

UPF “S-T-A-R”



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



Satisfaction for customers
Development in quality of products
Creation of personnel

Using resources efficiently
Maintaining Safety
Environmentally conscious

Satisfaction for customers

Meaning The company considers our customers as the core of business, the company will mainly consider on customers' satisfaction and development of the business for the satisfaction of customers under the good practices and ethics in business as for customers, business partners, business competitors and shareholders.

Development in quality of products

Meaning The company emphasizes in continuous development in the quality of the products by analyzing and improving the production factors, facilitating researches and developments in other fields for the products with quality as standard safety for consumers corresponding to laws and other requirements as the customers' want including credible and accepted by the markets.

Creation of personnel

Meaning The company considers all personnel as equally important, therefore recruitment and development the personnel by continuously training corresponding with modern lecturers in order to achieve the objectives in development in quality of products, instilling awareness in conserving energy, saving environments and pay attention to the employees' safety and pass it on to the community, business partners and other stakeholders to be aware of and well informed.

Using resources efficiently

Meaning The company will supply for resources and energy sufficiently and suitable as well as using them efficiently and worthy, encouraging other activities in energy conservation project and environment project by aiming in controlling, modifying, reducing the use of resource and energy accordance to 3R which are

- Reuse,
- Recycle
- Reduction.

Maintaining Safety

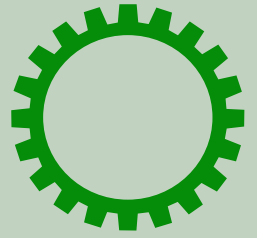
Meaning The company has controlled over and prevented from disease and accident from work by setting control measures in activities or work with risk to get eliminate or reduce lost in health and body and arrangement for safety working environments, promoting supporting for work plan and activities to improve working environments and working procedures for safety along with providing safety tools preventing from danger from work, and risking from working to be appropriate and complete including readiness supporting emergencies and operation in controlling emergency situation effectively.

Environmentally conscious

Meaning The company focuses on action accordance to the laws, rules and regulations on environments energy and safety strictly by setting up plans and goals to be proceed to protect, prevent and reduce effect which might occur from business process from sound, air, water, heat, garbage, wastes also with revising, following up and investigating to continuous development including selection of raw materials which are safe for work operators and users.



สารบัญ Contents



ข้อมูลทางการเงินและอัตราส่วนทางการเงินที่สำคัญ 5 ปี	1
รายงานของคณะกรรมการบริษัท	2
นโยบายที่สำคัญ และภาพรวมการประกอบธุรกิจ	3-4
ลักษณะการประกอบธุรกิจ	5-7
ปัจจัยความเสี่ยง	8
ข้อมูลทั่วไปของบริษัท	9
โครงสร้างการถือหุ้น ผู้ถือหุ้น นโยบายการจ่ายปันผล	12
โครงสร้างการจัดการ	
• คณะกรรมการบริษัท คณะกรรมการชุดย่อย	13-15,31
• บทบาทหน้าที่ และความรับผิดชอบของคณะกรรมการชุดย่อย	14-16
• ข้อมูลรายละเอียดเกี่ยวกับคณะกรรมการ	
ผู้บริหาร และเลขานุการบริษัท	63
• จำนวนครั้งที่เข้าประชุม	16
• ผู้บริหาร เลขานุการบริษัท	17,63
• ค่าตอบแทนกรรมการและผู้บริหาร	18
• บุคคลากร	19-20
การกำกับดูแลกิจการที่ดี	
นโยบายเกี่ยวกับการกำกับดูแลกิจการ	21
1. สิทธิของผู้ถือหุ้น	21-23
2. การปฏิบัติต่อผู้ถือหุ้นอย่างเท่าเทียมกัน	23-25
3. บทบาทของผู้มีส่วนได้เสีย	25-26
4. การเปิดเผยข้อมูลและความโปร่งใส	26-28
5. ความรับผิดชอบของคณะกรรมการ	28-30
• การสรรหาและแต่งตั้งกรรมการ ผู้บริหารระดับสูง กรรมการอิสระ	31-33
การดูแลเรื่องการใช้ข้อมูลภายใน	33
• ค่าตอบแทนของผู้สอบบัญชี	33-34
• การปฏิบัติตามหลักการกำกับดูแลกิจการที่ดีในเรื่องอื่นๆ 5 หมวด	34-35
ความรับผิดชอบต่อสังคม-หัวใจ CSR สู่การพัฒนาที่ยั่งยืน	36-48
การควบคุมภายในและการบริหารจัดการความเสี่ยง	49-50
รายการระหว่างกัน	51-52
การวิเคราะห์และคำอธิบายของฝ่ายจัดการ MD&A	53-57
รายงานคณะกรรมการตรวจสอบ	58
รายงานความรับผิดชอบต่อคณะกรรมการ	59
คณะกรรมการ ผู้บริหาร และเลขานุการบริษัท	60-63
รายงานผู้สอบบัญชีรับอนุญาต	64-86

Major Financial Ratio and Summary Information for 5 Years.....	89
Report of Board of Directors.....	90
Significant Policies and Business Overview.....	91-92
Nature of Business Operation.....	93-96
Risk Factors.....	97
General Information of the Company	98
Structure of Shareholding: Shareholders, Dividend Policy.....	99
Structure of Management:	
• Board of Directors, Subcommittee.....	100-103 ,117
• Duties and Responsibilities of Subcommittee.....	101
• Details of Board of Directors,	
Executives and Company Secretary.....	147
• Number of Attendances.....	103
• Executives, Company Secretary.....	104,147
• Remuneration of Directors and Executives.....	105
• Personnel.....	105-106
Good Corporate Governance:	
• Policy on Corporate Governance.....	107
1. Fundamental rights of shareholders.....	107-109
2. Equitable treatment for each shareholder.....	109-111
3. Roles of the stakeholders.....	11-112
4. Disclosed information and transparency.....	112-114
5. Responsibilities of the Board of Directors	114-116
• Nominating and Selecting Directors, Chief Executives	
and Independent Directors	117-119
• Controlling internal information usage.....	119
• Remuneration of Auditors.....	119
• Operating in accordance with good corporate	
governance principle in other categories -five	
categories:	120-121
Corporate Social Responsibility -CSR	
to Sustainable Development	122-134
Internal Control System and Risk Management	135-136
Inter-Transactions	137-138
Explanation and Analysis' Management (MD&A)	139-142
Report of the Audit Committee	143
Board of Directors' responsibility for Financial Reporting	144
Board of Directors, Executives and Company Secretary	160,145-147
Report of the Independent Auditor	148-149

Major Financial Ratio and Summary Information for 5 Years

Unit: Thousand Baht

Financial Information	2017	2016	2015	2014	2013
Sales	596,497	591,397	578,892	604,075	663,783
Other Income	18,320	19,740	20,506	21,637	30,541
Total Revenues	614,817	611,137	599,398	625,712	694,324
Total Costs and Expenses	579,706	545,202	553,177	596,647	664,687
Interest Expenses	-	-	-	-	3
Corporate Income Tax	5,089	12,622	9,364	3,922	7,383
Net Earnings for the Year	30,022	53,312	36,858	25,143	22,251
Actuarial loss - net of income tax	-	-	(602)	-	-
Total comprehensive income for the year	30,022	53,312	36,256	25,143	22,251
Earnings per share (Baht)	4.00	7.11	4.91	3.35	2.97
Dividends per share (Baht)	4.00	7.10	4.90	3.35	2.80
Current Assets	383,696	402,175	379,336	376,437	364,582
Property, plant and equipment-net	82,512	89,134	89,460	96,627	110,857
Total Non-Current Assets	13,948	16,831	16,451	16,955	17,151
Total Assets	480,156	508,140	485,247	490,019	492,590
Total Liabilities	106,939	111,696	105,365	121,268	127,983
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	267,592	290,819	274,257	263,126	258,982
Total Shareholders' Equity	373,217	396,444	379,882	368,751	364,607
Total Liabilities and Shareholders' equity	480,156	508,140	485,247	490,019	492,590
Major Financial Ratio					
Dividends per Net Profit (%)	99.92	99.88	99.71	99.93	94.38
Book Value per share (Baht)	49.76	52.86	50.65	49.17	48.61
Earnings Ratio (%)	4.88	8.72	6.15	4.02	3.20
Returns on Equity (%)	7.80	13.73	9.85	6.86	5.98
Returns on Assets (%)	6.08	10.73	7.56	5.12	4.46

Report of the Board of Directors

The export earning in the past year showed minimal expansion. The continued strong Baht factor and the highly competitive global market have resulted in the shrinkage of export in this year from the previous year. The expansion of the shares in the domestic market must ascertain greater access of the customers through an increasing of products distribution channels.

With a view to attain a sustainable growth, and maximize benefits to the Company and the society as a whole by operating the business without creating an affect to an environment, and keeping up with the ISO 1400:2015 standard in continuity, the Company has joined the Energy Efficiency Management Project (ISO 50001) with the Department of Alternative Energy Development and Efficiency, Ministry of Energy, and fully adopted the reduction of the waste of resources and energy with the 3 R principles; namely “Reused”, “Recycle” and “Reduction”.

In 2017, the Company has earned a total revenue of 614.82 million Baht, increasing 3.68 million Baht from 2016, or 0.60 percent. The revenue from foreign sale is 339.87 million Baht, decreasing 6.92 million Baht from 2016, or 1.99 percent. The revenue from domestic sale is 253.63 million Baht, increasing 12.02 million Baht from 2016 or 4.91 percent. The Company has a net profit of 30.02 million Baht, decreasing 23.29 million Baht from 2016 or 43.69 percent. A net profit per share is 4.00 Baht.

In 2018, it is forecasted that the economic context might be expanded at the same pace as this year. Given the influence factors that can affect both domestic and foreign markets, which compel the Company to still enhance a competitive capacity level on proactive marketing strategy continuously, and the Government’s stimulating measures, which can increase the related high price of agriculture produces, the Company will continue to build the confident in the product with quality; produce the products that will not be harmful to the consumers by adhering to the use of the natural rubber, which is certified with safety of the products according to the Oeko-tex Standard 100 Class I (for baby articles), regarded as the most rigid level; innovate the products in new forms to serve the customers’ requirement; ascertain the timely delivery; conduct the cost management with appropriateness; develop efficiency in the production continuously and operate the business on good governance. In the past year, the Company has been selected as one of hundred registered companies that have outstanding business operation on Environment, Society and Good Governance (ESG) for the second year in a row from the Thaipat Institute.

The Company Board is thankful to the shareholders, partners, customers, employees and all relevant parties, which have always kindly rendered support to the operation of the Company with good will, and wishes them to rest assured that the Company will operate the business with transparency, prudence, accountability, adherence to the good governance principles and corruption-free to generate the sustainable growth to the business and to pay a return of an investment to the shareholders consistently.



(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 and synthetic 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

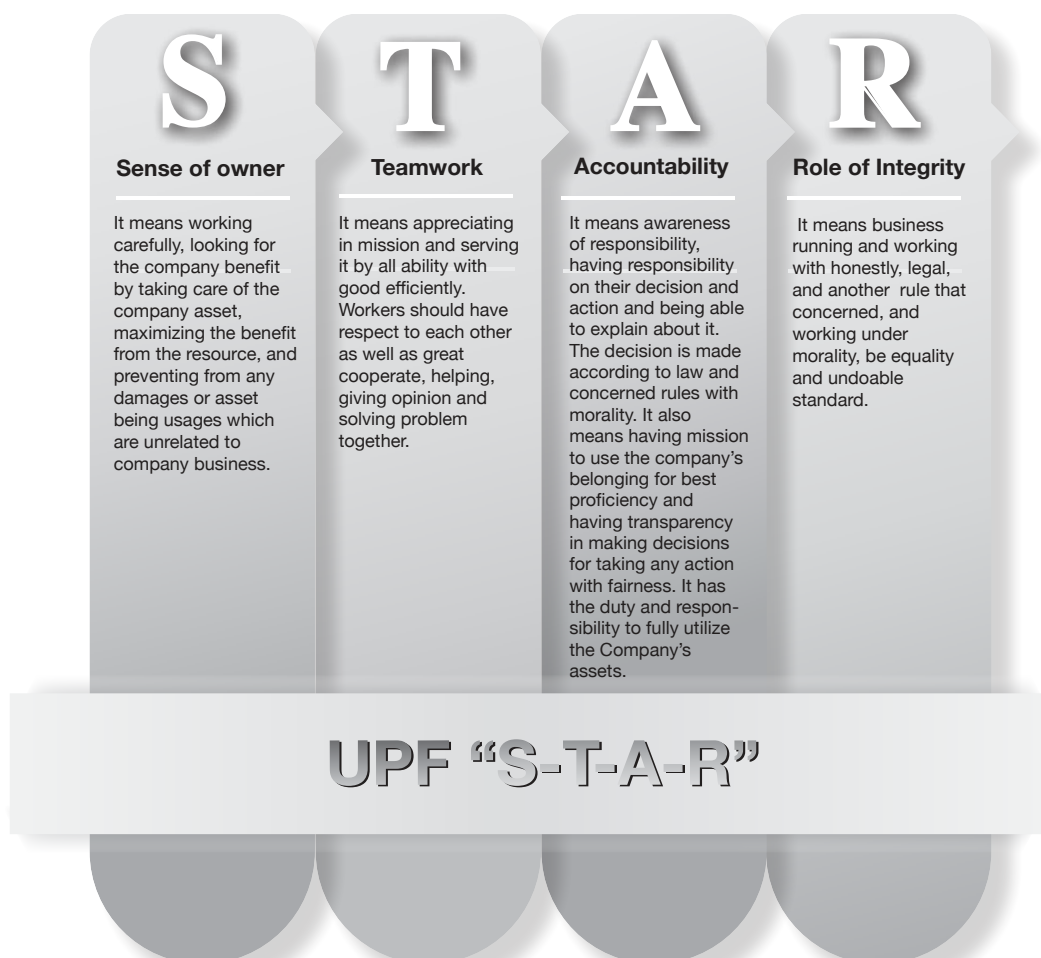
**"To be the leader in Rubber Thread & Rubber Tape, Elastic Braid and Elastic Webbing
in which very well accepted in world market about quality"**

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



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 2017 are shown at the topic of Inter-Transaction on page 137-138

Nature of Business Operation

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 rubbers. 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** 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

Although the United States withdrew from the TPP trade agreement as policy of President Donald Trump but Vietnam was still a destination for garment and apparel manufacturers due to lower labor cost comparing with other garment and apparel production base countries such as China, Sri Lanka, Thailand etc. This movement led to the move of upstream industries related to garment and apparel to Vietnam as well. Suppliers of garment raw material expanded their facilities to Vietnam in order to get close to the market and to provide best and most convenient services to their customers and this make the degree of competition moved up to higher level in the year 2017.

In disposable diapers business, using spandex substituted rubber thread was still happening continually.

For medical device business, the degree of competition was getting higher and higher in the year 2017. The market leader in the US lowering their price to gain the market share back and get the competitors out of the market.

For exercise/therapy band business, the market growing well in 2017. Some medical devices distributors launched their house-brand instead of buying existing brands and reselling. However, the market leader is still the same as they have been in the business for long time.

Key Competition Strategy

Updated market information is the key factor for company marketing strategies to match the change of market environment. 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 the 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 emphasize 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 State of America, Hong Kong, Taiwan, China, Myanmar, Vietnam, Malaysia, etc

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. Although, the customers need some 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-pace 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 are natural rubber be found locally and synthetic rubber be imported from abroad. Majority of natural rubber was bought from the company in the Saha Union Group, the source of materials is 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 had a plan to visit the suppliers and cooperated with them to improve the quality of raw materials in order to satisfy the customers' needs continuously. We always work with all suppliers fairly and equally.

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 wastewater plant is use 2 "Aerators" for input enough oxygen to microorganism able to digest organic compound in wastewater. 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 under be 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 and participated the energy saving seminar hosted by PTT Public Company Limited and searching for new technologies to use in the Company. The Company applied to attend the project of “The Efficiency Improvement of Streaming Producing by Automatically Control” which executed by Mechanical Engineering Major of Faculty of Engineering– Chiangmai University.

Activities carried out by Energy Conservation team in 2017 as follows:

- Changing 2,100 light bulbs from Fluorescent to LED.
- Replacing one of the old boiler body with the new one to improve its efficiency.
- 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.
- 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.

Activities above were implemented continually as the energy conservation policy of the company.

The old measures were continued.

The Company has requested support from the Energy Conservation Promotion Fund to implement the Energy Conservation Promotion Program with the energy audit and certification mechanism. The criteria and qualifications are as follows.

1. Shall be inspected and certified for energy management in the year 2016 by the licensee from the Department of Alternative Energy Development and Efficiency
2. Shall submit the results of the audit and certification of energy management by 2016 within March 31st, 2017.
3. Energy conservation results from the preparation of the energy management system for the year 2016 shall not be less than 1.5% of the total energy consumption.
4. Shall obtain the results of monitoring and certification of energy management as “pass inspection” or “pass inspection but shall be solved”
5. Application shall be submitted within May 31st, 2017.

The measures taken in 2016 are as follows.

- Improve CALENDER from DC to AC using invoices.
Savings were 81,144.96 units / year, equivalent to 296,207.38 Baht / year.
- Change to 7 sets of high performance air conditioners
Savings were 23,917.92 units / year, equivalent to 87,300.41 baht / year.

This result of energy saving was 1.80% of total electricity consumption in the year 2017. The company passed the criteria and received funding from the project to promote the implementation of energy conservation measures, amounting to 40,000 baht.

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

Risk Factors

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 started to recover in 2017. However, the degree of competition was still very high. Thailand economy in 2017 started to recover same as global economy but the move out of garment and apparel industry led to the high degree of competition for the upstream industries. Lowering cost was a key factor to improve competitive advantage.

Increasing customer awareness, 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 including weather condition which affected supply of latex.

The company managed risk from the fluctuation of rubber price by reserving the quantity of raw materials to suffice in production for at least 5 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 CO.,LTD.

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

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

Other significant information

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

Location of Headquarters and Factory:

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

Location of Chachoengsao 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: marketing@unionpioneer.co.th

Information on others reference person

Security Registrar :

Security Depository Center (Thailand) Company Limited
Address: No. 93 14th 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) 264-9090

Fax: (662) 264-0789-90

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 29th, 2017 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	Saha Union Public Company Limited	3,671,820	48.958
	1.2 Saha Union Holding Company Limited			
			282,790	3.771
2	Mr. Sumate Darakananda	-	910,940	12.146
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. Prachaya Rerkdeethaveesab	-	52,600	0.701
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.

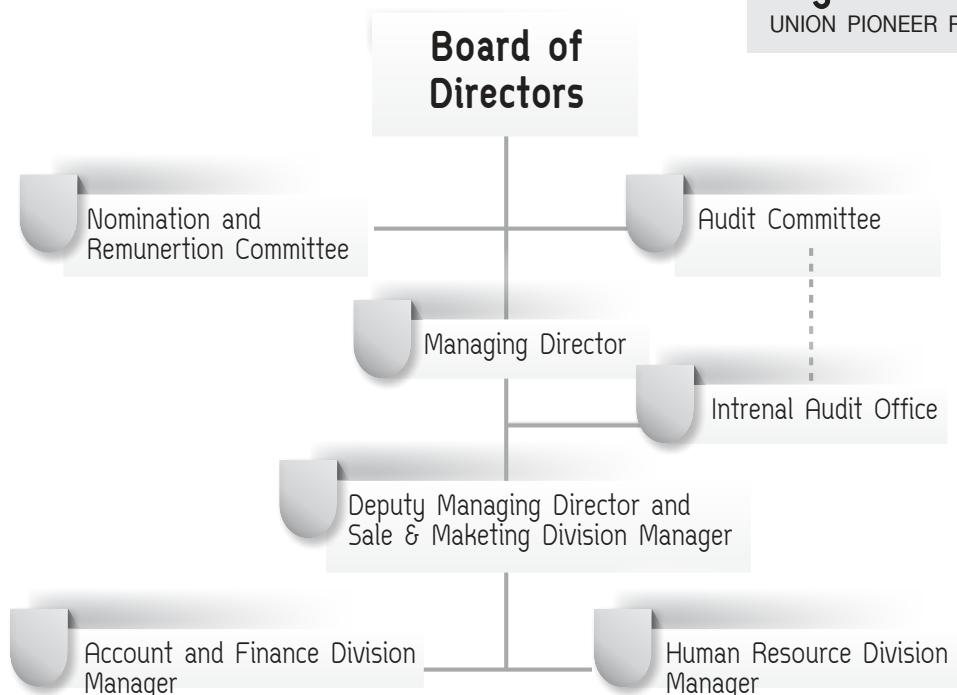
Year	2017	2016	2015	2014	2013
Earning per Share (Baht)	4.00	7.11	4.91	3.35	2.97
Dividend per Share (Baht)	4.00	7.10	4.90	3.35	2.80
Dividends per Net Profit (%)	99.92	99.88	99.71	99.93	94.38

Investors can see the additional information of the company at the annual registration statement (Form 56-1) www.sec.co.th or the company's website 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 3 Independent Directors which are 2 females and 1 male from 9 directors as following

	Name-Last Name	Position
1. Miss Dalad	Sapthavichaikul	Chairman of the Board
2. Mrs. Rapeephan	Sanguansis	Independent Director
3. Mr. Pongsak	Thiengviboonvong	Managing Director
4. Mrs. Yupha	Boonchaydee	Independent Director
5. Mr. Kollatat	Tangchitkul	Independent Director
6. Mrs. Chantorntree	Darakananda	Director
7. Mr. Vacharaphong	Darakananda	Director
8. Mr. Nanthiya	Darakananda	Director
9. Mr. Chutindhon	Darakananda	Director

- There are 8 non-executive directors and 1 executive director which is managing director.
- There are 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 mutually 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 organization 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 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 120
5. To supervise and control the operation to comply with the laws, regulations and the guidelines of the regulatory agencies related companies, with no action on violation of the official rules. The Board of Directors shall carry out their duties with care and skill 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 efficiency 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. These ethic policies were posted in a conspicuous place. It is noticeable and conveyed to a concrete practice of all employees. The company had 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 as the general conditions of trading and will be same as common parties 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 operation in accordance to regulations and policies.
11. To establish the office of Internal Audit, which is a division 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 the 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 efficiently of risk management. The Audit Committee reports this progress to the Board of Directors every quarter.

● **Audit Committee** There are 3 independent directors who 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 systems as well as the financial statements of the company. They have the qualifications which matched with the notification by the Securities and Exchange Commissions and the Stock Exchange of Thailand; and were responsible in acting according to SET and were chartered clearly.

Audit Directors are listed as below:

No.	Name-Surname	Position	Qualification
1	Mrs. Rapeephan Sanguansis	Chairman of the Audit Committee	Independent Director with accounting and financing knowledge
2	Mrs. Yupha Boonchuydee	Audit Committee	Independent Director
3	Mr. Kollatat Tangchitkul	Audit Committee	Independent Director

The details of with/without interests, shareholding, meeting details and the remuneration details of the directors are stated in the summarized table on page 103 and page 105

Manager of the Internal Audit Section is Mr. Nattpawatch Thomwan and is the Secretary of the Audit Committee. (Details of Manager of Internal Audit Section is stated on page 135)

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 and consider the independence of the internal audit, as well as appoint, rotate or dismiss an internal audit manager.
3. Ensure that the company complied with the Securities and Exchange Act, regulations of SET and other related regulations concerning with the business operation of the company.
4. Nominate and select appropriate independent authorized auditor whom is certified by Securities and Exchange Commission to be the company's auditor and propose remuneration for that individuals. 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 benefits for the company.
6. Ensure the correctness of reference documents and self-assessment on anti-corruption of the company according to Thai Private Sector Collective Action Coalition against Corruption (CAC)
7. 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:
 - (1) Opinion on the accuracy, completeness and credibility of the company's financial report..
 - (2) Opinion on the adequacy of the company's internal control system and risk management system.
 - (3) Opinion on the compliance with the Securities and Exchange Act, requirements of the Stock Exchange of Thailand or other laws which related to the company's business.
 - (4) Opinion on the suitability of the company's external auditors.
 - (5) Opinion on the transaction that might have a conflict of interests.
 - (6) Frequency of the audit committee meetings and the attendances of each committeeman.
 - (7) Opinion or overall observations that the Audit Committee received from the operation as the charter or the regulations of the Audit Committee.
 - (8) Other transactions that the shareholders and investors should be aware of within the scope of authorities which has been assigned by the board of directors.
8. Inform the executives to resolve the errors that have been detected and also quickly solve those errors.
9. Follow up and evaluate the performance in which the audit committee seen as important.
10. 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 percent of the committeemen are Independent Directors. Chairman of the Nomination and Remuneration Committee is an Independent Director.

In the previous year, there are total of 2 meetings. The names of the Nomination and Remuneration Committee are listed as below:

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

The details of with/without interests, shareholding, meeting details and the remuneration details of the directors are stated in the summarized table on page 103 and page 105

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

1. Determination on criteria and methods for nominating the board of directors.
2. Duties in recruiting and select the qualify individuals and does not have incompatibilities according to the laws and be appropriate for the name to be nominate as new director with qualifications according to the rules related to good corporate governance under director structures for director nomination.
3. Consideration remuneration for directors which have principle in considering by factors as duties, scope of works and results of performance of directors, operation results and financial status of the company, overall economic situation by considering comparing to listed companies with similar business size and/or operate in the same industrial field,
4. Determine the remuneration and form of remuneration for the director and propose to the board meeting for consideration.

In 2017, the Nomination and Remuneration Committee was convened twice by the three members of the Nomination and Remuneration Committee. Chairman of the Nomination and Remuneration Committee shall not hold the position as the Chairman of the Board of Directors.

The company has no subsidiary company and affiliated company.

The summarized table of Board member's with/without interests, shareholding and number attendances in 2017			Shareholding of Directors		Number attendance of Committee		
Name-Lastname and Position	With/without Interests	Number of AGM attendance	2017	2016	Board of Director	Audit Committee	Nomination and Remuneration Committee
1. Miss Dalad Saphthavichaikul 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	1/1	-	-	12/12	4/4	2/2
3. Mr. Pongsak Thiengviboonvong Managing Director	None	1/1	-	-	12/12	-	-
4. Mrs. Yupha Boonchuaydee Independent Director /Audit Committee /Nomination and Remuneration Committee	None	1/1	-	-	12/12	4/4	2/2
5. Mr. Kollatat Tangchitkul Independent Director/ Audit Committee	None	1/1	-	-	12/12	4/4	-
6. Mrs. Chantorntree Darakananda ** Director	None	1/1	20,000**	20,000**	11/12	-	-
7. Mr. Vacharaphong Darakananda Director / Nomination and Remuneration Committee	None	1/1	-	-	12/12	-	2/2
8. Mr. Nanthiya Wattanasaranont Director	None	1/1	-	-	7/12	-	-
9. Mr. Chutindhon Darakananda Director (24th May 2017)	None	-	-	-	4/7	-	-
Mrs. Piniiporn Darakananda Kasemsup Director (January-May 2017)	None	1/1	-	-	2/4	-	-

** including related persons

2. Executives

Chief executives in the company have authority as assigned to operate under policy, strategy and objective that the board of directors determined for transparency and flexibility in operation.

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

List of names of executive's committee on 31st December 2017 are listed as below:

No	Name-Surname	Position
1.	Mr. Pongsak Thiengviboonvong	Managing Director
2.	Mr. Komon lamwatcharin	Vice Managing Director and Sales & Marketing Division Manager
3.	Mr. Wiwat Jongkonrat	Account & Finance Division Manger
4.	Mr. Sikavej Sopaphan	Human Resource Division Manager

- 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 related persons.
- 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 governance policies and routine 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.
- 6) Executives of the company had never been employees or partnerships of EY Office Limited which the company had been using the service for auditing in the past 2 years.

The Company attached the detail of the company's Executives on page 147

3. Company Secretary:

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

The company's secretary takes her position according to the law section 89/15, 89/16m, 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 regulations and resolutions of the board including resolution of shareholders.

The qualification, experiences and responsibilities of the company's secretary were started on page. 147

4. Remuneration of the Directors and Executives

1) Remuneration in monetary value

- The directors of the company receive the remuneration as meeting allowance and/or remuneration of director which are amount according to the position by approval of Nomination and Remuneration Committee by which the amount does not exceeded 1.5 million baht per year (equal to year 2016) 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 operation results of the company, including duties and responsibilities and the performance of each executive. The

remuneration for the 4 executives of the company such as salary, bonus and social securities in the total amount of 7,110,306.50 baht (7,440,687.25 baht in the previous year)

2) Others remuneration of the Executives

Besides salary and bonus as mentioned, the company had paid the 4 executives in form of provident fund as in 3 percent of the salary in year 2017 total of 98,718 baht managed the fund by BBL Asset Management Co., Ltd. (164,759.-baht in the previous year)

Details of remuneration of each executive on the table below:

		Remuneration in monetary value (Baht) in 2016			
Name-Last name	Position	Meeting allowance	Remuneration of Audit committee	Meeting allowance for Nomination and Remuneration Committee	Total
1. Miss. Dalad Sapthaivichaiikul	Chairman	96,000	-	-	96,000
2. Mrs. Rapeephan Sanguansis	Independent Director Chairman of Audit Committee/ Chairman of Nomination and Remuneration Committee	96,000	132,000	12,000	240,000
3. Mrs. Yupha Boonchuaydee	Independent Director/ Audit Committee / Nomination and Remuneration Committee	96,000	120,000	12,000	228,000
4. Mr. Kollatat Tangchitkul	Independent Director / Audit Committee	96,000	120,000	-	216,000
5. Mr. Pongsak Thiengviboonvong	Managing Director	96,000	-	-	96,000
6. Mrs. Chantornree Darakananda	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	96,000	-	-	96,000
9.Mr. Chutindhon Darakananda (June – December 2017)	Director	56,000	-	-	56,000
Mrs. Pinijporn Darakananda Kasemsup (January – May 2017)	Director	32,000	-	-	32,000
Total		856,000	372,000	36,000	1,264,000

5. Personnel :

The company considers all employees as essential and valuable resources, which leads to success, growth and secured sustainable developments; as for selecting individuals that are 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 is essential therefore the company has set the human resource management policy as following:

1. Manages human resources to conform and support with the policies, vision, missions, business goals and strategies of the company.
2. Systematizes and organizes human resources management accompanied with stipulating rules and regulations to be clear, transparency, fairly, following with the same guideline within the company.
3. Specifies all commanders to manage human resources under their own department according to the system and guidelines determined by the company.

4. Specify all 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. 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 laws and regulation related to the employees.
6. The company has no 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 the position required to fulfill the manpower planning for each department.
7. The company has no compulsory labor policy and does not encourage forced labors by forcing to work overtime, holding the insurance money or the documents insured in any work. Every procedure should be made and conduct willingly by the employees, only by which they agreed and signed for the agreement.
8. Promotes and encourages employees to develop their skill, knowledge, ability through training and development course both in-house training and outsourcing frequently and thoroughly, providing opportunity for career path by latency for each employee.
9. Provides reasonable and fair remuneration management based on the knowledge, ability, experience, responsibility and performance of each employee.
10. Sets up processes of appointment, migration, evaluation including fair rewards and punishment to employee equally with equitably, honesty on the fundament of knowledge, ability and appropriation including the action or performance of that employee.
11. Establishes 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, having good health and good quality and life.
12. Provides facilities for employees and makes them emphasize on saving in advance for retirement by setting up Credit Union and provident fund for employees.
13. Respects on the rights of employees in collective negotiating and does not forbid the free association of employees in the absence of law prohibiting the association of this nature. Both supporting the association and negotiating freely, it will be based on the terms of collective negotiating and protecting the employees and their representatives who join the association independently and equitably.
14. Provides rights for employees to vote for electing representatives of the employees to take part in meeting sessions or to negotiate with the company by which each individuals holds 1 vote per person.
15. Encourages participation of employees by hearing out opinions and suggestions from employees in every level equally.
16. Provides rights for employees to make petition in case they are 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: 66-2517-0105-8 ext. 111

Total number of employees in the end of year 2017 = 536 persons

Divided in to manufacturing section for 390 persons, office section 82 persons, support section for 64 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

Salaries and wages, Bonus, Grant-in-aid when resigning,	}	total of =143 millions baht
Social security, Provident fund		
Pension, Compensation fund		

Good Corporate Governance

Policy on Corporate Governance

The company's Board of Directors had followed up with management on business responsibility and fairly under corporate governance and ethical framework which had been developed according to the regulations which included the improved structures of the CGR which had been improved in year 2014, to develop and ensure the shareholders, investors and stakeholders that the corporate governance and business ethics were clear and fair.

The company had educated all levels of employees from every director, executive and employee on good corporate governance policy were acknowledged and carried 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:

- 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.
- Assure the shareholders, investors, employees, regulation unit, society, environment and stakeholders and connected framework with ideas, responsibility and good relationship between the Boards of Directors, managements, shareholders, employees and stakeholders.
- A tool that measured and checked the operation results to improve for more efficiently.
- Create the responsibility for directors and executives 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 rights of fundamental authorities. Therefore, the company defined the guidelines as following:

- To regulate all shareholders to have the same basic rights as the law, such as the right to equitable share in the company's profits to appropriately receive the company's information in timely manner. In addition, the Company also facilitates and encourages the shareholders, especially the institutional investors, to attend the meeting to exercise their right to vote at the shareholders' meeting.
- In the recent year, there are no any directors holding the total share exceeding 25percent 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 minority shareholders at the closed registered book on 29th March 2017 equal to 18.14 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 the 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

- 1) The invitation of the meeting together with all detailing document both in Thai and English were noticed via SET Portal of the Stock Exchange of Thailand and had disclosed the invitation of the Annual General Meeting in the newspaper for 3 days consecutively and via the company's website:
http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1

-
- 2) 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.
 - 3) Profile of each directors was to be nominated details such as age, education, experience, date starting the position as director, training on duties and skills, years of directorship, with/without interest 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 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.
 - 4) 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 any people related with such person, therefore having independence enough for monitoring and commenting on the company's financial statements.
 - 5) Agendas on profit allocation, dividend payment and specified the amount and rate of dividend payment including the details in part 3 years are used for the shareholders to consider.
 - 6) Proposing the shareholders to determine the remunerations for the directors which were already approved by the Nomination and Remuneration Committee of the company.
 - 7) 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

- 1) Arrangement of the meeting will be hold at location with convenient transportation, close to the main road, nearby BTS sky train and express way, so that shareholders can participate easily.
- 2) Preparing officer to help in the registration area, which will be opened before the meeting beginning, not less than 2 hours, and using computer system to count on the votes.
- 3) 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 indicated in the shareholders' meeting minutes.
- 4) In the shareholders' meeting minutes, voting procedures were informed that one share equals to one vote to hold a voice vote by ballot with the things with 6 rules related to the shareholders' meeting. The company had arranged for card to be shown for each vote each agenda for transparency and accountability; by voting in each agenda, the chairman will ask the meeting to put their hands up in case that the shareholders or proxies disagreed or abstain from voting and record the vote down together with signature also the person in charge of recording the vote with the card, whereas the shareholders who agreed will have to but down the vote and signature without putting up their hands and keep all the vote cards with agreeing votes and return them when the meeting ended.
- 5) Arrangement the voter 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.
- 6) Arrangement of witness of vote counting at the Annual General Meeting (AGM) and disclosing in the minutes of the AGM.
- 7) During the meeting, the Chairman gives opportunity to the shareholders to ask questions, comment and recommend independently before having the resolution of the AGM agendas in order that shareholders consider the details and information of that issues sufficiently.
- 8) For continuous meeting, details of vote counting results in each agenda will be gathered and informed in the meeting after the meeting had ended; for each agenda, the chairman will inform the conclusion for agree and disagree voices.
- 9) In the shareholders meeting of year 2017, the meeting had considered each subject respectively in the agenda as determined in the invitation documents were handed out to the participants without any changes in the

orders and will not ask for consideration on other subjects apart from stated in the invitation documents. After consideration the chairman will provide time for participant to ask questions before the meeting ends.

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

- 1) 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.
- 2) Second part consists of information for consideration 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 queries, answers (if any) and result of the vote in each term (agreed, disagreed and abstention) will be recorded

1.5 Procedures after the Annual General Meeting:

- 1) Disclosure of resolution of the Annual General Meeting for the year 2017 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
- 2) The company recorded the minutes thoroughly including important information such as name of participants, directors and executives, procedures and how to vote, voting result of each agenda including questions, explanations and opinions of shareholders in the meeting and prepared the minutes of the shareholders for year 2017 within 14 days from the meeting date and submitted the report to the Stock Exchange of Thailand as well as publication via the company's website.
- 3) 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://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-3

Category 2 Equitable treatment for each shareholder

The company is aware for benefit of every shareholder whether they are majority or minority shareholders, shareholder as individuals, institution investors, Thai shareholders or foreign shareholders to get the rights and treated equally and truly, for the highest benefits of the shareholders as following

2.1 Protection of internal information usage

The company emphasized on 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 of Good Corporate Governance topic 2.3 Protection of internal information usage page 12-13 and regulations to be followed by employees as following:

- 1) Do not disclose or seek benefit from the company's confidential information for individual or others party's benefit.
- 2) 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.
- 3) 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.
- 4) The company had protected the internal information on assets transaction by advising the schedule date to avoid making assets transaction of the company in the period of 14 days before disclosing the financial statement periodically or quarterly to the public and refrain from processing on assets transaction until period of 24 hours had passed by after the information had been disclosed to the public.
- 5) To disclose shares that the directors held in the previous and current in the form number 56-1 and the annual report. In 2017, there were no fraud found from the directors, executives and employees in misleading usage of internal information.

2.2 Protection on the right of the shareholders

The Company emphasized on the importance in treating the shareholders equally and fairly, for the Annual General Meeting of Shareholders for the year 2017, the Company give an opportunity for the minority shareholders to propose the subject to be recorded as an agenda for the Annual General Meeting of the Shareholders from 1st October 2017 to 31st December 2017 which was 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. news 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 including

- 1) Provides rights for the shareholders to vote by which one vote equivalent to one share.
- 2) Delivers proxy letters in form 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 browse via http://www.unionpioneer.co.th/index.php/investor_relation/downloads/sub-5-1
- 3) Identifying 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 to prevent problems accruing in the attendant of the proxies to the meeting of shareholders, by which the principles and condition in the proxy principle according to the laws without any obstacles which might cause complexion to the proxy principle.
- 4) No additional agenda apart from assigned in the shareholder invitation letter.
- 5) Determined on policy on doing any transactions which might cause conflicts on benefits in order or those transactions to be transparent and meditate discreetly, reasonably and liberally under good ethics for overall benefit of the company and shareholders significantly.
- 6) In case of relating transaction, the company disclosed the information entirely, correctly according to the regulations as determined by regulators. The company disclosed the information entirely, correctly according to the regulations as determined by regulators. The company did not have transactions which assist in financial way such as lending loans, loan guarantees.
- 7) In the previous year, the company did not contravene or deny following regulations of related party transaction according to SET/SEC.
- 8) Inter-transaction occurred in the previous year were in normal business transaction with generally normal commercial term.

2.3 With or without Interest of Directors

Board of directors has 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:

- 1) Prescribing the directors and executives to report their own stakes that are related to the company and business management of the company when taking position in the first time and report in every time changes occur to the company by handing to the company's secretary within 3 days from the occurring date.
- 2) The secretary of the company will hand in the copy of the report accordance to code 89/14 to the committee chairman and the chairman of audit committee within 7 days after receiving the reports.
- 3) In the board of directors' meeting, if any directors were found in stake holding or related to the individual relating in those agenda in investigation; they will not have the right to vote and attend the meeting at that agenda, for the fairness of the board of directors and for the most benefit of the shareholders.
- 4) Further on information on protection on the conflicts of interest can be view in transaction topic on page 137
- 5) The company disclosed "With or without interest of directors" as summarized table on page 103
- 6) Directors, executives and auditors reported the shareholding of the company once annually within 30 days of the end of financial period and handed over this report to the secretary of the company.
- 7) In previous year, the company did not have any directors and executives who violated or did not comply with the rules on 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. Which all the stakeholders should be taken care by the company 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 realized on compensation to the shareholders, precedence to minority shareholders 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 to any individuals

Trade Partners : The board of directors determines 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 investigated 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

Creditors: The company operates 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 has commitment to develop products and services continuously and provide service promptly with honesty and treats every customers fairly. The company develops quality products by considering on the safety of the environment, customers and meeting the customers' satisfaction. The practice toward customers were 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 holds on the principle of independence in business competition under the laws and business ethics without aiming for competitors' internal information with 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 every employee of the company is essential resource for the company and main factor to successful business operation, the company's board of committee had determined implementation towards the employees in Human Resources Management Policy at the topic 8.5 Personnel including;

- 1) 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.
- 2) 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.
- 3) The company set up "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>

- 4) 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>
- 5) The company posed policy on supporting the employees' health promotion program collaborating with Nopparat 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 would occur if the company pay attention on a responsibility to society, community and environment. Then the company arranged the details of CSR 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 set up policy on responsibility to society in section 4 page 41 of the Good Corporate Governance manual, more 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 122-135

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:

- 4.1 Directors, executives and auditors shall report on shareholding on the Company security for their own, spouse, children and/or adopted children 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.
- 4.2 Directors, executives and auditors shall 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.
- 4.3 Stakeholder Report; had been set up for the directors and executives including relating individuals whom-ever 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.
- 4.4 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 children to the board of directors every year-end..
 - 4.4.1 Disclosing on changes shareholding of the directors and executives at the beginning and end of the year in the annual report.
 - 4.4.2 Distributing report on responsibilities of the board of directors to the financial report display with audit report in the annual report.
- 4.5 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.

- 4.6 Disclosing of transparent Shareholders Structure showing the beneficial owner via http://www.unionpioneer.co.th/index.php/investor_relation/downloads/main-1
- 4.7 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.
- 4.8 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 inter-transaction, 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.
- 4.9 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.
- 4.10 Disclosing the roles and duties of the board of directors and all subcommittees at the management structure, including disclosing of with or without having interest, numbers of attendance of each director for the whole year in form 56-1 and the annual report.
- 4.11 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 105 and other information available on the company's website as following:
- 4.12 The company's vision and mission <http://www.unionpioneer.co.th/index.php/about-us/vision>
- 4.13 Nature of the business operation <http://www.unionpioneer.co.th/index.php/about-us/com>
- 4.14 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
- 4.15 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
- 4.16 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
- 4.17 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
- 4.18 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
- 4.19 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
- 4.20 Policies as well as the company's good corporate governance manual and business ethics <http://www.unionpioneer.co.th/index.php/about-us/CorporateGovernancePolicy>
- 4.21 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>
- 4.22 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 or the company's website <http://www.unionpioneer.co.th/index.php/contact>.

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- 4.23 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 100 including;

- 1) 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.
- 2) 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.
- 3) 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.
- 4) 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.
- 5) 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.
- 6) 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.
- 7) 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 pag 100 to 102 and page 117

5.3 Roles, duties and responsibilities of the subcommittee

Details are stated in the "Good Corporate Governance" from page 101.

5.4 The Board of Directors' Meeting

- 1) The Board of Director's meeting in year 2017 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.
- 2) 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.

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- 3) 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.
 - 4) 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.
 - 5) 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.
 - 6) 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.
 - 7) For each board meeting, Chairman, Managing Directors and Directors will attend every meeting except for having business in foreign land or having other matters.
 - 8) Executives attend every board meeting to inform additional information on accounting and financial or related issues.
 - 9) Appointed the Secretary Company 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

The Board of Directors perform self-evaluation on the performance once a year accordingly as individuals and as committees. Moreover, self-evaluation on sub-committee once a year by evaluating by committee and results were collected by sub-committee and the company's secretary. The results will be reported to all the committee to review the performance, issues and obstacles during the previous year for improvement of the performance accordance to the good corporate governance.

5.6 Remuneration of the Directors

- 1) 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 shareholders for approval.
- 2) 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.
- 3) 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 105 remuneration of directors' on summarized on the table on page 105.

5.7 Knowledge development for Directors and Executives

- 1) 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).
- 2) 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.
- 3) 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 2017, director that had took course was listed as following

Sur name – Last name	Course/Batch/Year
Mr. Kollatat Tangchitkul	AACP/25/2017

Courses the Executives had taken for knowledge development in hours

No.	Courses	No. of Hours
1.	Effective Communication Technique in Organization	6
2.	Negotiation on Good Faith for good workforce relation	12
3.	Top Risk 2017 Preventing High Risk	4
4.	Reducing cost technique	6
5.	General knowledge of Polymer Rheology	6
6.	Getting ready for changes in financial standards	6
7.	Using Program Excel to check accounting information	6
8.	The Transformation of Medical Device Industry for Thailand 4.0	14
9.	Financial analysis and IT market on intellectual property	28
10.	Creativity and innovative thinking	7
11.	Accounting on financial instruments	7
12.	Rules and regulations of rubber production for export	14
13.	Important changes of TFRS revised edition 2016 and 2017	6
14.	Direction of Thai rubber in Thailand 4.0	12
15.	Guideline in being member of Thailand's Private Sector Collective Action. Coalition against Corruption (CAC)	3
16.	Industrial accounting	6
17.	Executive Strategic Management Program	30
18.	Medical Packaging & Sterilization Seminar	6
19.	Investment Analysis Techniques and Risk Management Strategy for sustainable value added	12
20.	Integration internal audit for sales and debtor's systems and purchasing and creditors' systems	12
21.	Paper for anti-corruption in organization	12
22.	Y2017 Review and Y2018 Outlook (Quarterly Economic Wrap-Up for List Companies)	12
23.	Thai Financial Report Standards on rental agreement (TFR16)	3
24.	China Rubber Technology	14
25.	Q&A problems from 0.4-4.0	12
26.	Quality Assessment of the Annual General Meeting of Shareholders	6
27.	ISO 13485:2016 Transition	30
28.	Marketing Strategies in 4.0	42
29.	Knowledge Management	18
30.	Law on the contamination control of soil and ground water	18
Total hours		370

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 (1) 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 3 Independent Directors; 2 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. Yupha | Boonchuaydee | Independent Director |
| 3. Mr. Kollatat | Tangchittkul | Independent Director |

Independent Directors Definition (Which the minimum requirement of SEC)

1 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..

2 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.

3 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.

4 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.

5 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.

6 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.

7 Not being a director appointed to be agent of the director of the applicant, major shareholder or shareholder with relation with the major shareholder.

8 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.

9 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 1 to 9, 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:

- A. 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
- B. 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.
- C. 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.
- D. 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.
- E. 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 the topic no. (1) and 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; If the number of votes results are equal, The Chairman of the Meeting will be the arbiter.

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 109-110

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 24th annual general meeting of year 2017 had a resolution to select the Company's auditors as following:

- | | | |
|-----------------|-----------------|---|
| 1.Mrs. Vissuta | Jariyathanakorn | with CPA (Thailand)-License No. 3853 (3 rd year in auditing) |
| 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.

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

In year 2017, Baht 1,000,000 (Baht One Million)

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

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

(2) Other services fees: None.

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

1. In the previous year, no frauds against the anti-corruption policy were found. The company gives precedence to enforce and be earnest in the punishment; communication and encouragement for the employees to acknowledge to the moral in operation including (if any) complaints for improvement in developing the prevention further on by which the audit office will perform on following up the result, present and report the progress to the audit committee; which the audit committee will review the accuracy of the reference documents and self-evaluation form related to the anti-corruption policy of the company accordance to Thailand's Private Sector Collective Action Coalition Against Corruption: CAC.

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

- a. Procurement of the Company must proceed accordance to the regulations of the company which is transparent and auditable.
- b. 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.
- c. 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_upf@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 2017 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.

Corporate Social Responsibility

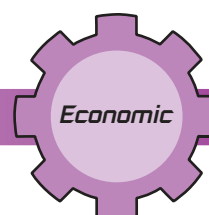
CSR to Sustainable Development



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

The Economics 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 2017, the company was chosen by Thaipat Institute to be 1 of 100 best companies operating with the good care of Environment, Social and Governance (ESG).

Equality of Shareholders

The Company operates business with transparency, fairness, honesty and accountability. The Company expects to generate sustainable growth, good performance and a reasonable return continually to all shareholders equally and fair under the good corporate governance and business ethics.

Fair Competition

The Company competes in the market with fair strategy. We do not aim to ruin the reputation of a competitors and the intellectual property rights of others, also not gather the confidential information of competitors through unethical strategy.

Supply Chain Relationship Management

The Company operates business under the concept of support and fairness through creating good relationships, fairness and equality to all business partners. The process such exchange of knowledge and joint product and service development for value added purpose with the annual customer visiting plan.



Customers Relationship Management

The Company intends to equally and equitably satisfy all customers by providing good processes that create good and safe products and/or services for the users. In addition, to build trust and confidence among our customers, we provide an opportunity for customers to visit or audit our processes at any time. Then, our customers can be confident in the products and services that they are generated well under the systematic and standardized processes in accordance with the international standard ISO9001 :2015, ISO13485 :2003 and ISO14001 :2015



● Anti-Corruption

The Company has committed to the Fight Against Corruption. The anti-corruption policy has been announced and stated in the company's Code of Conduct. Also it has been conveyed to all employees in all levels of the Company. It has been also contained in a must topic to announce to new employees in the orientation to encourage new employees to work honestly. The managing director, Mr. Pongsak Thiengvi-boonvong announced the commitment again on November, 26, 2017, at International Anti-Corruption Day event to emphasize



the company's intention to this issue. On 9th December of each year is considered a day against global corruption, which in the year 2017, the Government organized the International Day Against Corruption (Thailand) at the Grand Diamond Ballroom. "Zero Tolerance, Thais are not tolerant of corruption," and announced its intention to fight corruption, led by Gen. Prayut Chanocha Prime Minister with simultaneously both in the central and regional provinces. The company sent representatives to attend this ceremony. This was a showcase of the position and intentions that were committed to anti-corruption corruption of the company.



Moreover, the company provides four channels for employees and outsiders to report any evidences in terms of corruption issue to the company. The four channels are; complaints boxes in the area of the company for employees and at the entrance for outsiders, sending letter to the Office of Internal Audit, e-mailing to Managing Director or the Office of Internal Audit, and direct phone call 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

● 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, 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



● Human and Labor rights

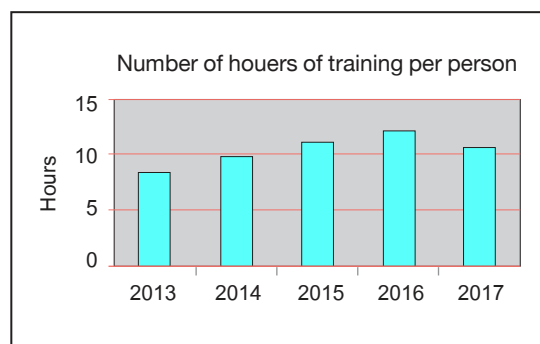
The Company gives priority to care for and treats all employees in all level fairly and equally. The Company respects the basic rights of employees in accordance with the human rights principle. The Company also opens for any comments and complaints regarding employee's rights via the channels announced in the Human Resource Management policy. In the year 2017, the company did not receive any comments and complaints from employees.

Employment:

The company gives priority to employee's family members and also local labors for enhancing the opportunity to be employed by the company. In addition, the company will hire workers with working conditions without any discrimination issue including gender, age, race, religion and also does not support children labor. Furthermore, the company offers fair and reasonable compensation based on qualifications, experience and potential of employees.

Knowledge Development

The company intends to develop employee's skills and performances and improve their potential to create opportunities for progress in their career by providing training courses whether in-house or external training. The number of hours of training per person was 10.68 hours in the year 2017.



Career Advancement

Gender is not criteria for any promotion, the Company will consider base on knowledge and capability.

The Company realizes that work-life balance of employees is the important thing to be concerned. Happy employees will work effectively and this leads to good performance of the Company. Therefore, the Company applies 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 sport activities to strengthen relationship in Saha Union group, annual health check.

The company also focuses on the safety in work by providing knowledge to employees and establishes Safety Committee to manage the safety system to ensure that the employees will be treated well and safes. Furthermore, 24-hour medical room with medical professionals and a doctor presents in the medical room 1 hour in the morning and another hour in the afternoon.



2) Happy Heart

The Company encourages employees to be givers by organizing activities such as blood donation activity with Thai Red Cross and money donation to foundations.



3) Happy Society

The Company encourages workers to live with love, cooperation, and giving to their own community to improve overall 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. The company also create activities to develop relationship between employees and the organization. For example

- In Songkran Festival we represent the respect to senior positions by pouring scented water onto their hands.
- Giving a certificate and a reward to employee who has been working for the company for completely 10 years to thankful for their loyalty.
- Organizing farewell party to expression of good wishes to retirement employees.



● Outside Society

The Company continuously arranges activities for surrounding communities. For instance, providing foods and other constituents to disadvantaged children and also elder people at BAAN NOKKAMIN Foundation. Moreover, donating books to Minburi Remand Prison's library.



4) Happy Relax

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



5) Happy Brain

The Company arranges both inside and outside trainings for workers to increase knowledge for self-improving and for work progress. The Company also settles a library for increasing knowledge for workers.



6) Happy Soul

The Company encourages workers to build faith in religious for living. The Company arranges merit activities for workers to participate. Moreover, the Company also arranges prayer room for Muslim workers for their religious activities.



7) Happy Money

The Company arranges Money Cooperative and provident Fund for saving money after retirement. If workers need money for special case, the worker can borrow money from Money Cooperative with low interest compared to Banks. For the saving, workers will receive dividend in ratio from their saving money and get an average interest return on annually interest payment.

8) Happy Family

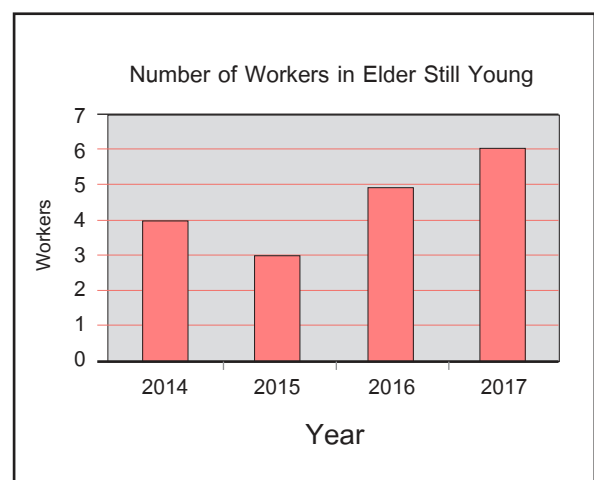
The Company encourages workers to participate and build relationship same as they are family. For example, visiting employees who facing to health or physical issue. Moreover, the representatives of management department and colleagues will attend funeral ceremony to represent the respect and condolence. In addition, the company gives the opportunity for employee's relatives to work as internship during studying.



● 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;





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



The company donated a medical device as tourniquet to Chulalongkorn hospital.



The company donated a medical device as tourniquet to Nopparat Rajathanee hospital.



The company donated a medical device as tourniquet to Siriraj hospital.



The company donated money Thai Red Cross Society towards.



The company donated money to flood victims in the south of Thailand through Thai Red Cross Society.



The company donated money to Wat Bum Pen Nhua School for providing computers to pursue for developing education.



The company donated rice, VCD players, and second hand stuffs to BAAN NOKKAMIN Foundation.



The company donated air conditions and computer sets to Bang Pakong Police Station.



The company donated air conditions and computer sets to Bang Pakong Police Station.



The company donated second hand books to Minburi Remand Prison.



The company donated second hand books to Wat Pa Lelai kindergarten school at Suphanburi province.



The company workers cooperated with Therdthai Theparat event to clean up footpath alongside Bang Na -Trat Roa.



The company workers cooperated to clean up households' surround Wat Bum Pen Nhua to prepare for Rama 9 Cremation Ceremony.



The company donated gifts to Minburi Youth Centre, Wat Bum Pen Nhua School, Bang Chang Industrial, Minburi Police Station and the community housing Bang Chan on Children's Day.



The company staff donated blood to the Red Cross every three months.

The company provides water to Chachoengsao Industry Office for giving to people who attended in Rama 9 Cremation Ceremony.





On October 12nd, 2017, the management and employees of the Company and Saha Union companies group (Bangchan district) together made merit by giving food to the monks for His Majesty, the King Bhumibol Adulyadej Bhornabophit because of the 1st anniversary of his pass-away, together sang the songs, the Royal Thai anthem and the Father's Tree, and stood still for 89 seconds to remembrance in his grace and to his mournful.

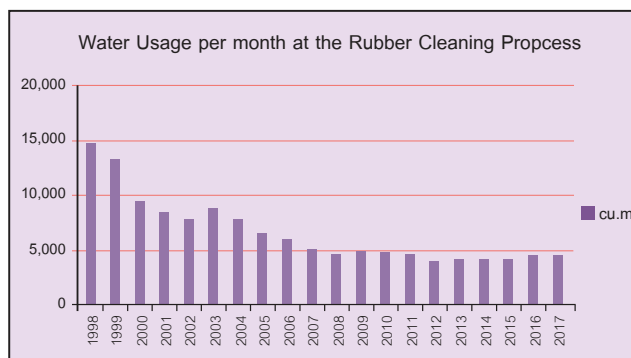
Environmental Dimension



The Company continuously focuses on environment follow ISO 14001 together with Energy Saving Project through the process of preventing and controlling pollution, reducing effects to environment and the way to use natural resources effectively and efficiency.

● Caring for the environment and energy conservation

● **Water Conservation:** The Company focuses on wastewater that was released into the public. Therefore, the Company treats wastewater from production process before releasing to the public by using aeration system (Activated Sludge) and hires an outsourced agency that holding license and registered properly by the department to monitor the quality of wastewater every month. The Company finds the way to save energy from cleaned wastewater process with currently aeration system (Activated Sludge). Previously, 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 has settled DO Meter for measure oxygen in water and set DO rate that appropriate for aeration system which not lower than two milligrams per liter. From settled DO meter, the Company can switch between two aerators by operating only one aerators when DO rate higher than standard. When DO rate lower than standard another aerator will automatically start. Moreover, the Company also concerns 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 changes

to Natural Gas instead of fuel. Natural Gas can reduce air pollutions 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 documents by electronic, using two pages of paper and in 2017, the company applied 4 different points of observation ponds to measure the quality of soil and underground water around the company. In addition, the result was representing that the quality of soil and underground water is still in standard.



● **Energy Conservation:** In 2017, Energy Conservation team applied new technology to use with machineries to ensure that the company uses energy effectively and efficiency follow step below;

- Changing light bulbs from T5 type to LED by applying in total of 2,000 devices to webbings, calendars and warehouse buildings.
- The accurate result found that the energy was reduced by 13,150 units per month which was 43,612 baht per month in year 2017.
- The company intends to corporate with Department of Alternative Energy Development and Efficiency, Ministry of Energy for preparing ISO50001.



● Inheritance the Thailand traditions

Traditions and culture of Thailand are considered as environments 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 encourages team up welfare activities every year include Songkran Festival - pouring water blessing adult, Candle Festival, Merit for New Year for example



● The innovation and diffusion of innovation by implementing environmentally responsible

The Company encourages each division to raise the idea or way to improve work process follow Kaizen way. Activities need to increase effective and decrease waste in 2017. There are three activities that received reward as below;



- Activities that decreased waste of Slitting Process: the rolling method after washing process was developed to ensure that the rubber edge is equivalent for the hold bunch. The result found that the waste of slitting decrease from 12.5 tons per month to 10.63 tons per month (considered as 14.96%)
- Activities that decreased use of office paper within HR Department. The result found that replacing to using information system, recording in soft files, and reusing paper reduced the use of paper from 48 reams per year to 11 reams per year (considered as 62%) per year. In addition, 1 ream of paper measure as 2.22 kilograms. Therefore, the activity can decrease waste about 82.14 kilograms per year and also decrease deforestation.
- Activities that decreased waste of Rheometer process of Quality Assurance Department: adjusting the standard quantity of rubber for Rheometer process to approximately 2,020 pieces per month that the rubber decreased from 25 grams to 7 grams per 1-piece sample. Therefore, the waste was reduced 36.36 kilograms per month.

From three activities, the Company can reduce the wastes that cause the pollution at about 1.9 tons per month.

Internal Control and Risk Management

1. Sufficiency 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 for the business management, be able to protect the company's asset lost or being used by other party without authority in working position, making the employees act according to the laws and regulations related and help financial report accurate and credible.

The Risk Management Sub-committee will consider the framework for risk management, policy in risk management including looking after and review the risk management of the Company including team whom are responsible in each department by holding the meeting together and tracking the result might happen in order to find ways to solve and manage the risk to stay in suitable level, as well as supervising to practice accordance to the policy consistently.

The Audit Committee checked the suitability and the effectiveness of the Company's internal control system and internal audit by considering with the internal auditor 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 (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 managed a suitable organization structure for operation and internal controls which covered 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 sub-committee, specified risk management policy, evaluated and followed with risk management results in every possible ways and quarterly reported the Audit Committee.

3. Operation Control

The Company held operating manual which covered on the company's system to control various implementations on credibility 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 for operation in management level and operation level by which the management committee had compared the operating results with clearly objective determined and appointed the way to reach the goal objectives. In the same time the company has 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 year 2017; in which they commented that the overall perspective of the company's internal control system was in satisfied level. There were no any significant defects that will affect the financial statement and there were no further comments.

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

The Company had set rules and procedures appropriately, clearly and uncomplicatedly by assigning authority for each level from the management level to operation employees, divided clearly the responsibilities among the employees and the controllers, to balance the authorities and able to appropriately check each other.

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

The Company had the internal audit office that audited the main operation system and financial activities to ensure that they were practice out according to the specification and effectively which were assigned by the audit committee for annual plan and specific job as needed together with suggestions as the audit committee independently reported the results and reported directly to directors in case of urgent to be able to consider in improving and solve the situation on time, the internal audits were able to report the results independently.

2. Evaluate the weak point of internal audit

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

3. Comment from the Audit Committee

The Audit Committee concluded that the investigate results are no difference from the directors of the Company. The Audit Committee concluded the details of the practice on the report of audit committee page 143

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

1. Name – Last name	Mr. Nattpawatch Thomwan
Position	■ Manager of Internal Audit section and Secretary of the Audit Committee
Age	35 years
2. Education	<ul style="list-style-type: none"> ■ Bachelor Degree of Administration Accounting, Rajamangala University of Technology Bangkok ■ Master Degree of Science Program on Corporate Governance, Chulalongkorn University ■ Diploma Degree Internal Auditing Education Partnership (IAEP) The Institute of Internal Auditors : IIA
Training Courses	<p><u>Institute of Internal Auditors of Thailand</u></p> <ul style="list-style-type: none"> ■ Principles of Fraud Auditing ■ Enhanced Communication for Auditors ■ Skills for the New Auditor- in-charge ■ Creative Problem-Solving Techniques for Auditors ■ Enhanced Communication for Auditors <p><u>Federation of Accounting Professions under The Royal Patronage</u></p> <ul style="list-style-type: none"> ■ Anti-corruption paper in organization Batch 1/60 ■ IT Audit ■ COSO 2013 Framework for internal control system ■ Integration internal audit for sales systems and debtors ■ Integration internal audit for purchasing systems and creditors ■ Using Windows Excel in checking account information <p><u>Thai Institute of Directors (IOD)</u></p> <ul style="list-style-type: none"> ■ Anti - Corruption: The Practical Guide (ACPG 11/2014)
3. Work Experience in 5 years	<ul style="list-style-type: none"> ■ September 2016 – present : Manager of Internal Audit and Secretary of Audit Committee Union Pioneer Public Company Limited ■ November 2012 – August 2016 : Assistant Manager of Internal Audit Nation Broadcasting Corporation Public Company Limited
4. Responsibilities	<p>Take actions as chief for “internal audit” responsible in taking action according to policy of internal audit division which were accepted by the audit committee.</p> <p>Take actions as secretary of audit committee, arranging audit meeting, preparation of meeting agendas and minutes.</p>

Opinion from the Audit Committee on qualifications of the personnel in position of chief of internal audit (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, or related transactions or any transactions that may have a conflict of interest, 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 securities offering forms or draft prospectuses, 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 District 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, the Company did not provide financial assistance 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 stakeholder's 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. Factory Rent 4.Account Payable	26 6 3 0.30	1. Resolution from shareholder meeting which was normal returning from investment 2. Common trading transaction, comparing with market price 3. Renting price from the rental lease,comparing the price nearby the renting location using for factory facilities 4. Be outstanding balance and accrued expenses as at 31st December 2017
2.Thai Rubber Enterprise Co., Ltd. (TRE) - having mutual director and shareholders	1. Land Rent	0.03	1. Renting price from the rental lease, based on comparing the nearby location using for natural rubber storage
3.Union Thread Industries Co., Ltd. (UI) - having mutual director and shareholders	1. Land Rent	0.30	1. Renting price from the rental lease based on comparing the nearby location using for factory facilities
4.Union Rubber Products Corp., Ltd.(URP) - having mutual director and shareholders	1.Purchase product 2.Account Payable	65 5	1. Common transaction, comparing with market price 2. Be outstanding balance and accrued expenses as at 31st December 2017
5.Union Zip Co., Ltd. (UZC) - having mutual director and shareholders	1.Sell product 2.Account Recivable	14 4	1. Common transaction, comparing with market price 2. Be outstanding balance and accrued expenses as at 31st December 2017
6 .Uni-Fibre Co., Ltd. (UNF) - having mutual director and shareholders	1.Purchase product 2. Account Payable	6 2	1. Common transaction, comparing with market price 2. Be outstanding balance and accrued expenses as at 31st December 2017
Total of Inter-Transaction in 2017		131.60	

Management Discussion and Analysis MD&A

Business Overview

In the year 2017, the overall picture of the apparel industry remained stable in line with the Thai and global economy. The sale of goods to foreign countries has been affected by the appreciation of the Thai baht and the intense competition which caused the exports to shrink from the previous year. Domestic consumption was also affected by high living expenses and household debt, as well as the relocation of garment manufacturers to Vietnam. The garment industry in Thailand has continued to shrink.

Products of the Company: For elastic segment for baby diapers; The major manufacturers have switched to use the spandex instead of natural rubber, and the competition is quite high. As a result, the sales of the company of this group is likely to decline in the future. For elastic segment for adult diapers, the market remained steady. However, the Company still expanded the adult diaper market by cooperating with the minor diaper manufactures which are our customers, and we believed this market will be a potential market in the future.

For Medical Devices; There is still intense competition in both domestic and foreign markets. Market leaders use price strategies to gain market share. But the sales of this product of the company has continued to grow with the strength of sale channel and product quality. Since 2015, the company has been awarded ISO 13485, the Quality Management System for Medical Device Industry, which is an important tool in the competition and expansion of the market in the future.

For Exercise and Physical Therapy Band; Most of the market is still the major market leader. However, the company's research and development team has continued to develop the products made of natural rubber to have an equal of level of the product quality with the competitors. The market share of synthetic rubber products in the United States is relatively stable. From the Company increased distribution channels on domestic markets through online trading sites, these markets expanded, but not so high value.

Business Operating Results and Profitability

Transaction	For the Year ended 31st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2017	2016	Amount	%
Total Revenues	614.82	611.14	3.68	0.60
Costs and Expenses	579.71	545.20	34.51	6.33
Profit (Loss) -Net	30.02	53.31	(23.29)	(43.69)

Income of Sale and Administration

Transaction	For the Year ended 31st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2017	2016	Amount	%
Sales	596.50	591.40	5.10	0.86
- Export	339.88	346.80	(6.92)	(1.99)
- Domestic	256.62	244.60	12.02	4.91
Other Income	18.32	19.74	(1.42)	(7.19)
Total Income	614.82	611.14	3.68	0.60

In the year 2017, the Company had revenue from sales at 596.50 million baht increasing from the year 2016 by 5.10 million baht or 0.86 %. It was divided to export sale decreasing from the previous year by 6.92 million baht or 1.99 % due to the appreciation of the Thai baht and the intense competition. Domestic sale increased by 12.02 million baht or 4.91 % due to market expansion in lingerie products. Other income decreased by 1.42 million baht or 7.19 % from the year 2016. Main reason why the revenue from the sale of scrap was reduced because the waste in the production process was reduced by increasing production efficiency.

Costs and Expenses of Sale and Administration

Transaction	For the Year ended 31st December (Unit: Million Baht)			
	Year		Increase (Decrease)	
	2017	2016	Amount	%
Costs from Sale	503.46	466.92	36.54	7.83
Selling Expenses	40.71	41.92	(1.21)	(2.89)
Administrative Expenses	35.54	36.36	(0.82)	(2.26)
Financial Expenses	-	-	-	-

- Cost of sales increased by 36.54 million baht or 7.83 %, because the price of natural rubber which is the main raw material for production increased.
- Selling and administrative expenses decreased 2.03 million baht or 2.59 % due to higher operating efficiency and other expenses controls.
- The Company has no financial expenses due to having no any loans from financial institutions.

Profit (Loss) – Net

The Company's net profit was 30.02 million baht or 4.88% of total revenue compared with the year 2016 with net profit of 53.31 million baht or 8.72% of total revenues. The profit decreased by 23.29 million baht or 4.00 baht per share, mainly due to the price of rubber which is the main raw material for production and the continuous appreciation of the Thai baht

Transaction	For the Year ended 31st December (Unit: Million Baht)		
	Unit	2017	2016
Gross Profit Ratio	%	15.60	21.05
Earning Ratio	%	4.88	8.72
Debt to Equity Ratio	Time	0.29	0.28
Return on Equity	%	7.80	13.73

Gross Profit Ratio

In 2017, the Company's gross profit was 93.04 million baht, gross profit ratio was 15.60 % of sales, decreased by 31.44 million baht or 25.26 % compared to the year 2016 having gross profit of 124.48 million baht, representing gross profit ratio 21.05 % of sales. Major causes of the decrease in gross profit came from;

1. Cost of main raw materials such as natural rubber prices were higher than the year 2016 which was 32.19 %.
2. The Thai baht appreciated against the US dollar was higher than the year 2016 at 3.80 % in average.

Debt to Equity Ratio

In 2017, the Company had a ratio of debt to equity was 0.29 times a little higher than the year 2016 having 0.28 times which showed that the proportion of debt is also low level, when comparing to the equity.

Return on Equity (ROE)

According to the Company's financial statements, the Company had net income of 30.02 million baht, representing a return on equity at 7.80% lower than the year 2016 having the return on equity at 13.73%.

Asset Management

As of 31st December 2017, 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)	
	2017	2016	Amount	%
Total Assets	480.16	508.14	(27.98)	(5.51)
Total Liabilities	106.94	111.70	(4.76)	(4.26)
Total Shareholders' Equity	373.22	396.44	(23.22)	(5.86)

Assets

The Company's total assets at year ended 2017 was 480.16 million baht, with the proportion of the asset consisting of current assets at 79.91%, Property, plant and equipment at 17.17% and other assets at 2.92% when compared to the year 2016, which was decreased by 27.98 million baht or 5.51%. The main changing transactions were from cash and cash equivalents and short-term investments in government bonds at the end of 2017 amounted to 77.29 million baht, reduced from the year 2016 at 43.09%, and inventories increased by 29.24 million baht, reduced from 2016 at 21.69%.

Trade and Other Receivable

As of 31st December 2017, trade accounts receivable and other receivables shown the value as the net realized gain amounting to 139.40 million baht, increased by 13.56 million baht or 10.78%, from the year 2016, due to the higher sale volume in the 3rd quarter. Some debtors of the Company have been on due at the early year of 2018 and have no any problem for getting a debt settlement. For some debtors were overdue with their term payment, the Company set the net unrealized values at 0.15 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 106.94 million baht, decreased by 4.76 million baht or 4.26%, from last year, which the change was mainly from;

- Accrued income tax amounted at 1.60 million baht decreased 5.28 million baht due to the decrease in net profit from operation.
- Provision for long-term employee benefit amounted to 41.87 million baht, decreased by 0.87 million baht or 2.04% due to the termination of some employees.

Shareholders' Equity

The Company had shareholders' equity of 373.22 million baht, decreased by 23.22 million baht or 5.86% because the Company had net profit from operations of 30.02 million baht, decreased by 23.29 million baht from last year.

Liquidity and Capital Sufficiency

Analysis of Changes in Capital.

As of 31st December 2017, Cash and cash equivalents amounted to 67.36 million baht decreased by 30.73 million baht for the year 2016, which the details of the acquisition and uses of cash in the year 2017 as follow;

Transaction	For the Year ended 31st December	
	(Unit: Million Baht)	
	2017	2016
Cash Flow from (used in) operating activities	8.12	93.91
Cash Flow from (used in) investing activities	14.40	(65.84)
Cash Flow from (used in) financing activities	(53.25)	(36.75)
Cash and cash equivalents at the beginning of year	98.09	106.77
Cash and cash equivalents at the end of year	67.36	98.09

- Net cash from operating activities decreased because the Company's Trade receivables and other receivables increased as well as the raw material reserves for production increased from 2016.
- Net cash used in investing activities decreased because the Company received money from government bonds maturing.
- 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)	
	2017	2016
Current Ratio	5.90	5.83
Quick Ratio	3.08	3.17
Inventory Turnover	3.37	3.26

- Current ratio was 5.90 times, increased from the year 2016 which was equivalent to 5.83 times because current assets and current liabilities decreased, the mainly reason was the lower short-term investment in government bonds and the lower accrued income tax.
- Quick ratio was 3.08 times, decreased from the year 2016 which was equivalent to 3.17 times.
- Inventory turnover ratio was 3.37 times increased from the year 2016, which was equivalent to 3.26 times because the production costs and inventories of particularly raw materials increased.

Liability and Off-Balance-Sheet Management

The Company disclosed in Note 22 of the financial statements and consolidated financial report as of 31st December 2017 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 2018, the Company expects that exports will gradually improve global economy. There are also factors that may affect the value of exports, such as the Thai baht appreciation. Domestic economic conditions are expected to be boosted by government spending and economic stimulus measures such as the reduction of personal income tax rates and adjustment of minimum wage, including investment in large infrastructure as well as the government policy and political situation which were clearer. This will result in people spending more on consumption. The issues that need to be tracked is the rubber price, the competition in foreign markets, especially in the United States, and the exchange rates.

However, 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 2017, the Audit Committee is comprised of three independent directors, namely Mrs. Rapeephan Sanguansis as Chairman of the Audit Committee, Mrs. Yupa Boonchuaydee and Mr. Kollatat Tangchitkul as Audit Directors. 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 2017 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 reviews 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's Annual Report.

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 2017 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 : 61 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

Family Relations with Other Directors: - None -

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
- May 2014 – 2016 Director, The Royal Hotel Co., Ltd.

Current Positions

Listed Companies

- 2017 – Present Vice Chairman, Saha-Union Public Company Limited.
- May 2015 – Present Chairman, Union Textile Industries Public Company Limited
- May 2014 – Present Chairman, Union Plastic Public Company Limited.
- June 2012 – Present Chairman, Union Pioneer Public Company Limited.
- 2012 – Present Chairman of the Risk Management Committee, 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.
- August 2015 – Present Director, The Sukhumvit 62 Medical Limited
- 2017 – Present Chairman and President, Computer Union Co., Ltd.
- March 2017 - Present Chairman, The Royal Hotel Co., Ltd.
- December 2017 – Present Director, KPN Healthcare Public Co., Ltd.
- Present Chairman and Director, Other Companies in Saha-Union Group.

Other Companies

- 1989 – Present Director, Processing Center Company Limited.

Years of Directorship 6 years (since 1 January 2012)

2. Mrs. Rapeephan Sanguansis

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

Age : 67 years

Education

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

IOD's Training

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

Family Relations with Other Directors: - None -

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 7 years (since 26 January 2011)

Years of Independent Directorship 5 years (since 23 January 2013)

6. Mr. Pongsak Thiangviboonvong

Managing Director

Age: 61 years

Education:

- Diploma of Vocational Education

IOD's Training

- Director Accreditation Program (DAP) Class 5/2003

Family Relations with Other Directors: - None -

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 -

Years of Directorship 5 years (since 23 January 2013)

4. Mrs. Yupha Boonchuaydee

Audit Committee / Independent Director /

Nomination and Remuneration Committee

Age: 68 years

Education:

- Senior High School (Grade 5), Streetsmutprakan School

IOD's Training

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

Family Relations with Other Directors: - None -

Experiences

- 1969 - 1973 Billing Officer, Union Zip Co., Ltd.
- 1974 - 1977 Accounting Officer, Saha-Union Co., Ltd.
- 1978 – 2009 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.
- 2017 – Present Nomination and Remuneration Committee, Union Pioneer Public Company Limited.

Saha-Union Group Companies

- None -

Other Companies

- None -

Years of Directorship 2 year (since January 2016)

Years of Independent Directorship 2 year (since January 2016)

5. Mr. Kollatat Tangchitkul

Audit Committee / Independent Director

Age: 34 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
- Advanced Audit Committee Program (AAP) Class 25/2017

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.
- 2017 – Present Audit Committee, Union Pioneer Public Company Limited.

Saha-Union Group Companies

- None -

Other Companies

- 2004 - Present Director, Niyom Service Company Limited.
- Present Director, Cargo Fast Company Limited.

Years of Directorship 4 years (since 2014)

Years of Independent Directorship 4 years (since 2014)

7. Mrs. Chantornree Darakananda**Director**

Age: 54 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

Family Relations with Other Directors:

- Younger sister in law of Mr. Chutindhon Darakananda
- Elder sister in law of Mr. Vacharaphong Darakananda

Experiences

- 1990 – February 2017 Director, Ladphrao Hospital Public Company Limited.
- 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.
- 2009 – March 2017 Deputy Managing Director, Venus Thread Co., Ltd.
- 2009 – March 2017 Deputy Managing Director, Union Zip Co., Ltd.
- 2013 – September 2014 Director, Saha-Union Public Company Limited.
- September 2014 – 2016 Executive Vice President, Saha-Union Public Company Limited.
- May 2014 – March 2017 Director, The Royal Hotel Co., Ltd.

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 Rubber Products Corp., Ltd.
- 2017 – Present President, Saha-Union Public Company Limited

Other Listed Companies

- 1990 – Present Director, Ladphrao Hospital Public Company Limited

Saha - Union Group Companies

- 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 Executive Director, The Sukhumvit 62 Medical Limited.
- March 2016 – Present Director, Union Thai-Nichiban Co., Ltd.
- March 2017 – Present Director, Union Zip Co., Ltd.
- December 2017 – Present Director, KPN Healthcare Public Co., Ltd.
- Present Director, Other Companies in Saha-Union Group

Other Companies

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

Years of Directorship

2 year 9 months (since April 2015)

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

Age: 52 years

Education

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

IOD's Training

- Director Accreditation Program (DAP) Class 2/2003
- Director Certification Program (DCP) Class 69/2006
- Director Diploma Examination Class 19/2006
- Role of the Compensation Committee (RCC) Class 15/2012
- Chartered Director Class 7/2013

Family Relations with Other Directors:

- Younger brother of Mr. Chutindhon Darakananda
- Younger brother of the husband of Mrs. Chantornree Darakananda

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.
- May 2014 – March 2017 Director, The Royal Hotel Co., Ltd.

Current Positions**Listed Companies**

- February 1992 – 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.
- September 2015 – Present Acting Managing Director, Union Stainless Steel Products Co., Ltd.

- Present Director, Other Companies in Saha-Union Group

Other Companies

Years of Directorship 18 years 8 months (since 28 April 1999)

9. Mr. Nanthiya Darakananda**Director**

Age: 49 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

Family Relations with Other Directors:

- Cousin of Mr. Chutindhon Darakananda and Mr. Vacharaphong Darakananda

Experiences

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

Current Positions**Listed Companies**

- April 1993 – Present Director, Union Pioneer Public Company Limited
- April 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 24 years 8 months (since 22 April 1993)

7. Mr. Chutindhon Darakananda**Director**

Age: 58 years

Education:

- Master's Degree in Business Administration, SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor's Degree in Industrial Engineering, Stanford University, U.S.A

IOD's Training

- Director Accreditation Program (DAP) Class 17/2004

Family Relations with Other Directors:

- Elder brother of the husband of Mrs. Chantornree Darakananda
- Elder brother of Mr. Vacharaphong Darakananda

Experiences

- 1990 – 2006 Director, Saha-Union Public Company Limited.
- 1992 – February 2017 Vice Chairman, Venus Thread Co., Ltd.
- 1993 – 2007 Director, Union Textile Industries Public Company Limited.
- 1993 – 2007 Director, Union Pioneer Public Company Limited.
- 2001 – March 2009 Director, Union Energy (China) Co., Ltd.
- 2007 – 2012 Vice Chairman (Investments in China), Saha-Union Public Company Limited.

- May 2014 – February 2017 Director, The Royal Hotel Co., Ltd..

Current Positions**Listed Companies**

- January 2011 – Present Nomination and Remuneration Committee, Saha-Union Public Company Limited.
- 2013 – Present Vice Chairman, Saha-Union Public Company Limited.
- February 2013 – Present Director, Union Textile Industries Public Company Limited.
- May 2017 – Present Director, Union Pioneer Public Company Limited.

Saha - Union Group Companies

- 1992 – Present Vice Chairman, Union Spinning Mills Co., Ltd.
- 1997 – Present Vice Chairman, Saha Union Holding Co., Ltd.
- 1997 – Present Vice Chairman/Managing Director, Union Business Management Co., Ltd.

- 2002 – Present Vice Chairman/Managing Director, Union Thread Industries Co., Ltd.
- 2002 – Present Vice Chairman/Managing Director, Union Industries Corp., Ltd.

- 2013 – Present Director, Union Garment Co., Ltd.
- 2013 – Present Director, Union Micron clean Co., Ltd.
- November 2015 – Present Director, Union Zojirushi Co., Ltd.
- March 2017 – Present Vice Chairman, The Royal Hotel Co., Ltd.
- March 2017 – Present Director, Venus Thread Co., Ltd.
- April 2017 – Present Director, The Sukhumvit 62 Medical Limited.
- May 2017 – Present Director, Union Nifco Co., Ltd.
- December 2017 – Present Director, KPN Healthcare Public Co., Ltd.
- Present Chairman, Vice Chairman and Director, Other Companies in Saha-Union Group

Other Companies

- None -

Years of Directorship 1 year (since May 2017)

Remark :

1. Mrs. Piniyorn Darakananda Kasemsup resigned from the position of Director, effective 19 May 2017 onward.
2. Appointment of Mr. Chutindhon Darakananda, as the Company's Director in replacement, effective 24 May 2017 onward.

Executive Management

1. Mr. Komon Iamwatcharin

Deputy Managing Director, and

Sales and Marketing Division Manager

Age: 60 years

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. Mr. Wiwat Jongkonrat

Accounting & Finance Division Manager

Age: 38 years

Education:

- Bachelor Degree of Business Administration (Accounting) Rajamangala Institute of Technology
- Master Degree of Economics, Ramkhamhaeng University

Proportion of shareholding: None

Family Relations with Other Directors: None

Experience:

- 2013-2014 Chief of Internal Audit Department, Union Pioneer Public Company Limited
- 2015-2016 Internal Audit Manager, Union Pioneer Public Company Limited

Current Position:

- 2017-Present Accounting & Finance Division Manager, Union Pioneer Public Company Limited

Secretary of the Company

Mrs. Chadaporn Jiemsakultip

Age 55 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 (IOD)
- 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 2 year

3. Mr. Sikavej Sopaphan

Age: 38 years

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

Current Positions:

- 2016-Present Human Resources Division Manager, Union Pioneer Public Company Limited

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:
 - Give 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.

- During the past five years, directors, executives, and authorized persons has been in compliance with the Securities and Exchange Act BE. 1992, with;
- (1) There is no dishonest action or serious negligence.
 - (2) There is no disclosure or disseminate information or false statements that may cause significant errors or conceal the actual message that should inform the subject matter, which may affect the decision of the shareholders, investors or related parties.
 - (3) There is no unfair or unfavorable conduct in the trading of securities or derivatives, or have or used to have participated or supported the mentioned action.

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



Independent Auditor's Report

31 December 2017

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 2017, 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 2017, 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 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. 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.
- 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.

I am responsible for the audit resulting in this independent auditor's report.



Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No.3853

EY Office Limited

Bangkok: 21 February 2018

Statements of financial position

Unit : Baht

As at 31 December 2017

	Note	2017	2016
Assets			
Current assets			
Cash and cash equivalents	7	67,359,135	98,087,120
Current investments	8	9,935,103	39,714,446
Trade and other receivables	9	139,404,181	125,840,046
Inventories	10	164,039,039	134,802,437
Other current assets		2,958,186	3,731,286
Total current assets		383,695,644	402,175,335
Non-current assets			
Restricted investments	11	5,397,116	5,997,319
Property, plant and equipment	12	82,432,167	88,840,948
Advance payment for purchase of equipment		93,968	2,096,865
Intangible assets		80,104	293,303
Deferred tax assets	17	8,333,363	8,611,879
Other non-current assets		123,547	124,667
Total non-current assets		96,460,265	105,964,981
Total assets		480,155,909	508,140,316
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	13	63,095,477	61,617,517
Income tax payable		1,597,873	6,883,097
Other current liabilities		379,290	458,577
Total current liabilities		65,072,640	68,959,191
Non-current liability			
Provision for long-term employee benefits	14	41,866,452	42,736,787
Total non-current liability		41,866,452	42,736,787
Total liabilities		106,939,092	111,695,978
Shareholders' equity			
Share capital			
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		248,757,451	271,984,972
Total shareholders' equity		373,216,817	396,444,338
Total liabilities and shareholders' equity		480,155,909	508,140,316

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

Statements of comprehensive Income

Unit : Baht

As at 31 December 2017

Profit or loss:

Revenues

Sales

Other income

Total revenues

Expenses

Cost of sales

Selling expenses

Administrative expenses

Total expenses

Profit before income tax expenses

Income tax expenses

Profit for the year

Other comprehensive income:

Other comprehensive income for the year

Total comprehensive income for the year

Basic earnings per shares

Profit for the year

Note

2017

2016

596,496,718

591,396,832

18,320,531

19,739,946

614,817,249

611,136,778

503,455,123

466,917,309

40,709,965

41,924,726

35,541,006

36,360,195

579,706,094

545,202,230

35,111,155

65,934,548

17

(5,088,676)

(12,622,066)

30,022,479

53,312,482

-

-

30,022,479

53,312,482

18

4.00

7.11

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 2017

For the year ended 31 December 2017

	Retained earnings				
	Issued and paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Total shareholders' equity
Balance as at 1 January 2016	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)
Balance as at 31 December 2016	75,000,000	30,625,000	18,834,366	271,984,972	396,444,338
Balance as at 1 January 2017	75,000,000	30,625,000	18,834,366	271,984,972	396,444,338
Profit for the year	-	-	-	30,022,479	30,022,479
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	30,022,479	30,022,479
Dividend paid (Note 21)	-	-	-	(53,750,000)	(53,750,000)
Balance as at 31 December 2017	75,000,000	30,625,000	18,834,366	248,757,451	373,216,817

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

Cash flow statements

Unit : Baht

For the year ended 31 December 2017

Cash flows from operating activities

	2017	2016
Profit before tax	35,111,155	65,934,548
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	27,020,855	27,688,429
Allowance for doubtful accounts (reversal)	(213,294)	120,978
Reduction of cost of inventories to net realisable value	(1,898,832)	(3,363,048)
Gains on sales of equipment	(677,351)	(1,179,534)
Long-term employee benefit expenses	4,301,376	4,418,809
Unrealised (gains) losses on exchange	635,387	530,495
Interest income	(1,326,185)	(1,717,385)
Profit from operating activities before changes in operating assets and liabilities	62,953,111	92,433,292
Operating assets (increase) decrease		
Trade and other receivables	(14,117,965)	(7,439,213)
Inventories	(27,337,770)	20,539,598
Other current assets	773,100	(2,009,849)
Other non-current assets	1,120	-
Operating liabilities increase (decrease)		
Trade and other payables	1,198,282	10,688,733
Other current liabilities	(79,287)	39,316
Provision for long-term employee benefits	(5,171,711)	(9,770,300)
Cash flows from operating activities	18,218,880	104,481,577
Cash paid for income tax	(10,095,384)	(10,573,415)
Net cash flows from operating activities	8,123,496	93,908,162

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

Cash flow statements (continued)

Unit : Baht

For the year ended 31 December 2017

Cash flows from investing activities

Interest income	1,457,922	1,527,459
Decrease (Increase) in current investments	29,779,343	(39,714,446)
Decrease (Increase) in restricted investments	600,204	(5,361)
Acquisition of equipment	(7,317,762)	(15,807,318)
Acquisition of intangible assets	-	(30,799)
Proceeds from sales of equipment	698,085	1,265,732
Prepayment for equipment	(10,819,273)	(13,079,275)
Net cash flows used in investing activities	14,398,519	(65,844,008)

Cash flows from financing activities

Dividend paid	(53,250,000)	(36,750,000)
Net cash flows used in financing activities	(53,250,000)	(36,750,000)
Net increase (decrease) in cash and cash equivalents	(30,727,985)	(8,685,846)
Cash and cash equivalents at beginning of year	98,087,120	106,772,966
Cash and cash equivalents at end of year	67,359,135	98,087,120

Supplemental cash flows information

Non-cash transactions		
Purchase of equipment for which payments have yet to be made	279,678	600,542
Transfer prepayment to equipment	12,822,170	11,010,447

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

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 11 October 2016, 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 year**

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 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 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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.

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

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.

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 these 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)

	2017	2016	Pricing policy
<u>Transactions with parent company</u>			
Purchases of raw materials	6	6	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	14	16	Cost plus margin
Purchases of raw materials	72	61	Cost plus margin of related companies

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Trade and other receivables - related parties (Note 9)		
Related companies (related by common shareholders)	4,042	4,200
Total trade and other receivables - related parties	4,042	4,200
Trade and other payables - related parties (Note 13)		
Parent company	331	883
Related companies (related by common shareholders)	7,957	4,908
Total trade and other payables - related parties	8,288	5,746

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	2017	2016
Short-term employee benefits	8	9
Total	8	9

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2017	2016
Cash	50	50
Bank deposits	15,455	20,263
Short-term bonds	51,854	77,774
Total	67,359	98,087

As at 31 December 2017, bank deposits in saving accounts and short-term bonds carried interests between 0.37 and 1.22 percent per annum (2016: between 0.37 and 1.45 percent per annum).

8. Trade and other receivables.

The balance as at 31 December 2017, represents investments in government bonds carrying interests at the rate of 1.31 percent per annum, which mature in April 2018.

9. Trade and other receivables

	(Unit: Thousand Baht)	
	2017	2016
Trade receivables - related parties		
Aged on the basis of due dates		
Not yet due	3,866	4,053
Total trade receivables - related parties	3,866	4,053
Trade receivables - unrelated parties		
Aged on the basis of due dates		
Not yet due	109,756	104,160
Past due		
Up to 3 months	19,259	10,930
3 - 6 months	-	1,622
6 - 12 months	-	3
Over 12 months	153	188
Total	129,168	116,903

(Unit: Thousand Baht)		
	2017	2016
Less: Allowance for doubtful accounts	(153)	(366)
Total trade receivables - unrelated parties, net	129,015	116,537
Total trade receivables - net	132,881	120,590
<u>Other receivables</u>		
Other receivables - related parties	176	147
Other receivables - unrelated parties	6,347	5,103
Total other receivables	6,523	5,250
Total trade and other receivables - net	139,404	125,840

10. Inventories

(Unit: Thousand Baht)						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2017	2016	2017	2016	2017	2016
Finished goods	31,314	50,146	(1,263)	(2,097)	30,051	48,049
Semi finished products	13,768	13,783	(342)	(514)	13,426	13,269
Work in process	11,027	8,252	(11)	(74)	11,016	8,178
Raw materials and chemicals	101,887	58,274	(41)	(809)	101,846	57,465
Packing materials	4,955	5,208	-	(67)	4,955	5,141
Spare parts and factory supplies	2,828	1,681	(83)	(78)	2,745	1,603
Raw materials in transit	-	1,097	-	-	-	1,097
Total	165,779	138,441	(1,740)	(3,639)	164,039	134,802

During the current year, the Company reduced cost of inventories by Baht 4.1 million (2016: Baht 6.5 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 6 million (2016: Baht 9.9 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)							
		Building and building improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2016	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
Additions	-	35	4,111	587	-	15,687	20,420
Disposals	-	-	(14,139)	(177)	(560)	-	(14,876)
Transfers	-	1,100	14,673	-	-	(15,773)	-
31 December 2017	6,173	101,711	637,263	15,673	17,020	-	777,840

(Unit: Thousand Baht)							
		Building and building improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
Accumulated depreciation:							
1 January 2016	-	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
Depreciation for the year	-	3,472	21,479	909	948	-	26,808
Depreciation on disposals	-	-	(14,121)	(174)	(560)	-	(14,855)
31 December 2017	-	85,324	582,543	13,932	13,609	-	695,408
Net book value:							
31 December 2016	6,173	18,724	57,433	2,066	4,359	86	88,841
31 December 2017	6,173	16,387	54,720	1,741	3,411	-	82,432
Depreciation for the year:							
2016 (Baht 25 million included in manufacturing cost, and the balance in selling and administrative expenses)							27,485
2017 (Baht 25 million included in manufacturing cost, and the balance in selling and administrative expenses)							26,808

As at 31 December 2017, 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 618 million (2016: Baht 593 million).

13. Trade and other payables

(Unit: Thousand Baht)		
	2017	2016
Trade payables - related parties	7,691	5,125
Trade payables - unrelated parties	27,090	29,877
Other payables - related parties	597	621
Other payables - unrelated parties	27,667	25,896
Advance receipts from customers	50	99
Total trade and other payables	63,095	61,618

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)		
	2017	2016
Present value of defined benefit obligation	60,959	62,430
Fair value of plan assets	(19,093)	(19,693)
Net defined benefit liability	41,866	42,737

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

(Unit: Thousand Baht)		
	2017	2016
Defined benefit obligation at beginning of year	62,430	64,722
Included in profit or loss:		
Current service cost	3,481	3,455
Interest cost	1,566	1,640
Benefits paid during the year	(6,518)	(7,387)
Defined benefit obligation at end of year	60,959	62,430

	(Unit: Thousand Baht)	
	2017	2016
Fair value of plan assets at beginning of year	19,693	16,634
Change in fair value	746	676
Contribution by the Company	2,099	4,257
Paid during the year	(3,445)	(1,874)
Fair value of plan assets at end of year	19,093	19,693

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)	
	2017	2016
Cost of sales	3,298	3,386
Selling and administrative expenses	1,003	1,033
Total expenses recognised in profit or loss	4,301	4,419

The Company expects to pay Baht 5 million of long-term employee benefits during the next year (2016 : Baht 10 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2016: 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 2017 and 2016 are summarised below:

	(Unit: Million Baht)			
	2017		2016	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(4)	4	(4)	5
Salary increase rate	5	(5)	5	(5)

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)		
	2017	2016
Salary and wages and other employee benefits	151,222	148,518
Depreciation and amortisation	27,021	27,688
Rental expenses from operating lease agreements	3,683	3,688
Raw materials and consumables used	278,926	260,391
Changes in inventories of finished goods, semi finished products and work in progress	16,071	(9,957)
Purchases of finished goods and raw materials	6,658	8,382

17. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)		
	2017	2016
Current income tax:		
Current income tax charge	4,810	10,927
Deferred tax:		
Relating to origination and reversal of temporary differences	279	1,695
Income tax expense reported in the statement of comprehensive income	5,089	12,622

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

(Unit: Thousand Baht)		
	2017	2016
Accounting profit before tax	35,111	65,935
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	7,022	13,187
Effects of:		
Non-deductible expenses	92	571
Additional expense deductions allowed	(1,605)	(1,033)
Others	(420)	(103)
Total	(1,933)	(565)
Income tax expenses reported in the statement of comprehensive income	5,089	12,622

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)		
	2017	2016
Deferred tax assets		
Allowance for diminution in value of inventories	348	728
Provision for long-term employee benefits	7,985	7,884
Total	8,333	8,612

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)		
	2017	2016
Revenue from external customers		
Thailand	256,624	244,598
Japan	17,966	17,030
United States	191,102	186,282
Others	130,805	143,487
Total	596,497	591,397

Major customers

For the year 2017, the Company had revenue from a major customer in amount of Baht 68 million (2016: Baht 53 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 2017 amounting to approximately Baht 2 million (2016: Baht 4 million) were recognised as expenses.

21. Dividends

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
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
Final dividends for 2016	Annual General Meeting of the shareholders on 19 April 2017	53,250,000	7.10
Total for 2017		53,250,000	7.10

22. Commitments and contingent liabilities

22.1 Capital commitments

As at 31 December 2017, the Company had capital commitments of approximately Baht 0.2 million, relating to the acquisition of machine (2016: Baht 2 million).

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 2017, 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 (2016: Baht 4 million).

22.3 Guarantees

As at 31 December 2017, there was outstanding bank guarantee of Baht 1 million issued by a bank on behalf of the Company to guarantee contractual performance (2016: 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 2017 and 2016, 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)

	2017					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	52	-	15	-	67	0.37 – 1.22
Current investments	10	-	-	-	10	1.31
Trade and other receivables	-	-	-	139	139	-
Restricted investments	-	5	-	-	5	1.92
	62	5	15	139	221	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	63	63	-
	-	-	-	63	63	

(Million Baht)

	2016					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	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	3.35
	118	6	20	126	270	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	62	62	-
	-	-	-	62	62	

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	
	2017	2016	2017	2016
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2	2	32.5146	35.6588
HK dollar	-	2	-	4.5796
Japanese yen	4	-	0.2859	-

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2017			
Foreign currency	Sold amount	Contractual exchange rate sold	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2	32.55 - 35.1912	March 2018 - June 2018
As at 31 December 2016			
Foreign currency	Sold amount	Contractual exchange rate sold	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2	34.57 - 36.00	March 2017 - June 2017

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 2017, the Company's debt-to-equity ratio was 0.29:1 (2016: 0.28:1).

25. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2018



บริษัท ยูเนียนไฟโอเนียร์ จำกัด (มหาชน)
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