to control speed of motor for example dyeing machine, covering machine etc.
- Adjust the combustion value of the boiler to the appropriate level and maintain by the specialist.
- Provide the employees knowledge about energy through annual seminar and event
- Provide employees training course to building up energy saving awareness.

**The results of the mentioned projects for the last 3 years** are in accordance with specified laws and there are no disputes and suing regarding the environment issues.

**On 2nd August 2016**, the company got the ESG 100 in 2016, certificating from Thaipat Institute, as one of a hundred registered firms out of 621 registered firms that operate well in term of environment, social and governance using the Integrated ESG Assessment.

**4. The company did not** have any projects or works with high value and taking time to deliver.

### Corporate Risk Management Policies

The Company realized on the importance of efficient risk management which made the company achieved its goals and objectives for stable and sustainable growth. Therefore the company applied to the whole organization international standard of risk management COSO (The Committee of Sponsoring Organizations of the Treadway Commission) as guidance for its risk management system for corporate accomplishment. Company risk management policies are as follows;

- 1) Risk management is the responsibility of all employees in all level to manage and control it properly to get to the acceptable level.
- 2) All units in the Company must assess their risks in term of both qualitative and quantitative and find out the proper KPI, corrective and preventive actions to relieve any risks or damages which may happen in its unit.
- 3) All risks must be controlled, followed up, evaluated, and communicated to assure that they are organized and managed properly.
- 4) The Company must enhance and support all employees in all levels to assure that they are aware of the importance of corporate risks and cooperate to be responsible to control and reduce negative effect of them.

The Company emphasized on analyzing and managing risk, therefore the risk management committee was appointed in order to determine the measurement of risk factors and control those risks to be in an acceptable level. The committee continually monitored the effectiveness and evaluated the risk management and reported the progress to the Board of Directors every quarter. The risk management policies are listed below;

#### 1. Risk from economic situation

The global economic did not recover. Consumption and purchasing power was stable. The severe price competition among many entrepreneurs became fiercer in order to maintain sales. This caused many entrepreneurs to focus on lowering cost in order to be able to continue with their business operation. Finding raw materials at low cost or finding alternative raw materials in order for lowering cost was another strategy.

Market expansion to consumers for being well known company, increasing ability by proficiency and finding the source with the reasonable price of raw materials were the important factors that the Company put an emphasize on in order to operate the business smoothly. In addition, protecting and decreasing the risk affected from the fact that the customers were changing to the raw materials that were lower cost.

#### 2. Risk from fluctuation of exchange rates

From the global economic and the Quantitative easing (QE) of United States, the increase of real estate sales and personal income index of U.S.A, public debt of EU situation, a clear picture of Thailand politics stability and domestic investment, all of these factors affected on currency exchange. The Company closely tracked cause of various factors and took actions for getting positive effect and avoiding negative effect.

Making forward contract with the bank and matching the currency received with the currency to be paid is the way the Company to manage to lower the risk of exchange rate fluctuation and help for revenue and cost projection.

#### 3. Risk from fluctuation of rubber price

The fluctuation of natural rubber price is the main factor that affects the cost and the company's products price.

The important factor that causes the fluctuation in natural rubber price is unbalanced of supply and demand in the world market, which continuously occurred in the past years.

The company managed risk from the fluctuation of rubber price by reserving the quantity of raw materials to suffice in production for at least 6 months in order to specify the cost and products' price that is not extremely affected by the fluctuation of rubber price in the world market. The company will order the natural rubber in the harvest season in order to get the best price.

## General Information of the Company

### Union Pioneer Public Company Limited

#### Category of Business:

Elastic Thread, Elastic Tape, Elastic Braid,  
Elastic Webbing products, Medical Elastic  
Band and Elastic Exercise Band.

#### Taxpayer Identification

Number 0-10-7-537-00101-3

Telephone No.: (662) 517-0105-8

Fax No.: (662) 517-1016, (662) 517-0345

#### Location of Headquarters and Factory:

No.1, Soi Serithai 62, Kwaeng Minburi, Khet.Minburi,  
Bangkok 10510

#### Location of Bangpakong Branch

No. 99 Moo 5 Bangna-Trad Road (K.M. 38),  
T. Bangsamark, A. Bangpakong, Chachoengsao

#### Location of Warehouse Trad Branch:

No. 70/2 Moo 1, T. Sandtung, A. Khao Saming, Trad

#### Paid-up Capital:

7,500,000 Ordinary Shares @ 10.00 Baht per share

Home Page : "http://www.unionpioneer.co.th"

Email: elastic@unionpioneer.co.th"

*The company has no subsidiaries and affiliated companies and does not hold shares in other juristic person*

#### Information on others reference person

##### Security Registrar :

Security Depository Center (Thailand) Company Limited

Address: No. 93 14<sup>th</sup> Floor,

Stock Exchange of Thailand Building (beside the  
Chinese Embassy),

Ratchadapisek Road, Kwaeng Dindaeng,

Khet Dindaeng, Bangkok 10400

Telephone No.: (662) 009-9000

Fax No.: (662) 009-9992

Website: www.set.or.th/tsd

##### Auditor :

Miss. Vissuta Jariyathanakorn,

with CPA (Thailand)-Licence No. 3853

Address: EY Office Limited.

33rd Floor Lake Rajada Building, No. 193/136-137

Ratchadapisek Road, Klongtoey, Bangkok 10110

Telephone no.: (662) 264-0777, (662) 661-9190

Fax: (662) 264-0789-90, (662) 661-9192

#### *Other significant information*

The company doesn't have any other  
information that may affect significantly  
to the investors' decision.



## Structure of Shareholding

### Securities Data

- Securities of the Company: The Company had registered as the Listed Company at the Stock Exchange of Thailand with a paid-up capital of 75 million baht, which is an ordinary share of 7,500,000 shares @ 10.00 baht per share.
- The company does not have other types of stock and does not have other securities which are not ordinary shares.

### Shareholders

(1). The names of the major shareholders with highest shares at the date of closed registered book on March 30th, 2016 are listed below

Thai nationality shareholders have a total of 7,378,460 shares, accounted for 98.38%

Foreign nationality shareholders have a total of 121,540 shares, accounted for 1.62%

The names of the top 10 of major shareholders with highest shares at the date of closed registered book are listed below:

No.	Shareholders	Ultimate Shareholders	No. of Shares	% of Total Shares
1	1.1 Saha Union Public Company Limited		3,671,820	48.958
	1.2 Saha Union Holding Company Limited	Saha Union Public Company Limited	282,790	3.771
2	Mr. Sumate Darakananda	-	913,840	12.184
3	Kasikorn Bank Public Company Limited	-	673,500	8.980
4	Bangkok Insurance Public Company Limited	-	558,600	7.448
5	Marue Nissan Co., Ltd.	-	78,000	1.040
6	Mrs. Sumporn Krairerg	-	64,450	0.859
7	Mr. Peera Arunothai	-	52,000	0.693
8	Mr. Amorn Amornpiyasiri	-	50,000	0.667
9	Mr. Veeraphat Phoonsakudomsin	-	45,700	0.609

(2) The company does not hold any shares in other companies.

### Other securities issuing

- (1) The company does not have any convertible securities
- (2) The company does not have any debt securities

### Dividend Policy:

The dividend policy is depending on “the performance of the company, at a rate not less than 1/3 of the annual net profit, after deducted accumulated loss (if any), from the separate financial statement of the company.” The company has no subsidiaries and affiliated companies.

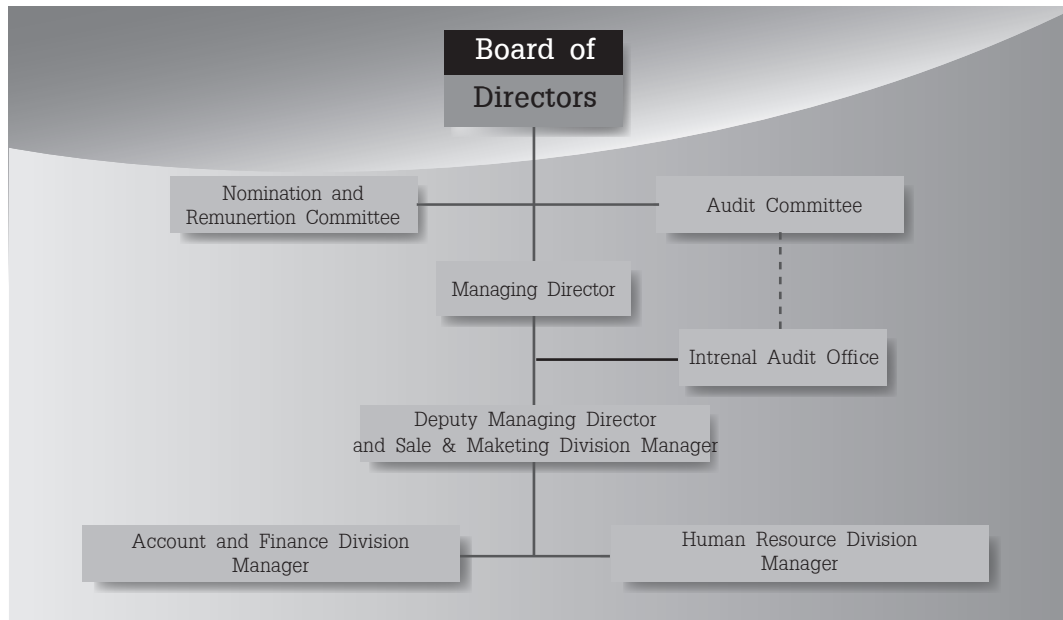
Year	2016	2015	2014	2013	2012
Earning per Share (Baht)	7.11	4.91	3.35	2.97	5.23
Dividend per Share (Baht)	7.10	4.90	3.35	2.80	5.00
Dividends per Net Profit (%)	99.88	99.71	99.93	94.38	95.62

Investors can see the additional information of the company at the annual registration statement (Form 56-1), at [www.sec.co.th](http://www.sec.co.th) or the company's website [www.unionpioneer.co.th](http://www.unionpioneer.co.th)

## Structure of Management

### Organization Chart

UNION PIONEER PUBLIC CO., LTD



#### 1. Management Structure of the Company consists of

- Board of Directors
- Audit Committee
- Nomination and Remuneration Committee

Board of Directors consists of 4 Independent Directors: 3 females and 1 males or more than one-third from 9 Directors.

● Board of Directors		
1. Miss Dalad	Sapthavichaikul	Chairman of the Board
2. Mrs. Rapeephan	Sanguansis	Independent Director
3. Mrs. Supung	Tangsujaritpant	Independent Director
4. Mrs. Yupha	Boonchaydee	Independent Director
5. Mr. Kollatat	Tangchitkul	Independent Director
6. Mr. Pongsak	Thiengviboonvong	Managing Director
7. Mr. Vacharaphong	Darakananda	Director
8. Mr. Nanthiya	Darakananda	Director
9. Mrs. Chantorntree	Darakananda	Director

- There are 8 Non-Executives Directors and 1 Executive Director i.e. Managing Director.
- There are 5 authorized directors consisted of Miss Dalad Sapthavichaikul or Mr. Pongsak Thiengviboonvong or Mr. Vacharaphong Darakananda or Mr. Nanthiya Darakananda or Mrs. Chantorntree Darakananda, by which 2 names of this name list should be mutual signed.
- The Board of Directors which dominant the role in specifying the Company's policy uniting with top executive directors on operation plan both short-term and long-term plan including determining financial policy, risk management and over-all view of the cooperate stands an important role in corporate governance and evaluate operating results of the company and implementation results of the executive directors consecutively according to the plans independently.

**Duties and responsibilities of the committee:**

1. To provide “Good Corporate Governance” handbook and giving a right understanding of the company’s good corporate governance in writing in order for the directors, executives and all employees to hold on as a method in work operation according to one’s roles and responsibilities.
2. To provide the company’s business ethics in order for the directors, executives and all employees to use in the business operation.
3. To approve the assessment on the adequacy of the internal control of the company on annually, including preparing a report of responsibility of the Board of Directors to the financial statements which was stated on the annual report and Form 56-1.
4. To provide a clear method in giving clues, complaints and a mean in business operation detailing at the topic of Operation in accordance with good corporate governance principle in other categories on page 114
5. To control the operation, according to the law, regulations and the guidelines of the regulatory agencies related companies, with no action on violation of the official rules. The Board of Directors duties with care by skilled thorough practice.
6. To specify the policies, frameworks and the company’s strategies. Considered and consented about the importance in operating the business such as financial objectives, budgets as well as controlled the management division to operate efficiently and effectively in accordance with policies, frameworks and the strategies that have been specified.
7. To control the operation to be in accordance with good corporate governance under morality that is “Virtue, Quality and Benefits.” As well as being a part in specifying the standard regulations of good conduct in the workplace. This ethics policy is posted in a conspicuous place. It is noticeable and conveyed to a concrete practice of all employees. The company has tracked the performance and related matters in accordance with the above policy on regularly.
8. To specify the measurement and policies about the conflict of interest, in case the company (if any) doing any kind of transactions with major shareholders, directors, executives, and any individual related to the mentioned parties. These measurement and policies must be followed the general conditions of trading and will be same as common people. By considering the maximum benefits of the company.
9. To specify the policies in case the company approved the transactions that dealt with related person in a long-term commitment (if any) such as selling and buying products and etc. It will be performed according to the conditions that have been agreed on for all of the time that have been committed with the company.
10. To arrange an internal controlling system and internal audit in work operation, financial reports and operating in accordance with regulations and policies.
11. To establish the Office of Internal Audit, which is a unit within the Company, is independent in the performance of duties. It is responsible for the internal audit by reporting the results of the audit report directly to the Audit Committee and the Managing Director.
12. To appoint the Risk Management Committee, which have a responsibility in analyzing and managing risk in order to specify the preventive measurement in risk management to be in an acceptable level, and continuously monitored the effectiveness and efficiency of risk management. The Audit Committee reports this progress to the Board of Directors every quarter..

**● Audit Committee**

There are 3 people in the Audit Committee; all of them are Independent Directors and had been appointed by the Board of Directors in order to assist the Board in monitoring the quality and reliability of accounting, audit, internal control system as well as the financial statements of the Company. They have the qualifications that match with the notification by the Securities and Exchange Commissions and the Stock Exchange of Thailand, as c charter clearly.

The names of the Audit Directors are listed below:

No.	Name-Surname	Position	Qualification
1	Mrs. Rapeephan Sanguansis	Chairman of the Audit Committee	Independent Director
2	Mrs. Supung Tangsujaritpant	Audit Committe	Independent Director with accounting and financing knowledge
3	Mrs. Yupha Boonchuaydee	Audit Committee	Independent Director

The details of with/without interests, shareholding, meeting detail and the remuneration detail of the directors are stated in the summarized table on page 97 and page 99

Manager of the Internal Audit Section is Mr. Nattpawatch Thomwan and is the Secretary of the Audit Committee. (Detail of Manager of the Internal Audit Section is stated on page 125)

#### **Charter of Audit Directors with Duties and Responsibilities as following**

1. Examine the company's financial statement to ensure its accuracy and adequacy to be in accordance with accounting standard.
2. Ensure that the company has an appropriate and efficient internal control system and internal audit. Also, consider the independence of the internal audit, as well as appoint, rotate or dismiss an Internal Audit Manager of the company.
3. Ensure that the company complied with the Securities and Exchange Act, regulations of SET and other related regulations.
4. Nominate and select appropriate independent authorized auditor who is certified by Securities and Exchange Commission to be the company's auditor and propose remuneration for that individual. In addition, attending the meeting with the auditor without management party of the company at least once a year.
5. Examine that all connected transactions and other transactions with a conflict of interest have been complied with laws and regulations of SET to ensure that all transactions are reasonable and will generate the best outcome for the company.
6. Provide the Audit Committee report in the annual report of the company. The mentioned report shall be signed by the Chairman of the Board and should at least comprise with the information listed below:
  - (a) Opinion on the accuracy, completeness and credibility of the company's financial report.
  - (b) Opinion on the adequacy of the company's internal control system.
  - (c) Opinion on the compliance with the Securities and Exchange Act, requirements of the Stock Exchange of Thailand or other laws which related to company's business.
  - (d) Opinion on the suitability of the company's external auditor.
  - (e) Opinion on the transaction that might have a conflict of interests.
  - (f) Frequency the audit committee meetings and the attendances of each committeeman.
  - (g) Opinion or overall observation that the Audit Committee received from the operation as the charter or the regulation of the Audit Committee.
  - (h) Other transactions that the shareholders and investors should be aware of within the scope of authority which has been assigned by the Board of Directors
7. Inform the executives to resolve the errors that have been defected and also hustle to fix those errors quickly.
8. Follow and evaluate the performance in which the Audit Committee deems as importance.
9. Other operations that have been assigned by the company's Board of Directors

#### **● Nomination and Remuneration Committee**

Nomination and Remuneration Committee have been appointed by the Board of Directors, in order to have transparency and independent in operating their duties. More than 50% of the committeemen are Independent Directors and the Chairman of the Nomination and Remuneration Committee is an Independent Director.

In the past year, there are totally 2 meeting times. The name of the Nomination and Remuneration Committee are listed below:

No.	Name-Surname	Position	Qualification
1	Mrs. Rapeephan Sanguansis	Chairman of the Nomination and Remuneration Committee	Independent Director
2	Mrs. Supung Tangujaritpant	Nomination and Remuneration Committee	Independent Director
3	Mr. Vacharaphong Darakananda	Nomination and Remuneration Committee	Director

The details of with/without interests, shareholding, meeting detail and the remuneration detail of the directors are stated in the summarized table on page 97 and page 99

### Scope of Authorities and Duties of the Nomination and Remuneration Committee:

1. Determine criteria and method for nominating the Board of Directors.
2. Recruit and select the qualify individuals appropriate to appoint as the director.
3. Determine the remuneration and form of remuneration for the director and propose to the board meeting for consideration.

The company has no subsidiary company and affiliated company.

The summarized table of Board member's with/without interests, shareholding and number attendances in 2016			Shareholding of Directors		Number attendance of Committee		
Name-Surname and Position	With/with out Interests	Number attendance of AGM	2016	2015	Board of Director	Audit Committee	Nomination and Remuneration Committee
1. Miss Dalad Saphvichaikul Chairman	None	1/1	-	-	12/12	0	-
2. Mrs. Rapeephan Sanguansis Chairman of the Audit Committee /Independent Director/Chairman of Nomination and Remuneration Committee	None	0/1	-	-	9/12	3/4	2/2
3. Mrs. Supung Tangsujaritpant Independent Director /Audit Committee /Nomination and Remuneration Committee	None	1/1	-	-	10/12	3/4	2/2
4. Mrs. Yupha Boonchuaydee Independent Director	None	1/1	-	-	12/12	4/4	-
5. Mr. Kollatat Tangchitkul Independent Director	None	1/1	-	-	10/12	-	-
6. Mr. Pongsak Thiengviboonvong Managing Director	None	1/1	-	-	12/12	-	-
7. Mr. Vacharaphong Darakananda Director / Nomination and Remuneration Committee	None	1/1	-	-	10/12	-	2/2
8. Mr. Nanthiya Wattanasaranont Director	None	0/1	-	-	7/12	-	-
9. Mrs. Chantornree Darakananda ** Director	None	1/1	20,000**	20,000**	12/12	-	-

\*\* including related persons

## 2. Executives

Chief executives in the company have authority to implement under policy, strategy and objective that the Board of Directors determined for legibility and flexibility in implementation.

Moreover, chief executives have responsibility in supervising expenditures and investments to the limit which the Board of Directors had authorized in the annual plans accordance to human resources policy, resolving problems or conflicts which will affect the organization and maintain efficient communication to related persons.



The names of executives committee on 31st December, 2016 are listed below:

	Name-Surname		Position
1.	Mr. Pongsak	Thiengviboonvong	Managing Director
2.	Mr. Komon	Iamwatcharin	Vice Managing Director and Sales & Marketing Division Manager
3.	Mrs. Yupa	Roongphornchai	Account & Finance Division Manger
4.	Mr. Sikavej	Sopaphan	Human Resource Division Manager

On 5th January 2017, the Company has appointed Mr. Wiwat Jongkonrat as Manager of Accounting and Finance Division in replacement of Mrs. Yupa Roongphornchai, the retired Accounting and Finance Division Manager, effective on 1st January 2017.

1. Executives management has been assigned the work for proceeding under the policy strategy and the goal that the Board set for transparency and flexibility of the business operation.
2. Having a responsibility for controlling expenses and investment budget as the scope that the Board approved on the annual plan, implemented as the personnel policy, solved problems or conflicts affecting to the Company, maintained an effective communication to the stakeholders.
3. There is a clear definite on the duties and responsibilities of the Board of Directors and Executive management. Chairman of the Board is not the same person as the Managing Director and has no relationship with the management in order to separate the function of policy making for defining on corporate governances policy and routines management.
4. There is a clear division of responsibilities between the Board and the management. Therefore there is no intervention on their duties and responsibilities.
5. There is a clear and written definite on the authorities of the management at each level by strictly separating the responsibilities among approving, recording transaction and protecting assets for rechecking and balancing

The Company attached the detail of the company's Excutives on page 57

### 3. Company Secretary:

On November 18th, 2015 at board meeting had a resolution in appointing Mrs. Chadaporn Jiemsakultip as Secretary of the Company from January 1st, 2016 onward.

The company's secretary must take their position according to the law section 89/15, 89/16, 89/17 and 89/23 under the Securities and Exchange Act (No.4) B.E.2551 with responsibility, awareness and trustworthy thus taking the position according to the law, objective, the company's regulation, and resolution of the board including resolution of shareholders.

The qualification, experience and responsibilities of the company's secretary, stated on page 136

### 4. Remuneration of the Directors and Executives

#### 1) Remuneration in monetary value

- In the 23rd Annual Ordinary Meeting there had been an approval of directors' remuneration of the year 2016, which had been considered by the Nomination and Remuneration Committee in the financial amount not exceeding 1,500,000 baht per year (equal to the year 2015) and had been assigned to the Board of Directors to allocate in the amount deem as appropriate.
- The remuneration of the Managing Director and Executives of the Company are in accordance with the principles and policies that have been determined by the Board of Directors, which will be considered from the performance of the company, including duties and responsibilities and the performance of each executive. The remuneration for the four executives of the company such as salary, grant-in-aid and social securities in the total amount of 7.44 million baht (7.37 million baht in last year).

## 2) Others remuneration of the Executives

In 2016, the company paid for the provident fund for the 4 Executives in the total amount of 0.16 million baht (0.19 million baht in last year).

Name-Surname	Position	Remuneration in monetary value (Baht) in 2016			
		Director/ Independent Director	Audit Committee man	Nomination and Remuneration Committeeman	Total
1. Miss. Dalad Saphthaichaikul	Chairman	96,000	-	-	96,000
2. Mrs. Rapeephan Sanguansis	Independent Director Chairman of the Audit Committee/ Chairman of Nomination and Remuneration Committee	96,000	132,000	12,000	240,000
3. Mrs. Supung Tangsujaritpunt	Independent Director/ Audit Committee / Nomination and Remuneration Committee	96,000	120,000	12,000	228,000
4. Mrs. Yupha Boonchuaydee	Independent Director / Audit Committee	96,000	120,000	-	216,000
5. Mr. Kollatat Tangchitkul	Independent Director	96,000	-	-	96,000
6. Mr. Pongsak Thiengviboonvong	Managing Director	96,000	-	-	96,000
7. Mr. Vacharaphong Darakananda	Director / Nomination and Remuneration Committee	96,000	-	12,000	108,000
8. Mr. Nanthiya Darakananda	Director	-	-	-	-
9. Mrs. Chantorntree Darakananda	Director	96,000	-	-	96,000
	Total	768,000	372,000	36,000	1,176,000

## 5. Personnel :

The Company considered all employees as essential and valuable resources, which leads to success, growth and secured sustainable developments; as for selecting individuals that were qualified and suitable for each career fields. Human resources development in management, academically and in organization culture including creating good working atmosphere and environment and safety was essential therefore resulting in determining guidelines as following,

1. Manage human resources to conform and advocate with the policies, vision, objectives business goals and strategies of the company.
2. Systematize and organize human resources management accompanied with stipulate rules and regulations to be clear, transparency, fairly, following with the same guideline within the company.
3. Specify all commanders to manage human resources under their own department according to system and guideline determined by the company.
4. Specify employees to carry out their duties willfully and dedicate for achievement in work with their skill, knowledge, capability by retaining Code of Conduct, Core Value and operation regulation of the company.
5. The company strictly treats the employees according to the International Human Rights as standard giving equality to every employee without discrimination on gender, nationality, ethnic, social class, religion, belief, social status, disability, pregnancy and chronic illness along with law and regulation related to the employee.

6. The company does not have policy in employing child labors; for recruitment and selection of employee according to the required positions recruiting and selecting will be made both externally and internally by employing individual with age over 18 years, along with qualification, ability and experience suitable for the position required to fulfill the manpower planning for each department.
7. The company's policy stands against forced labors and do not support threaten and forced labors to work over time, sequestering bonds or personal documents. Every procedures should be made conduct with no forcefully by the employees, only by which they agreed and signed for the agreement.
8. Permit and support development of capability, qualification, latency of the employee by training and development course both in-house training and outsource training frequently and thoroughly, providing opportunity for career path by latency for each employees.
9. Determine on appropriate and equitable recompense according to qualification, latency, experience, responsibility and accomplishment of each individuals.
10. Appointment in positions, transfers including rewards and disciplines apply to employees equally with equitably, honesty on the fundament of qualification, ability and aptitude accordingly with the employees' attitude and implementation.
11. Establishing relationship between the employees and organization by emphasizing that all the employees within the organization as family; for employees to be delighted, secure in work, content good health and sanitation and life quality.
12. Provide facilities for employees and make them emphasize on saving in advance for retirement by setting up Credit Union and provident fund for employees.
13. Having esteem in employees' right on decision for negotiation and do not forbid the employees' liberty to associate thus there are no law which forbid them in taking action, also advocating both associating and negotiation liberty and take action according to negotiation agreement and protect both employees and their representative whom joined the associate independently and equitably.
14. Provide authorities for the employees to elect representative of the employee to take part in meeting sessions or to negotiate with the company by which each individual holds 1 vote per a person.
15. Encouraging participation of employees by hearing out opinions and suggestions from employees in every level equally.
16. Provide rights for employees to make petition incase they were treated unfairly according to the system and method specified, insure actions for complainers that their complaints will be kept secret by arranging channels for petition as following
  - Complaint box (red box) installed in various places in the company
  - Email : md\_upf@unionpioneer.co.th or internalaudit@unionpioneer.co.th
  - Letter: Internal Audit  
Union Pioneer Public Company Limited  
No.1 Soi Serithai 62, Khwang Minburi,  
Khet Minburi, Bangkok 10510
  - Hotline directly to Managing Director:: 662-517-0105-8 ext. 111

At the end of year 2016, total employees = 535 persons, that can be divided into manufacturing section for 401 persons, office section for 91 persons, support section for 43 persons.

The company did not have any significance issue in changing the number of employees and did not have any dispute regarding labor for last 3 years.

Types of Compensation such as Salary and Wages, Bonus, Provident Fund, Social Security Contributions, Compensation Fund and Pension and etc., totally at 140 million baht

### Policy on Corporate Governance

The Company's Board of Directors had followed up and controlled many results of business activities to comply with the clear objectives and policies and the concerned laws. Under good corporate governance and ethical framework which had been developed according to the regulation which includes the structures of the CGR which had been improved in year 2014, to ensure shareholders, investors and stakeholders that the Company has the management system that was fair, transparent and could be audited.

The Company had educated all levels of employees from the boards, directors and employees on good corporate governance policy were acknowledged and carried out for the highest benefit and to advance the business moral which emphasized on conscious for all employees to understand and proceed them thoroughly.

The compilation of the Company's manual about good corporate governance and business ethics emphasized on:

- To reinforce transparent, clear and good management system in order to have high potential as well as capability in competing with others and protect and eliminate the conflict of interest that may arise.
- To assure the shareholders, investors, employees, control division, society, environment and stakeholders and connected with the ideas, responsibility and good relationship between the boards of directors, managements, shareholders, employees and stakeholders.
- To be the tool that measured and checked the operation results to improve for more efficiently.
- To create the framework of responsibility for the board of directors and management division to stakeholders of every section.

The manual of the company's good corporate governance and business ethics has been disclosed on the company's website: <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

### Good corporate governance principle in 5 categories:

- Category 1 Fundamental rights of shareholders
- Category 2 Equitable treatment for each shareholder
- Category 3 Roles of the stakeholders
- Category 4 Disclosed information and transparency
- Category 5 Responsibilities of the Board of Directors

### Category 1 Fundamental rights of shareholders

The Board of Directors realized on the right of the shareholder according to the required law, supported all shareholders to use their right without any conflicts with the laws and never did anything that violate the right of each shareholders taken place to ensure that every shareholder have equal right of fundamental authorities. Therefore, the company defined the guidelines as following

- Controlling every shareholder to have the equal right to fundamental authorities as the regulation stated. For example, right to have portion of the profit equally, access to the news and information in timely manner. Including facilitate and promote corporate shareholder to attend meeting to exercise right in the meeting.
- In last year, there are no directors holding the total share exceeding 25 percent of total outstanding share, including having defensive measure to use internal information to trade security which violated against the regulations of the stock exchange of Thailand and SEC.
- Common stock shareholding portion of free float at the closed registered book on March 30th, 2016 equating to 18.20 percent of the total outstanding stock of the Company.
- The Company's shareholding structure is not in pyramidal type.

#### 1.1 Procedures before shareholder meeting

- Sending invitation notice together with all detailing documents to the shareholders at least 14 days in advance before the meeting date and disclosed the invitation with all detailing documents both in Thai and English on the company's website more than 30 days in advance before the meeting takes place.

### 1.2 Meeting invitation documents and all detailing documents

- The invitation of the Meeting together with all detailing documents both in Thai and English were noticed via SET Portal of the Stock Exchange of Thailand and disclosed the invitation of the Annual General Meeting in the newspaper 3 days consecutively and via the company's website: [http://www.unionpioneer.co.th/index.php/investor\\_relation/downloads/sub-5-1](http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1)
- Setting the date, time and convenient place for meeting, by setting up the agenda with the directors' comments for each agenda in order for the shareholders to consider, including the criteria and method to participate the meeting.
- Agenda on electing directors: Profile of each directors were to be nominated details such as age, education, experience, date starting the position as director, training on duties and skills, years of directorship, gain/loss in many ways with the company, types of directors to be nominated, number of shareholding including meeting attendance in the previous year; in case of proposing to be a director for another term which had already been approved by the Nominating Committee to propose to the shareholders in the selection on directors' agenda further on.
- Agenda on appointing authorized auditors: Considering the qualification of the auditors and their remuneration, the Audit Committee recommended the Board of Directors to propose the shareholders to appoint the authorized auditors who are approved by the Securities and Exchange Commission (SEC), including no relationships and/or interest with the company/ subsidiaries/ executives/ major shareholders or relating parties, therefore having independence enough for monitoring and commenting on the company's financial statements.
- Agenda on profit allocation and dividend payment: dividend policy, dividend yield and amount including the details in past 3 years are used for the shareholders to consider.
- Proposing the shareholders to determine the remunerations for the directors which were already approved by the Nomination and Remuneration Committee of the Company.
- Attaching the latest minutes of the shareholders' meeting for consideration on the agenda on approval minutes of the shareholders' meeting.

### 1.3 Procedures on Shareholders' Meeting date

- Arrangement of the meeting will be hold at location with convenient transportation, nearby BTS sky train and express way, so that shareholders can participate easily.
- Preparing officer to help in the registration area, which will be open before the meeting begin, not less than 2 hours, and use computer system to count on the votes.
- Encouraging and supporting the Board of Directors, subcommittee, executives to attend all of the meeting as responsibilities in order to reply the shareholders' queries. All of the attendees' profile will be indicate in the shareholders' meeting minutes.
- In the shareholders' meeting minutes, voting procedures were informed that one share equals to one vote to hold a voice vote by ballot for each agenda item of the meeting, including notice for the shareholders before the meeting starts and record the votes in each agenda indicating to agreed and disagreed or abstain from voting.
- Arrangement the vote for selection of the directors either by individual or whole committee depends on the meeting agreement, by submitting the name list of the directors who were approved by the Nomination and Remuneration Committee.
- Arrangement of witness of vote counting at the Annual General Meeting (AGM) and disclosing in the minutes of the AGM.
- Giving opportunity to the shareholders to ask questions, comment and recommend openly and appropriately accordingly to the AGM agenda, including recording them in shareholders' meeting minutes.
- No additional agenda which were no declared in advance in the invitation of AGM and no agenda shall be swap.



#### 1.4 Shareholders' Meeting Minutes consist of the following 2 parts:

- First part consists of the general information such as name list of the directors, executives, company's secretary, auditors attending, number shares the shareholders attending when the meeting starts, steps of voting and counting of votes and will count as one share equals to one vote to hold a voice vote by ballot for each agenda item of the meeting before the meeting begin.
- Second part consists of information detailing on agenda proposed to the shareholders for consideration as declared on the Annual General Meeting invitation, by classifying to each agenda, consisting on the summarized information which the directors proposed to the shareholders for consideration, the resolution of the AGM, answers and result of the vote in each term (agreed, disagreed and abstain) will be recorded.

#### 1.5 Procedures after the Annual General Meeting:

- Disclosure of resolution of the Annual General Meeting with the vote results on the following day after the AGM took place, by informing via SET portal of the Stock Exchange of Thailand and via the company's website: [http://www.unionpioneer.co.th/index.php/investor\\_relation/downloads/sub-5-2](http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-2)
- The Company Secretary prepared the minutes of the shareholders within 14 days after the shareholders' meeting and submitted the report to the Stock Exchange of Thailand as well as publication via the company's website: [http://unionpioneer.co.th/index.php/investor\\_relation/sub-5-3](http://unionpioneer.co.th/index.php/investor_relation/sub-5-3)

### **Category 2 Equitable treatment for each shareholder**

Shareholders will be treated equally and fairly in accordance with basic rights by requiring measures to prevent the use of internal information to benefit them or disclosure of persons related to directors and executive officers which may cause damages to other shareholders overall as well as arrangement for shareholders' meeting which is supportive in treating the shareholders fairly. In order to ensure that all the shareholders are treated and protected equally, fundamental rights commission has been set up as following:

#### 2.1 Protection of internal information usage

The Company considered the importance of internal information protection which has not been disclosed to the public or information which individual can use to gain benefit for themselves or others in misleading ways, by setting up protection for internal information written in the ethics manual page 27, 32 Good Corporate Governance topic 2.3 Protection of internal information usage page 12-13 and regulations to be followed by employees as following:

- Do not disclose or get benefit from the Company's confidential information for individual or others party's benefit.
- Do not disclose internal information or document to outsiders and prohibit from seeking for benefit for individual or related parties in misleading way strictly such as trade secrets, production recipe, production technique which were originally owned by the company.
- Do not seek for benefit as individual or for others by using the company's information which had not been disclosed to the public or actions which may cause conflict to the company's benefit.
- The Company had protected internal information on securities trading by informing directors and executives the schedule date to avoid making securities trading of the Company in the length of 14 days before disclosing the financial statement periodically or quarterly to the public and refrain from processing on securities trading until period of 24 hours had passed by after the information had been disclosed to the public.
- To disclose shares that the directors held in the previous and current years in the form number 56-1 and the annual report. In 2016, there was no fraud found from the directors, executives and employees in misleading usage of internal information.

#### 2.2 Protection on the right of the shareholders

Annual General Meeting of Shareholders for the year 2016, the Company gave an opportunity for the shareholders to propose in order to record them as an agenda for the Annual General Meeting of Shareholders for the year 2016, including queries and proposal from October 1st, 2015 to December 31st 2015 which is 3 months in advance before the end for the end of accounting period for the year; in which the company had disclosed all the regulations via Information

system of SET Portal of the Stock Exchange of Thailand in Thai and English also on the company's website: [http://www.unionpioneer.co.th/index.php/investor\\_relation/downloads/main-6](http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-6) including

- To provide rights for the shareholders to vote by which one vote equivalent to one share.
- To deliver proxy letters in form B which votes were editable for shareholders who were unable to attend the meeting by themselves; in the previous meeting offering 4 independent directors in the invitation letter as option for the shareholders to assign to their proxy; Additional information can be browsed via [http://www.unionpioneer.co.th/index.php/investor\\_relation/downloads/sub-5-1](http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1).
- To identify documents and evidences including advices on procedures of handing over the proxy for shareholders in the invitation letter; for the shareholders to prepare documents with accurateness and to prevent problems accruing in the attendant of the proxies to the meeting of shareholders, by which the principles and condition in the appointing principle according to the laws without any obstacles which might cause complexion to the proxy principle.
- No additional agenda apart from assigned in the shareholder invitation letter.
- Assignment of policy on doing any transactions which might cause conflicts on benefits in order for those transactions to be transparent and meditate discreetly, reasonably and liberally under good ethics for overall benefit of the company and shareholders significantly.
- In case of relating transaction, the company disclosed the information entirely, correctly according to the regulations as determined by regulators. The Company did not have related transactions which assist in financial way such as lending loans, loan guarantees.
- In the previous year, the company did not contravene or deny the regulations of related party transaction according to SET/SEC.
- Inter-transactions in the previous year were in normal business transaction with generally normal commercial term.

### 2.3 Gain and Loss of Directors

Board of directors acknowledged on the importance on the business operation emphasizing on all of the stakeholders for sustainable benefits, fair and transparent; therefore, guidelines, conditions and reporting on stake holding and handling securities were determined as following:

- Prescribing the directors and executives to report their own interests and related individuals' interests that are related to the Company and business management of the Company when taking position in the first time and reporting every time changes occur to the company by handing to the Company's secretary within 3 days from the occurring date.
- The Company Secretary will hand in the copy of the interests report in accordance with Article 89/14 to the chairman and the audit chairman within 7 days after receiving the report.
- In the board of directors' meeting, if any directors were found in having the interests or related to the individual relating in specific agenda on consideration; those directors will not be able to cast their votes, for the fairness of the board of directors and for the most benefit of the shareholders.
- Further on information on protection on the conflict of interest can be viewed in related-transaction topic on page 126
- The Company disclosed "With or without of interests of directors/ shareholding/ meeting attendances of every committees as summarized table on page 97
- Directors, executives and auditors must report the shareholding on the Company security once annually within 30 days of the end of financial period and hand over the report to the Company Secretary.
- In the previous year, the Company did not contravene or deny following the security trading regulation according to the SET/SEC.

### Category 3 Roles of stakeholders

Policy for stakeholders which are related to the operation of the Company such as, shareholders, employees, customers, trade partners, competitors, creditors including community and society has been determined. All stakeholders should be treated by the Company as holding on their rights according to the laws and agreement upon the Company impartially with corporate governance. Thus, the company determined guideline to the stakeholders as following

#### 3.1 Roles to stockholders

The Company had acknowledged on compensation to the shareholders, precedence to free float or institutional shareholders together with gaining trust from the shareholders by providing the internal control system and accounting system and auditing strictly, supporting on reporting the status and the Company's management supporting the shareholders' rights promptly, accurately, completely and fairly. For additional information, can be obtained from the topic "Good Corporate Governance and Business Ethic Manual" page 14, 32 <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

#### 3.2 Roles to Trade Partners and Creditors

Contacting the distributors, contractors or trade partners by procurement method of the Company without special treatment or bias to any individuals.

**Trade Partners :** The board of directors determined regulations for practices on all trade partners to be equivalent and fair by organizing on procurement by selection off vendors, partners or consultants which were based on the principle that the Company must gain the most profits under transparent selection without prejudice, able to be audited and prohibit employees from beneficiary resolutely, for additional information were shown on page 14, 31, 33 in the Good Corporate Governance and Business Ethics manual <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

**Creditors:** The Company operated in accordance with the conditions, contract and agreements that were made with every creditor according to commercial term. The practice toward trade partners and creditors were disclosed on the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy> and page 14, 33 in the Good Corporate Governance and Business Ethics manual.

3.3 Roles to Customers The Company aimed in development of products and services continuously, provided service promptly with honesty and treated every customer fairly. The Company developed quality products by considering on the safety of the environment, customers and meeting the customers' satisfaction. The practice toward customers was disclosed on the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy> and on page 14, 33-34 in the Good Corporate Governance and Business Ethics manual.

3.4 Roles to Trade Competitors The Company hold on the principle of independence in business competition under the laws and business ethics without aiming for competitors' internal information without misleading methods. The actions toward customers were disclosed on the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy> and on page 14, 34 on the Good Corporate Governance and Business Ethics manual.

3.5 Roles to Employees all employees in the company are essential resources for the Company and main objective to successful business operation, the Company's board of directors had determined implementation towards the employees in Human Resources Management Policy on page 99-100 including

- Fire evacuation training drill at least 2 times a year in order for the employees and officers to know the way to protect themselves in case of conflagration.
- Annual health check-up since the company emphasized in taking care for the health of the employees, therefore the annual health check-up was arranged every year.
- The Company had setup "Safety, Occupational health and working environment committee in order to control business that might affect the employees including setting up of the Five-S committee giving opportunities for the employees to participate in developing the quality of working life for themselves. Additional information can be view on page 39 of the Good Corporate Governance and Business Ethics manual and on the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

- The actions toward the employees were disclosed in the additional information which can be viewed on page 15, 34-35 of the Good Corporate Governance and Business Ethics manual and the company's website <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>
- In year 2016, the Company had posed policy on supporting the employees' health promotion program collaborating with Nopparat Rajathanee Hospital in reducing of NCDs (Non-Communicable diseases), which caused by the effect of the employees' lifestyles such as alcohol, smoking, lack of exercise, consuming excess of salty – sweet foods, stress and carried out policy on escorting pregnant employees by giving the importance on good health conservation and works which will not be dangerous for the mother and their child (fetus).

3.6 *Roles to Society and Community* The Company acknowledged that sustainable growth of the company taking responsibility to society and community are also essential; responsibility to society and community were arranged on topic no.10 of the CSR section sustainable development and for additional information on page 15 on Good Corporate Governance manual and page 35-36 on Business Ethics manual <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

The Company had setup policy on responsibility to society in section 4 page 41 of the Good Corporate Governance manual, Additional Information can be viewed at the company's website, <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

The Company had summarized CSR in process & CSR after process in the Basis of CSR to sustainable development on page 116 - 123

#### **Category 4 Information Disclosure and Transparency**

The Company had disclosed important information relating to the Company including financial information and non-financial information under regulations of regulators to be accurate, complete, transparent and up-to-date through the approachable channel which can be reached equivalently, reliable, not misconstrue and adequate for shareholders and investors. The board of directors determined the following regulations:

- Committee, directors and auditors must report on shareholding on the Company security for their own, spouse, children and/or foster child whom are underage, by reporting to the SEC within 30 days from the day that positioning was taken as director or executive, and within 3 days as soon as buying/selling/transferring/transferred transactions occur.
- Directors, executives and auditors must report the shareholding list on the Company security for their own once annually within 30 days of the end of financial period and hand over the report for the Company Secretary to keep the original copy.
- Stakeholder Report; had been set up for the directors and executives including relating individuals whomever benefits for the directors and executives to report stakeholder each time to the Company immediately, by handing over the report to the secretary of the Company within 3 days from the occurring date; the Company secretary will send the copy report to the Chairman of the Board and Audit Chairman within 7 days after handling the report.
- The Company's board of directors had determined that directors and executives must disclose the report on trade of common stock directly and indirectly by reporting the shareholding on the company security of their own, spouse, underage child to the board of directors every year-end.
- Disclosing on changes shareholding of the directors and executives at the beginning and end of the year in the annual report.
- Distributing report on responsibilities of the board of directors to the financial report display with audit report in the annual report.
- Disclosing information accordance to accounting period which are financial information and non-financial information via the SET Portal of the SET and on the company's website for the shareholders, investors and regulators to acknowledge on the information, completely, timely and be able to use them for consideration thoroughly and fairly.
- Disclosing of transparent Shareholders Structure showing the beneficial owner via <http://www.unionpioneer>.

co.th/index.php/investor\_relation/downloads/main-1

- Arrangement on the Management Discussion and Analysis (MD&A) when the Company gained income or net profit increasing (decreasing) from the same period in the previous year for 20 percent.
- Significant inter-transactions will be considered, but if needed to be authorized by the board or the AGM, disclosing information on inter-transaction; which will indicate name of individuals whom made those intertransaction, relationship of, type of transactions, conditions and value of the transactions, necessity and reasons. All inter-transactions of the previous year were done within normal business transactions.
- Disclosing the remuneration for auditing and other service served by the independent auditors, considered by the Audit Committee at the topic, Remuneration for the independent auditor.
- Disclosing the roles and duties of the board of directors and all subcommittees at the management structure, including disclosing of having interest/ not having interest, numbers of attendance of each director for the whole year in form 56-1 and the annual report.
- Disclosing the remuneration of director and executive which reflected their responsibilities of each individuals including forms of remunerations by which Nomination and Remuneration Committee had approved, comparing to other registered companies under SET which were in similar industry and business, in size which seem to be comparable, for additional can be obtained from Summary of Remuneration of Directors on page 99 and other information available on the company's website as following:
- The company's vision and mission <http://www.unionpioneer.co.th/index.php/about-us/vision>
- Nature of the business operation <http://www.unionpioneer.co.th/index.php/about-us/com>
- Financial statements and the report on the financial status and the result of business operation in both current year and previous year [http://www.unionpioneer.co.th/index.php/investor\\_relation/downloads/sub-2-2](http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-2-2)
- Handing over and disclosing annual report (form 56-1) to the regulators within 3 months from the date the accounting period ends and are downloadable on the SET 's website and on the company's website [http://www.unionpioneer.co.th/index.php/investor\\_relation/downloads/main-4](http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-4)
- Handing over annual report (form 56-2) within 4 months from the date the accounting period ends and are downloadable on the SET 's website and on the company's website [http://www.unionpioneer.co.th/index.php/investor\\_relation/downloads/main-3](http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-3)
- Disclosing the resolutions in the board of directors' meeting on the date, time, location and agenda of the shareholders' meeting with the comment of the board of directors and the date the share transfer registry ends, disclosing resolution in the shareholders' meeting on the following day on the company's website [http://www.unionpioneer.co.th/index.php/investor\\_relation/downloads/sub-5-1](http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1)
- Disclosing invitation of shareholders' meeting with related documents on the company's website 30 days in advance [http://www.unionpioneer.co.th/index.php/investor\\_relation/downloads/sub-5-1](http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1)
- Delivering and disclosing minutes of shareholders' meeting within 14 days to the Stock Exchange of Thailand and can be viewed on the company's website [http://www.unionpioneer.co.th/index.php/investor\\_relation/downloads/sub-5-3](http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-3)
- Policies as well as the company's good corporate governance manual and business ethics <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>
- Roles, responsibilities, qualifications and positioning terms of the Board of Directors, Subcommittee, Audit Committee and Nomination and Remuneration Committee. <http://www.unionpioneer.co.th/index.php/about-us/board-of-directors-2>
- Individual responsible for the Investor Relations is Mr.Wiwat Jongkonrat, manager of the Accounting and Financial Division, contact number: +662-517-0105-8 ext.211 and fax number: +662-517-0345. We are pleased to hear out the comments, recommendations and information related to analyzers, institutional investors and free floats investors, including more information can be obtained from Stock of Exchange Thailand's website [www.set.or.th](http://www.set.or.th) or the company's website <http://www.unionpioneer.co.th/index.php/contact>.
- In the previous year, the SEC did not command the Company to amend financial statements of the Company and the Company did not have any records on the delay of submitting on the financial reports quarterly and annually.



## **Category 5 Responsibilities of the Board of Directors**

### **5.1 The Company Structure of the Board of Directors**

Composing of directors who have diverse qualification in skills, experiences and specific talents that are useful for the Company, gender etc. In the present, the Board of Directors consist of 9 individuals, which members not less than half of the directors from overall number of directors should be in located in the Thailand and directors not less than three-quarter of overall number of directors must be Thai citizenship. Additional information can be obtained from Management Structure on page 94

- The Company had established policies and manual of the good corporate governance and business ethics approved and signed by the Board of Directors. Communication was made for executives and employees to sign and acknowledge and take action, the Company will track the performance and related matters in accordance with above policy and ethics regularly.
- The Board of Directors determined objectives, visions, missions, strategic goal and operating policies of the Company to lead the executives and employees to acknowledge the objectives and aims in the same directions.
- The Board of Directors set an Internal Audit Office in the Company to report the results to the Audit Committee, to operate according to audit plan and to review the internal control system, which are suggestion from the Internal Audit Committee in every quarter in the Board of Director meeting.
- In the previous year, the Board of Directors meetings were held in the total of 12 times and Annual General Meeting was held 1 time to ensure the following up with the Company's performance effectively.
- The Board of Directors had determined anti-corruption policy. Encouraging publicizing of knowledge and communicated with employees in all level and individuals performing business related to the Company to acknowledge on the anti-corruption policy until gaining sustainable development in anti-corruption estimated by ThaiPat Institute (Public-Interest Organization) on level 3. Established means displaying the limits and levels of the Company's policy such as; do not bribe the government officers, do not get involved, go against people getting involved, communicate and give training to employees to gain knowledge about the policy and principle on anti-corruption.
- The Company's directors were nominated and selected by the nomination and remuneration committee whom were not forbidden individuals accordance to Public Limited Companies Acts and Securities and Exchange Act, having capability and ability including experience and came from various careers.
- The tenure of directors was determined that in each annual ordinary meeting, one-third of the total number of board members will be at the end of their terms. If the number of the board cannot be exactly divided into three parts, the nearest number will be one-third.

### **5.2 The Company's subcommittee :**

Beside the Audit Committee that had been organized by the Company in accordance with The Stock Exchange of Thailand, the boards also organized a subcommittee in order to have good corporate governance, the Company had disclosed information on sub-committee on the management structure from page 95-96 and page 111

### **5.3 Roles, duties and responsibilities of the subcommittee**

Details are stated in the "Good Corporate Governance" from page 95

### **5.4 The Board of Directors' Meeting**

- The Board of Director's meeting in year 2016 had been held 1 time per month, totally 12 times. In addition, meeting agenda were handout to the board of directors 7 days in advance before the meeting date in order for the directors to have enough time study the information and arrangement in order to participate the meeting.
- In consideration of any topics, the Chairman who arranged the time adequate for the meeting and gave chances for the directors to give out opinion independently therefore, casting vote in the board of directors' meeting depended on the majority votes by letting one director holds one vote; in case of any director benefiting on those agenda will not be participating in the meeting and will have no rights to cast the vote on those agenda.
- In the board of directors' meeting, management of the Company will participate in the meeting to give out useful information and acknowledge the policy directly, to be able to proceed on efficiently.

- The Company's non-executive held their own meeting necessity to consider on any problems of interest related to the management without the management team participating for the non-executive directors to express their opinion independently.
- The Chairman of the board and managing directors considered in selection of the agenda of the directors, moreover topic of interest might be selected as the topic in the agenda as well.
- The Chairman had arrangement time sufficiently and enough for the directors to debate important topics cautiously as well as supporting every director to express opinions freely.
- For each board meeting, Chairman, Managing Directors and Directors will attend every meeting except for having business in foreign land or having other matters.
- Executives attend every board meeting to inform additional information on accounting and financial or related issues.
- Appointed the Company Secretary to arrange the minutes in order to send out with the invitation letter which included agendas including documents for the board of directors 7 days in advance before the meeting.

### 5.5 Self-evaluations of the Board of Directors and Executives

Each director annually evaluated the Board of Directors according to the form of self-evaluation of the Board of Directors of the Company.

### 5.6 Remuneration of the Directors

- The Company had a process in specifying the remuneration of the directors which is transparent by considering it from the Nomination and Remuneration Committee and proposed it to the Board of Directors which will then later proposed to the stockholder for approval.
- Consideration of appropriate remuneration of directors in every year by considering and comparing from the registered companies with similar business size, duties and responsibilities of the board of director, operating results of the Company and appropriateness to the current economic situation by considering on the experience, responsibility of each member of the board of directors and the Company's operating results.
- The Remuneration of the Managing directors and chief executives followed the principles and policies that have been appointed by the Board of Directors and considered from the accomplishment of the Company and the operating results from each executive and the Company's operation results.

Details on remuneration of the executives on page 98 remuneration of directors' on summarized on the table on page 99

### 5.7 Knowledge development for Directors and Executives

- Every director of the Company was trained in courses which concerned roles, duties and skills for directors from the Thai Institute of Directors Association (IOD).
- When there is new director, the Board informs the management to submit the documents or to present briefing in order for the new director to understand the business and his/her duties.
- The Board has set a succession plan to carry on with the duties in order for the executives to work continuously and the business operation will not be disrupted.

In 2016, director that had taken course was listed as following

Sur name – Last name	Course/Batch/Year
1. Mrs. Yupha Boonchuaydee	AACP/23/2016
2. Mrs. Yupha Boonchuaydee	DAP/127/2016

Courses the Executives had taken for knowledge development in hours

No.	Courses	No. of Hours
1.	ISO 9001:2015 & ISO 14000:2015 Requirements and Internal Auditor	48
2.	ISO 30001:2009 Risk Management	48
3.	Performance Feedback Technique for Mind and Job	21
4.	Energy Management System ISO 50001 : 2011 Requirements and Procedures and Internal Audit	36
5.	Quality Control Circle (Q.C.C)	6
6.	Seminar on Green Purchasing and Services	7
7.	Adverse Event Reporting and Field Safety Corrective Action for Medical Devices	6
8.	Integrated Reporting	6
9.	Financial analyzes for executives' benefits	6
10.	Development on database on rubber intelligence unit	4
11.	Incoterms 2010 and publishing international documents	12
12.	Technique on follow up training course to demonstrate training results	6
13.	Automatic inventory and management of goods and delivery of goods accordance to Global System	6
14.	Advance Rubber Technology : Vulcanization-from Knowledge to Application	7
15.	Control of contamination of soil and underground water around industrial area	7
16.	Good corporate governance and good governance in investing for institutional investors in relation of registered company	8
17.	Analysis on type and component of rubber	6
18.	Certificate of Analysis for rubber products for export	6
19.	Knowledge Management	6
20.	Enhancing Good Corporate Governance based on CGR Scorecard	7
21.	Professional sales in CLMV	6
22.	The Path to Industry 4.0 IoT and Smart Manufacturing	15

**Total hours 280**

## Sub-Committee

The Board of Directors had appointed subcommittee as following

- Audit Committee
- Nomination and Remuneration Committee

In order to proceed the specific matter and propose to the board of directors to consider and acknowledge, charters were arranged for subcommittee to determine their duties and responsibilities; the Company will disclose the duties and responsibilities and other information of the sub-committee in the subtopic of the management structure of the Company as well as including in the company's website.

## Recruiting and Appointing Directors and Chief Executives

**(1) Independent Directors** is a part of board of director that should be included; at least 1-3 of the number of directors should be independent directors and must not be less than 3 individuals must be non-executive director and qualifications according to the laws. Follow up and take care of the conduction of the management and give opinions on operation of the company independently for the uttermost benefit of the shareholders.

The nomination and remuneration committee will consider on recruiting individuals with qualification accordance to the laws and qualification according to the definition of the independent director according to the minimum requirement of SEC by individual who have abilities and experiences suitable and understanding to the business structure of the company including vision and time adequate for the duty.

Total number of 4 Independent Directors; 3 females and 1 male which are more than one-third total numbers of 9 directors, as listed below:

1.Mrs. Rapeephan	Sanguansis	Independent Director
2.Mrs. Supung	Tangsujaritpunt	Independent Director
3.Mrs. Yupha	Boonchuaydee	Independent Director
4.Mr. Kollatat	Tangchittkul	Independent Director

## Independent Directors Definition (Which the minimum requirement of SEC)

**(A) Holding shares not over one percent** of the total shares with voting right of the applicant for license, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant for license, however, it includes shareholding by related persons of the independent director also.

**(B) Not being or has been** a director with management participation on employees, consultant with regular salary or authorized person of the applicant for license, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or of authorized person of the applicant for license, except relieved from aforesaid characteristic at not less than two years before submitting permission to the Office. However, the prohibited characteristics do not include that of civil service or consultant of government body holding major shareholding or authorized person of the applicant for license.

**(C) Not being person of whole blood or registration** as stated in the law, in the manner of being father or mother, spouse, brotherhood and offspring including spouse of the offspring of the management, major shareholder, authorized person or person designated to be management or authorized person of the applicant for license or subsidiary.

**(D) Not have or has been in business relation** with the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant for license, in the manner that may obstruct the independent exercise of discretion including in not being or has been a significant shareholder or authorized person of the person with business relation with the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, except relieved from aforesaid characteristics at not less than two years before the date of submission for permission from the Office.

The business relation in paragraph one includes trade transactions in normal business, rent or lease on items related to asset or service or in giving or receiving financial assistance through acceptance or lending, guarantee, granting asset as debt security including similar behavior resulting in the applicant or contract party with debt burden to be settled with another party from 3% of net tangible asset of the applicant or from twenty million baht up, as which amount is lower. However, the debt burden calculation shall be in value calculation on related items as announced by the Securities Exchange Commission on Rules of Related Items, by mutatis mutandis. But the consideration of such debt burden shall include debt burdens incurred at one previous year before the date of business relation with the same person.

(E) **Not being or has been auditor** of the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant and shall not be significant shareholder, authorized person or partner of auditing office with the auditor of the applicant, holding company, subsidiary, affiliation, shareholder or authorized person of the applicant in attachment, except relieved from such characteristic at not less than two years before the date of submission for permission from the office.

(F) **Not being or has been any professional provider** which includes legal consulting or financial consulting with service fee over two million baht a year from the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, and not being a significant shareholder, authorized person or partner of the professional provider, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.

(G) **Not being a director appointed to be agent** of the director of the applicant, major shareholder or shareholder with relation with the major shareholder.

(H) **Not operating similar or significant competitive business** to the business of the applicant or subsidiary or not being significant partner in the partnership or directorship with management participation on employees, consultant with regular salary or holding shares over one percent of the total shares with voting right in other company, operating business similar or competing with business of the applicant or subsidiary.

(I) **Not having other characteristics** that will hinder free independent opinion in relation with the operation of the applicant.

After the appointment to be independent director with the characteristics as stated in paragraph one (a) to (i), the independent director may be assigned from the committee to make decision on the business operation of the applicant, holding company, subsidiary, affiliation, subsidiary of same level, major shareholder or authorized person of the applicant under the method of collective decision).

## ***(2) Recruiting Directors and Chief Executives***

**Recruiting Directors.** the Company had considered the decision of the nomination director committee and specified remuneration. Individual whose name had been nominated was director with furnished qualification accordance to Public Limited Company act 1992, which is appropriate to be nominated as director of the company and must hold qualifications and does not hold incompatibility as following:

1. Qualified and does not hold incompatibility according to the Public Limited Company act and laws and regulations of the Securities and Exchange Commission including Good Corporate Governance of registered companies.
2. Have knowledge, ability and independence and able to carry out the duty with care and loyalty able to dedicate their time for the company, having competence, seniority suitable, healthy body and mind, creative in the meeting, straightforward, brave to give out opinion in the meeting and/or is well-known business - people with great profile and moral as well as been accepted by the society.
3. Having knowledge, essential ability in at least one field such as the company's business in account and financial, strategic management, good corporate governance, laws and regulations.
4. Nomination and Remuneration committee will examine and recruit individual with qualification and does not hold incompatibility as mention above and presented to the board of directors to represent to the shareholders to nominate them.
5. Election of directors of the company occur in the shareholders' meeting following rules and procedures as following:
  - 1) One shareholder has one vote per one share.
  - 2) In election of directors; election might have been done by elected one individual director or to elect in one group at full number of directors in that election; permissive to the shareholders' meeting but in every vote shareholder must cast their vote respectively to 1) overall the vote cannot be divide to any individual or any group more or less.
  - 3) In casting vote in the election of directors, directors with majority vote will be elected; in case of a draw in vote the chairman of the meeting will nominate the director.

In each annual general meeting, one-third number of the board will meet the end of their term, in case the number of directors cannot be exactly divided into 3 parts from the total number board, nearest number to one-third will be suffice.

Directors who have to resign in the first and second year after the company's registration will need drawing lots. In the following years, director with the longest term will be the one who will resign.

Resigned director can choose to retake the position as director again.

Apart from term expiration, directors can be terminated from the following reasons:

- Passed away
- Resignation from the board
- Lack of qualification and posed of prohibit characteristics accordance to the laws.
- The shareholders' meeting nominates for dismiss with vote not less than three-quarter of the number of shareholders attending the meeting which rights to vote and share in total not less than half held by the shareholders participating the meeting with the right to vote.
- Dismissed by the order of the court.

Director who are willing to resign from the board will need to submit resignation letter to the company and will be effective from the letter had been submitted.

**Recruiting Chief Executives** in recruiting the individual for managing director position of the Company, Chairman of the board will do the tentative consideration of the individual for the board of directors to screen from qualification, knowledge and abilities, capabilities and experiences appropriate to manage the Company including understanding the business thoroughly.

#### **Corporate Governance in operating the business of subsidiary companies and affiliated companies**

The Company has no subsidiary or affiliated company.

#### **Controlling of internal information usage**

The Board of the Company had determined that the internal information usage should be carried out as written in the Company's policy, regulations and good corporate governance at topic in category 2 no. 2.1 "Protection of internal information usage". Those whom violated the rules will be disciplinary penalize according to the company's regulation.

*The Company had determined the regulation for the Company's properties and internal information in the Business Ethics topic no.1 which were disclosed on the company's website, including disclosing information on protection of internal information on page 103*

#### **Remuneration of the Auditors:**

According to the Public Company act and the regulations of the Company in section no.51, specified that Annual General meeting selects and decided the remuneration for the Company's auditor. In the 23rd annual general meeting of year 2016 had a resolution to select the Company's auditors as following:

- |                 |                 |  |
|-----------------|-----------------|--|
| 1.Mrs. Vissuta  | Jariyathanakorn | with CPA (Thailand)-License No. 3853 (2nd year in auditing) or |
| 2.Mrs. Poonnart | Powcharoen      | with CPA (Thailand)-License No. 5238 or                        |
| 3.Mrs. Tippawan | Nananuwat       | with CPA (Thailand)-License No. 3459 or                        |
| 4.Mr. Kisada    | Lertwana        | with CPA (Thailand)-License No. 4958                           |

The aforementioned auditors of EY Office Limited are the authorized auditors who are approved by Securities & Exchange Commission (SEC) and have no relationship or/and any gain or loss with the company/executives/ major shareholders or any person related with the mentioned parties.

The company has no subsidiary or affiliated company.

The Company paid the remuneration for the auditors to EY Office Limited which the Company's auditor works with.

In year 2016, Baht 800,000 (Baht Eight hundred thousand)

In year 2015, Baht 780,000 (Baht Seven hundred eighty thousand) equal with year 2014

In year 2014, Baht 780,000 (Baht Seven hundred eighty thousand)

The Company did not pay the audit fee directly to the auditors or any individuals/ business related to the auditors.

The Company paid other service fees concerning the account auditing amounted to 100,000.- Baht (One hundred thousand) to EY Office Limited by Mrs.Vissuta Jariyathanakorn for reading and considering whether the annual report of the Company had any significant conflicts with financial statements or with the knowledge gained from the audit of the auditors

#### **Operation in accordance with good corporate governance principle in other categories:**

Apart from 5 categories of good corporate governance, the Company also has other regulations related to good corporate governance as following:

##### **1) *Anti-corruption and anti-bribery* (cite - form CGR no. C12 )**

The board of directors determined anti-corruption and supporting in developing knowledge and understanding of the employees in every level and other individuals whom are related to the company's business to be informed of the anti-corruption policy.

In the previous year, no frauds against the anti-corruption policy were found. The Company gives precedence to enforcing and be earnest in the punishment; communication and encouragement for the employees to acknowledge to the moral in operation including using the complaints for improvement in developing the prevention further on, with the help of internal audits taking actions in follow-up and reporting the process to the audit committee.

##### **2) *Handing/accepting presents and reception for business guests***

Procurement of the Company must proceed accordance to the regulations of the company which is transparent and auditable.

The board of directors, executives or employees does not desire to hand/receive presents and/or gifts which are unnecessary and unsuitable with the officers or individuals related to the business or from any other individuals which might benefit from the operation of the Company's employees when receiving present and/or gifts which have more value normality in traditional occasions; the employees should decline and report to their superior.

The board of directors, executives or employees does not desire to arrange/receive unnecessary and unsuitable reception for officers or individuals related to the business or from any other individuals which might benefit from the operation of the Company's employees.

The Company had received rating in sustainable development in anti-corruption estimated by Thaipat Institute (Public-Interest Organization) on Level 3 Established means displaying the scope of the Company's policy such as; do not bribe the government officers, do not get involved, go against individual getting involved, communicate and provide training to employees to gain knowledge about the policy and principle on anti-corruption as following:

- Guidelines for board of directors, directors and employees in all levels
- Reporting clues or complaints
- Arrangement channels for petition
- Protection for whistle-blower
- Punishments

For more information: <http://www.unionpioneer.co.th/index.php/aboutus/CorporateGovernancePolicy> on page 29-31 and 45-48 on Good Corporate Governance and Business Ethic Manual

##### **3) *Non-infringement and intellectual property***

The Company promotes and makes awareness for the employees to act according to Copyright act, BE 2537 (1994) for the employees not to use illegal software and does not violate copyright of others. The Company had determined guidelines for computer usage and information technology; for addition information, can be viewed on page 31-32 on Good Corporate Governance and Business Ethics manual.

<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>



#### 4) Informing Clues and Complaints

The Company engrosses in operating the business truthfully and does not take advantage or causing trouble for the society by arranging channels for clues or complaints at

- Complaint box (red box) at the front of the guardhouse of Saha Union (Bangchan District)
- Letter to the internal audit No.1 Serithai 62, Khwang Minburi, Khet Minburi, Bangkok 10510
- E-Mail : md\_unionpioneer.co.th or internalaudit@unionpioneer.co.th
- Hotline directly to Managing Director Tel : +662-517-0105 -8 ext.111

Including the process on considering, auditing, following and solving the complaints via. Operation Meeting monthly.

The board of directors of the Company determined that it should be business moral for good corporate governance for the board of directors, executives and employees at every level to take action on; which emphasize the importance of good corporate governance and business ethics, treatment toward the stakeholders neutrally, fairly including consideration on the rights of the stakeholders in all group in total of 13 topics as following:

1. Protection of properties and protection of Company's confidential information.
2. Business operation and performance of duty with responsibility and loyalty.
3. Taking action accordance to laws, regulations and international human rights law.
4. Conflict of interest.
5. Anti-corruption and bribery.
6. Handing/receiving presents, gifts and reception of business guests.
7. Computer and information technology usage.
8. Treatment towards shareholders.
9. Treatment towards trade partners and creditors.
10. Treatment towards customers.
11. Treatment towards business competitors.
12. Treatment towards employees.
13. Responsibility towards society, community and environment.

For further information, can be obtained from the topics of Good Corporate Governance and Business Ethics manual page 26-36 or the company's website  
<http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>

Topic that the Company has not complied with the good corporate governance principles for listed companies in the year 2016 are as follows;

#### **Chairman should be an independent director** (cite-CGR form no. E69 )

● At the present, Chairman of the Company is not an independent director; however, the position of chairman has independence from the management, emphasizing mainly on the benefits of the company, shareholders and stakeholders.

# CSR to Sustainable Development

The Company realizes that business operation with Corporate Social Responsibility is one of the most important key to be successful in the business. It is therefore encouraged to carry out activities that benefit stakeholders to achieve sustainable development concretely through the main process of the Company (CSR-in-process) and the activities to society (CSR-after-process).

### The Economic Dimension

#### ● Operation of Fairness

The Company intends to treat well the stakeholders including shareholders, business partners, customers, employees, society and environment by indicating guidelines and instructions in the Company Code of Conduct. In 2016, the company was chosen by Thaipat Institute to be 1 of 100 companies operating with the good care of Environment Social and Governance (ESG).



**Equality of Shareholders:** The Company operates its business with transparency, fairness, honesty and accountability. The Company expects sustainable growth, good performance and generates a reasonable return continually to all shareholders equally and fair under the good corporate governance with business ethics.

**Fair Competition:** The Company competes in the market with fair strategy, not to gather the confidential information of competitors through the unethical way, aimed at damaging the reputation of a competitors and not violating the intellectual property rights of others.

**Supply Chain Relationship Management:** The Company operates its business under the concept of support and fair to all business partners through creating good relationships, fair and equally to all business partners. The exchange of knowledge and the joint development of products and services for value added purpose.



**Customers Relationship Management:** The Company intends to satisfy all customers equally and fair by providing good processes to give the customers good products and services and safe for the users. The Company also provides an opportunity for customers to visit or audit its processes at anytime to make the customers to be confident that the products and services provided are made well under the systematic and standardized processes in accordance with the international standard ISO9001 :2008, ISO13485 :2003 and ISO14001 :2004.

## ● Anti-Corruption

The Company has committed to the fight against corruption. The anti-corruption policy was announced and stated in the company's Code of Conduct and conveyed to all employees in all levels of the Company. It is also a must topic to announce to new employees in the orientation to encourage new employees to work honestly.

The Company provides 4 channels for the employees and outsiders to give the Company the information or complaints as follows:

1. Complaints boxes in the area of the company for employees and at the entrance for outsiders.
2. Sending letter to the Office of Internal Audit.
3. E-mailing to Managing Director or the Office of Internal Audit.
4. Direct calling to Managing Director

The Company implements the risk assessment of channels that could cause corruption and impose the 4 control measures as below:

**1) Procurement** The Company issues the rules and regulations which comply with the procurement procedures. Price comparison, selection method and vendors assessment must be complied with the international standard ISO9001. Any area for improvement must be conveyed to the seller if found. High value procurement must be approved by the Procurement Committee.

**2) Conflicts of interest** The Company has all executives to sign the paper stating that there will be no activity done under conflicts of interest. All employees of all level must be announced not to do any activity under conflicts of interest..

**3) Giving or Receiving of gifts, entertainment or business dining** The Company identifies clearly the rules and regulations and were announced to departments including Sales & Marketing, Human Resources, Engineering and Purchasing.

**4) Giving or Receiving of bribes in any form** With government or private sector, the company policy is not to give or receive by paying or receiving money, property or offering any other benefits to facilitate any activity to be fast without any obstacle hindrance or to get the requested compensation.



## ● Responsibility for consumers



The consumer is one of the most important parties of the Company to take into consideration. Although most of products are not directly used by consumers but to make the customers to be confident that the company is also concerned about their clients as they do. Thus, all three main products -rubber thread & tape, elastic webbing and elastic braid - of the Company are submitted for testing for harmful chemicals at Swiss Textiles Institution every single year to obtain Oeko-Tex Standard 100 certificate and all those three products were certified as Class I (For baby articles) which is regarded as the most stringent.

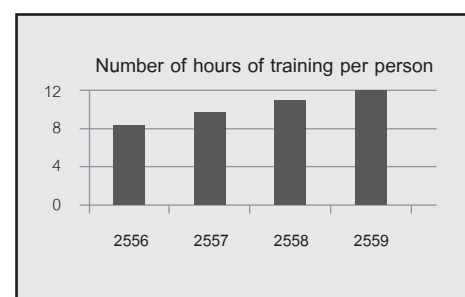
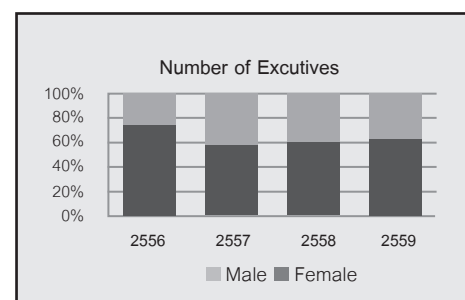
## The Social Dimension

The Company is always concerned about its employees and society/community near and far since it believes that the sustainable growth is from the combination of strong organization together with strong external society/community.

## ● Human and Labor rights

The Company gives priority to care for and treats all employees in all level fairly and equally. The Company respects the basic rights of employees in accordance with the human rights principle with regardless of gender, age, nationality, race, religion, social status and disability. The Company also opens for any comments and complaints about from the employees regarding their rights via the channels announced in the Human Resource Management policy. In the year 2016, the company did not receive any comments and complaints from employees.

The Company does not support the use of compulsory labor, children labor under 18 years of age or any illegal labor forced. The Company will hire workers with working conditions that are fair and with reasonable compensation based on qualifications, experience and potential of employees by hiring will give priority to children of employees and local workers first. Supports all employees are trained to develop skills and their potential to create opportunities to progress in their career. The number of hours of training per person is increasing every year and reached 12 training hours per person in the year 2016. Gender is not a criteria for any promotion, the Company will consider base on knowledge and capability





The Company realizes that balancing between happy life and happy work of employees is the important thing to be concerned. Happy employees will work effectively and lead to good performance of the Company. Therefore, the Company uses the concept of “8 Happiness” (Happy Workplace) as follows

1) Happy Body: The Company supports employees to live healthy life mentally and physically by providing annual health check, sport activity to strengthen relationship in Saha Union group and Aerobic dance to relax from work. The Company also focuses on the safety in work by providing knowledge to employees and establishing Safety Committee to manage the safety system to ensure that the employees will be treated well and safes.



2) Happy Heart: The Company encourages employees to be givers by arranging blood donation activity with Thai Red Cross and money donation to foundation.

3) Happy Society: The Company encourages workers to live with love, cooperation, and giving to their own community to improve over-all society and environment. The Company builds the participation of workers both inside society and outside society.



● **Inside Society** : The Company takes into account with workers and workers' family continuously. For example when workers sick or encounter accident, or when workers lose one of their family members, Management Representative and colleague will participate for sadness and join religious activities. The workers who have relatives in senior year of university and would like to join Internship Program, the Company will consider workers relative before other candidates.



● **Outside Society** : The Company continuously arranges activities for nearly community for example, giving Children's Day gift to community and school, giving learning material to school, and giving money to build Buddhist statue to Nopparat Ratchathani Hospital.





4) Happy Relax: The Company encourages workers to join seminar every year for relaxing from working during year. The worker's representative will work together to find for place and activities for seminar within given budget.



5) Happy Brain: The Company arranges both inside and outside training for workers to increase knowledge for self improving and for work progress. The Company also settles Library for increasing knowledge for workers.

6) Happy Soul: The Company encourages worker to build faith in religious for living. The Company arranges merit activities for worker to participate, make food for monks. Moreover, the Company also arranges prayer room for Muslim workers for religious activities.



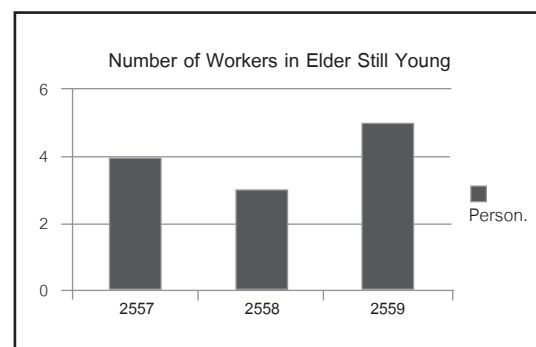
7) Happy Money: The Company arranges Money Cooperative and provident Fund for collecting money after retirement. If worker need for money in special case, the worker can borrow money from Money Cooperative with low interest compared to Bank. The workers will receive dividend in ratio from their collecting money and receive average interest back from interest that paid in every year.

8) Happy Family: The Company encourages workers to participate and build relationship same as they are family. The Company arranges activities to promote Thai Traditional, increases strength of family institution for example Songkran Festival-pouring water blessing adult.



## ● The Community and Social Development

Supporting neighbor community, the Company will take into account the community surrounding. As In-house training, the Company always buys meal and snack from the seller who lives in community nearby. The Company also recognizes that in the future Thailand will face with Elder era, so the Company arranges “Elder Still Young” project for workers who have age over 60 years old but still have capability to work base on company's consideration. This is the way to help social and community through implementation of CSR in core processes of the company already (CSR-in-process) besides, the Company also donates and supports social in variety ways except from normal process (CSR-after-process) as below;



## ● Environmental Dimension

*The Company donated the calendars and magazines unused to Thailand Association of the Blind.*



*The Company donated a Children's Day gift to Minburi Youth Centre, Wat Bum Pen Nhua School, Bang Chang Industrial and the community housing Bang Chan.*

*The Company donated money to Noppharat Ratchathani Hospital for constructing Buddha Statue.*



*The Company donated money and flower to worshippers whose attend the Candle Festival at Wat Bum Pen Nhua.*

*The Company joined the Offering Robes to Buddhist Event at Wat Bang Peng Tei on Visakha Puja Day.*



*The Company donated the damaged Gearbox set of car to Karnchanapisek Nongjok Campus for educational purpose.*

*The Company staff donated blood to the red cross every three months.*



*The Company donated money and necessary goods to the elder at Elder House Bang Khae 2.*

*The Company donate money to Ramathibodee Foundation in Stem cell Project for the Honor of KING and QUEEN.*





## Environmental Dimension

The Company continuously focused on environment follow ISO 14001 together with Energy Saving Project through the process of preventing and controlling pollution, reducing effect to environment and the way using natural resource effectively and efficiency

### ● Caring for the environment and energy conservation

● **Water Conservation:** The Company focused on quality of wastewater that was released into the public. Therefore, the Company cleaned wastewater from production process before by using aeration system (Activated Sludge) and hiring an outsourced agency that holding license and registered properly by the department to monitor the quality of wastewater every month. The Company found the way to save energy from cleaned waste water process with current aeration system (Activated Sludge). Normally, the Company used two aerators for increasing sufficient oxygen in water but result to over rate of oxygen in water (Dissolved Oxygen :DO) so the Company settled DO Meter for measure oxygen in water and set DO rate that appropriate for aeration system which not lower than two milligram per liter. From settled DO meter, the Company can switch between two aerators by operating only one aerators when DO rate higher than standard.



But when DO rate lower than standard another aerator will automatically start. Moreover, the Company also concerned about water conservation then arranged "Recycle Water Project" in process of cleaning rubber because this process used a lot of water in every month

● **Air Conservation:** The Company used Boiler for production process that made air pollution. The Company cares about quality of air that release to atmosphere so the Company used Natural Gas as fuel. Natural Gas reduces air pollution to very low level shown on measurement of air quality measure every two years

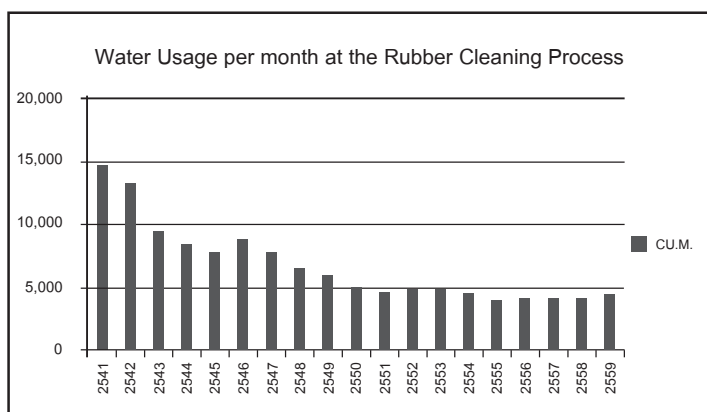
● **Soil Conservation:** The Company recognizes that there is a lot of waste waiting for elimination and decay by environment ageing process. The Company released campaign reducing the use of paper to every division by using information technology instead for example transferring document between divisions by LAN or Email, collecting document by electronic, using two page of paper.

● **Energy Conservation:** In 2016, Energy Conservation team applied new technology to use with machinery to ensure that the company used energy effectively and efficiency follow step below;

● Changing two Capacitor Banks at Compound Division to reduce lost power in cable and transformer to use energy effectively.

● Changing motor DC to AC for using inverter to control calendar machine which helps to reduce electricity power from 41.5 kW to 10.5 kW.

● Reducing the light usage when not in use, for example light in path way, and of some machines by using separate control switches of each working area.



## ● Inheritance the Thailand traditions

Traditions and culture of Thailand is considered one of the environments was created by human. As a descendant of Thailand, it must continue to do the things that fathers continue to fully understand and properly. The Company recognizes the importance of this as well. Therefore the company encourage team up welfare activities every year include Songkran Festival - pouring water blessing adult, Candle Festival, Merit for New Year for examples



## ● The innovation and diffusion of innovation by implementing environmentally responsible

The Company encouraged each division to raise the idea or way to improve work process follow Kaizen way. Activities need to increase effective and decrease waste in 2016. There are two activities that received reward as below;

● Activities that decreased waste of Talcum Rubber at Calendar division: Installed slide base to receive stainless that use to cover rubber before enter to boiler, to reduce 50% of time and reduce waste talcum rubber from 800 kilogram per month to 170 kilogram per month (considered as 78%).



● Activities that decreased waste of Press Stainless Steel Rolling at Calendar Division: Used fabric that out of age using in process of Medical Device product to support edge of stainless the covered the rubber to reduce waste of press stainless steel rolling from average 1000 kilograms per month to 580 kilograms per month (considered as 42%).

From two activities, the Company can reduce the rubbish wastes that cause the soil pollution at about 1,050 kilograms per month.

### 1. Adequacy and suitability of the company's Internal Control System

The Board of Directors assigned the Audit Committee with a duty and responsibility in checking the suitability and effectiveness of the company's internal control system created by the management level to ensure that the internal control system of the company is adequate in lowering the risk of the business management, be able to protect the company's assets from disappearing or whether it is being used by an unauthorized person, helping personnel to operate in accordance with laws and related regulations and helping to correct the financial statement and make it be credible.

Risk Management Committee considered in specifying the frameworks, policies and reviewing the methods of the Company's risk management including team who is responsible in each division. Having meeting and following up, finding out and managing the risks to ensure that it is on the right track as well as controlled the operation in order to make sure that the policies will be followed regularly.

The Audit Committee checked the suitability and the effectiveness of the Company's internal control system and internal audit by considering together with internal auditor. Considering with the internal audit, concluding that the Company has already practiced internal audit process properly and have evaluated new control by using COSO Method (The Committee of Sponsoring Organizations of the Treadway Commission) according to the requirement of the Securities and Exchange Commission, including 5 parts as following:

#### 1. Internal Audit in Organization

The Company had managed a suitable organization structure for operation and internal controls which cover in financing & accounting sections, operations and personnel management, including actions accordance to the laws under the government authorities and regulations of the company, also stipulating authorities on financial permission distinctly.

#### 2. Risk Assessment

The Company established risk management committee, specifying risk management policy, evaluating and follow-up with risk management results in every possible ways and quarterly report to the Audit Committee.

#### 3. Operation Control

The Company holds operating manual which covers on the company's system to control various implementations on credible of information, asset protection and Information Technology (IT) system of the Company.

#### 4. Information Technology (IT) and Communication System

The Company emphasized in Information Technology System and enough records of information, operation and decision of the manager as well as development and improvement in IT system to pertinent accurate and to fulfill implementation regularly.

#### 5. Follow up system

The Company had tracking system on operation in management level and operation level by which the management committee had compared the operating results with the clearly objective determined and appointed the way to reach the objectives. In the same time the company had internal audit office which takes actions in certitude as well as giving advice for the internal operation of the organization governance, risk management and good appropriate internal control.

Moreover, from the meeting with the external auditor of EY Office Limited, who audited the financial statements of the year 2016; they commented that the overall perspective of the company's internal control system was in satisfied level. There was no significance defected that will affect the financial statement and there was no further comments.

Board of directors assigned each director to review and evaluate the adequacy of risk management and internal control system annually.

The Company set the rules and process in proper way by assigning authority of each level from management to operational workers, separating clearly responsibility among the worker and the controller, to balance the authority and able to verify each other.

Moreover, the Company also had the finance report system presenting to management to follow up the effectiveness of the work and asset protection system.

The Company has internal audit, main operation and financial activities to ensure it follow the good practice and have effective result, which were assigned by audit committee for annual plan and specific job as needs together with suggestions as the audit committee commented by reporting directly to management in urgency case to solve the issue in time manner. Internal audit committee independently reported the results, they have found.

## 2. Evaluate the weak point of internal audit

In the past, the Company regularly evaluated the internal audit system. No drawbacks that had significant to internal audit system were found because there were controllers to control the practice as in system indicated.

## 3. Comment from the Audit Committee

The Audit Committee concluded that the investigate result are no difference from the directors of the Company. The Audit Committee concluded the detail of practical on the report of audit committee on page 132

## 4. Internal Audit Supervisor who is an employee of the Company.

Name-Surname	Position	Educational Background	Working Experiences and Related Trainings	Responsibilities
Mr. Wiwat Jongkonrat	Manager of the Internal Audit Section	- Bachelor Degree of Business Administration Accounting Rajamangala Institute of Technology Phra Nakhon Si Ayutthaya Wasukree	<u>Working Experiences</u> - Accountant for 1 years - Internal Audit Manager for 11 years <u>Training</u> Course on Certified Professional Internal Audit of Thailand (CPIAT) at Batch 10	- Report and follow up the result of the internal audit to the Audit Committee - Secretary of the Audit Committee
Mr. Nattapawatch Thomwan (Sept.-Dec. 2016)	Manager of the Internal Audit Section	- Master Degree of Science Program on Corporate Governance, Chulalongkorn University - Bachelor Degree of Administration Accounting, Rajamangala University of Technology Bangkok	<u>Working Experiences</u> - Accountant for 1 years - Internal Audit Manager for 11 years <u>Training</u> Course on Certified Professional Internal Audit of Thailand (CPIAT) at Batch 10	- Report and follow up the result of the internal audit to the Audit Committee - Secretary of the Audit Committee

On 4th August 2016, the Audit Committee had a resolution to appoint Mr. Nattapawatch Thomwan to be a Manager of the Internal Audit Section, effective on 1st September 2016.

Opinion of the Audit Committee on the qualification of the person positioning on the manager of internal audit section (in case of being the Company's employee);

The Audit Committee had an opinion on the operation of the manager of the internal audit section that he worked well and accurately according to the required laws, including having the knowledge and ability to operate job duties effectively.

## Inter - Transactions

The Company emphasized on approving the inter-transactions or related transactions or any transactions that may have a conflict of interest. The guidelines are as follows;

**For approving the mentioned transactions,** Directors and the management could not attend for consideration on this approval.

1. Directors and executives sign off the certificate annually to express that they will not perform anything related to conflict of interest to the company or disclose the confidence information to use with their personal benefit, causing the loss to the Company.
2. Prohibit on information disclosure to customer, supplier, service provider, competitor or third parties, except the information used to communicate normally or detail for public.
3. The nature of inter-transactions is transactions occurred in the normal trade terms as reasonable market price mechanism such as purchasing on materials etc. These are transactions that occur continuously.
4. In the past year, the Company has no information to propose to Stock Exchange of Thailand, then no comment from the third part auditor on this.
5. Necessity and reasonability of inter-transaction; Group Companies has a policy to set up a division for sourcing the raw material in the same group companies to gain the bargaining of price and quantity and to achieve most benefit of the company.
6. Procedure of inter-transaction; to propose to the audit committee to consider according to the size of transaction; small, medium, large for considering on the power-operated. For the detail of normal transaction, assume as if third parties, has a regulation as normal transaction which the Board has already approved the principle of the action of inter- transaction, person authorized to approve having no interest in that transaction, tracking of cash transferring (receiving and payment), setting the due date payment of each transaction and keeping the practice as standard procedure.
7. Trend of the Future Inter-transactions are the transactions which carried out in accordance with the normal trade with using the trade policy as market price mechanism of the business. There is no any benefit transferring between the Company and the related company or persons. There is no special transaction occurring in the past year, then no any comments of the Directors, third parties, or independent experts.
8. The Company rented the factory building in Bangpakong from Saha Union Public Company Limited, which was related transaction; category 3 i.e. Short term renting less than three years; transaction in medium size. The Company has disclosed its detail as the related information via SET Portal System of Stock Exchange of Thailand, as well as copying sent to the Securities and Exchange Commission (SEC).
9. In the past year, company has no involve on giving a loan to the related company.

### Conflict of interest

Company has policy to preserve the interest of the Company to avoid the conflict of interest, therefore the company regulates as following:

- Do not perform anything that may have conflict of interest both direct and indirect way such as losing the benefit or received less benefit than it should have.
- Follow the practice, procedure and disclose any related transaction strictly, as the rules and regulation of Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, at the topic of Disclosure on information and Operation of the Listed Companies for the inter-transactions, as well as laws, regulations, notices or related orders.
- Do not perform anything that consider like competition with the company both direct and indirect way.
- Do not take own benefit rather than company benefit such as any performance for supplying product and service to company.

### Transactions with third parties

The Company has a policy to treat all stakeholders and the guidelines for all stakeholders groups. The Company proceeds the business operation under the scope of competition law with fair trading, considers the fair and appropriated price by realizing on the reasonable price, quality and service that the Company received, and can give the appropriate reason when being audited.

Related companies and Type of relationship	Type of Transaction	Value of essential transaction (Million Baht)	Reasonability and Necessity of Inter Transaction
1.Saha Union Public Co., Ltd. (SUC) - major shareholder 48.96% - having mutual director	1.Pay dividend 2.Purchase product 3.Rent factory building 4.Account Payable	18 6 3.3 0.8	1. Resolution from shareholder meeting which was normal returning from investment 2. Common trading transaction, comparing with market price 3. Rent price from agreement, comparing the price nearby the renting location 4. Remaining value on 31st December 2016
2.Thai Rubber Enterprise Co., Ltd. (TRE) - having mutual director and shareholders	1.Rent land	0.03	1. Renting price from agreement, based on comparing the nearby location using for natural rubber storage
3.Union Thread Industries Co., Ltd. (UI) - having mutual director and shareholders	1.Rent land	0.30	1. Renting price from agreement, based on comparing the nearby location using factory facility
4.Union Rubber Products Corp., Ltd.(URP) - having mutual director and shareholders	1.Purchase and Sell product 2.Account Payable	61 3	1. Common transaction, comparing with market price 2. Remaining value on 31st December 2016
5.Union Zip Co., Ltd. (UZC) - having mutual director and shareholders	1.Sell product 2.Account Receivable-Net	15 4	1. Common transaction, comparing with market price 2. Remaining value on 31st December 2016
6.Uni-Fibre Co., Ltd. (UNF) - having mutual director and shareholders	1.Purchase product 2. Account Payable	8 1	1. Common transaction, comparing with market price 2. Remaining value on 31st December 2016
Total value of Inter Transaction in 2016		120.43	

## Management Discussion and Analysis (MD&A)

### Business Overview

Overall of the garment industry in the year 2016 was getting better due to the recovery of Thailand and global economy. However, the domestic consumption was still stable due to the worry of consumers about cost of living and household debt which affected the expansion of domestic market. The move of garment manufacturing industry from Thailand, China and Sri Lanka to the Vietnam, Cambodia and Myanmar caused the garment manufacturing industry in Thailand facing the recession continually.

The disposable diapers market had been still stable continually since 2015. Since major manufacturers changing to use of spandex instead of rubber thread and high competition in the market caused the business in this category of the company remaining for years and possibly getting lower in the future. Anyway, the company still keeps on cooperating with our customers, minor diaper manufacturers, to expand the adult diapers market which expected to be a big market in the future.

The Company is still facing high competition both domestic and international market in medical devices market. Anyway, sales of this category were growing due to the strength of distribution channel and product quality. The certification of ISO 13485 in 2015 is still an important tool for the company to compete in this market and expand the market in the future.

For exercise and therapy band, there are two kinds of band natural rubber-based and synthetic rubber-based. The market leader is still monopoly in natural rubber-based band while the company's Research and Development team keep on developing the natural rubber-based band to match the market leaders. For the synthetic rubber-based band, our market share in the US was stable while the sales in domestic market was growing through online marketing but the amount was not much since products in this category is not yet popular in Thailand.

### Business Operating Results and Profitability

Transaction	For the Year ended 31st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2016	2015	Amount	%
Total Revenues	611.14	599.40	11.74	1.96
Costs and Expenses	545.20	553.18	(7.98)	(1.44)
Profit (Loss) -Net	53.31	36.86	16.45	44.63

### Income of Sale and Administration

Transaction	For the Year ended 31st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2016	2015	Amount	%
Sales	591.40	578.89	12.51	2.16
- Export	346.80	317.31	29.49	9.29
- Domestic	244.60	261.58	(16.98)	(6.49)
Other Income	19.74	20.51	(0.77)	(3.75)
Total Income	611.14	599.40	11.74	1.96

The Company's performance in 2016, the total revenue was Baht 591.40 million increasing from the previous year by 12.51 million baht or 2.16 percent. It was divided to the export increasing from the previous year by 29.49 million baht or 9.29 percent due to having market expansion on elastic exercise band and medical elastic band, the domestic sale decreasing from the year 2015 by 16.98 million baht or 6.49 percent due to economic situation and changing factory site to Vietnam, Cambodia and Myanmar, and the other income decreasing from the previous year by 0.77 million baht or 3.75 percent which came from the main reason was revenues from the sale of scrap products decreased due to a little lower sale price according to natural rubber price reducing from the previous year.



#### Costs and Expenses of Sale and Administration

Transaction	For the Year ended 31st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2016	2015	Amount	%
Costs from Sale	466.92	482.34	(15.42)	(3.20)
Selling Expenses	41.92	35.51	6.41	18.05
Administrative Expenses	36.36	35.33	1.03	2.92
Financial Expenses	-	-	-	-

- Cost of sales decreased by 15.42 million baht or 3.20 percent, because in the first nine months of the year, the price of natural rubber which is the main raw material for production decreased and the Company improved productivity and controlled expenses in various productions.
- Selling and administrative expenses increased 7.44 million baht or 10.50 percent due to sales commissions increased according to the higher sale volumes.
- The Company has no financial expenses due to having no any loans from financial institutions.

#### Profit (Loss) – Net

The company's net profit in the financial statements was 53.31 million baht, representing 8.72 percent of total revenue, compared to the year 2015 having net profit of 36.86 million baht, or 6.15 percent of total revenues. Net Profit increased by 16.45 million baht or 7.11 baht per share of net earnings was primarily due to cost management and expanding markets abroad.

Transaction	For the Year ended 31st December (Unit: Million Baht)		
	Unit	2016	2015
Gross Profit Ratio	%	21.05	16.68
Earning Ratio	%	8.72	6.15
Debt to Equity Ratio	Time	0.28	0.28
Return on Equity	%	13.73	9.85

#### Gross Profit Ratio

In 2016, the Company's gross profit was 124.48 million baht, gross profit ratio was 21.05% of sales, increased by 27.92 million baht or 28.91 percent compared to the year 2015 having gross profit of 96.56 million baht, representing gross profit ratio 16.68% of sales. Major causes of the increase in gross profit came from;

1. Average cost of main raw materials such as natural rubber prices was lower than the year 2015 which was 12 percent.
2. The Company increased more market expansion on elastic exercise band and medical elastic band at 31 and 71 percent respectively.

#### Debt to Equity Ratio

In 2016, the Company had a ratio of debt to equity was 0.28 times same as the year 2015 which showed that the proportion of debt is also low level, when comparing to the equity.

#### Return on Equity (ROE)

The Company's financial statements, the Company had net income of 53.31 million baht, representing a return on equity at 13.73% higher than the year 2015 having the return on equity at 9.85%.

### Asset Management

As of 31st December 2016, the Company's financial position was analyzed from changes in the assets, liabilities and shareholders' equity as follows

Transaction	For the Year ended 31st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2016	2015	Amount	%
Total Assets	508.14	485.25	22.89	4.72
Total Liabilities	111.70	105.37	6.33	6.01
Total Shareholders' Equity	396.44	379.88	16.56	4.36

#### Assets

The Company's total assets at year ended 2016 was 508.14 million baht, with the proportion of the asset consisting of current assets at 79.15 percent, Property, plant and equipment at 17.48 percent and other assets at 3.37 percent when compared to the year 2015, which was increased by 22.89 million baht or 4.72 percent. The main changing transactions were from investments in government bonds at the end of 2016 amounted to 39.71 million baht, up from the year 2015 at 100 percent, and inventories decreased by 17.18 million baht, down from 2015 at 11.30 percent.

#### Trade and Other Receivable

As of 31st December 2016, trade accounts receivable and other receivables shown the value as the net realized value amounting to 125.84 million baht, increased by 6.98 million baht or 5.87 percent, from the year 2015, due to the higher sale volume in the 4th quarter. Most debtors of the Company have not been on due yet and have no any problem for getting a debt settlement. For some debtors were overdue with their term payment, the company set the allowance for doubtful debt at 0.37 million baht. The Company recorded the allowance for doubtful account for only debtors who were overdue. The company would consider at each debtor whenever we believe that the said account expected to be uncollectible.

#### Liabilities

The Company's total liabilities were 111.70 million baht, increased by 6.33 million baht or 6.01 percent, from last year, which the change was mainly from;

- Trade and other payables increased by 11.29 million baht; 9.59 million baht from the purchase of raw materials and 1.70 million baht from the purchase of the property and the others
- Provision for long-term employee benefit amounted to 42.74 million baht, decreased by 5.35 million baht or 11.12 percent due to the termination of some employees.

#### Shareholders' Equity

The Company had shareholders' equity of 396.44 million baht, increased by 16.56 million baht or 4.36 percent because the Company had net profit from operations of 53.31 million baht, increased by 16.45 million baht from last year.

### Liquidity and Capital Sufficiency

#### Analysis of Changes in Capital

As of 31st December 2016, Cash and cash equivalents amounted to 98.09 million baht decreased by 8.68 million baht from the year 2015, which the details of the acquisition and uses of cash in the year 2016 as follow;

Transaction	For the Year ended 31st December (Unit: Million Baht)	
	2016	2015
Cash Flow from (used in) operating activities	93.91	94.22
Cash Flow from (used in) investing activities	(65.84)	(22.81)
Cash Flow from (used in) financing activities	(36.75)	(25.13)
Cash and cash equivalents at the beginning of year	106.77	60.48
Cash and cash equivalents at the end of year	98.09	106.77

- Net cash from operating activities decreased because the Company's Trade receivables and other receivables increased as well as having to pay more corporate income tax due to net profit increasing from the year 2015.
- Net cash used in investing activities increased because the Company invested more in government bonds in addition to the investment in machinery and equipment to improve production efficiency
- Net cash used in financing activities was used in the annual dividend payment.

#### Analysis of Liquidity.

Transaction	For the Year ended 31st December (Unit: Time)	
	2016	2015
Current Ratio	5.83	6.62
Quick Ratio	3.17	3.93
Inventory Turnover	3.26	3.05

- Current ratio was 5.83 times, decreased from the year 2015 which was equivalent to 6.62 times because the current liabilities increased more than trade and other receivables increased, the mainly reason was the purchase of raw materials used in production.
- Quick ratio was 3.17 times, decreased from the year 2015 which was equivalent to 3.93 times.
- Inventory turnover ratio was 3.26 times increase from the year 2015, which was equivalent to 3.05 times because inventories of particularly raw materials decreased due to decreasing of raw material reserves.

#### **Liability and Off-Balance-Sheet Management**

The Company disclosed in Note 22 of the financial statements and financial report as of 31st December 2016 was summarized below.

- During the past year, there were no any special transactions or transactions came from the abnormal operations.
- There was no significant change after the date specified in the latest financial statement that may affect the financial status and operating results of the Company.
- There was no effect from the shareholding restructure of group companies to the operating results of the Company.
- The Company had no guarantee for outsiders or any obligation in project investment or other similar obligations that may effect to its operation.

#### **Factors Affecting Business Operation in the Future**

For the year 2017, the Company expects that exports will gradually improved global economy. The domestic economy is expected to get a boost from government economic stimulus package, for example lowering personal income tax rate, mega projects investment and stable political situation to boost the consumer spending and the recovery of Thailand economy. The important issues that the company has to watch closely are rubber price and competition especially in the US market.

Risk Management Committee of the Company is composed of the executives and the team workers who are responsible in each division, considered in specifying the frameworks, policies and reviewing the methods of the Company's risk management to cover and comply with the economic condition, by having meeting and tracking the risk management results, to find out that they are controlled and managed in the acceptable levels.

## Report of the Audit Committee

### To Shareholders,

In 2016, the Audit Committee is comprised of three independent directors, namely Mrs. Rapeephan Sanguansis as Chairman of the Audit Committee, Mrs. Supung Tangsujaritpunt and Mrs. Yupa Boonchuaydee as Audit Committee members. Four meetings were organized and attended by all members of the Audit Committee, which the management executives, internal auditors, and the external auditors also joined these meetings in order to consider the matters as follow:

#### **1. Review of financial reports**

The Audit Committee reviewed the quarterly and yearly financial statements of year 2016 audited by the external auditor to assure the Company's compliance with accounting standards and the regulations of the Stock Exchange of Thailand. Moreover, the Committee held a meeting, in absence of the Company's Executives, to discuss the observations and opinions independently with the external auditor and welcome his comments.

#### **2. Review of good corporate governance**

The Audit Committee reviewed the performance according to the manual of good corporate governance for the transparency of the Company's performance to ensure the shareholders and investors that the Company complied with the rules and regulations without any legal violations.

#### **3. Review of risk management**

The Audit Committee reviewed the risk management report of the Company and gave an additional suggestion. The Audit Committee concluded that the Company had an effective system in managing risk by stating the objectives, identifying, assessing, managing and tracking down the risk quarterly as well as the risk evaluation of catching up with the current situation.

#### **4. Review of internal control and internal audit**

The Audit Committee approved the yearly audit plan and assessed adequacy of internal control process of the Company quarterly to ensure that the Company had adequacy, suitability and efficiency of internal control and internal audit, according to world-class standard. Emphasizing the internal audits to follow up to the given subjects to ensure that the management sector had resolved or rectified as the suggestions given by the internal audits within the period assigned including some useful suggestions made for purpose of improving efficiency of internal audit system.

#### **5. Review of related transactions**

The Audit Committee considered and commented on related transactions or transactions with possible conflicts of interests, disclosed a complete and adequate report of the mentioned transactions in compliance with the regulations and requirements set forth by the Stock Exchange of Thailand, considering the Company's benefits.

#### **6. Self-assessment**

The Audit Committee conducted individually a self-assessment of people concerned according to the Charter and the best practice guidelines of the Audits Committee. The findings indicated that the Audit Committee completely performed duties as required by the defined scope and best practice guidelines of the Audit Committee as the Stock Exchange of Thailand's specified.

#### **7. Nomination of external auditor**

The Audit Committee decided on qualifications of the external auditors and proposed remuneration by realizing on the creditability of the external auditors for service, consulting on accounting standards, auditing and approving the financial statements in time. Then, the Committee suggested its nomination to the Board of Directors who presented to the statutory shareholder meeting.

In conclusion, the Audit Committee emphasized on the importance of internal control for the benefit of the Company's good corporate governance, efficient internal control process, including its compliance with the law and regulations related to business operation.

On behalf of the Audit Committee



**Mrs. Rapeephan Sanguansis)**

Chairman of the Audit Committee  
Union Pioneer Public Company Limited

## Board of Directors' responsibility for Financial Reporting

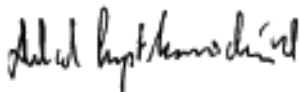
The Board of Directors is responsible for the Company's the financial statements and information as listed in the annual report. The aforementioned financial statements are generated in accordance with generally accepted accounting standards by implementing the appropriate accounting policies on consistency basis, with carefully consideration, including adequately disclosing the essential information in the Notes of financial statements that the independent auditors give unconditional comments on the independent auditors' report.

The Board of Directors has maintained an appropriated and efficient internal control system to ensure that the account recordings are correct, complete, and sufficient to protect the Company's interests, to devise protection against fraud or other suspicious activities.

The Board of Directors has appointed the Audit Committee who are the Independent Directors, are also Non-Executive Directors. They are responsible for the quality of the financial statements and internal control system. For the views of the Audit Committee are reported in the Audit Committee's report in the Company Annual Report of 2013.

The Board of Directors confidents that the good corporate governance, risk management and internal control system of the Company are satisfactory to ensure reasonably the credibility of the Company's financial statements as of 31 December 2016 that are revealed the financial position and operating results correctly and appropriately in the significant matters.

On behalf of the Board of Directors  
Union Pioneer Public Company Limited.



(Miss Dalad Saphthavichaikul)  
Chairman



(Mr. Pongsak Thiengviboonvong)  
Managing director

## The Details of the Board of Directors

### 1. Miss Dalad Sapthavichaiikul

#### Chairman

Age : 60 years

#### Education

- Master's Degree in Computer Science, University of Illinois at Urbana – Champaign, U.S.A.
- Bachelor's Degree (First Class Honor) in Economics, Chulalongkorn University

#### IOD's Training

- Director Certification Program (DCP) Class 9/2001
- Finance for Non-Finance Director (FN) Class 1/2001
- Audit Committee Program (ACP) Class 10/2005
- Director Diploma Examination Class 4/2001

#### Experiences

- 1999 – 2007 Executive Director and Vice President, Saha-Union Public Company Limited
- 1999 – 2011 Director, Saha-Union Public Company Limited
- 1995 – May 2015 Director, Union Textile Industries Public Company Limited
- 2011 – May 2014 Director, Union Plastic Public Company Limited
- 2012 – May 2012 Director, Union Pioneer Public Company Limited
- 2012 – 2016 President, Saha-Union Public Company Limited

#### Current Positions

##### Listed Companies

- 2012 – Present Chairman of the Risk Management Committee, Saha-Union Public Company Limited.
- 2012 – Present Chairman, Union Pioneer Public Company Limited
- May 2014 – Present Chairman, Union Plastic Public Company Limited
- May 2015 – Present Chairman, Union Textile Industries Public Company Limited
- 2017 – Present Vice Chairman, Saha-Union Public Company Limited.

##### Saha-Union Group Companies

- 2012 – Present Chairman, Union Nifco Co., Ltd.
- 2012 – Present Chairman, Union Garment Co., Ltd.
- 2013 – Present Chairman, Union Zojirushi Co., Ltd.
- 2013 – Present Chairman, Union Micronclean Co., Ltd.
- 2013 – Present Chairman, Union Stainless Steel Products Co., Ltd.
- March 2014 – Present Chairman, Union Thai-Nichiban Co., Ltd.
- 2014 – Present President, Computer Union Co., Ltd.
- May 2014 – Present Director, The Royal Hotel Co., Ltd.
- August 2015 – Present Director, The Sukhumvit 62 Medical Limited
- 2017 – Present Chairman, Computer Union Co., Ltd.
- Present Chairman and Director, Other Companies in Saha-Union Group.

##### Other Companies

- 1989 – Present Director, Processing Center Company Limited.

Years of Directorship 5 years (since 1 January 2012)

### 2. Mrs. Rapeephan Sanguansri

#### Chairman of the Audit Committee / Independent Director / Chairman of the Nomination and Remuneration Committee

Age : 66 years

#### Education

- Bachelor's degree, Faculty of Economics, Thammasat University

#### IOD's Training

- Director Accreditation Program (DAP) Class 5/2003
- Advanced Audit Committee Program (AACP) Class 15/2014

#### Experiences

- Director, Union Footwear Public Company Limited

#### Current Positions

##### Listed Companies

- January 2011 - Present Director, Union Pioneer Public Company Limited
- February 2013-Present Independent Director, Union Pioneer Public Company Limited
- January 2014-Present Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee, Union Pioneer Public Company Limited.

##### Saha-Union Group Companies

-None -

##### Other Companies

-None -

Years of Directorship 6 years (since 26 January 2011)

Years of Independent Directorship 4 years (since 23 January 2013)

### 3. Mrs. Supung Tangsujaritpant

#### Audit Committee/ Independent Director / Nomination and Remuneration Committee

Age: 67 years

#### Education:

- Vocational Education (Account)

#### IOD's Training

- Director Accreditation Program (DAP) Class 2/2003
- Advanced Audit Committee Program (AACP) Class 15/2014

#### Experiences

- 1994 – 2008 Vice President, Saha-Union Public Company Limited
- 2004 – 2010 Director, Union Textiles Industries Public Company Limited

#### Current Positions:

##### Listed Companies

- 2013 - Present Audit Committee / Independent Director/ Nomination and Remuneration Committee, Union Pioneer Public Company Limited

##### Saha-Union Group Companies

- 2000 - Present Director, Yunnan Energy Luliang-Union Cogeneration Company Limited.

##### Other Companies

- None -

Years of Directorship 4 years (since 2013)

Years of Independent Directorship 4 years (since 2013)

#### Note:

1. Mrs. Supung Tangsujaritpant resigned from the positions of Company Director, Independent Director and Nomination and Remuneration Director.
2. Appointment of Mrs. Pinijporn Darakananda Kasemsap as Company Director in replacement.,
3. Appointment of Mrs. Yupha Boonchuaydee, Independent and Audit Director, as the Nomination and Remuneration Director in replacement,
4. Appointment of Mr. Kollatat Tangchitkul, Independent Director, as the Audit Director in replacement, effective January 1, 2017 onward

### 4. Mrs. Yupha Boonchuaydee

#### Audit Committee and Independent Director

Age: 67 years

#### Education:

- Senior High School (Grade 5), Streesmutprakan School

#### IOD's Training

- Director Accreditation Program (DAP) Class 127/2016
- Advanced Audit Committee Program (AACP) Class 23/2016

#### Experiences

- 1969 - 1973 Billing Officer, Union Zip Co., Ltd.
- 1974 - 1977 Accounting Officer, Saha-Union Co., Ltd.
- 1978 – 2009 Account and Finance Department Manager, Union Textiles Industries Public Company Limited

#### Current Positions

##### Listed Companies

- January 2016-Present Audit Committee / Independent Director, Union Pioneer Public Company Limited

##### Saha-Union Group Companies

- None -

##### Other Companies

- None -

Years of Directorship 1 year (since January 2016)

Years of Independent Directorship 1 year (since January 2016)

### 5. Mr. Kollatat Tangchitkul

#### Independent Director

Age: 33 years

#### Education:

- Master of Science in Technology Management, University of Illinois at Urbana-Champaign, Illinois, U.S.A (2009)
- Bachelor of Business Administration International Business Management Program, Assumption University (2006)

#### IOD's Training

- Director Accreditation Program (DAP) Class 113/2014

#### Experiences

- 2010-2012 Sales & Marketing, Global Sales Executive, Kuehne & Nagel (Thailand) Company Limited.
- 2007-2009 Sale & Marketing, USA Trade Sales Representative, NYK Line (Thailand) Company Limited.

#### Current Positions

##### Listed Companies

- 2014 - Present Independent Director, Union Pioneer Public Company Limited.

##### Saha-Union Group Companies

- None -

##### Other Companies

- 2004 - Present Director, Niyom Service Company Limited.
- Present Director, CargoFast Company Limited.

Years of Directorship 3 years (since 2014)

Years of Independent Directorship 3 years (since 2014)



**6. Mr. Pongsak Thiengviboonvong****Managing Director**

Age: 60 years

**Education:**

- Diploma of Vocational Education

**IOD's Training**

- Director Accreditation Program (DAP) Class 5/2003

**Experiences**

- 1999 - 2012 Director, Venus Shoes Company Limited.
- 2008-2011 Deputy Managing Director, Union Plastic Company Limited.
- 2012 Deputy Managing Director, Union Pioneer Public Company Limited.

**Current Positions****Listed Companies**

- 2013 - Present Managing Director, Union Pioneer Public Company Limited.

**Saha-Union Group Companies**

- 1997 - Present Director, Union Shoes Company Limited
- 2011 - Present Director, Union Stainless Steel Products Company Limited
- 2013 - Present Managing Director, Venus Shoes Company Limited
- 2013 - Present Director, Union Rubber Products Corporation Limited.

**Other Companies**

- None -

**7. Mrs. Chantornree Darakananda****Director/**

Age: 53 years

**Education:**

- Doctor of Medicine, Chulalongkorn University
- Executive MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

**IOD's Training**

- Director Accreditation Program (DAP) Class 5/2003

**Experiences**

- 1994 - 2008 Deputy Managing Director, Union Industries Corp., Ltd.
- 2002 - 2008 Deputy Managing Director, Union Thread Industries Co., Ltd.
- 2002 - 2008 Director, Saha-Union Public Company Limited
- 2002 - 2009 Director, Union Textile Industries Public Company Limited
- 2002 - 2014 Director, Pro-Lab Co., Ltd.
- 2013 - September 2014 Director, Saha-Union Public Company Limited
- September 2014 - 2016 Executive Vice President, Saha-Union Public Company Limited

**Current Positions****Listed Companies**

- June 2014 - Present Director, Union Plastic Public Company Limited
- January 2015 - Present Director, Union Textile Industries Public Company Limited
- May 2015 - Present Nomination and Remuneration Director, Union Textile Industries Public Company Limited

- April 2015 - Present Director, Union Pioneer Public Company Limited
- 2017 - Present President, Saha-Union Public Company Limited

**Other Listed Companies**

- 1990 - Present Director, Ladphrao Hospital Public Company Limited

**Saha - Union Group Companies**

- 2009 - Present Deputy Managing Director, Venus Thread Co., Ltd.
- 2009 - Present Deputy Managing Director, Union Zip Co., Ltd.
- May 2014 - Present Director, The Royal Hotel Co., Ltd.
- April 2015 - Present Director, Computer Union Co., Ltd.
- April 2015 - Present Director, Union Zojirushi Co., Ltd.
- April 2015 - Present Director, Union Nifco Co., Ltd.
- April 2015 - Present Director, Union Rubber Products Corp., Ltd.
- April 2015 - Present Director, Thai Rubber Enterprise Co., Ltd.
- April 2015 - Present Director, Union Stainless Steel Products Co., Ltd.
- August 2015 - Present Director, The Sukhumvit 62 Medical Limited
- Present Director, Other Companies in Saha-Union Group

**Other Companies**

- 2012 - Present Director, Union Sime Darby (Thailand) Company Limited.

Years of Directorship 1 year 9 months (since April 2015)

**8. Mr. Vacharaphong Darakananda****Director / Nomination and Remuneration Committee**

Age: 51 years

**Education**

- Bachelor's Degree in Physics, Harvey Mudd College, California, U.S.A.

**IOD's Training**

- Director Certification Program (DCP) Class 9/2001
- Director Accreditation Program (DAP) Class 69/2006
- Director Diploma Examination Class 19/2006
- Role of the Compensation Committee (RCC) Class 15/2012
- Chartered Director Class 7/2013

**Experiences**

- Assistant Manager, Venus Thread Company Limited
- 1990 - May 2013 Director, Computer Union Co., Ltd.
- 1999 - 2000 General Manager, Saha-Union Public Company Limited (Sriracha Operation)
- 2001 - December 2006 Director, Union Textile Industries Public Company Limited
- 2007 - 2008 Director, Union Thai-Nichiban Co., Ltd.
- 2007 - 2011 Director, Union Zojirushi Co., Ltd.
- 2007 - March 2014 Managing Director, Union Technology (2008) Public Company Limited.

**Current Positions****Listed Companies**

- February 1994 - Present Director, Saha-Union Public Company Limited
- April 1999 - Present Director, Union Pioneer Public Company Limited
- April 2000 - Present Director, Union Plastic Public Company Limited

**Saha-Union Group Companies**

- May 2007 - Present Director, Union Stainless Steel Products Co., Ltd.
- 2007 - Present Director, Thai Rubber Enterprise Co., Ltd.
- 2007 - Present Director, Union Rubber Products Corp., Ltd.
- 2008 - Present Director, Union Nifco Co., Ltd.
- 2009 - Present Managing Director, Union Thai-Nichiban Co., Ltd.
- 2012 - Present Managing Director, Union Zojirushi Co., Ltd.
- May 2014 - Present Director, The Royal Hotel Co., Ltd.
- September 2015 - Present Acting Managing Director, Union Stainless Steel Products Co., Ltd.

• Present

Director, Other Companies in Saha-Union Group

**Other Companies**

- None -

Years of Directorship 17 years 8 months (since 28 April 1999)

**9. Mr. Nanthiya Darakananda****Director**

Age: 48 years

**Education**

- Master's Degree in Business Administration, SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor's Degree in Applied Physics, University of California, Davis, U.S.A.

**IOD's Training**

- Director Accreditation Program (DAP) Class 2/2003
- Director Certification Program (DCP) 212/2015

**Experiences**

- 1996 - September 2013 Director, Union-Button Corp Ltd.

**Current Positions****Listed Companies**

- April 1993 - Present Director, Union Pioneer Public Company Limited
- 1996 - Present Director, Saha-Union Public Company Limited
- April 1998 - Present Director, Union Plastic Public Company Limited.

**Saha-Union Group Companies**

- None -

**Other Companies**

- None -

Years of Directorship 23 years 8 months (since 22 April 1993)

## The Details of Executive Management

### 1. Mr. Komon Iamwatcharin

Age: 59 years

Position: Deputy Managing Director and Sales and Marketing Division Manager

Education:

- Bachelor's degree, Faculty of Economics, Thammasat University

Proportion of shareholding: None

Family Relations with Other Directors: None

Experience:

- Sales Manager Saha-Union Public Company Limited (Bangchan Branch)
  - Assistant Managing Director Union Pioneer Public Company Limited
- Current Positions:**
- Sales and Marketing Division Manager Union Pioneer Public Company Limited
  - Deputy Managing Director Union Pioneer Public Company Limited

### 2. Mrs. Yupa Roongphornchai

Age: 61 years

Position: Accounting & Finance Division Manager

Education:

- Bachelor's degree, Faculty of Account, University of the Thai Chamber of Commerce

Proportion of shareholding: None

Family Relations with Other Directors: None

Experience:

- Accounting & Cost Section Manager Union Pioneer Public Company Limited
- Accounting & Cost Division Manager Union Pioneer Public Company Limited

**Current Position:**

- Accounting & Finance Division Manager, Union Pioneer Public Company Limited

### 3. Mr. Sikavej Sopaphan

Age: 37 years

Position: Human Resources Division Manager

Education:

- Bachelor's degree, Engineering in Chemical Engineering, Kasetsart University
- Master's Degree, Business Administration (General Management), Ramkhamhaeng University
- Master's Degree, Human Resource and Organization Development, National Institute of Development Administration

Proportion of shareholding: None

Family Relations with Other Directors: None

Experience:

- 2007-2009 Assistant Environment and Safety Manager, Union Pioneer Public Company Limited
- 2010-2011 Assistant Human Resources Section Manager, Union Pioneer Public Company Limited
- 2012-2015 Human Resources Section Manager, Union Pioneer Public Company Limited

## Secretary of the Company

### Mrs. Chadaporn Jiemsakultip

Age 54 years

Education:

- Bachelor's Degree in Business Administration (Management), Sukhothai Thammathirat Open University
- Certificate in Business Administration (Accounting), Vocational College, Bangkok Technical Campus, (Current Named Rajamangala University of Technology Krungthep (RMUTK)), Bangkok

**Training :**

- Company Secretary Program (CSP) Class 27/2008, Thai Institute of Directors(OD)
- Effective Minute Taking (EMT) Class 11/2008, Thai Institute of Directors (IOD)
- Fundamental Practice for Corporate Secretary (FPCS 28), Thai Listed Companies Association
- Smart Disclosure Program (SDP), The Stock Exchange of Thailand
- CSR for Corporate Sustainability (Preliminary Course) (P01) CSR Reporting Sustainability Risk and Materiality Analysis (S04) CSR Evaluation and Data Management (S05) Sustainability Reporting (S06) SR Center and Sustainable Business Development Institute, The Stock Exchange of Thailand
- Customs Professional Program, The Customs Department

**Experiences**

- July 2008 - 2013 Assistant to the Company Secretary, Saha-Union Public Company Limited

**Current Positions**

- January 2009-Present Company Secretary, Union Textiles Industries Public Company Limited
- January 2014-Present Company Secretary, Saha-Union Public Company Limited
- January 2016 Present Company Secretary, Union Plastic Public Company Limited
- January 2016-Present Company Secretary, Union Pioneer Public Company Limited

Years of secretary position 1 year

## Roles and responsibilities of the Company Secretary.

The company's secretary must take their position according to the law section 89/15 and 89/16 under the Securities and Exchange Act (No.4) B.E.2551 which become effective from August 31st, 2008 with responsibility, awareness and trustworthy thus taking the position according to the laws, objective and company's regulations, resolutions of the board including resolutions of the shareholders as following:

1. Prepare and keep the documents listed below:
  - a. Registry of Boards
  - b. Documents on invitation of board of meeting, board of meeting report and the Company's annual report.
  - c. Documents on invitation of meeting of shareholders, shareholder meeting reports.
2. Keep and secure the documents with the interest from the directors and executives and send the documents according to the law section 89/16 to the chairman to verify within 7 days from the date that the documents were received.
3. Act according to the requirement of Capital Market Supervisory Board, moreover the Company Secretary also has other actions according to the company (or the board of directors) as listed below:
  - Consulting and giving advice on lawsuits and regulations related and actions with, should be taken to supervise and operate the activities of the board of directors as the law.
  - Action on arranging the general board of director meeting and shareholder meetings.
  - Coordinate within the company to act according to the board of directors and meeting of shareholders' resolution and the corporate in-charge of such as, The Stock Exchange of Thailand, The Securities and Exchange Commission (S.E.C) and to supervise the disclosure of information and to report the information to the public correctly and completely according to the law and to instruct and provide consulting to the newly appointed directors acting according to the company.

The Company does not operate the business mainly by holding shares in other companies



# Independent Auditor's Report

As at 31 December 2016

To the Shareholders of Union Pioneer Public Company Limited

## Opinion

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Pioneer Public Company Limited as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King 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 Matter

Key audit matter is the matter that, in my professional judgement, was of most significance to my audit of the financial statements of the current period. This matter was 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 this matter.

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

Key audit matter and how audit procedures respond to the matter are described below.

## Revenue recognition

The amount of sales is significant to the financial statements (97% of total revenues). In addition, the Company has a large number of customers, both domestic and export, and overseas sales are made under differing terms, meaning that recognition of revenue from sales is made under a variety of conditions. In addition, the economic slowdown has directly affected a range of businesses. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales transactions to assess whether revenue recognition was consistent with the conditions and incoterms, and whether it was in compliance with the Company's policy.

- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Company issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 that matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. I describe this matter 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 Miss Vissuta Jariyathanakorn.



**Vissuta Jariyathanakorn**

Certified Public Accountant (Thailand) No.3853

EY Office Limited

Bangkok: 22 February 2017

## Statements of financial position

Unit : Baht

As at 31 December 2016

	Note	2016	2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	98,087,120	106,772,966
Current investments	8	39,714,446	-
Trade and other receivables	9	125,840,046	118,862,379
Inventories	10	134,802,437	151,978,987
Other current assets		3,731,286	1,721,437
<b>Total current assets</b>		<b>402,175,335</b>	<b>379,335,769</b>
<b>Non-current assets</b>			
Restricted investments	11	5,997,319	5,991,958
Property, plant and equipment	12	88,840,948	88,994,333
Advance payment for purchase of equipment		2,096,865	28,037
Intangible assets		293,303	465,439
Deferred tax assets	17	8,611,879	10,307,000
Other non-current assets		124,667	124,667
<b>Total non-current assets</b>		<b>105,964,981</b>	<b>105,911,434</b>
<b>Total assets</b>		<b>508,140,316</b>	<b>485,247,203</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables	13	61,617,517	50,328,242
Income tax payable		6,883,097	6,529,566
Other current liabilities		458,577	419,261
<b>Total current liabilities</b>		<b>68,959,191</b>	<b>57,277,069</b>
<b>Non-current liability</b>			
Provision for long-term employee benefits	14	42,736,787	48,088,278
<b>Total non-current liability</b>		<b>42,736,787</b>	<b>48,088,278</b>
<b>Total liabilities</b>		<b>111,695,978</b>	<b>105,365,347</b>
<b>Shareholders' equity</b>			
<b>Share capital</b>			
Registered			
7,500,000 ordinary shares of Baht 10 each		75,000,000	75,000,000
Issued and fully paid			
7,500,000 ordinary shares of Baht 10 each		75,000,000	75,000,000
Share premium		30,625,000	30,625,000
Retained earnings			
Appropriated - statutory reserve	15	18,834,366	18,834,366
Unappropriated		271,984,972	255,422,490
<b>Total shareholders' equity</b>		<b>396,444,338</b>	<b>379,881,856</b>
<b>Total liabilities and shareholders' equity</b>		<b>508,140,316</b>	<b>485,247,203</b>

The accompanying notes are an integral part of the financial statements.

## Statements of comprehensive Income

Unit : Baht

As at 31 December 2016

Note

2016

2015

### Profit or loss:

#### Revenues

Sales

591,396,832

578,892,081

Other income

19,739,946

20,506,406

#### Total revenues

611,136,778

599,398,487

#### Expenses

Cost of sales

466,917,309

482,336,641

Selling expenses

41,924,726

35,505,230

Administrative expenses

36,360,195

35,334,883

#### Total expenses

545,202,230

553,176,754

#### Profit before income tax expenses

65,934,548

46,221,733

Income tax expenses

17

(12,622,066)

(9,363,935)

#### Profit for the year

53,312,482

36,857,798

### Other comprehensive income:

Other comprehensive income not to be reclassified  
to profit or loss in subsequent periods

Actuarial loss - net of income tax

-

(601,648)

#### Total comprehensive income for the year

53,312,482

36,256,150

### Basic earnings per shares

18

Profit for the year

7.11

4.91

The accompanying notes are an integral part of the financial statements.



## Statements of changes in shareholders' equity

Unit : Baht

For the year ended 31 December 2016

	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2015</b>	75,000,000	30,625,000	18,834,366	244,291,340	368,750,706
Profit for the year	-	-	-	36,857,798	36,857,798
Other comprehensive income for the year	-	-	-	(601,648)	(601,648)
Total comprehensive income for the year	-	-	-	36,256,150	36,256,150
Dividend paid (Note 21)	-	-	-	(25,125,000)	(25,125,000)
<b>Balance as at 31 December 2015</b>	<u>75,000,000</u>	<u>30,625,000</u>	<u>18,834,366</u>	<u>255,422,490</u>	<u>379,881,856</u>
<b>Balance as at 1 January 2016</b>	75,000,000	30,625,000	18,834,366	255,422,490	379,881,856
Profit for the year	-	-	-	53,312,482	53,312,482
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	53,312,482	53,312,482
Dividend paid (Note 21)	-	-	-	(36,750,000)	(36,750,000)
<b>Balance as at 31 December 2016</b>	<u>75,000,000</u>	<u>30,625,000</u>	<u>18,834,366</u>	<u>271,984,972</u>	<u>396,444,338</u>

The accompanying notes are an integral part of the financial statements.

## Cash flow statements

For the year ended 31 December 2016

Unit : Baht

	2016	2015
<b>Cash flows from operating activities</b>		
Profit before tax	65,934,548	46,221,733
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	27,688,429	33,034,870
Allowance for doubtful accounts (reversal)	120,978	(269,315)
Reduction of cost of inventories to net realisable value (reversal)	(3,363,048)	2,006,660
Gains on sales of equipment	(1,179,534)	(999,202)
Long-term employee benefit expenses	4,418,809	4,762,487
Unrealised (gains) losses on exchange	530,495	(2,572,189)
Interest income	(1,717,385)	(1,075,469)
Profit from operating activities before changes in operating assets and liabilities	92,433,292	81,109,575
Operating assets (increase) decrease		
Trade and other receivables	(7,439,213)	33,840,624
Inventories	20,539,598	10,559,307
Other current assets	(2,009,849)	(73,902)
Operating liabilities increase (decrease)		
Trade and other payables	10,688,733	(18,523,137)
Other current liabilities	39,316	25,181
Provision for long-term employee benefits	(9,770,300)	(6,465,962)
Cash flows from operating activities	104,481,577	100,471,686
Cash paid for income tax	(10,573,415)	(6,248,971)
<b>Net cash flows from operating activities</b>	<b>93,908,162</b>	<b>94,222,715</b>

The accompanying notes are an integral part of the financial statements.

## Cash flow statements (continued)

For the year ended 31 December 2016

Unit : Baht

	2016	2015
<b>Cash flows from investing activities</b>		
Interest income	1,527,459	981,509
Increase in current investments	(39,714,446)	-
Increase in restricted investments	(5,361)	(5,362)
Acquisition of equipment	(15,807,318)	(10,687,742)
Acquisition of intangible assets	(30,799)	(608,880)
Proceeds from sales of equipment	1,265,732	1,017,798
Prepayment for equipment	(13,079,275)	(13,504,679)
<b>Net cash flows used in investing activities</b>	<u>(65,844,008)</u>	<u>(22,807,356)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(36,750,000)	(25,125,000)
<b>Net cash flows used in financing activities</b>	<u>(36,750,000)</u>	<u>(25,125,000)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(8,685,846)	46,290,359
Cash and cash equivalents at beginning of year	106,772,966	60,482,607
<b>Cash and cash equivalents at end of year</b>	98,087,120	106,772,966
<b>Supplemental cash flows information</b>		
Non-cash transactions		
Purchase of equipment for which payments have yet to be made	600,542	365,242
Transfer prepayment to equipment	<u>11,010,447</u>	<u>14,176,841</u>

The accompanying notes are an integral part of the financial statements.

## Notes to financial statements

For the year ended 31 December 2016

### 1. Corporate information

Union Pioneer Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Saha-Union Public Company Limited, which is incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of finished elastic products. The registered address of the Company is No.1 Soi Serithai 62, Kweang Minburi, Khet Minburi, Bangkok.

### 2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### 3. New accounting standards

#### a) Financial reporting standards that became effective in the current accounting year

During the year, the Company has 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’s financial statements.

#### (b) Financial reporting standard 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 belief 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.

#### **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’s financial statements.

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#### 4. Significant accounting policies

##### 4.1 Revenue Recognition

###### Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

###### Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

##### 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

##### 4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

##### 4.4 Inventories

Finished goods, semi-finished products and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of cost (under the first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

##### 4.5 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	10 years and 20 years
Building improvements	-	5 years
Machinery and equipment	-	5 years and 10 years
Furniture and fixtures	-	3 years and 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and under construction.

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An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is including in profit or loss when the asset is derecognised.

#### **4.6 Intangible assets - computer software**

Computer software is measured at cost. Following initial recognition, computer software is carried at cost less accumulated amortisation and impairment losses (if any).

Computer software with finite lives is amortised on a straight line basis over the economic useful lives of 3 years and 5 years and tested for impairment whenever there is an indication that the software may be impaired. The amortisation period and the amortisation method of such software is reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

#### **4.7 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.8 Foreign currencies**

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

#### **4.9 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.10 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

##### ***Defined contribution plans***

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The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

#### *Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and resignation fund plan. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income

Defined benefit liability (asset) is the present value of the defined benefit obligation less the fair value of plan assets which are available to pay the employee benefits obligation directly.

Plan assets are assets held by a long-term employee benefit fund. They are not available to the Company's creditors and cannot be returned to the Company. The Company measures the fair value of plan assets by using market price and; in case that plan assets are debt instruments in active market, the Company measures them by using quoted price.

### **4.11 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **4.12 Income Tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

#### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.



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At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.13 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from theses estimates. Significant judgements and estimates are as follows :

#### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

#### **Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

## Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	2016	2015	Pricing policy
<u>Transactions with parent company</u>			
Purchases of raw materials	6	8	Cost plus margin of parent company
Rental expenses	3	3	Contract price
<u>Transactions with related companies</u>			
(related by common shareholders)			
Sales of raw materials	9	-	Cost plus margin
Sales of finished goods	16	14	Cost plus margin
Purchases of raw materials	61	66	Cost plus margin of related companies

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

### **Trade and other receivables - related parties (Note 9)**

Related companies (related by common shareholders)	4,200	4,053
Total trade and other receivables - related parties	4,200	4,053

### **Trade and other payables - related parties (Note 13)**

Parent company	838	883
Related companies (related by common shareholders)	4,908	661
Total trade and other payables - related parties	5,746	1,544

## Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Million Baht)

	2016	2015
Short-term employee benefits	9	9
Post-employment benefits	-	-
Total	9	9

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	2016	2015
Cash	50	50
Bank deposits	20,263	16,964
Short-term bonds	77,774	89,759
Total	98,087	106,773

As at 31 December 2016, bank deposits in saving accounts and short-term bonds carried interests between 0.37 and 1.45 percent per annum (2015: between 0.37 and 1.49 percent per annum)

## 8. Trade and other receivables.

The balance as at 31 December 2016, represents investments in government bonds carrying interests at the rates between 1.41 to 1.48 percent per annum, which mature between January 2017 and April 2017.

## 9. Trade and other receivables

(Unit: Thousand Baht)

	2016	2015
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	4,053	3,891
Total trade receivables - related parties	4,053	3,891
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	104,160	99,298
Past due		
Up to 3 months	10,930	13,995
3 - 6 months	1,622	617
6 - 12 months	3	484
Over 12 months	188	188
Total	116,903	114,582
Less: Allowance for doubtful accounts	(366)	(245)
Total trade receivables - unrelated parties, net	116,537	114,337
Total trade receivables - net	120,590	118,228
<u>Other receivables</u>		
Other receivables - related parties	147	162
Other receivables - unrelated parties	5,103	472
Total other receivables	5,250	634
Total trade and other receivables - net	125,840	118,862

## 10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
Finished goods	50,146	40,794	(2,097)	(5,439)	48,049	35,355
Semi finished products	13,783	11,644	(514)	(444)	13,269	11,200
Work in process	8,252	9,786	(74)	(99)	8,178	9,687
Raw materials and chemicals	58,274	87,964	(809)	(655)	57,465	87,309
Packing materials	5,208	6,907	(67)	(268)	5,141	6,639

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
Spare parts and factory supplies	1,681	1,886	(78)	(97)	1,603	1,789
Raw materials in transit	1,097	-	-	-	1,097	-
Total	138,441	158,981	(3,639)	(7,002)	134,802	151,979

During the current year, the Company reduced cost of inventories by Baht 6.5 million (2015: Baht 9.7 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 9.9 million (2015: Baht 7.7 million), and reduced the amount of inventories recognised as expenses during the year

# 11. Restricted investments

This represents investments in government bonds which are pledged as collateral to secure electricity use.

# 12. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Building and improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
1 January 2015	6,173	98,854	632,191	14,614	16,846	411	769,089
Additions	-	-	3,687	487	1,351	19,705	25,230
Disposals	-	(110)	(22,977)	(136)	(2,064)	-	(25,287)
Transfers	-	1,072	18,241	209	-	(19,522)	-
31 December 2015	6,173	99,816	631,142	15,174	16,133	594	769,032
Additions	-	400	6,000	1,009	638	19,371	27,418
Disposals	-	-	(21,594)	(989)	(1,571)	-	(24,154)
Transfers	-	360	17,070	69	2,380	(19,879)	-
31 December 2016	6,173	100,576	632,618	15,263	17,580	86	772,296
<b>Accumulated depreciation:</b>							
1 January 2015	-	75,197	570,420	12,564	14,281	-	672,462
Depreciation for the year	-	3,573	27,249	850	1,172	-	32,844
Depreciation on disposals	-	(110)	(22,959)	(135)	(2,064)	-	(25,268)
31 December 2015	-	78,660	574,710	13,279	13,389	-	680,038
Depreciation for the year	-	3,192	22,048	902	1,343	-	27,485
Depreciation on disposals	-	-	(21,573)	(984)	(1,511)	-	(24,068)
31 December 2016	-	81,852	575,185	13,197	13,221	-	683,455
<b>Net book value:</b>							
31 December 2015	6,173	21,156	56,432	1,895	2,744	594	88,994
31 December 2016	6,173	18,724	57,433	2,066	4,359	86	88,841
<b>Depreciation for the year:</b>							
2015 (Baht 31 million included in manufacturing cost, and the balance in selling and administrative expenses)							32,844
2016 (Baht 25 million included in manufacturing cost, and the balance in selling and administrative expenses)							27,485

As at 31 December 2016, certain plant and equipment items had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 593 million (2015: Baht 572 million).

### 13. Trade and other payables

	(Unit: Thousand Baht)	
	2016	2015
Trade payables - related parties	5,125	964
Trade payables - unrelated parties	29,877	22,501
Other payables - related parties	621	580
Other payables - unrelated parties	25,896	25,021
Advance receipts from customers	99	1,262
Total trade and other payables	61,618	50,328

### 14. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	2016	2015
Present value of defined benefit obligation	62,430	64,722
Fair value of plan assets	(19,693)	(16,634)
Net defined benefit liability	42,737	48,088

Changes in present value of defined benefit obligation and fair value of plan assets are as follows:

	(Unit: Thousand Baht)	
	2016	2015
<b>Defined benefit obligation at beginning of year</b>	64,722	64,358
Included in profit or loss:		
Current service cost	3,455	3,012
Interest cost	1,640	2,040
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	(145)
Financial assumptions changes	-	3,765
Experience adjustments	-	(2,868)
Benefits paid during the year	(7,387)	(5,440)
<b>Defined benefit obligation at end of year</b>	62,430	64,722
<b>Fair value of plan assets at beginning of year</b>	16,634	15,318
Change in fair value	676	290
Contribution by the Company	4,257	1,967
Paid during the year	(1,874)	(941)
<b>Fair value of plan assets at end of year</b>	19,693	16,634

Plan assets comprise bank deposits, government bonds, and equity and debt instruments in active market.

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	2016	2015
Cost of sales	3,386	3,479
Selling and administrative expenses	1,033	1,283
Total expenses recognised in profit or loss	4,419	4,762

The Company expects to pay Baht 5 million of long-term employee benefits during the next year (2015: Baht 5 million)

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2015: 12 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	2016	2015
Discount rate	2.8	2.8
Future salary increase rate	3.5 - 6.5	3.5 - 6.5

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

	(Unit: Million Baht)			
	2016		2015	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(4)	5	(4)	5
Salary increase rate	5	(5)	5	(4)

## 15. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

However, under the Company's Articles of Association, the Company is required to set aside to a statutory reserve at least 10 percent of net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 25 percent of the registered share capital. The Company has already set aside a full statutory reserve.

## 16. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)	
	2016	2015
Salary and wages and other employee benefits	148,518	145,048
Depreciation and amortisation	27,688	33,035
Rental expenses from operating lease agreements	3,688	3,684
Raw materials and consumables used	260,391	252,219
Changes in inventories of finished goods, semi finished products and work in progress	(9,957)	5,762
Purchases of finished goods and raw materials	8,382	11,010

## 17. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)	
	2016	2015
<b>Current income tax:</b>		
Current income tax charge	10,927	9,425
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	1,695	(61)
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>12,622</b>	<b>9,364</b>



The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	2016	2015
Accounting profit before tax	65,935	46,222
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	13,187	9,244
Effects of:		
Non-deductible expenses	571	104
Additional expense deductions allowed	(1,033)	(177)
Others	(103)	193
Total	(565)	120
Income tax expenses reported in the statement of comprehensive income	12,622	9,364

Deferred tax relating to actuarial loss in other comprehensive income for the year ended 31 December 2015 is amounting to Baht 0.15 million.

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	2016	2015
<b>Deferred tax assets</b>		
Allowance for diminution in value of inventories	728	1,400
Provision for long-term employee benefits	7,884	8,907
Total	8,612	10,307

## 18. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

## 19. Financial information by segment

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company is principally engaged in the manufacture and distribution of finished elastic products. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

### Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)		
	2016	2015
Revenue from external customers		
Thailand	244,598	261,584
Japan	17,030	17,681
United States	186,282	161,170
Others	143,487	138,457
Total	591,397	578,892

### Major customers

For the year 2016, the Company had revenue from a major customer in amount of Baht 53 million (2015: Baht 57 million).

## **20. Provident fund**

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund which is managed by BBL Asset Management Company Limited, will be paid to the employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 4 million (2015: Baht 2 million) were recognised as expenses.

## **21. Dividends**

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2014	Annual General Meeting of the shareholders on 22 April 2015	25,125,000	3.35
Total for 2015		25,125,000	3.35
Final dividends for 2015	Annual General Meeting of the shareholders on 20 April 2016	36,750,000	4.90
Total for 2016		36,750,000	4.90

## **22. Commitments and contingent liabilities**

### **22.1 Capital commitments**

As at 31 December 2016, the Company had capital commitments of approximately Baht 2 million, relating to the acquisition of machine (2015: Baht 2 million relating to the acquisition of vehicle).

### **22.2 Operating lease commitments**

The Company has entered into lease agreements in respect of the lease of land and building with its related companies and parent company. The terms of the agreements are generally between 1 and 3 years.

As at 31 December 2016, the Company has future minimum lease payments which are payable within 1 year of Baht 4 million, required under these non-cancellable operating leases contracts (2015: Baht 4 million).

## 22.3 Guarantees

As at 31 December 2016, there was outstanding bank guarantee of Baht 1 million issued by a bank on behalf of the Company to guarantee contractual performance (2015: Baht 1 million).

## 23. Financial instruments

### 23.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit Risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, as stated in the statements of financial position.

#### Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks. However, since most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate and are classified as short-term, the interest rate risk is expected to be minimal.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Million Baht)

	2016					Effective interest rate (% per annum.)
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	
	Within 1 year	1-5 years				
Financial Assets						
Cash and cash equivalent	78	-	20	-	98	0.37 – 1.45
Current investments	40	-	-	-	40	1.41 – 1.48
Trade and other receivables	-	-	-	126	126	-
Restricted investments	-	6	-	-	6	3.25
	118	6	20	126	270	
Financial liabilities						
Trade and other payables	-	-	-	62	62	-
	-	-	-	62	62	

(Million Baht)

	2015					Effective interest rate (% per annum.)
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	
	Within 1 year	1-5 years				
<u>Financial Assets</u>						
Cash and cash equivalent	90	-	17	-	107	0.37 - 1.49
Trade and other receivables	-	-	-	119	119	-
Restricted investments	-	6	-	-	6	3.25
	90	6	17	119	232	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	50	50	-
	-	-	-	50	50	

### Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Average exchange rate as at 31 December	
	2016	2015	2016	2015
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2	2	35.6588	35.9233
HK dollar	2	2	4.5796	4.6140
Japanese yen	-	4	-	0.2965

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2016			
Foreign currency	Sold amount (Million)	Contractual	Contractual maturity date
		exchange rate sold (Baht per 1 foreign currency unit)	
US dollar	2	34.57 - 36.00	March 2017 – June 2017
As at 31 December 2015			
Foreign currency	Sold amount (Million)	Contractual	Contractual maturity date
		exchange rate sold (Baht per 1 foreign currency unit)	
US dollar	1	32.82 - 36.40	January 2016 - June 2016

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## **23.2 Fair values of financial instruments**

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

## **24. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Company's debt-to-equity ratio was 0.28:1 (2015: 0.28:1).

## **25. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2017.



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