



SVI Public Company Limited

ANNUAL REPORT 2016



RANKED IN
THE TOP
50
EMS

“Superior Service , Highest Quality”



บริษัท เอสวีไอ จำกัด (มหาชน)
SVI Public Company Limited

Mutual Support

Respect

Accountability

Commitment

Trust

Transparency

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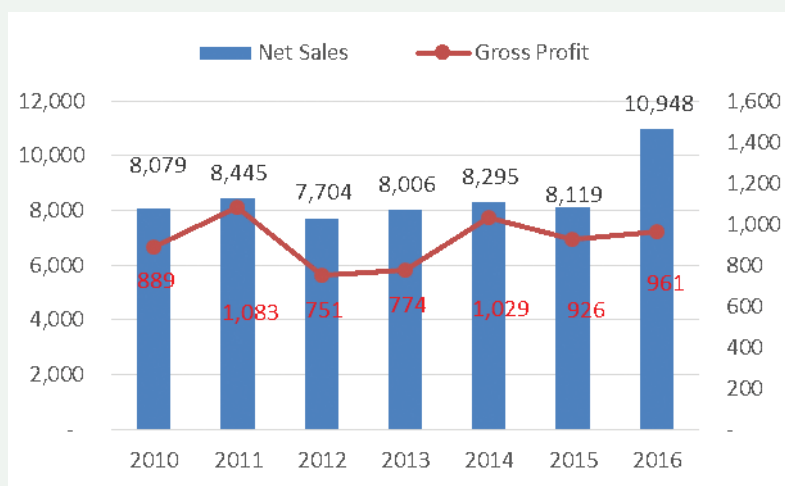
e. Note to consolidated
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Financial Highlights from Consolidated Financial Statement

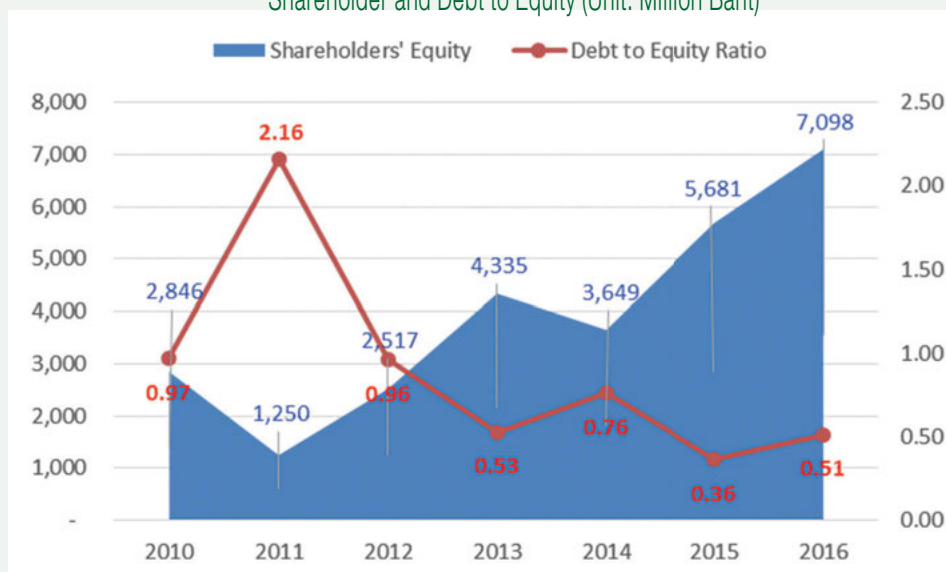
Financial Ratio

	2010	2011	2012	2013	2014	2015	2016
Gross Profit Margin (%)	11.00	12.80	9.70	9.70	17.90	11.40	8.80
Net Profit Margin (%)	9.10	-15.10	16.20	20.30	-3.70	25.00	14.60
Return on Assets (%)	14.60	-24.80	24.70	26.40	-4.20	25.90	19.27
Return on Equity (%)	27.72	-56.81	51.85	42.93	-7.11	37.18	25.08
Current Ratio (Times)	2.01	1.25	1.57	2.35	2.04	2.88	3.03
Total Assets Turn Over (Times)	1.44	2.14	1.56	1.23	1.29	1.05	1.02
D:E Ratio (Times)	0.97	2.16	0.96	0.53	0.76	0.36	0.51
Interest Bearing Debt to Equity	0.31	0.50	0.26	0.00	0.01	0.00	0.37
Earnings per Share (Baht-Basic)	0.42	-0.65	0.64	0.72	-0.13	0.90	0.71
Book Value per Share (Baht)	1.47	0.64	1.29	1.88	1.61	2.51	3.13

Net Sales, Gross Profit (Unit: Million Baht)



Shareholder and Debt to Equity (Unit: Million Baht)



Letter to Shareholders

Dear Shareholders,

In 2016, SVI has transitioned to a global company with its European acquisition. With a strong business strategy, driven by a sustainable growth, SVI is starting 2017 with a strong sense of pride and confidence. Proud of our strong organization that can meet global customer requirements, our newly built plants in Thailand are truly world class as well as our team and factories in Austria, Slovakia and Hungary. We are confident SVI can continue to deliver strong growth in the coming years.

The positive synergy following the acquisition in Europe in 2016 shows that SVI is fulfilling its global objectives.

With this strategic operation, SVI has significantly increased its footprint in Europe by adding 3 new production sites offering a new range of services and a local support. Today, we have extended our offer to new markets such as Medical, Public transportation while also strengthening the Automotive sector. Going forward, SVI is able to pursue with its customer new businesses such as Design Manufacturing Services and cable assembly as well as new technologies as in Microelectronics. In addition, during this year, we have completed our factory expansion in Thailand in order to meet current and future growth requirement. In total, SVI added 5 factories and increased its manufacturing footprint by 50% compared to 2014. Today, we are proud to be one of the largest EMS, ranking in the top 50 worldwide.

With strong financial performance in year 2016, SVI is comfortable to support financial requirement related to business expansion, new Cambodia factory and launching new businesses without leveraging. Our solid balance sheet can absorb US market expansion strategies including potential acquisition.

Consolidated revenues for the full year 2016 were THB 10,948 million, marking an increase of 35% over THB 8,119 million reported in the previous year. Growth was mainly driven by the revenue of our European operations consolidated for 11 months. Industrial products were gaining momentum whereby new product group, such as, Public transportation, Power Electronics and Medical products were added in.

The consolidated Net Profit for this year amounts to THB 1,603 million versus THB 2,029 million last year, a reduction of THB 426 million from the previous year, mainly related to business insurance and higher corporate income tax.

The consolidated shareholders' equity was at the historical strongest level, with THB 7,098 million at year-end, an increase of 25% from the previous year.

For the year ahead, we are confident in our business strategy. We believe we will continue to follow a positive trend. Our Cambodia factory will start construction beginning of 2017. This lower labor cost and GSP privilege factory have already attracted strong interest from both new and existing customers. The acquisition of SVI Europe, previously Seidel Electronics Group Companies, supports the expansion of business in Europe, particularly in the German Speaking regions. All this investments allows SVI to get additional new customers as well as new products introduction from existing customers generating a top-line high growth in 2017 onwards.

As already expressed in the past, we want to celebrate this success not only with our management team and staff, but with our customers, who have supported us so strenuously during all these years. As always, we are grateful to our shareholders, our dedicated management and employees, and our valuable customers for their continuous support and engagement.



Dr. Suvarn Valaisathien
Chairman of the Board



Mr. Pongsak Lothongkam
Chief Executive Officer

Board of Directors

1. Dr. Suvarn Valaisathien

Age: 71

Independent Director, Chairman of the Board, Member of the Audit Committee, and Member of the Nomination and Compensation Committee



Appointed Date: 13 July 2005

Common shareholding as of December 31, 2016:

22,657,414 shares

Warrant holding as of December 31, 2016:

400,000 units

Education:

- Doctor of Juridical Science, George Washington University, Washington, D.C., U.S.A.
- Master of Laws, Harvard University, U.S.A.
- Bachelor of Laws, magna cum laude, Chulalongkorn University
- Director Accreditation Program (DAP), Thai Institute of Directors

Experience:

- Senior Secretary, UN-ESCAP
- Attorney – Kirkwood Law Office
- Attorney – Trainee, Hale and Dorr, Boston Massachusetts, U.S.A.
- Partner, International Legal Counsellors Thailand
- Partner and Head of Tax Division, SGV Na Thalang Co.,Ltd.
- Legal Counsel, the World Bank, Washington, D.C.
- Deputy Governor, Administration, Petroleum Authority of Thailand
- Deputy Minister of Commerce

Present Positions

Listed Company:

- Independent Director, Chairman of the Board, Member of the Audit Committee, and Member of the Nomination and Compensation Committee, SVI Public Company Limited
- Executive Director, Berli Jucker Public Company Limited
- Director of the Board, Member of the Investment Committee, Bumrungrad Hospital Public Company Limited

Non-Listed Company:

- Private Legal and Tax Consultant, Dr. Suvarn Law Office
- Chairman, Thai Stainless Steel Company Limited

2. Mr. Threekwan Bunnag

Age: 59

Independent Director, Chairman of Audit Committee,
and Member of the Nomination and Compensation
Committee



Appointed Date: In year 1998

Common shareholding as of December 31, 2016

4,014,500 shares

Warrant holding as of December 31, 2016:

200,000 units

Education

- Master of Business Administration, University of North Texas, U.S.A
- Directors Certification Program Class 12/2001, Thai Institute of Directors
- Director Accreditation Program 2006, Thai Institute of Directors

Present Positions

Listed Company

- Independent Director, Chairman of Audit Committee and Member of the Nomination and Compensation Committee, SVI Public Company Limited
- Independent Director, Chairman of Audit Committee and Member of Nomination Committee, TICON Industrial Connection Public Company Limited

Non-Listed Company

- Director and Chairman of the Audit Committee, Siam Agro-food Industry Public Company Limited.
- Director, Gold Master Public Company Limited
- Director, Emerald Bay Resort Company Limited
- Director, Emerald Bay Villa Company Limited



3. Mr. Virapan Pulges

Age: 56

Director

Appointed Date: In year 1998

Common shareholding as of December 31, 2016 -None-
Warrant holding as of December 31, 2016:

200,000 units

Education

- Master of Science in Electrical Engineering, University of Colorado, U.S.A
- Director Certification Program (Fellow member), Thai Institute of Directors in 2002
- Executive Program, Capital Market Academy in 2010

Experience

- Director, Rajthani Hospital Public Company Limited
- Managing Director, H&Q (Thailand) Company Limited
- Assistant Managing Director, Thai Seri Cold Storage Company Limited
- President, Thai Venture Capital Association
- Director and Treasurer, Thai Frozen Food Association
- Director, Member of Compensation Committee and Member of Audit Committee, Fabrinet Company Limited
- Director, Thai Cane Paper Public Company Limited

Present Positions

Listed Company

- Director, SVI Public Company Limited.
- Director and Managing Director, TICON Industrial Connection Public Company Limited

Non-Listed Company

- Director, TICON Logistics Park Company Limited
- Director, TICON Management Company Limited
- Director, ECO Industrial Services Company Limited
- Treasurer and Director, Thai Venture Capital Association
- Vice Chairman and Director, Singapore-Thai Chamber of Commerce



4. Mr. Pongsak Lothongkam

Age: 57

Director, Member of the Nomination and Compensation Committee and Chief Executive Officer

Appointed Date: 22 April 2002

Common shareholding as of December 31, 2016
983,264,523 shares

Warrant holding of December 31, 2016 400,000
units

Education

- Bachelor of Science in Electrical Engineering and Computer Science, University of California at Berkeley, U.S.A.
- Director Certification Program, Thai Institute of Directors
- Executive Program, Capital Market Academy in 2011

Experience

- Managing Director of Universal Instrument Corporation, Asia Operation
- Vice President and General Manager, Hana Microelectronics Public Company Limited.
- President, Multichip Technologies Incorporated

Present Position

- Director, member of the Nomination and Compensation Committee and Chief Executive Officer, SVI Public Company Limited



5. Mr. Chatchaval Jiaravanon

Age: 55

Independent Director and Chairman of the Nomination and Compensation Committee

Appointed Date: 24 April 2013

Common shareholding as of December 31, 2016 -None-

Warrant holding as of December 31, 2016 400,000 units

Education

- Bachelor Degree in Business Administration, University of Southern California
- Director Accreditation Program, Thai Institute of Director.
- Executive Program, Capital Market Academy in 2011

Experience

- Independent Director, Cal-Comp Electronics (Thailand) Public Company Limited
- Director, Hi Pro Electronic Public company Limited
- Independent Director, Seamico Securities Public Company Limited
- Chairman of the board, Metrostar Property Public Company Limited
- Director, Chia Tai Enterprises International Company Limited
- Advisor to the Deputy Minister of Commerce
- Director, The Federation of Thai Industries
- Director, Thailand Management Association

Present Position

Listed Company

- Director and Managing Director, TRUE Corporation Public Company Limited
- Chairman, Finansia Syrus Securities Public Company Limited
- Director, AEON Thana Sinsap (Thailand) Public Company Limited
- Director and Director of Audit Committee-Ticon Industrial Connection Public Company Limited

Non-Listed Company

- President and CEO, Telecom Holding Company Limited
- Chief Executive Officer, True Multimedia Company Limited



6. Miss Manida Zimmerman

Age: 50

Independent Director and Member of the Audit Committee

Appointed Date: 01 May 2016

Common shareholding as of December 31, 2016

-None-

Warrant holding as of December 31, 2016

-None-

Education

- LL.M., Columbia University
- MBA, Assumption University
- LL.B., Thammasat University
- Graduate Diploma Business Law, Thammasat University
- Certificate the Director Certification Program (DCP), Thai Institute of Director

Experience

- Partner, Hunton & Williams (Thailand) Ltd

Present Position

Listed Company

- Independent Director, Business Online Public Company Limited
- Director, Wave Entertainment Public Company Limited

Non-Listed Company

- HWL (Thailand) Limited

Management Team



1. Mr. Pongsak Lothongkam

Chief Executive Officer

Education

- Bachelor of Science in Electrical Engineering and Computer Science, University of California at Berkeley, U.S.A.
- Director Certification Program, Thai Institute of Directors
- Executive Program, Capital Market Academy in 2011

Experience

- Managing Director, Universal Instrument Corporation, Asia Operation
- Vice President and General Manager, Hana Microelectronics Public Company Limited.
- President, Multichip Technologies Incorporated

Present Position

- Director, Member of the Nomination and Compensation Committee and Chief Executive Officer, SVI Public Company Limited.



2. Mrs. Pissamai Saibua

Chief Financial Officer

Education

- Master Degree in Accounting, Chulalongkorn University
- Bachelor Degree in LL.B (Law), Thammasart University
- Bachelor Degree in Accounting, Chulalongkorn University
- Certified in Production and Inventory Management (CPIM) from American Production and Inventory Control Society (APICS)
- Director Certification Program, Thai Institute of Directors

Working Experience

- Chief Financial Officer and MIS, Starprint Public Company Limited
- Vice President of Finance/Director of Logistics, Alphatec Holding Company Limited and Alphatec Semiconductor Packaging Company Limited
- Senior Finance Director, Read-Rite (Thailand) Company Limited.
- A Director of the Board of Directors, Director of Finance and Administration, Micropolis Corporation (Thailand) Limited
- A Director, and Secretary of the board of Directors, Director of Finance and MIS, National Semiconductor (Bangkok) Company Limited

Present Position

- Chief Financial Officer, SVI Public Company Limited

3. Mr. Verne Mundell

Chief Operation Officer

Education

–BS Business Management, Daniel Webster University,
Merrimack NH, USA

Experience

- Working with new products in the aerospace and telecommunication industries, USA.
- Litton Industries and Kollmorgen Corporation providing infrared and laser designation systems, USA.
- Set-up & managed Asian supply base for RF transceivers products at Signal Technology Corporation, USA.

Present Position

–Chief Operation Officer, SVI Public Company Limited



Policy and Business Overview

1. Policy and Business Overview

1.1 Vision, Mission and Business Goals

Vision

We are leading to a globally recognized organization in the service of the electronics assembly and box build products, that strives for growth, profitability, integrity and social responsibility.

Mission

We commit to be a leading global provider of full turnkey box build contract manufacturing services to the industrial and professional electronics sectors. This will be achieved by focusing on the target sectors and building strong long-term partnerships with chosen strategic customers and suppliers.

We are driven to exceed our strategic customer expectations in terms of quality and services.

Business Goals and Objective

The Company's objective is to be a leader in full turnkey electronics manufacturing services, according to the following goals:

1. The company is focusing on high value added products, such as, niche products and industrial control systems. Particularly, the product features require highly specialized labor as well as advanced production technology processes. The products also have a long lifecycle. The Company does not focus on electronics consumer products such as mobile phones that are less value added and are characterized by a short lifecycle. The characteristics of our products manufacturing are diversified product lines with small volume builds. Hence there is less competition from larger companies in terms of production costs. Also there is less competition from similar sized or smaller sized companies as it requires highly specialized skills in terms of experience, technology and materials management. We take advantage of these factors to stay ahead of the competition.
2. As for targeted customers, the Company's strategy is to have revenue generated by selling 70 % to the customers in Scandinavia, Europe and others 30 % is derived from customers in the United States and Japan.
3. Driven and established in house the business vertical integration and gain more market shares into major keys electronics components such as metal parts , plastic part and wire harness.
4. Established and providing the product design development to our strategic customers. Added services and engineering values to our existing manufacturing services and supply chain, gain more in Total Cost of Ownership and add values to our services.

5. In addition to our product strategy, the Company has improved its production capacity and improved its quality and manufacturing capability to support the needs of our customers and their complex technology requirements, (high-end system-build). The Company also continues to review and increase its production capability. .

The business goal is to grow income steadily and consistently despite the volatile global economic environment. Moreover, it will be makes efficient in competitiveness and stepping to large target markets.

The Company provides full turn key business solutions of outsourced services for print circuit board assembly, and electronic finished products (Electronics Manufacturing Service - EMS) to customers who own the product prototype (Original Equipment Manufacturer: OEM). Also servicing clients who are contract designers (Design House) The Company began operations assembling electronic circuit board and later developed more proficient strategies by concentrating on the production of finished electronic products (Turnkey Box-Build) and the production of finished system-builds (System-Build).

1.2 Background and Major Progress

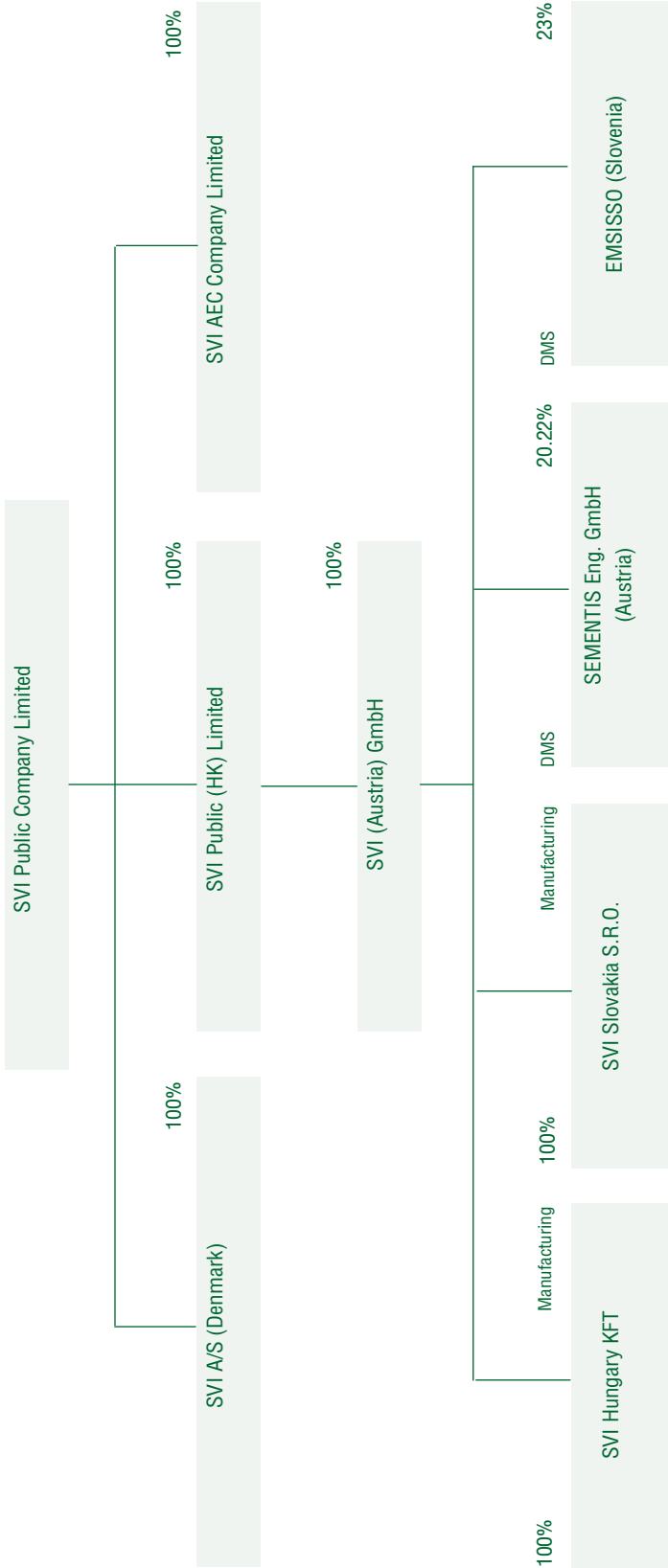
SVI Public Company Limited, formerly known as Semiconductor Venture International Limited was established on August 2, 1985 to operate as an Electronics Manufacturing Service (EMS). The Company's background and major milestones are as follows:

Year	Activities
1989	- Listed on The Stock Exchange of Thailand (SET).
1994	- Converted to a Public Company Limited on May 25, named Semiconductor Venture International Public Company Limited and placed its emphasis on more complicated electronic products and Box-Builds.
1997	- Asia Pacific Electronic Company Limited, a company under H & Q Asia Pacific Group, acquired 94.5% of shares in the company from The Bangkok Bank of Commercial Public Company Limited making Asia Pacific Electronic Co., the major shareholder.
2000	- Started high technology production processes by implementing Micro-BGA and Flip Chip Lines.
2003	- February 5th 2003 changed the company's name to SVI Public Company Limited
2004	- Set up the second factory (SVI-2) in Bangkadi Industrial Park, Pathumthani province. - Implemented a new ERP system (SAP) to manage operations and raw materials
2005	- Increased production capacity at SVI-2 and modified production lines at SVI-1 to support the production of high technology products. - SVI Public Company Limited invested 100% in Globe Vision Corp. - Globe Vision Corp invested 100% in SVI China Limited (Hong Kong) in which SVI China Limited (HK) set up a representative office for sourcing of materials at Shenzhen in China. - SVI China Limited (Hong Kong) invested 100% in SVI Electronics (Tianjin) Company Limited.
2006	- The new factory located in Tianjin, China, started operations at the beginning of this year.

2007	<ul style="list-style-type: none"> - Installed another “In-line Hydro Cleaning” washing machine for PCBA to improve washing capacity and performance at SVI-1. - Expanded production space and installed more high technology and high efficiency machines at SVI-2 to support capacity expansions. - ‘SVI’ par value was changed from Baht 10 to Baht 1 each, and started trading on SET at the new value on May 18th, 2007.
2008	<ul style="list-style-type: none"> - SVI-1 at Chaengwattana renovated a production area of 3,300 square meters, to support new product processes and energy saving. This included the expansion of the existing warehouse by 750 square meters to support more customers for distribution centre services. - SVI-2 at Bangkadi installed additional high-technology and high speed machines for 5 lines, including the expansion of the mezzanine office area by 800 square meters to support additional demands. - Acquired the third plant in Thailand (SVI-3) at Bangkadi Industrial Park, Pathumthani with a total space of 70,400 square meters.
2009	<ul style="list-style-type: none"> - SVI-3 Bangkadi renovated and built a warehouse of 2,800 square meters to merge a Distribution Center (DC) of SVI-1 and SVI-2 to support Customers’ DC and Vendor Management Program (VMI). This warehouse was authorized by The Customs Department as a Free Zone. - Started research and development on a Solar Cell project supervised by the Nano Technology Department of the Asian Institute of Technology (AIT), in order to implement this project for future production processes. - Selected by SET to be one of the companies in the SET 100 Index. - Nominated by SET as one of the companies to compete in ‘The Best Performance Awards’ and ‘The Best CEO Awards’. - Asia Pacific Electronics (BVI) Limited sold SVI’s shares of 877,318,460 unit, or 58.48 % of the company’s total shares to MFG Solutions Company Limited (which Mr. Pongsak Lothongkam / Chief Executive Officer of the Company held 99.96 % of the total issued shares of MFG Solutions Company Limited).
2010	<ul style="list-style-type: none"> - Acquired the new factory (SVI-5) in Bangkadi Industrial Park, Prathumthani with a total space of 65,340 square meters (including both production area and office space) to support the rapid growth of SVI’s business. - Received excellent Corporate Governance score from IOD supported by SET/SEC - Received Supplier of the year award from our number one customer.
2011	<ul style="list-style-type: none"> - Received an Outstanding Investor Relations Awards from SET for the market segment with a capitalization of baht 10,000 million or less. - A severe flood occurred during October 21 to December 05, 2011 at Bangkadi Industrial Park. The water level was approximately 4 meters high. The Company temporarily moved to the Chaengwattana factory and resumed production on November 08, 2011. - The recovery activities of Bangkadi plant started on December 08, 2011 and resumed production from mid-January 2012.
2012	<ul style="list-style-type: none"> - Received an Outstanding Investor Relations Awards from SET for the market segment of capitalization of baht 10,000 million or less for the second year. - After the flood, production at Bangkadi Plant resumed on January 16, 2012. The capacity at the end of 2012 was close to the capacity prior to the 2011 flood

2013	<ul style="list-style-type: none"> - Received an Outstanding Investor Relations Awards from SET for the market segment of capitalization of baht 10,000 million or less for the third consecutive year. - Completed renovation and installation of production line and machineries located at Head Office, Bangkadi with the production capacity close to that of year 2011 before the flood. - Started a vertical integration project by producing metal boxes to support customers' products.
2014	<ul style="list-style-type: none"> - November 12, 2014, a severe fire occurred at the production plant at Bangkadi Industrial Park (BIP) Pathumthani Province which, disrupted manufacturing for the fourth quarter 2014. Limited operations were restarted on December 1, 2014 in SVI's back-up facility located at Chaengwattana Road in Nonthaburi. A second and third facility located at BIP were completely refurbished and fully equipped with new, state-of-the-art production equipment enabling further resumption of production operations which started at the beginning of 2015.
2015	<ul style="list-style-type: none"> - SVI 2 at Bangkadi Industrial Park was completely renovated and started 1st Phase production on a production floor with a space of 14,500 sq.m in the first quarter of 2015. An additional 5,000 sq.m, production floor space for 2 nd phase renovation was completed in the third quarter which provided the capacity of the combined factories at Chaeng Wattana Road and Bangkadi Industrial Park able to supply all demand of the current customers. The renovation of SVI 3 was completed in the fourth quarter which provides an additional 7,500 sq.m., production space for the new incoming Hi-Tech business. - SVI started a project to build a factory on a land area of 40 Rais at Phnom Penh, Cambodia to competitively sustain a labor intensive business. The construction project was planned to start production in 2016. This factory is registered as SVI AEC Company Limited and is ready to support the vertical integration business which SVI is expanding from metal cabinet and wire harness to plastic injection which will be used for the final product in the Hi-Tech business.
2016	<ul style="list-style-type: none"> - Acquired a grope of EMS company in Austria [Seidel], the companies have 3 major productions in Austria, Hungary and Slovakia as well as the 2 R&D companies.

1.3 Company and Subsidiaries Structure



1.4 Relation with shareholders' business

- None-

Characteristics of Business

Characteristics of Business

The Company provides turnkey Electronics Manufacturing Services (EMS) to customers who are Original Equipment Manufacturers (OEM) and Design Houses. At the beginning, the Company only provided PCBA services and later developed its business strategy to focus on Turnkey Box-Build and System-Build product manufacturing. SVI's flexible manufacturing process is able to produce and meet the finished goods requirements for its customers, to produce according to the specific production process, step 1 or step 2, or both step 1 and 2 or totally 3 steps, based on the following processes:

1. Printed Circuit Board Assembly (PCBA)

The PCBA services was the original business of SVI and the Company evolved skills, knowledge as well as developed its capability in line with the market requirements and customer demands. In order to generate more income and added value, the Company changed its strategy by concentrating on the production of finished products (Turnkey Box Build). Our revenue generated from PCBA was approximately 40% of the total revenue in 2016.

2. Turnkey Box-Build

Besides PCBA manufacturing, the Company produces completed box-build products. SVI provides services and advice to customers using high technology and flexible product lines with short lead-times for product delivery at competitive prices which these mentioned factors are our competitive advantages. The products in this category are high technology products, such as, high frequency radio communication, satellite communication, Digital Signal Processing Audio used in radio and television station, Professional IP video and Medical products such as hearing aids. The products in this category generated revenue approximately 58% of the total revenue in 2016.

3. System-Build

System builds are more advanced products that involve more complex manufacturing processes than box-build manufacturing. The Company has increased its manufacturing capabilities to produce systems used in large industrial control systems and instruments. This contributes to higher revenue and added value for the Company. Examples of products in this category are large boards or systems such as Temperature Control Equipment for cold storage, Blood Analysis Systems and other Laboratory Equipment used in hospitals, representing approximately 2% of the total revenue in 2016.

2.1 Type of Products and Services

The products built under the above mentioned three processes are classified into 7 major categories based on the type of business as follows:

1. **Industrial Control System**, the company's revenue generated by this product category was 27% of total revenue in 2016. The main products are Temperature Control Equipment for cold storage, Circuit Breaker Equipment and an alternative energy control system.

2. **Niche System** used for high end technology systems, represented approximately 55% of the total revenue in 2016. This group of products can be divided into the following product types:
 - 2.1 Hi-End Office Automation, such as wireless network office communication systems, Wireless network multi-functions, office automation equipment (copier, printing, scanner, etc.), represented approximately 34 % of the total revenue in 2016.
 - 2.2 Hi-End Telecommunications, the products are mainly related to marine satellite systems or satellite broadcasts, represented 4 % of total revenue in 2016.
 - 2.3 Professional Audio and Video, mainly equipment for audio and video used in large studios, international conventions, concerts, etc., contributed 11% of total revenue in 2016.
 - 2.4 Automotive Electronics, mainly sensors used to control automotive tires, steering wheels and etc., represented 6% of total revenue in 2016.
3. **Medical Laboratory Equipment** is a rapid growth market that became a new business segment of SVI. SVI has been certified by ISO 13485. Hence, SVI is ready to penetrate the market. In order to serve this business, the Company built new production lines in clean rooms as required for environment control and a clean manufacturing process. SVI's medical equipment customers are the leaders in the global market with high market shares. They are satisfied with our performance. The revenue generated by this business was approximately 4% of total revenue in 2016.
4. **Communication Component Products (CCP)** is a communication product in a high growth market supporting high technology communication systems where the signal is sent through a fiber optic cable system. This is a new product segment of SVI where the major markets are in US and Japan. This product generated 1% of total revenue in 2016.
5. **Power Electric** is the products range trends like "Industry 4.0" and Internet of Things. They are highly flexible, efficient and reliable end-to-end Supply-Chain-Solution. This product generated 2% of total revenue in 2016
6. **Public Transportation:** The global mobility has over the last year known a significant change. With the arrival of new technologies, main actors in this field are adapting their offer in order to answer a market more and more demanding in green energy and safety. SVI is today involved through its customer in this challenge and has over the year developed a know how in several area such as signalization system, ticketing system, power control system, communication and safety system for different market as railway, buses, vehicles. The revenue generated in 2016 by this segment is approximately 8% of SVI turnover,
7. **Cables:** Cable and wire harness business is a part of SVI's vertical business strategies, this additional business is strengthening SVI diversification strategy. As the demand is significantly growing, SVI has chosen to develop its own internal Wire & Cable center through 2 factories located in Europe and Asia. With a spectacular revenue increase reaching 3% of the global turnover in 2016, we expect to keep this trend over the next 3 years. Highly confident in its internal capabilities, SVI is able to support demand from several market such as railway, industrial, automotive, medical and so on by offering custom made cable sets, cables trees, electrical & hybrid cable as well as box build.

SVI has eight manufacturing plants, four of which are in Thailand , one in Austria , one in Hungary, one in Slovakia and one in Cambodia,

1. The factories located at Bangkadi Industrial Park (BIP), Pathumtani, are as follows:

- Headquarters, located at BIP, the total land area is 71,000 sq. meters, and office space is 17,000 sq. meters.
- SVI 2A, total land area is 20,400 sq. meters, production space is 12,500 sq.meters.
- SVI 5, total land space is 62,500 sq. meters, support for production and store which are separated as follows:
 - a. SVI 2B, total space for production and finished goods storage of 6,500 sq. meters.
 - b. SVI 2M, total space for production and finished goods storage of 6,500 sq. meters.
 - c. SVI 5, total space for production and finished goods of 12,500 sq. meters.

2. The factory located at Chaengwattana road, Nonthaburi province, which is the first factory of the company which we reserve as the back- up factory. The total land area is 21,400 sq. meters and total production area is 9,700 sq. meters.

3. The factory located at Austria, Support the expansion of the company's business in European markets, total land area is 12,000 sq. meters, and production space is 7,300 sq. meters.

4. The factory located at Hungary, Support the expansion of the company's business in European markets, total land area is 25,000 sq. meters, and production space is 3,000 sq. meters.

5. The factory located at Slovakia, Support the expansion of the company's business in European markets, total land area is 28,000 sq. meters, and production space is 6,000 sq. meters.

6. The factory located at Phnom Penh, Cambodia, SVI started the project to build a factory on a land area of 40 Rais at Phnom Penh, Cambodia (total land area is 67,000 sq. meters, the production space is 17,700 sq. meters).

BOI Privilege

The Company has been granted by the Board of Investment's (BOI) Tax Privileges for both factories located at Nonthaburi and Pathumtani. The first plant located at Changwattana road, Nonthaburi with the others located at Bangkadi Industrial Park, Pathumtani. The tax privileges have been granted for import duty of machinery, equipment, materials, essential materials and corporate income tax.

The details of BOI privileges are presented in Note 25 of the Financial Statement.

Details						
1. Certificate No.	1069(2) /2547	1065(2) /2550	1686(2) /2550	1296(2) /2554	2724(2) /2555	5152(2) /2556
2. Promotional privileges for	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products	Manufacturing PCBA, electronic prod- ucts and hand microphone	Manufacturing PCBA, electronic prod- ucts	Manufacturing of PCBA, electronic products
3. The significant privileges are						
3.1 Exemption of corporate income tax for net profit from promotional privileges and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	3 years (Expired)	5 years (Transfer right to 5152(2)/2556)	5 years (Expired)	5 years (Transfer right to 5152(2)/2556)	5 years	8 years
3.2 Allowance for 5% of the increment in export income over the preceding year for ten years, providing that the export income of that particular year should not be lower than the average export income over the three preceding years except for the first two years.	Non-granted	Non-granted	Non-granted	Non-granted	Non-granted	Non-granted
3.3 Exemption of import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted
3.4 Exemption of import duty on raw materials and significant supplies used in export production for a period of one year from the first import date.	Granted	Granted	Granted	Granted	Granted	Granted
4. Date of first earning promotional privileges under the promotion certificates						
- Raw materials	20 Jul 2004	24 Apr 2008	30 Aug 2007	1 May 2011	-	17 Jun 2013
- Machinery	24 Dec 2003	27 Dec 2006	6 Jun 2007	25 Jan 2011	3 Oct 2012	17 Jun 2013
- Income tax	7 Oct 2004	14 May 2008	18 Oct 2007	13 May 2011	Unexercised right	17 Jun 2013

Note: * The certificate 1069 (2) / 2547 and 1686 (2) / 2550 has expired, is in the process of cancellation.

** The certificate 1065 (2) / 2550 and 1296 (2) / 2554 are in process of cancellation, as it will be transferred to the certificate 5152 (2) / 2556, supported by BOI for flood victims.

*** The certificates No. 1587(2)/2558 and No. 1595(2)/2558. The Company has not earned the privileges under those certificates.

The structure of revenue

The Company's revenue is mainly generated from manufacturing electronics products. The Company's revenue from 2013 to 2016 was classified by product category as per the details listed below:

Table 1: Classified by product category

Revenue Structure	2013		2014		2015		2016	
	(Consolidated)		(Consolidated)		(Consolidated)		(Consolidated)	
	Million		Million		Million		Million	
	Baht	%	Baht	%	Baht	%	Baht	%
Sales Revenue								
1. Industrial Control	2,604.02	32.52	2,686.82	32.39	1,700.86	20.95	2,970.50	27.13
2. Niche System								
2.1. Office Automation	3,504.70	43.77	3,273.49	39.46	3,460.42	42.62	3,695.80	33.75
2.2 Telecommunications	516.54	6.45	691.26	8.33	810.31	9.98	477.95	4.37
2.3 Professional Audio & Video	816.98	10.20	1,016.99	12.26	1,559.19	19.20	1,243.10	11.35
2.4 Automotive	75.05	0.94	139.36	1.68	463.28	5.71	607.37	5.55
Electronics								
3. Medical Laboratory Equipment	386.63	4.84	432.11	5.21	83.21	1.02	454.21	4.15
4. CCP	102.56	1.28	55.21	0.67	42.13	0.52	63.72	0.58
5. Power Electronics	-	-	-	-	-	-	255.33	2.33
6. Public Transport	-	-	-	-	-	-	843.01	7.70
7.Cable	-	-	-	-	-	-	337.82	3.09
Total Sales Revenue	8,006.48	100	8,295.24	100	8,119.40	100.00	10,948.11	100.00
Gain on exchange rate	28.26		-		-		-	
Insurance	1,063.02		410.82		-		-	
Compensation - flood								
Insurance	-		820.00		1,643.31		1,292.03	
Compensation-fire								
Other income*	67.35		109.62		101.57		203.71	
Total Revenue	9,165.11		9,635.67		9,864.27		12,443.85	

Note:* Other income was the sales of scrapped and salvaged materials from the production line, profit from investment, interest income, equity and dividend.

The revenue generated by the company and subsidiaries are listed below:

Table 2: Classified by the company and subsidiaries

Revenue Structure	2013		2014		2015		2016	
	(Consolidated)		(Consolidated)		(Consolidated)		(Consolidated)	
	Million		Million		Million		Million	
	Baht	%	Baht	%	Baht	%	Baht	%
The Company	8,890.48	97.00	9,544.45	99.08	9,864.57	100	9,783.58	78.62
Subsidiaries								
Globe Vision Corp.	-	-	0.11	-	-	-	-	-
SVI Public (HK) Limited	28.03	0.31	3.19	0.03	14.64	0.15	-	-
SVI A/S (Denmark)	507.54	5.54	762.81	7.92	763.48	7.74	937.73	7.54
SVI China Limited (HK)	46.09	0.50	32.38	0.33	-	-	16.85	0.14
Northtec Company Limited	13.48	0.15	-	-	-	-	-	-
SVI Electronics (Tianjin) Limited	281.23	3.07	101.68	1.04	-	-	-	-
SVI (AEC) Company Limited*	-	-	-	-	-	-	-	-
SVI (Austria) GmbH	-	-	-	-	-	-	2,334.78	18.76
SVI Hungary KFT	-	-	-	-	-	-	6.45	0.05
SVI Slovakia S.R.O.	-	-	-	-	-	-	339.60	2.73
Total	9,766.85	106.57	10,444.62	108.41	10,642.69	107.89	13,402.15	107.84
Related transaction (Deducted)	(601.74)	(6.57)	(808.95)	(8.41)	(778.42)	(7.89)	(958.30)	(7.84)
Total Revenue	9,165.11	100.00	9,635.67	100.00	9,864.27	100.00	12,443.85	100.00

The Board of Director meeting 5/2015, dated June 9, 2015 approved the establishment of a subsidiary registered SVI (AEC) Company Limited in Cambodia

2.2 Marketing and Competition Strategy**Marketing**

The Company has developed long-term relationships with its customers, who are mainly in top tier and mid-sized Original Equipment Manufacturers (OEMs) which are well-accepted in the global market. In our business, the company is always signed contracts with customers who are providing us a 12 months rolling demand forecast for supporting our materials and capacity planning. Our customers will issue purchase order to confirm their orders and fully liable in their demand forecast. Our customers are mainly located in the Scandinavian countries, and some of them have subsidiaries in other countries. Additionally, during the past year the company is successfully in enhance our markets footprint more and more into US and Japan. The company risk caused by economic fluctuations shall be minimized since our customers with their subsidiaries in other countries and market region will issued their orders separately. If the economy slows down in a country, we can still get orders from their subsidiaries located in other countries and also from our new market footprint.

SVI's sales can be reported by region as listed below

Table 3: Classified by region

Sales Revenue by Region	2013		2014		2015		2016	
	(Consolidated)		(Consolidated)		(Consolidated)		(Consolidated)	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Scandinavia	4,999.57	62.44	5,308.07	63.99	5,771.26	71.08	5,668.91	51.78
USA	709.09	8.86	694.37	8.37	786.25	9.68	799.20	7.30
Europe	354.07	4.42	467.98	5.64	532.91	6.56	3,013.87	27.53
Global (customers who have subsidiaries in many countries)	1,565.45	19.55	1,600.48	19.29	980.61	12.08	1,204.82	11.33
Total Overseas Market	7,628.18	95.27	8,070.90	97.30	8,071.03	99.40	10,722.80	97.94
Domestic & Others	378.30	4.73	224.34	2.70	48.37	0.60	225.31	2.06
Total Sales Revenue*	8,006.48	100.00	8,295.24	100.00	8,119.40	100.00	10,948.11	100.00

*Excluding others incomes

Competition

In order to compete in its markets, SVI's strategic plan is continue focusing in operations efficiency, high quality manufacturing processes, supply chain services with an additional design and development services.

Operations Management

We offer a complete, dynamic, turn-key service to customers by providing materials procurement to customers who require us to be their material supplier. We have professional technical product development teams to work with customers closely for System build, box build and PCBA, enhancement prior to starting actual production in order to boost efficiency and save costs. We also provide design services to all of our customers to win more in their markets as well as a great continuously supporting in test equipment development in order to test finished products and insure their products quality before delivering , ensure customers' satisfaction.

Our design development and NPI (New Product Innovation) team have been established to provide a great new products design, quicker prototype and quick turn-around time to customers, enabling SVI to be more competitive in terms of time to market and design involvement from the beginning of product life cycle.

Manufacturing

SVI expanded its capacity along with the improvement of product quality and production capability. This supports the growing demand of customers, product technology, including high complexity of production process for high-end and system build products. SVI continued to renovate production floor space and investing an additional production facility in Cambodia.

Additional Surface Mount Technology (SMT), Flip Chips, X-Ray and Coating machines, Chip On Board machine, robotic and automation lines have been installed and implemented. Those machines and our automation lines are hi-technology and improve efficiency and quality in the production process.

Product

The Company has focused to produce high value-added products in the Industrial Control and Office Automation categories. These products have higher labor incentive, require high technology and also have a long life-cycle. The Company has purposely avoided production of consumer products and mobile phones because they are low value added products which have rapid changes in design and technology.

With regards to the high value-added products, since the production volumes are typically low or medium quantity and products have a high mix; therefore, the larger players do not focus on this business category. The small to medium sized EMS also avoid this category due to the lack of efficient materials management and production skills.

Quality Standard

In recognition of our commitment to excellence in the manufacturing business, SVI received recognition for international quality and environmental management standards as follows:

1995	Received systems certification ISO9002:1994 from TRADA, a leading multi-sector certification body accredited by UKAS (United Kingdom Accreditation Service).
1999	Received systems certification ISO9002:1994 from QSU (Quality Science Universal), Singapore.
2002	Received ISO14001:1996, the Environmental Management System certificate, from the AJA Registrars. Received ISO/TS16949:2002, quality certification which is the highest quality standard specified by the automotive industry, from TUV Rheinland Thailand Ltd. Some parts of ISO/TS16949:2002 standard derive from ISO9001:2000 which is an upgraded certificate of ISO9002:1994 the company received in 1995.
2003	Passed basic assessment of quality standard ISO13485:2002, a standard in manufacturing medical equipment.
2005	Expanded quality management system of ISO 9001:2000 and ISO/ TS 16949:2002 to SVI-2 and all system was certified by TUV Rheinland Thailand Ltd. Received new version of ISO 14001:2004, the Environmental Management System certificate, which is an upgraded standard from ISO 14001:1996 received earlier from the AJA Registrars.
2006	Passed surveillance audit of ISO9001:2000, ISO/TS16949:2002 and ISO14001:2004. SVI-3, located in Tianjin, China started operation and later received ISO9001:2000 Quality Management System certificate from TUV Rheinland Thailand Ltd.
2007	Passed surveillance audit of ISO9001:2000, ISO/TS16949:2002, ISO14001:2004. SVI-3, located in Tianjin, China received ISO 9001:2000 with the expansion of product quality certification from only PCBA to both PCBA and Box-Build. SVI-3 passed the basic test of ISO 14001:2004, Environmental Management System, certified by the Chinese organization.
2008	In accordance with the Surveillance Audit, the new document control system (DocMASTER System), which is an on online document controlling system, has been implemented for SVI's factory in Thailand and China as well. This system has been recognized, both internal and external customers have been satisfied, and accepted by ISO9001:2000, ISO/TS16949:2002 and ISO14001:2004.
2009	Successfully passed ISO audit certification with new version ISO9001:2008, TS16949: 2009 Awarded ISO Certification for Medical Devices and Hearing Aid Accessories – ISO13485 by British Standard Institute (BSI) Thailand.

2010	Successfully passed the audit certification for ISO9001:2008, TS16949:2009, ISO13485:2003 and Environmental Management System ISO14001:2004. We have to be certified every year.
2011	Bangkadi plants successfully passed OSHE Certification (ISO14001:2004 and OHSAS18001:2007) from the AJA Registrars.
	Chaeng Wattana plant has been under contingency plan per Business Continual Improvement Procedure and Quality System Management from TUV Rhienland ISO9001:2008 and ISO/TS16949:2009 since April 3, 2010 to February 11, 2012.
2012	Successfully passed ISO9001:2008 Certification for general products, TS16949:2009 for Automotive Products and ISO13485:2003 for Medical Products from Certified Body TUV Rheinland from Germany and BSI from England respectively.
2013	Completed systems training for Aerospace AS9100 Requirements. Achieved IPC 610E CIT certifications to enable SVI provide in-house IPC-A-610E "Acceptability of Electronic Assemblies" to organize Certified Inspection Specialist (CIS) for engineers and operators.
2014	Successfully passed monitoring audit for ISO9001 standard quality management system quality management system, ISO/TS16949 – Automotive, ISO13485 quality management system, Medical ISO14001 environmental management system, OHSAS18001 occupational health and safety management system, environmental occupational health and safety, ISO14001: 2004 + OHSAS 18001: 2007 from AJA Registrars for SVI's factory at Bangkadi.
2015	Passed re-certified audit for ISO9001:2008 quality management system and ISO/TS16949:2009 quality management system for Automotive from certified body TUV Rheinland from Germany for SVI's factory at Bangkadi and Chaeng Wattana. ISO13485:2003 quality management system-Medical device from certified body BSI from England for SVI's factory. Passed 1st surveillance audit ISO14001:2004 Environmental management system and OHSAS18001:2007 occupational health and safety management system from certified body AJA Registrars for SVI's factory at Chaeng Wattana and Bangkadi extend scope to SVI.
2016	Passed 1st Surveillance audit for ISO9001:2008 Quality Management System and ISO/TS16949:2009 Quality Management System-Automotive from certified body TUV Rheinland from Germany, ISO13485:2003 Quality Management System-Medical device from certified body BSI from England. Passed 2nd Surveillance audit ISO14001:2004 Environmental Management System and OHSAS18001:2007 Occupational Health and Safety Management System from certified body AJA Registrars for SVI's factory at Bangkadi. Achieved IPC/WHMA-A-620 "Requirements and Acceptance for Cable and Wire Harness Assemblies" CIT & CIS Certification.

The Company's Potential Competition

Our Company has extended into some new markets such as microelectronics, green energy management and automotive. There is no big size competitor in Thailand. There are some competitors from Europe tried to set up factory in Thailand. However, the company has produced unique products different from competitors. Our competitors who can share our orders in Europe and Scandinavia are those companies from USA, Europe and Japan. In the U.S. market, our competitors are based in South Korea, Mexico, Malaysia, and the U.S. itself. SVI has a great cost advantage and more alternative for sourcing of materials as compared to the EMS providers located in the U.S. and Europe. Additionally, the Company has advantage in producing good quality product, high

protection of intellectual property, good services and design from manufacturing at lower costs than the companies located in US or Europe. The Company has long term experience supply chain development, competitive cost driven, in this business in which the production capability and technology have been improved continuously. There are 7 major competitors currently, in which 3 of them located in Scandinavia which one Scandinavia's subsidiary company located Thailand, 3 of them are US companies and one is from Japan.

Industry and Competition Trend

Electronics Manufacturing Services (EMS) is an industry designed to support the electronics products industry and other high end equipment such as airline industry, automotive, telecommunication and medical services. Those products are now necessary for supporting people who live in the city.

The business primarily depends on the global economic situation and overall demand of electronics products which is increasing more and more each year. In Thailand, most of the EMS and electronics products are produced for export, and the value of exports have been gradually increasing for many consecutive years.

Most of our products are mainly produced for Niche system and Industrial Control system which they are not depended on the economic condition since the demand of this product category is generated by variety of industries. Once there is a recession in one specific industry, SVI can change its direction to better serve other industries.

Also, in our main market segment the selling price is not the key critical factor for competition because the quality of products is the primary factor considered by high end customers and products.

Additionally, our new market segment in medical is gradually increasing year over year to support the modern life style and longer aging of worldwide population.

2.3. Product Supplies

Production

The Company manufactures products based on customer's orders. Our engineers have a high expertise in ensuring the improvement of electronic circuit boards prior to launching into production. We really focus and provide the best manufacturing options for cost competitiveness as well as increasing the efficiency of production and quality. The Company also has high capabilities to design and develop the test systems in order to test assembled products and their reliability before delivery to our customers. Currently, our company has four mains technologies to manufacture the products for our customers.

1. SMT Technology (Surface Mounted Technology) is our main technology which is mainly used for most of our products. This technology is to connect electrical circuits and other semiconductor devices onto the surface of printed circuit boards (PCB). The SMT is useful for both design and manufacturing since it can save space in the assembly of electronic components onto printed circuit boards. Our SMT lines also cover the technology of BGA (Ball Grid Array), flip chip as well as other higher technologies of SMD (surface mount devices) with fully integrate with AOI machines (automatic Optical Inspection).

2. IMT Technology (Insertion Mounted Technology) is a technology for assembling electronic Components by inserting these into the cavity of the printed circuit board (PCB). The production of any components of IMT technology products has a lower cost compared to the manufacture of SMT products.
3. COB Technology (Chip on Board): this technology is connected to the integrated circuit devices with- out the chassis (Bare IC) directly to the printed circuit board. This type of technology is popular for the product which is limited in the area of electronic product assembly. The COB technology enables lower production costs compared to the cost of producing integrated circuit devices with chassis (Package IC) which is a significant part of the higher prices. Moreover, the company also provides the gold wire bonding as an additional technology of aluminium wire bond.
4. Box build and system build. Our company has provided full services of back end operation to support a completed box build and/or system build. The dedicated lines are full equipped with custom tools, functional testers as well as fully trained operators to match our products requirement and output.

The Company currently had a total capacity as follows:

Capacity * (Unit : dots per year)	2013	2014	2015	2016
Chaeng Wattana Plant				
- Capacity	207,900,000	26,126,100	527,326,406	-
- Utilization	87,378,984	13,063,050	117,297,925	-
Bangkadi Plant				
- Capacity	6,076,506,240	5,657,828,904	5,580,246,225	6,528,264,120
- Utilization	4,010,494,118	5,029,179,191	4,113,673,190	4,346,199,334
Factory in Tianjin, China				
- Capacity	555,718,935	138,929,733	-	-
- Utilization	483,479,890	127,274,764	-	-
Factory in Europe				
- Capacity	-	-	-	419,000,000
- Utilization	-	-	-	247,000,000
Total				
- Capacity	6,840,125,175	5,822,884,737	6,107,572,631	6,947,264,120
- Utilization	4,581,352,992	5,169,517,005	4,230,971,115	4,593,199,334
The rate of capacity utilization	67%	89%	69%	67%

Remark: * Capacity has been calculated from the working schedule of operators which are 6 days per week, 7 hours per shift and 3 shifts per day. Generally production also needs operators to assemble products. Therefore, measuring the rate of capacity utilization above is only a measure of the capacity of the machines.

Material Sourcing

Most of our major materials are imported from Europe, Singapore, Hong Kong, Japan and USA. SVI gives the highest attention to costs and delivery time when sourcing for raw materials. Since the Company has efficient materials

management, we maintain a smooth production process and continually serve customers' orders. SVI also has a strong strategy for the materials sourcing which applies to our international purchasing offices located in Denmark, Austria, China and Thailand.

However, the materials purchasing functions are centralized in the Thailand office, where the lists of required materials are distributed to those selected suppliers and the final decision is made by the Headquarters with consideration to the cost, performance, and other conditions. We also have an e-bidding system in place. The company continually improves the material sourcing and procurement system both from overseas and local sources that are able to deliver at reasonable costs and ensure the quality of products.

Proportion of imported raw materials from abroad and purchases from domestic are as follows.

Materials	2013		2014		2015		2016	
	Million Baht	%	Million	%	Million	%	Million	%
			Baht		Baht		Baht	
Oversea Sources	5,266.36	91.72	6,392.12	91.00	5,617.02	90.28	5,874.90	90.74
Local Sources	415.48	8.28	632.33	9.00	605.05	9.72	599.84	9.26
Total	5,741.84	100.00	7,024.45	100.00	6,222.07	100.00	6,474.74	100.00

Product Testing

Prior to starting mass production, SVI performs test runs in order to ensure the quality of the products produced to meet customers' requirements and approvals. Product testing helps minimize risks from technology transfers or test requirements.

Environmental Care

SVI controls materials waste from production processes by assigning companies, licensed by The Department of Industrial Works, Ministry of Industry, to be responsible for all solid waste. Moreover, SVI constructed vapour ducts at soldering stations to separate gas and contamination particles by using Wet Scrubbers to ensure only clean air is released back into the atmosphere. All in all, SVI has not seen any substantial expense or conflicts on any environmental issues. Instead of using cleaning liquid with CFC chemicals as a mixing component, the ingredients were changed to a water-based solution. Our cooperation with the Department of Health, Ministry of Public Health to follow up and report on quality measurement ensures our environmental management is in compliance with the law at all times. To achieve this, SVI has set up the Occupational Health & Safety Environmental Committee (OSHE Committee) to take care of the environmental matters, reduce pollution problems, and maintain good quality of life for its employees, community and society.

In 2016, the Company operated the business according to the environmental laws. The expert will analyze the quality of waste water inside the Company. After comparing the analysis and the standard announced by the Ministry of Science Technology and Environment No. 3 (1996), and the standard announced by the Ministry of Industry No. 2 (1996), it showed that all the parameters are in the standard

Product has not delivered

-None-

Risks Factors

Risk Assessment

There are some potential risks that could affect SVI's business. The actions listed below are to minimize exposure to those risks.

3.1. Operational Risks

3.1.1 Risk on Materials supplied

SVI realizes that Supply Chain Management is critical to a successful business. The Company is aware of and focuses on material issues to ensure competitive pricing, quality, delivery and service from our supply base. Although there may be some instances that affect the electronics industry in or outside of Thailand, the Company regularly reviews our prevention plan and strategy to avoid any negative affects to the material requirements of the Company. SVI implements a number of methods to minimize these risks. We closely monitor the market of materials supply and related issues to see where a potential problem may occur. Also, SVI works proactively with key suppliers to implement new techniques and advanced systems in managing materials supply productively such as VMI (Vendor Managed Inventory) program and providing forecasts to ensure suppliers prepare products ahead of required dates. In addition, VPA (Volume Price Agreement) technique has been applied for better prices which can help the Company in cost reductions. In addition, we establish effective communication systems with suppliers to obtain all materials related information accurately and on time. This helps us determine the potential risk and prepare contingency plans. Furthermore, the Company and its overseas sourcing offices in Denmark, Austria and China connect directly with approved manufacturers to develop key components or parts together. This advantage provides better service to support our production lines.

3.1.2 Risk from dependency on a major product segment or customer

The Niche product category contains the highest proportion of our revenue, accounting for 55%, Industrial Control is 27% of total revenue in 2016. Niche product decreased 4%, while Industrial product and Medical product revenue increased by 75% and 446% respectively compared with 2015 revenue. Revenue generated from customers in Scandinavia accounted for 71% and 52% of our revenue in Year 2015 and Year 2016 respectively. However in the past years, there were no customers that accounted for proportions of revenue higher than 30%.

Due to the high proportion of revenue generated from Niche Product and Industrial Control product category and Scandinavian market, there are risks associated with declining demand or changing features of products, change of trade policies, or an economic recession in Scandinavian market. However, the demand in these categories have less fluctuation. The Company also closely monitors the market situation and regulatory requirements and constantly adjusts its production to comply with the laws issued by EU Committee i.e. the ROHS (Restriction of Hazardous Substances) standard, an EU-Directive in hazardous materials used in electrical and electronic products. Moreover, SVI expanded its production capacity by investing in its plants at Bangkadi to support the

customers' orders from Scandinavian market and other regions as well as to diversify our source of revenue. In 2016, the Company successfully gained more market share in the medical, automotive, and high technological communication system markets. Moreover, the Company plans to expand our customer base to other regions, such as, Japan, USA, and Central Europe. This will result in minimizing the risk from dependency on a major product or market segment.

3.2. Technology Risk

In order to sustain our customer base in the high-tech market sector, SVI must demonstrate its ability to produce products to the customers' required level of technology. SVI prides itself in its technological expertise and remains a leader by:

- Participating in the world class organization for standards: IPC, The Association Connecting Electronics Industries.
- Regularly reviewing and participating in conferences and technical trainings from world class manufacturers/suppliers for technology of automation machineries, materials, and processes.
- Developed our company's R&D team and participating with the customers' R&D at the early phase of design with NPI and our R&D organization. Participating and utilizing the R&D service from NSTDA (National Science and Technology Development Agency) and Academic Institute for improvement on efficiency and R&D as required.

3.3. Financial Risks

Risk from fluctuation of exchange rate

The Company's major revenues and costs are in foreign currencies. The US Dollar is the main currency for both revenues and expenditures. The fluctuation of exchange rate can affect our revenues and the cost of sales which contributes to the gains or losses from the exchange rates based on accounting transactions. The revenue of Thailand group derived from USD and Euro accounted for 96 % and 4% of total revenue in 2016 respectively, whereas, the material costs purchased in the USD were approximately 81% of the total cost of sales. The revenue of Europe group derived from Euro and USD accounted for 97 % and 3% of total revenue in 2016 respectively, whereas, the material costs purchased in the EUR were approximately 70% of the total cost of sales. Thus, SVI's exchange rate risk was minimized by a natural hedge. Additionally, SVI reduced exchange rate risk of excess exposure with the purchase of Forward Exchange Contracts at the sufficient amount for "Thai Baht" requirements, which is an effective tool in minimizing risks of exchange rate fluctuation.

3.4. Disaster Risks

A Disaster is a factor that may interrupt the Company's business operations. It could be from flood, storm, fire, earthquake, tsunami, land slide and etc., which can impact to the Company's business by losing customers to competitors due to capacity disrupted during recovery period. There was a severe flooding in Thailand in 2011, which caused to severe damages in many areas including Bangkadi Industrial Park (BIP), Pathumtani. In order to reduce the risk of flooding at BIP where SVI's headquarters is located, BIP has established its flooding protection

project by building 5-meters-tall dikes around the BIP premises. Additionally, the Department of Highway has been raising the road in front of BIP at additional 60 centimetres. for better protection. As for the Company itself, we have constructed the second floor in Productions area as a potential storage place for machines, tools and equipment. Meanwhile, the plant at Chaengwattana, Nonthaburi has been renovated to be a backup plant.

Whereby the Provincial Electricity Authority (PEA) who currently distributes electricity to the companies at BIP, has built a new building on the high filling land and changed its system to Gas Insulated Switchgear (GIS) which is installed inside the building and result in better electricity distribution

As for the case of fire in late 2014, it was the severe impact to the company which the incident was caused by electricity short circuit which we realize that it should not be happen again. We have reviewed and installed fire prevention system both in the building and production process in which the systems are based on world class standard. The emergency management system has been improved for quick and on time response accordingly. Additionally, our acquisition to in Q1 is providing a great redundant operations in case of any unexpected disaster risk.

Assets for operation

4.1 The main assets of the company and subsidiaries

As of December 31, 2015 and 2016, the Company and its subsidiaries had the following assets to run the business.

Type of property, plant and equipment	Details	Ownership Characteristics	Net Book Value (Million Baht)		Obligation
			2015	2016	
1. Land					
1.1 Cheangwatana Plant	21,400 sq.m., production and down office space 9,700 sq.m.		171.70	171.70	None
1.2 Bangkadi Plant SVI 2A	20,400 sq.m., production and down office space 12,000 sq.m.		39.55	39.55	None
1.3 Bangkadi Plant Head office	71,000 sq.m office space 17,000 own sq.m.		218.62	218.62	None
1.4 Bangkadi Plant SVI 5, 2B and /2M	62,500 sq.m., production and down office space 25,500 sq.m.		118.12	118.12	None
1.5 SVI (AEC) Cambodia *	67,000 sq.m., production and 50 years Rent office space 17,700 sq.m.		119.23	116.54	None
	Total		667.22	664.53	
2. Buildings and building improvements and land			431.08	654.41	None
3. Machinery and equipment			635.18	633.08	None
4. Furniture, fixtures and office equipment			31.15	39.37	None
5. Vehicles			3.56	5.40	None
6. Construction and machinery under installation			218.17	46.55	None
	Total property, plant and equipment		1,986.34	2,043.34	

*SVI (AEC) Company Limited is under construction

4.2 The summary of Land Rental agreement. Buildings, machinery and equipment.

The rental of land of SVI Public Company Limited

Tenant:	SVI Public Company Limited (Thailand).
Landlord:	Mrs. Prayoon Chanpaetruk.
Object:	Renewal of the contract to rent the land, title deed No. 118489, land No. 3240, Tambol Bangtalad, Amphur Pakkred, Nonthaburi. The total land area is 575 sq. wah from the total area of land declared on title deed 2 rai 1 ngan 27 sq. wah, which is the space left from the rental of the land by Muang Thong Parking that rents the same piece of land under with the same title deed. This is to develop and improve the parking for the company's employees and visitors.
Rental Term:	1 year from September 1, 2015 to August 31, 2016.
Rental Rates:	Monthly Rental is Baht 31,578.95.
Rental renewal:	1 year renewal can be processed by 30 days written notice by the tenant before expiry of the contract.
Termination:	Either party giving to the other 30 days writing notice intention of termination. In which, tenant will move out all tenant's assets and deliver the land back to the landlord without requesting a moving fee or any compensation costs from the landlord.

The rental of land of SVI (Austria) GmbH

Tenant:	SVI (Austria) GmbH
Landlord:	Seidel Liegenschaftsverwaltung GmbH
Object:	The production and storage of electronic components.
Rental Term:	5 year from February, 2016 to December 31, 2021.
Rental Rates:	Monthly Rental is Euro 50,496.17

The rental of land of SVI Slovakia S.R.O.

Tenant:	SVI Slovakia S.R.O.
Landlord:	Alcatel Slovakia
Object:	The production and storage of electronic components
Rental Rates:	Yearly Rental is SK 4,771,900

The rental of land of SVI Hungary KFT

Tenant:	SVI Hungary KFT
Landlord:	Seidel Hungária Ingatlankezel Kft
Object:	The production and storage of electronic components.
Rental Term:	5 year from February, 2016 to December 31, 2021.
Rental Rates:	Monthly Rental is Euro 11,900 per month, start March 2016. In February, rental fee is Euro 14,000 per month

4.3. Plant, Machinery and equipment

Buildings, machinery and equipment without obligation.

4.4 Intangible Assets

As of December 31, 2016, the Company had intangible assets type customer base, in the amount of Baht 100.72, which is amortized for a period of 5-8 years. As of December 31, 2016 and 2015, the Company had intangible assets type software license, in the amount of Baht 17.87 Million and Baht 14.43 Million respectively, while the computer software is amortized on a straight line method for a period of 5-10 years.

The details of Intangible Assets are presented in Note 16 of the Financial Statement

4.5 Investment Policy in subsidiaries and associates companies.

The Company Financial Statement as of December 31, 2015 and 2016 reported a provision of losses from investments in subsidiaries, in the amount of Baht 7.65 Million and Baht 195.21 Million respectively, the details are as follows:

Company's name	Country of incorporation	Paid-up Share Capital	% of Shareholding	Cost Method (Million Baht)	
				2015	2016
SVI A/S	Denmark	DKK 500,000	100.00	3.27	3.27
SVI Public (HK) Limited	Hong Kong	HKD 10,000	100.00	-	174.14
SVI AEC Limited, Cambodia	Cambodia	USD 500,000	100.00	4.38	17.80

** Board resolution of 5/2015 meeting approved the establishment of a subsidiary in Cambodia, to support the Company's business*

The Company and its subsidiaries' have an investment policy to invest in M&A in businesses that relate to the company business. This is to support and expand the business of the company and its subsidiaries. Regarding the management of subsidiaries, the company monitors and follows up on their performance regularly and provides the direction for operations, including the appointment of company's representatives as directors or the management teams of all subsidiaries.

Legal Dispute

The Company and its subsidiaries have no legal disputes that could have negative impact on the company's assets that exceed 5% of the shareholders' equity as of December 31, 2016 and no legal disputes affecting the business of the Company and its subsidiaries.

General Information

6.1 General Information

6.1.1 General Information for the Company

Company Name	: SVI Public Company Limited
SVI-Headquarters address	: 141-142 Moo 5, Tiwanon Rd., Bangkadi, Muang, Pathumthani 12000 Thailand
Type of Business	: Full turnkey Electronics Manufacturing Services (EMS) Company, providing comprehensive services primarily to Original Equipment Manufacturers (OEMs) with the main customers in Europe, USA and other regions.
Registration number	: 0107537001790 (Previous No. Bor Mor Jor 426)
Telephone number	: (66) 2 105 0456
Fax number	: (66) 2 105 0464-6
Website	: http://www.svi.co.th
Investor Relations	: http://investorrelations.svi.co.th
Registered Capital	: 2,296,749,381.00 Baht
Paid – Up Capital	: 2,265,749,381.00 Baht
Common Stock	: 2,265,749,381.00 shares, Par Value 1 Baht
Branch Address	: 33/10 Moo 4 Soi Chaengwattana-Pakkred 40, Chaengwattana Road, Bangtalad, Pakkred, Nonthaburi 11120 Thailand
Telephone number	: (66) 2 574 5671
Fax number	: (66) 2 574 5672-3

6.1.2 Subsidiaries and Overseas Offices, which hold more than 10% shares

6.1.2.1 SVI Public (HK) Limited

Company Name	: SVI Public (HK) Limited
Headquarters address	: ROOM 337, 3/F, South China C.S. Building, 13-17 Wah Sing Street, Kwai Chung, Hong Kong
Telephone number	: (852) 2374 1213
Fax number	: (852) 2374 1212
Type of business	: Materials Sourcing
Registration number	: 1107198
Telephone number	: (852) 2 374 1213
Fax Number	: (852) 2 374 1212
Website	: http://www.svi.co.th
Registered Capital	: 36,942,910.00 Hong Kong Dollar
Paid – Up Capital	: 36,942,910.00 Hong Kong Dollar
Common Stock	: 36,942,910 shares, Par Value 1 Hong Kong Dollar

6.1.2.2 SVI A/S (Denmark)

Company Name	: SVI A/S (Denmark)
Headquarters address	: Stamholmen 173, 2650 Hvidovre, Denmark
Type of Business	: Sales office and Materials Sourcing
Registration number	: 30722914
Telephone number	: (45) 3 634 4600
Website	: http://www.svi.co.th
Registered Capital	: 500,000.00 Krone Denmark
Paid – Up Capital	: 500,000.00 Krone Denmark
Common Stock	: 500 shares, par Value 1,000.00 Krone Denmark

6.1.2.3 SVI (AEC) Company Limited

Company Name	: SVI (AEC) Company Limited
Headquarters address	: Phnom Penh Special Economic Zone Kantok, Phleung Chheh Roteh, Beong Thum Commune, Khan Por Senchey Phnom Penh, Cambodia
Type of Business	: Full turnkey Electronics Manufacturing Services (EMS) Company, providing comprehensive services primarily to Original Equipment Manufacturers (OEMs) with the main customers in Europe, USA and other regions
Registration number	: Inv. 3068 E/2015
Telephone number	: -
Fax number	: -
Website	: http://www.svi.co.th
Registered Capital	: 500,000.00 US\$
Paid – Up Capital	: 500,000.00 US\$
Common Stock	: 1,000 shares par Value 500.00 US\$

6.1.2.4 SVI (Austria) GmbH

Company Name	: SVI (Austria) GmbH
Headquarters address	: Wagramer Strabe 19/33 1200 Wien Sitz in politischer Gemeinde Wien
Type of Business	: Holding Company and/or assembly of electronics product, computer and printing circuit board, including relevant spare parts and tooling. Sourcing and Procurement of electronics parts. Designing of electronics product. Trading and exporting electronics product.
Registration number	: 441556 y
Telephone number	: +45 3634 4600
Fax number	:
Website	: http://www.svi.co.th
Registered Capital	: 4,401,000 EUR
Paid – Up Capital	: 4,401,000 EUR

6.1.2.5 SVI Hungary KFT

Company Name	: SVI Hungary KFT
Headquarters address	: Ipari park hrsz 5749/2, H/8400 Ajka, Hungary
Type of Business	: The assembly of electronics product, computer and printing circuit board, including relevant spare parts and tooling. Sourcing and Procurement of electronics parts. Designing of electronics product. Trading and exporting electronics product.
Registration number	: 19-09-507646
Telephone number	: -
Fax number	: -
Website	: http://www.svi.co.th
Registered Capital	: 37,500.00 EUR
Paid – Up Capital	: 37,500.00 EUR

6.1.2.6 SVI Slovakia S.R.O.

Company Name	: SVI Slovakia S.R.O.
Headquarters address	: Vysne Febriky 739, SK-033 01 Liptovsky Hradok, Slovakia
Type of Business	: The assembly of electronics product, computer and printing circuit board, including relevant spare parts and tooling. Sourcing and Procurement of electronics parts. Designing of electronics product. Trading and exporting electronics product.
Registration number	: 36 402 141
Telephone number	: -
Fax number	: -
Website	: http://www.svi.co.th
Registered Capital	: 132,776.00 EUR
Paid – Up Capital	: 132,776.00 EUR

6.1.2.7 Sementis Engineering GmbH (Austria)

Company Name : Sementis Engineering GmbH (Austria)

Headquarters address : Industriestrasse 1, 2100 Korneuburg, Austria

Type of Business : Product Design and Development

Registration number : 308 673 g

Telephone number : +43(0) 2262 62511

Fax number :

Website : www.sementis.at

6.1.2.8 Seidel EMS ISO d.o.o (Slovenai)

Company Name : Seidel EMSISO d.o.o (Slovakia)

Headquarters address : Pesnica PRI Maribora 20a, 2211 Pesnica PRI Maribora, Slovenia

Type of Business : Product Design and Development

Registration number : 2160587

Telephone number : +386 2 46 12 907

Fax number :

Website : www.emsiso.com

6.1.3 References:**6.1.3.1 Shares Registrar**

Shares Registrar : Thailand Securities Depository Company Limited
 93 The Stock Exchange of Thailand Building,
 Rachadapisek Road, Dindeang,
 Bangkok 10110, Thailand
 Telephone number: (66) 2 009 9000 ext. 9384
 Fax number: (66) 2 009 9991

6.1.3.2 Share representative: -None-**6.1.3.3 Auditors**

- : SVI Public Company Limited
Mrs. Gingkarn Atsawarangsalit, Auditor's Registration Number: 4496
E&Y Co., Ltd.
33rd Fl., Lake Rachada Building
193/136-7 New Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone number: (66) 2 264 9090 Fax number: (66) 2 264 0789-90

- : SVI Public (HK) Limited
Yau Wai Ching, Certified Public Accountant # P05128
Room 337, 37/F, South China C.S. Bldg., 13-17 Wah Sing St., Kwai Chung, Hong Kong
Telephone number: (852) 237 4121 Fax number: (852) 237 4121-3

- : SVI A/S (Denmark)
John Bagger - Petersen
Nejstgaard & Vetlov
Statsautoriseret Revisionsaktiese, Gydevang 39 – 41, 3450 Allerod
Telephone number: (45) 4817 5777 Fax number: (45) 4817 2208

- : SVI (AEC) Company Limited
BDO (Cambodia) Limited
Suit 28 Hotel Cambodiana, 313 Sisowath Quay Phnom Penh,
Kingdom of Cambodia
Telephone number: (855) 2 321 8128 Fax number: (855) 2399 3225

- : SVI (Austria) GmbH
Birgit Pscheider
PWC steiermark, Wirtschaftsprufung Und, steuerberatung GmbH,
Gadollaplatz 1/1.stock, imStyria media center, 8010 Graz, Austria
Telephone number: +43 316 825 300 Fax number: +43 316 825 300-8000

- : SVI HUNGARY KFT
Bamabas Bodecs
FAL-CON AUDIT, konywizsaglo es Tanacsado kft. 1114 Budapest, Ulaszlou. 27.
Telephone number: +36 70 3180872 Fax number: -

- : SVI SLOVAKIA S.R.O
Dagmar Gombarcikova Auditor License No : 40 ,Nabr. Sv. Cyrila 47,
Telephone number: +421 46/ 518 38 11 Fax number: +421/ 518 38 38

6.2. Others Important Information

In January 2016, SVI Public (HK) Limited increased its registered share capital from HKD 1 to HKD 36.9 million through the issuance of 36,942,909 new ordinary shares with a par value of HKD 1 each. The Company purchased all of these new ordinary shares for a total of HKD 36.9 million in January 2016.

On 17 December 2015, the meeting of the Company's Board of Directors passed a resolution to approve SVI Public (HK) Limited ("subsidiary") to purchase 1 share of SVI (Austria) GmbH (formerly known as "Gigantic Holding GmbH"), which was incorporated in Austria, at original cost EUR 35,000 per share for operating business in Austria. The subsidiary invested in 100% of the registered share capital. The investment transactions were completed on 4 February 2016.

On 15 January 2016, the meeting of the Company's Board of Directors approved the acquisition by SVI (Austria) GmbH, a subsidiary of SVI Public (HK) Limited, of all companies in the Seidel Group which have plants located in Austria, Slovakia and Hungary, as well as minority interests in product design and development companies in Austria and Slovenia. The source of fund is partially generated from capital and loan from financial institution. This transaction supports the expansion of the Company's business in European markets, in particular in the German-speaking regions where SVI is currently under-penetrated. This acquisition brings SVI a solid design, manufacturing and logistics platform in Austria and in cost-competitive Eastern European countries.

Financial Structure

7.1 Capital as of December 31, 2016

– Registered capital:	2,296,749,381	Baht
– Common Stock	2,296,749,381	shares (1 Baht per share)
– Paid – Up capital:	2,265,749,381	Baht
– Common Stock	2,265,749,381	shares (1 Baht per share)

7.2 Shareholders

List of top 10 major shareholders of the Company on the closing of registration book as of December 31, 2016 were as follows:

Ranks	List of Shareholders	Number of Shares	% of total number of Share
1.	Mr. Pongsak Lothongkam	983,264,523	43.397
2.	EAGLE MOUNT ASIA EQUITIES LIMITED.	121,137,628	5.346
3.	Thai NVDR Limited	101,091,176	4.462
4.	N.C.B.TRUST LIMITED-NORGES BANK 11	67,858,700	2.995
5.	ALLIANZ AYUDHYA ASSURANCE PCL	32,820,000	1.449
6.	CHASE NOMINEES LIMITED	31,980,601	1.411
7.	FWD Life Insurance Public Company Limited.	27,600,400	1.218
8.	Mr. Viboon Watcharasurung	23,473,900	1.036
9.	Dr. Suvann Valaisathien	22,657,414	1.000
10.	Mr. Prasit Rakthaiseantavee	19,350,000	0.854

7.3 Issued others Securities –Warrants to purchase ordinary shares of the Company no. 3 (SVI – W3)

On 25 April 2014, the Annual General Meeting of the Company's shareholders No.1/2014 approved the issue of 31 million warrants to purchase ordinary shares of the Company no. 3 (SVI - W3), to be offered free of charge solely to the Company's directors and employees. The purpose is to reward directors and employees and to provide an incentive for them to remain with the Company.

On 18 March 2015, the Company received approval from the Office of the Securities and Exchange Commission to transfer or trade the warrants allotted to directors and employees each year on the Stock Exchange of Thailand.

The first allotment of warrants can be traded from 8 May 2015 and until no later than 15 July 2019. The details are as follows:

No. of securities offered:	31,000,000 units
No. of shares reserved for exercise:	31,000,000 shares
Term of warrants:	5 years
Offering date:	27 March 2015
Expiry date:	26 March 2020
Exercise price:	Baht 4.44 per share
Exercise ratio:	1 ordinary share per 1 warrant
Exercise period:	The warrants can be exercised once a year, with the warrant holders to exercise in each year not more than 20% of the total warrants allotted to them, plus unexercised warrants from previous years. The warrants can be exercised to purchase ordinary shares on 15 July of each year for a period of 5 years, with the first exercise date on 15 July 2015 and the last exercise date on 15 July 2019.

During the current year, the Company allotted 8.4 million warrants to its employees, bringing the total number of warrants allotted to 22.7 million, and recorded expenses of this scheme (SVI-W3) amounting to Baht 15.0 million (2015: Baht 6.3 million) as personnel expenses.

As at 31 December 2016, the Company had capital reserve for share-based payment amounting to Baht 21.3 million (31 December 2015: Baht 6.3 million) and 8.3 million warrants remain unallocated (31 December 2015: 16.7 million warrants).

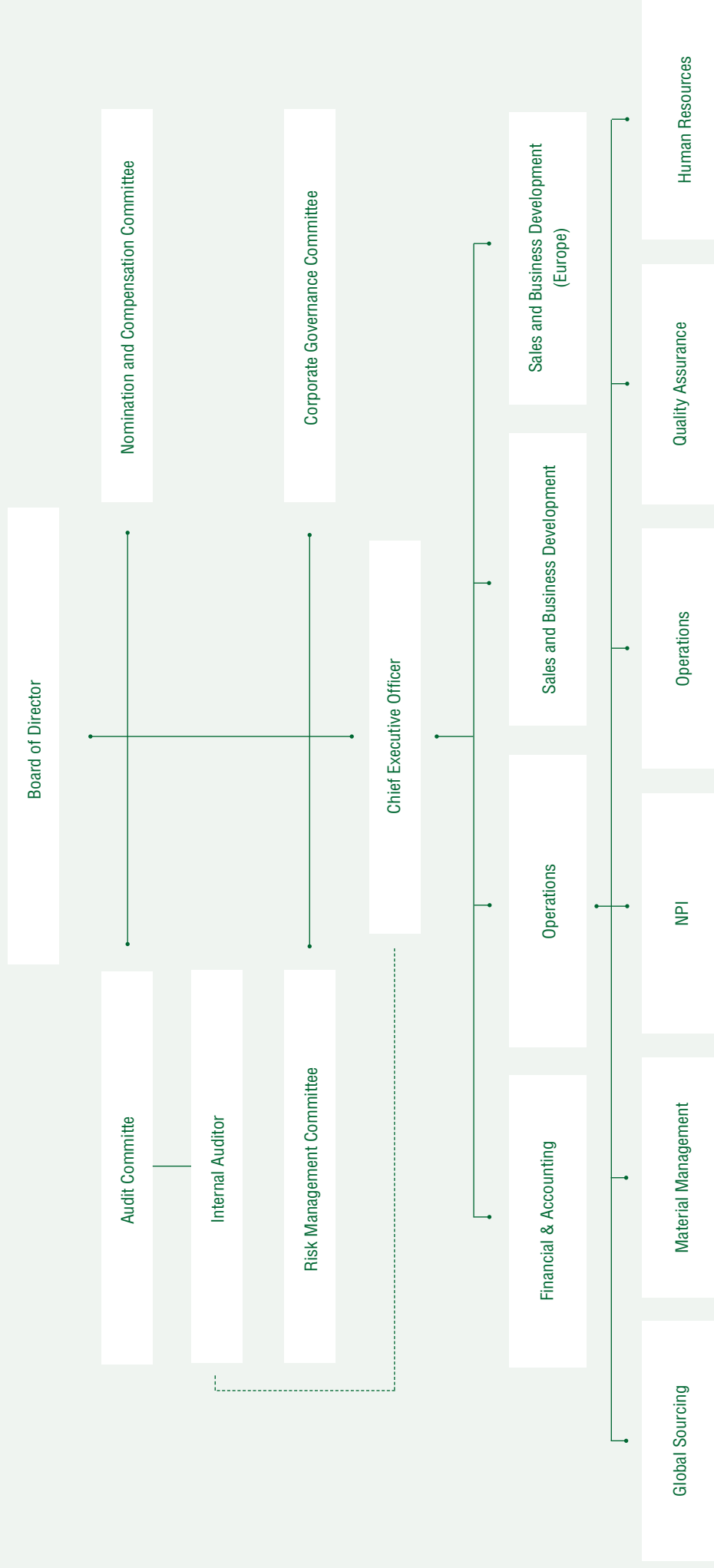
7.4 Dividend Payment Policy

To pay dividend at least 30% of consolidated net profit after deduction of all reserves required by law and the company. However, it's dependent on the operating performance, cash flow, investment plans, financial status, restriction of laws and other considerations as deemed appropriate for the company and subsidiaries. The payment of dividend is subject to final approval from the shareholders.

Below table shows the Company's dividend payment in the past four years.

Year Earned	Dividend Payment (Baht per Share)
2012	0.14
2013	0.15
2014	0.08
2015	No Dividend
2016	0.08

Organization Management Structure



8.1.1 The Board of Directors

As of December 31, 2016, SVI's Board of Directors consisted of 6 directors:

Director's Names	Position
1. Dr. Suvarn Valaisathien	Chairman of the Board Director and Independent Director
2. Mr. Threekwan Bunnag	Independent Director
3. Miss Manida Zinmerman*	Independent Director
4. Mr. Chatchaval Jiaravanon	Independent Director
5. Mr. Virapan Pulges	Director
6. Mr. Pongsak Lothongkam	Director

Mrs. Pissamai Saibua is the Board of Director's secretary and The Company's secretary

Miss Manida Zinmerman was appointed as Independent Director on May 1, 2016 and was resigned as independent director on January 1, 2017

The Authorized Directors

Two Directors, Mr. Pongsak Lothongkam, and Mr. Virapan Pulges are empowered to jointly sign on behalf of the Company with the Company seal affixed.

8.1.2 The Audit Committee

As of December 31, 2016, the Audit Committee consisted of three independent directors as follows:

Director's Names	Position
1. Mr. Threekwan Bunnag*	Chairman of the Audit Committee
2. Dr. Suvarn Valaisathien	Audit Committee
3. Miss Manida Zinmerman**	Audit Committee

Note:

* Mr.Threekwan Bunnag was appointed as Chairman of the Audit Committee position since May 1, 2016 to the present. He is knowledge and experience in accounting and finance.

** Miss Manida Zinmerman was appointed as Audit Committee on May 13, 2016 and was resigned as Audit Committee on January 1, 2017

8.1.3 The Nomination and Compensation Committee

As of December 31, 2016 the Nomination and Compensation Committee consisted of four directors:

Director's Name	Position
1. Mr. Chatchaval Jiaravanon*	Chairman of the Nomination and Compensation Committee
2. Dr. Suvarn Valaisathien	Nomination and Compensation Committee
3. Mr. Threekwan Bunnag	Nomination and Compensation Committee
4. Mr. Pongsak Lothongkam	Nomination and Compensation Committee

Mrs Pissamai Saibua acted for the Nomination and Compensation Committee's secretary.

* Mr. Chatchaval Jiaravanon was appointed as Chairman of the Nomination and Compensation Committee on March 14, 2016

8.1.4 The Risk Management Committee

As of December 31, 2016 the Risk Management Committee consisted of 3 members senior directors were assigned by board of directors:

Member's Name	Position
1 Mr. Ruangpoj Phakdurong	Chairman of Risk Management Committee
2. Dr. Prabakaran Ramiah	Committee Member
3. Mr. Virat Phugthai	Committee Member

Mr. Pongsak Lothongkam, (Director) is the committee's advisor

8.1.5 The Corporate Governance Committee

As of December 31, 2016 The Corporate Governance Committee consisted of 5 directors level and up were assigned by board of directors:

Member's Name	Position
1 Mr. Phichet Kanoksirima	Chairman of the Corporate Governance Committee
2. Mrs. Pissamai Saibua	Committee Member
3. Mr. Verne R. Mundell	Committee Member
4. Mr. Naris Chandang	Committee Member and Secretary of the Corporate Governance Committee
5. Mr. Chalerm Charttrakul	Committee Member

Mr. Threekwan Bunnag (Independent Director) is the committee's advisor

8.2 The Management

As of December 31, 2016, SVI's Management consisted of 4 members:

Name	Position
1. Mr. Pongsak Lothongkam	Chief Executive Officer
2. Mr. Ruangpoj Phakdurong	Vice President, Business Development
3. Mrs. Pissamai Saibua	Chief Financial Officer
4. Mr. Verne R. Mundell	Chief Operation Officer

8.3 Remuneration of Directors and Managements

8.3.1 Remuneration of the Board of Directors and Member of the Sub-Committees

The Annual General Meeting of Shareholders 1/2016 approved the Directors fee and their remuneration for fiscal year 2016, which was already approved by the Nomination and Compensation Committee. The remuneration has been reviewed and considered, based on various factors including market comparison with Electronics industry of the same size of revenue and net profit. Thus, appropriate directors' fee and remuneration was recommended for the Board of Directors and other sub committees for the fiscal year 2016, this is not exceeding Baht 8,000,000 (Baht : Eight million), same rate as previous year.

In 2016, a total of Baht 6,893,656 was paid to the Board of Directors and sub committees as per the following details.

Directors Name	Director Bonus	Director Fee	Board of Directors	Meeting Allowance			Warrant SVI-W3	Total
				Audit Committee	Nomina- tion and Compensation Committee	Annual General Meeting		
1. Dr. Suvarn Valaisathien	350,000	600,000	180,000	100,000	50,000	30,000	192,276	1,502,276
2. Mr. Threekwan Bunnag	300,000	600,000	120,000	140,000	40,000	20,000	192,276	1,412,276
3. Mr. Virapan Pulges	300,000	400,000	120,000	-	-	20,000	192,276	1,032,276
4. Mr. Pongsak Lothongkam	300,000	400,000	120,000	-	40,000	20,000	192,276	1,072,276
5. Mr. Chatchaval Jiaravanon	300,000	400,000	100,000	-	30,000	20,000	192,276	1,042,276
6. Miss Manida Zimmerman*	-	250,000	20,000	40,000	-	-	-	310,000
7. Dr. Pruchya Piumsomboon**	-	200,000	60,000	30,000	20,000	20,000	192,276	522,276
Total	1,550,000	2,850,000	720,000	310,000	180,000	130,000	1,153,760	6,893,656

Note: *Miss Manida Zimmerman was appointed as Independent Director on May 1, 2016.

** Dr. Pruchya Piumsomboon was resigned as independent director on May 1, 2016.

8.3.2 Remuneration of Management

In 2016, a total of Baht 20,026,568.00 was paid to the Company's management executives as per the following details:

Remuneration	Year 2016	
	Number of Management*	Remuneration (Baht)
Management Salary including bonus and fringes benefits	4	19,228,175.00
Management Provident Fund	4	798,393.00
Total	4	20,026,568.00

*The Management in this table are inclusive all direct report to CEO

8.3.3 Other Remuneration

Provident Fund

The provident fund has been registered as the "Sin Permpoon Provident Fund" with Bangkok Bank Public Co. Ltd. as the fund manager. All executives and employees are entitled to apply as members of the fund. The members contribute 3% of their monthly salary to the fund. The employer's contribution rate in percentage of salary is set as follows:

Number of Years of Employment Employer's Contribution Rate (%)

Number of Member Year	Employer's Contribution Rate (%)
Less than 5 years	3
Completed 5 years but less than 10 years	4
10 years and above	5

8.4 Common Shares and Warrant held by the Board of Directors and the Management

The following details of common shares and warrants held by the Board of Directors and Management including the shares or warrants held by their spouses and children under 20 years old. The percentage of shares held in 2015 and 2016 was based on the total of 2,265,749,381 and 2,265,749,381 common shares and 31,000,000 Warrants respectively.

Name of Shareholders	Number of Common Shares				Number of
					Warrant
	As of	% Of	As of	% of	SVI-W3**
	31-Dec-15	total	31-Dec-16	total	As of
		share		share	31-Dec-16
The Board of Directors					
1. Dr. Suvarn Valaisathien	22,657,414	1.000	22,657,414	1.000	400,000
2. Mr. Threekwan Bunnag	3,615,000	0.160	4,014,500	0.177	200,000
Mrs. Atiwan Bunnag (Spouse)	640,000	0.028	640,000	0.028	0
3. Mr. Virapan Pulges	0	0	0	0	200,000
Mrs. Thippawan Pulges (Spouse)	0	0	0	0	37,800
4. Mr. Pongsak Lothongkam	983,264,523	43.397	983,264,523	43.397	400,000
5. Mr. Chatchaval Jiaravanon	0	0	0	0	400,000
6. Miss Manida Zinmerman	0	0	0	0	0
The Management*					
1. Mr. Ruangpoj Phakdurong	1,467,900	0.065	1,467,900	0.065	91,000
Mrs. Rattiya Phakdurong (Spouse)	350,000	0.015	350,000	0.015	0
2. Mrs. Pissamai Saibua	0	0	0	0	91,000
3 .Mr. Verne R. Mundell	250,000	0.010	350,000	0.015	84,500
Total	1,012,244,837	44.675	1,012,744,337	44.697	1,904,300

*Management refers to Management who are direct report to CEO

** Number of warrant were shown un-lock year 2015 and 2016 only

8.5 Employees

As of December 31, 2016, the Company's total number of employees were 2,853 reported by department as follows:

Department	Number of Employees
1. CEO Office	2
2. Material Management	55
3. Business Development	67
4. Sourcing	62
5. Manufacturing	1,824
6. NPI	40
7. Engineering	296
8. Quality Assurance	150
9. Human Resources	46
10. Finance & Accounting	38
11. MIS	12
12. Operation support , IE, Facility	261
Total	2,853

Employee turnover during 2013-2016

Year	Number of Employees	Increase/ Decrease	% of Increase/ Decrease
2013	2,709	45	1.69
2014	2,420	(289)	(10.67)
2015	2,413	(7)	(0.29)
2016	2,853	440	18.23

Employees' Remuneration for 2016

Unit: Baht

Remuneration	Monthly Employee	Daily Employee	Total
Number of employees (person)	808	2,045	2,853
Salary (Baht)	308,042,582.66	133,911,409.20	441,953,991.86
Bonus and others fringes benefits (Baht)	68,010,999.56	100,636,848.80	168,647,848.36
Company's Contribution to the Provident Fund (Baht)	4,447,794.00	1,935,389.00	6,383,183.00
Total (Baht)	380,501,376.22	236,483,647.00	616,985,023.22

Human Resources Development Policy

The Company realizes the importance of personal development for all employees at all levels to be knowledgeable, realize their full potential, possess a good attitude and establish good relationships: recognizing that good employees benefit the business in the long term. The Company supports continuous training and the development of employees' skills, including the training of Management. Thus the Training and Development Section arranges a training plan annually to continually improve employees' knowledge and ensure the development of the necessary skills. This includes the orientation of new employees so as to create an understanding of the company's vision, mission, value, key performance indexes in order for them to be effective in performing their duties. The employees' performance is appraised and evaluated regularly. Internal training and external training programs are conducted to enhance the capability, knowledge and working skills of all employees. The ultimate aim is to provide good quality, good service and prompt response to satisfy our customers' needs, and be ready to manage an ever changing environment.

The Company initiated various training courses. They were designed based on the result of the Training Needs Survey through interviews with the Directors of every Department to assess their employee's needs. They are also designed based on the defined competencies for each position in order to allow them to contribute to the superior work result for the company. Our training programs consist of

1. Orientation

The objective is to make employee understand the essential information about the company, such as the "Vision", "Mission", rules, regulation and benefits provided by the company. This is to help new employees to familiarize themselves with the company's environment and culture in order to integrate quickly and productively in the company's operations. 1,628 employees attended orientation training during 2016: total training hours 6,512 hours.

2. Basic training

This helps employees to meet the basic entry-level requirements for their jobs, resulting in working more effectively and productively. The company also monitors, follows up and evaluates their performance continuously so that their result meets the company's standard and expectations. Retraining opportunities are also provided to employees who cannot deliver results as required by the company's standard. 1,628 employees attended this course in 2016: total training hours 68,376 hours

3. On the Job Training (OJT) support for Production and QA Operators.

The follow up program for qualifying operators who work in manufacturing before going for certification, on the job training is the responsibility of the supervisor. 1,402 employees attended this course in 2016: total training hours 255,164 hours.

4. Qualification training

This training helps employees to become more productive, meeting the basic performance standards and expectations of their job. 1,321 employees attended this course in 2016: total training hours 3,963 hours

5. Cross training

The Cross-training is to help employees to have more knowledge beyond their direct knowledge for the job. This is to make them more flexible and support rotation programs or to replace absent employees to allow the company to operate continuously. 769 employees attended this course in 2016: total training hour 16,149 hours

6. Recertification Training

This is to provide training to employees who aren't performing in line with current work standards or upgrading their current skills on new technology or other required knowledge. 1,150 employees attended this course in 2016: total training hours 3,450 hours.

7. Management training

This is to provide training to supervisory level and management staff, mainly related to management techniques in order to improve their management skill and achieve the company's goals and objectives.

In 2016, the company provided training to employees in various groups to enhance employee productivity as well as the competitiveness of the Company as outlined below:

- In-house Training: arranged 53 courses, provided to 1,913 employees, total 163,307 hours.
- External Training arranged 13 courses, provided to 28 employees, total 428 hours.

The company training course and hours for staff and operators projection:

- Staff, consolidated training hours 16,735 hours - schedule for 811 persons, average 20 hours per person
- Operator, consolidated training hours 353,614 hours - schedule for 1,345 persons, average 263 hours per person

Corporate Governance

The Company's Board of Directors fully recognizes the importance of good Corporate Governance (CG) and is determined that good governance be widely embedded in the entire organization, from the Directors and Management to the Company's employees. This is a key factor in adding value and ensuring the highest return to the Company shareholders in the long-term. The Board of Directors appointed a Corporate Governance Committee holding duties and responsibilities for the establishment of good governance practice and follow-up measures to enforce the implementation of the policy. Also to update the policy to conform with both local and overseas good governance practices and to international standards.

The Company has implemented its Corporate Governance practice in compliance with the principles prescribed by the Stock Exchange of Thailand (SET). The Company also received an excellent Corporate Governance score from the IOD in 2016 (5 stars) supported by the SET/SEC, including a very good performance score in organizing the Annual General Shareholders Meetings for seven consecutive years from 2010 to 2016.

The Company has determined to have a good CG so as to minimize conflicts of interest of stakeholders by introducing a proper process and procedure for working: including the establishment of policy, rules and practices as appropriate control tools. However, the key factor for successful CG is its ownership by our team.

Besides adopting the SET guidelines on Corporate Governance principles, the Company has consistently implemented the six Company Core Values of:

- Mutual Support: Support each other focus on the organization's goals
- Respect: Respect, listen to others and understand their differences
- Accountability: Responsible for actions related to personal and organizational goals
- Commitment: Self-determination and work at full capabilities
- Trust: Trust in each other
- Transparency: Manage work with transparency that can be audited.

The Company has communicated the Core Values to employees at all levels in the organization through various internal channels to ensure that everyone acknowledges, understands and practices them at all times which leads to greater work efficiency, good management and success.

9.1. Good Corporate Governance Policy

The Board of Directors' objective is to enable SVI to conduct its business efficiently, have good corporate governance and excellent management with the aim of benefiting shareholders' interests, taking into account the interest of other stakeholders, maintaining business ethics and transparency. Therefore, the Company has established a good corporate governance policy as a guideline to which directors, management and employees must adhere which will results in the company's business being sustainable.

The Company has fully complied with the principles of good corporate as prescribed by the Stock Exchange of Thailand in five sections such as Shareholders' Rights, Equitable Treatment of Shareholders, Stakeholder's interest, Disclosure of Information and Transparency, including Responsibility of the Board of Directors.

Section 1 Rights of Shareholders

SVI gives great importance to the protection of shareholders' rights and promotion of exercising such rights. The basic legal rights consist of the right to buy, sell or transfer securities held, the right to receive dividend, the right to take part in decision-making in SVI's important issues, such as the approval of key activities affecting business direction, the right to vote for the appointment of auditors and fixing the auditor fee, the right to the declaration of dividends, increase or reduction of capital, amendment of the Memorandum of Association and the Articles of Association. Also facilitating the shareholders to enable them to attend the meetings, exercise their rights and fully vote by providing transportation as a support to shareholders and institutional investors, provide adequate staff and technology and provide duty stamp for shareholders. The Company has the following guidelines for Shareholders Meeting:

1. The Company provides a notice of the shareholders meeting, the meeting venue, date, time, agenda and relevant information, clear details with attachments including the opinion of the Board of Directors related to that agenda. In case there is an additional agenda, the company will send an appropriate advance notice to Shareholders accordingly.
2. The Company sends out notices of the shareholders meeting together with the agenda at least 21 days before the meeting date. SVI shall provide multiple communication channels via the SVI's website in advance.
3. All relevant information is posted on the SVI's website: www.svi.co.th, before the meeting date. In case of doubt, shareholders can submit queries or propose a nominee for the company's director prior to the meeting. The rules of the meeting and the procedures of voting are posted on the SVI's website. (www.svi.co.th)
4. SVI shareholders shall receive adequate information, accurate, transparent and on time for making decisions before the meeting. All information is posted in SVI's website (www.svi.co.th) at least 30 days before sending out notices of the meeting to shareholders.
5. The voting results should be computed in a timely manner so they can be promptly presented to shareholders on the next business day via the SVI's website. (www.svi.co.th)
6. The minutes of the Shareholders Meeting including Shareholders' recommendations, inquiries and answers should be posted on the SVI's website 14 days after the meeting date. This is to allow shareholders to access the relevant information.

In 2016, the Company proceeded as follows:

1. The Company provided an opportunity to shareholders to raise issues for inclusion in the shareholders' agenda, to nominate a person to be elected as a Company director in advance, starting from September 15, to December 31, 2015, the Company announced to shareholders through the SET information system and disclosed the criteria and procedure on the Company website (www.svi.co.th)

2. The Company posted the meeting notice and supporting documents for the meeting agenda on the Company website (www.svi.co.th) on March 28, 2016 (31 days before the meeting date). Shareholders who had any questions could send their queries to the director prior to the meeting date via the Company website.
3. The Company held the General Meeting of Shareholders on April 28, 2016. Board members attended the meeting, together with Chief Executive Officer, Chief Financial Officer and the company's external auditor which conforms to good Corporate Governance requirements and strictly adheres to the law and regulations. During the meeting, the Chairman offered all shareholders an equal opportunity to ask questions, to give suggestions or comment on the business operation.
4. The Company posted the Meeting Minutes, together with a list of all suggestions, questions and answers raised in the meeting, posted on the Company website on May12, 2016.

Section 2 Equitable Treatment of Shareholders

The Company provides equitable and fair treatment to all shareholders whether they are minority shareholders or not, to build the investors' trust. The company has organized the Shareholders Meeting based on the following process:

1. The Company informs the Shareholders by publishing the venue and agenda of meeting through the Stock Exchange of Thailand's "Set Portal" system, and sends out notices of the shareholders meeting to the Shareholders. All relevant information is also posted on the SVI's website at least 30 days before the meeting date, both in Thai and English.
2. Shareholders shall be entitled to appoint a proxy to attend the Shareholders' Meeting. Each shareholder has the rights to receive a proxy form and instructions to complete the form. Any proxy who submits a completed proxy form to the company's representatives at the Shareholders' Meeting shall be allowed to attend the meeting and vote on behalf of the shareholder, and provide duty stamp for proxy.
3. The Company shall allocate sufficient time and encourage shareholders to participate in the Shareholders' meeting, given equal opportunities to express their opinions and raise questions in which Directors and Managements who are involved in those matters will respond to those questions.
4. The Company gives the shareholders the right to vote for the appointment of each Director accordingly.
5. The main questions, answers and opinions are recorded in the minutes of the meeting for future review by shareholders.
6. The director who has a conflict of interest is prohibited from approving such transaction that bears a conflict of interest or handling the related-party transaction.

The Company has a procedure to secure inside information by having an appropriate silent period. The Directors and Managements who possess inside information which may result in the increase or decrease of the company's stock price are prohibited from buying, selling, transferring or accepting transfer of securities before such information is disclosed to the general public or SET. In the case where the director or management sell,

buy or transfer in/out of the company's stock beyond the silent period, they have to disclose and report such a transaction to SET one day after the transaction has been made. If there is any rumor or leak to the public without accurate information, the company will inform Shareholders and Investors through SET's electronic on line system immediately. This is to ensure fair treatment to all shareholders and investors. The company also reports the policy related to the protection on disclosure of inside information in the annual report every year.

In addition, the Company has determined that all employees have to work for the company's best benefit. Any actions and decisions have to be free from the influence of personal life, family, relatives or other known persons. All activities and transactions have to comply with the company's standard rules. The Company has taken measures to prevent the use of insider information. The inside information must not be used in any channel that leads to any benefit for themselves, family or partisan interests, whereby the inside information must be secured, not disclosed or taken advantage of for oneself, family and third parties, such as providing operational activities or the Company's business plans and so on.

Section 3 Role of Stakeholders

The Company recognizes the rights and roles of all group of stakeholder by including their rights as part of a code of conduct and disseminating this through various channels, i.e., the Company website and internal communications, so that the concerned personnel can acknowledge and strictly comply with the code. The Company established the Role of Stakeholders Policy and reports social responsibility activities in an annual report. The policy is summarized as follows:

Roles and responsibilities of each group of stakeholders

Shareholders

The Company recognizes the importance of the rights and roles of shareholders, both major and minority shareholders. The Company has the objective to achieve good operating performance, sustainable growth and competitiveness, minimizing risk factors, in order to maximize shareholder value in the long term. The Company discloses all information in a fair and transparent manner and makes every effort to protect the Company's assets and its reputation. In addition, the Company realizes the importance of shareholder involvement by organizing Company visits for interested shareholders, so that the shareholders have an opportunity to obtain business information directly from the Management.

Customers

Customer satisfaction is a key focus of the Company. We will achieve this by delivering high quality products and excellent service to customers at a competitive price using qualified people and up-to-date innovation and technology. The contract between the Company and the customer will be written in understandable language. The agreement shall have enough conditions to cover the business relationship and no condition will violate copyrights or break any agreement. The Company has to strictly follow the agreement. In the event of any potential deviation from the agreement, the Company will notify the customer immediately in order to jointly find

a proper solution. The Company is supportive of activities to develop good relationships between the Company and the customer in order to build a long-term partnership.

Creditors and Business partners

The Company realizes the importance of the equal rights of business partners and creditors and it will strictly comply with contracts and agreements it has entered into. The Company will do its utmost for mutual support in order to achieve benefits for both parties. In addition, useful information will be provided as well as potential business risks. In the Company's Code of Conduct and Ethics, the Company states the guidelines that employees have to comply with in dealing with business partners with the acknowledgement and understanding of employees.

The criteria for selecting a business partner are as follows:

1. Financial status
2. Capability in business operation
3. Potential of organizational growth
4. Innovation and technology development

Competitors

The Company has a strategy to operate within the framework of fair competition. The Company will not search for any confidential information from competitors inappropriately, such as bribery of a competitor's employee. The company will not try to damage the competitor's reputation by means of slander, accusations or providing incorrect information.

Employees

The Company actively focuses on human resource management. Employees are the most valuable asset of the Company, and the key factor driving the Company to achieve our business goals and objectives. We do our best to make our employees proud of being a part of the Company, where there is a supportive working environment with fair and friendly treatment. The Company treats all employees with respect and dignity, and in accordance with the law and the Company's working rules and regulations. The Company assigns jobs to employees fairly, focusing on two-way communication between the employee and the Company. The Company establishes clear compensation and employee benefits policy which is consistent with the company's performance and provides such benefits as provident fund, a saving fund for staff, transportation etc. Our emphasis on people development programs to develop the potential of all employees is disclosed through the average number of hours of training per year in an annual report. The Company organizes various recreational activities for employees as a part of a program for a better quality of working life and encouraging good relationships between employees and the Company.

Social responsibility

To ensure long-term business success we depend on the organizational, administration ability and business ethic consistency in line with good governance policy. Social responsibility is one of the SVI areas of concern. The Company has a serious intention to work cordially with relevant stakeholders such as shareholders, employees, customers, vendors, society, government agencies nationwide, together with the development and promotion of social responsibility, participation in activities beneficial to society and neighboring communities, including caring for the environment.

Regarding the social responsibility activities, the details are described in the section 10 "Corporate Social Responsibility."

Occupational Health, Safety and the Environment

The Company is intensely committed to continual improvement in the area of Occupational Health & Safety and Environmental control, In order to support the Company employees, operation of effective safety to prevent injury & ill health and fulfill our corporate obligation and contribute to a better life for the community, country and the world as a whole we will adhere to the following;

1. Comply with all relevant local & national Occupational Health & Safety and Environmental laws, regulations and applicable legal requirements. (ISO 14000, ISO-14001, ISO 18001)
2. Utilize the natural resources, substitute materials in the most efficient way and provide appropriate resources to fulfill these objectives.
3. Set and achieve Occupational Health & Safety and Environmental objectives and targets. We shall also create greater awareness for all employees on Occupational Health & Safety and Environmental responsibility and the protection of our current and future environment. We shall also disclose and compile accident reports and rates of illness from work in the annual report.

Regarding the Occupational Health, Safety and the Environment activities, the details are described in the section 10 "Corporate Social Responsibility"

Human Rights

The Company upholds and complies with human rights principles as well as principles in other areas. All employees are treated equally through a policy of non-discrimination, whether it is a matter of race, nationality, religion, sex, age, education. Overall, the Company listens to Employees' opinions, trusts them and treats them fairly as individuals and as the most important asset in its business. The Company supports ethical and talented Employees and respects Employees' privacy. Therefore, we have a clear policy as a general guideline in supporting the rights of people.

1. The Company respects all the rights of the employees in any form, not only as stated by law or constitution but also general principles, and will not create any obstruction or prevent the employees exercising their rights.

2. The Company will not support employees that violate the human rights or other general rights of other people.
3. The Company will keep the personal information of employees confidential and will not disclose it to others without the permission of the employees.
4. All SVI employees will treat others equally and fairly, and will not violate or threaten the rights of other people.

Policy on Intellectual Property

The Company acknowledges the importance of intellectual property created from an individual's knowledge and ability. The Company, therefore, always makes sure that the information used in the Company will not violate the intellectual property of others.

1. The Company does not permit nor encourage its employees to use illegal software for any Company business.
2. Employees who use Company computers must strictly follow the rules and conditions of the manufacturer and only with the permission of the Company.
3. Employees are not allowed to use any intellectual initiatives created for Company business for personal purposes unless they receive permission from the Company. Employees have to return any intellectual property to the Company as soon as their employment is terminated.
4. Employees will ensure that external information used for Company business purposes is legal and does not violate the intellectual property of others.

Section 4: Disclosure and Transparency

The Company provides valuable information such as financial information, and performance related information as prescribed in the requirements of the Securities and Exchange Commission of Thailand and those of the Stock Exchange of Thailand (SET) as follows.

1. Financial information and related information is disclosed accurately, completely, transparently, comprehensively and timely. Apart from disclosing annually (form 56-1) and in the Annual Report (56-2), most of the information is also posted on the SVI's website in Thai and English thus enabling shareholders, customers and interested persons to access the information with ease, equality and reliability.
2. Information disclosed including corporate governance policy and results of its practice in Annual Report and on the Company's website.
3. The Board of Directors places an emphasis on, and is responsible for the financial reporting of the Company and its subsidiaries, including financial information in the Annual Report. The Company's financial statement is prepared according to generally accepted accounting principles, adopting appropriate accounting policy and using a conservative approach, accuracy and completeness, and reflects true operating performance. Furthermore, important information is adequately disclosed in the notes to the financial statement, which is audited by an external, independent auditor who is qualified by the SEC to increase the reliability of financial reporting. In addition, the Board of Directors appoints an Audit Committee to be responsible for overseeing and reviewing the accuracy and reliability of financial reporting, including the adequacy of the internal control system.

4. The Company shall also provide a management report and supporting the analysis in addition (Management Discussion and Analysis or MD&A) to the quarterly financial statements then posted on the SET's and SVI's website.
5. The Company declares the audit fee and other auditor's fee in the annual report (form 56-1) and the report (56-2).
6. The Company discloses in the annual report for The Board of Directors' and Sub Committee's roles and responsibility, meetings attendance, including their training and seminar for further development.
7. The Company discloses the remuneration of Directors and senior executives in the Annual Report.
8. The Company has formed an Investor Relations Unit as a focal point in conducting proactive investor relation activities according to the best practices of leading international organizations. A number of channels are available to communicate effectively. Those shareholders and investors can visit our operations and access required information via the Company's Investor Relations website at (<http://investorrelations.svi.co.th>), or through direct phone line and email (ir@svi.co.th) which enables investors to receive quick responses to clarify and answer their questions. Year 2011 to 2013, SVI got the outstanding Investor Relations Award from SET.

The Company realizes the value of its Investor Relations, focusing on transparency, fairness, equality and consistency provided to minority investors, institutional investors, general investors, analysts, the media, local and overseas fund managers and other related parties. The company participates and organizes an Opportunity Day and Analyst Meeting as to provide information related to the Company's quarterly and yearly operating results for investors, analysts, media, local and offshore fund managers, and others.

In 2016, the Company organized many Investor Relations activities for analysts and investors, as follows:

Type of Activities	Number of Events
Provide information to Analysts, Fund and shareholders	84
Press conference	1
Conference call with International fund	11
Meeting Investor, Fund Manager and Analyst	12
Factory visit for Shareholder and Analyst	2
Road show, Domestic and International	5

Anti-Corruption

1. Anti-Corruption Policy

The Company regards corruption as an illegal conduct that harms the Company's credibility in operating the business, which is why policies against all types of corruption, either directly or indirectly are deemed as significant. The scope of the policies covers all areas of the business and relevant transactions in order to avoid any possible damages to the Company and society. An emphasis has been placed on corporate governance under the concepts of moral and ethical principles, transparency, especially processes that are directly involved with or at risk of internal dishonesty, including all types of corruption. Therefore, the Company has created the following anti-corruption practices and policies:

1. The Company's directors, executives and employees are prohibited from making requests for or receiving benefits or properties, leading to certain inappropriate acts or ignorance of one's own duties, possibly causing the Company damage to its interests.
2. The Company's directors, executives and employees are prohibited from making an offer of any benefits or properties to outsiders with the aim of persuading them to carry out any acts deemed illegal or inappropriate.
3. In case of any dishonest acts, the Company regards them as severe misconduct and the person(s) involved will be subject to disciplinary punishment according to the Company's regulations and the rules of law.

2. Duties and Responsibilities

1. The Company's Board of Directors are responsible for identifying anti-corruption policies and effectively monitoring the systems and processes in support of such policies, ensuring that the Management is fully aware of the significance of anti-corruption initiatives and that they are embedded in the Company's culture.
2. The Audit Committee is responsible for performing an investigation of financial and accounting reports, internal control and audit systems, as well as risk management systems, to ensure that they comply with the latest local and international standards.
3. The Chief Executive Officer is responsible for identifying the systems and providing support to any activities in the anti-corruption policies, ensuring that messages have been thoroughly communicated to all relevant staff members and departments. The CEO is also responsible for reviewing the appropriateness of different systems and practices to make sure they facilitate business changes, rules and legal regulations.
4. The Audit Manager is responsible for verifying and investigating operating practices to ensure they are ethically on track, and in accordance with the policies, practices, authority, rules of law and the department's regimen, to ensure that proper control systems are in place and adequate to cope with potential corruption risks and subsequently report to the audit committee.
5. Directors, Executives and all levels of Employees are responsible for strictly abiding by the anti-corruption policies. Should one fail to comply, one would be subjected to disciplinary actions.

3. Anti-Corruption Practices

1. Directors, executives and all levels of employees are requested to strictly adhere to anti-corruption policies and the Company's code of conduct, without getting involved in any sort of corruption, either directly or indirectly.
2. Directors, executives, and all levels of employees should not be negligent when witnessing any acts deemed potential for corruption, and must immediately report to their supervisors or any responsible individuals. He or she must give full cooperation in the investigation process and should there be any doubts or queries, one is advised to consult with their supervisor or responsible persons, through available channels.
3. The Company guarantees justice and protection for employees who report any corrupt acts related to the Company, whereby petitioner protection practices will be reinforced to safeguard those who give cooperation in reporting corruption as specified in the operating manual.

4. Directors, executives, and employees involved in corruptions are considered guilty of violating the Company's code of conduct, which will result in them being subject to the Company's stated disciplinary actions.
5. The Company is aware of the importance of disseminating anti-corruption knowledge and ensuring an understanding with suppliers and other stakeholders whose roles or responsibilities are involved with the Company's business and might possibly cause adverse effects upon the Company, with regards to ways of practicing the anti-corruption policies.
6. Directors, executives, and employees must not make any requests, or accept any sort of corruption for one's own benefits, and those of the families, friends and acquaintances.

The Company has announced its intention to join the private sector in anti-corruption (Collective Action Coalition or CAC) on October 3, 2014. Moreover, in 2015, the Company conducted the compliance with Anti-Corruption policy and also made a self-assessment (71 questions) which are related to the guidelines of CAC, and the Company was passed and approved by the Board of Directors of CAC on Quarter 4/2015, which was announced on January 22, 2016.

Regarding the Anti-Corruption Policy, the details are described in the company website: svi.co.th

Whistle-Blowing reporting and Whistle-Blower Protection Mechanisms

The Company believes that Good Corporate Governance is vital for the achievement of sustainable long-term growth. Therefore, the Company provides a channel for employees, stakeholders and concerned personnel to send their comments or useful suggestions, or to report or submit information concerning wrongdoing, violation of the law, regulations, or any conflict of Good Corporate Governance principles via email to audit.svi@gmail.com. Furthermore, to ensure that people making such a report receive proper protection, the Company has a policy to receive complaints directly through the Audit Committee. All details are kept confidential, and there is a mechanism in place when investigating the party accused to ensure that there is fair treatment before disciplinary or legal action is taken.

Regarding the Whistle-Blower Protection Mechanisms, the details are described in the Anti-Corruption Policy in the company website: svi.co.th

Section 5 Responsibilities of the Board of Directors

The Board of Directors is responsible for setting policies, corporate vision, strategies, goals, mission, business plans and budgets as well as ensuring the Company's Management operates in accordance with the policies, laws, objectives, regulations and shareholder resolutions. Directors discharge their responsibilities accountably, honestly and discretely according to the principles of best practice. In addition, the Board is responsible for monitoring and auditing the Management's administration in regards to transparency and compliance within the Code of Conduct, and overseeing communication and disclosure of appropriate information. The Board of Directors is led by a capable Chairman who is able to control and manage the Company's executives to ensure the effective performance of their duties, adding greater economic value to the business and providing the highest security for shareholders.

Structure of the Board of Directors

The Board of Directors shall be no less than 5 directors. At least one-third (1/3) of all directors must be Independent Directors, and the number of Independent Directors shall not be less than three. The remaining directors shall be allocated on a proportional basis according to the investment made by each group of shareholders. All directors are highly qualified and possess none of the characteristics prohibited under the Public Company Limited Act. Directors must not be over 70 years of age, are entitled in no more than 5 public companies. Independent directors and members of the specific committee shall serve no more than 9 consecutive years, must be knowledgeable, capable and have diversified experience in business management. Furthermore, all directors are devoted and work with full responsibility.

In addition, an appointment of director will follow the agenda as well as transparent and clear information. The name and profile of nomination of director is adequate for decision making in voting. All information is disclosed in the company's website.

In the case where it is necessary to appoint a director with the age of more than 70 years or where there is no appropriate independent director who has knowledge and capability to replace the existing one who has retained in office for more than nine consecutive years, the Nomination and compensation Committee may consider renewing the term of the existing independent director for another term.

The company appointed the Company's secretary, Mrs. Pissamai Saibua to assist the Directors to provide appropriate recommendations to Directors concerning legal matters, rules and regulations SEC, SET and ensuring the Company has appropriate, efficient and transparent operations.

In addition, the company has established a compliance unit to monitor and follow-up with the concerned party to ensure effective and efficient compliance with approved policies and in line with good corporate governance, the compliance unit will report directly to the company's secretary.

Roles, Duties and Responsibilities of the Board of Directors

1. Undertake the Company management in compliance with the law, the Company objectives, Articles of Association and the resolutions of the Shareholders' Meeting with integrity and in good faith and protect the Company interest.
2. To approve and review key business matters of the Company, such as the vision and mission of the Company, strategy, financial targets, risks, work plans and budget at least once a year.
3. To monitor and follow-up the management to ensure effective and efficient compliance with approved policies and strategy plans;
4. To be responsible for internal control and risk management, including the process on receiving and handling complaints;
5. To oversee to ensure long-term business continuity, including supervising employee development plan and succession plans;

6. To establish a written corporate governance policy for the Company and approve, review and assess the compliance with such policy at least annually;
7. To arrange to have a written code of business conduct in place so that all directors, executives and employees understand business ethical standards of the Company. The Board shall closely monitor compliance to the code, and review and revise the business ethics to be appropriate with the changing environment. The Board shall also establish clear guidelines for the practice, monitoring and assessment, which are an integral part of the Corporate Governance Policy, to be adhered to by all directors, executives and employees to ensure integrity, honesty and ethics in business;
8. A policy to prevent directors, executives and employees from using inside information for personal benefit has been put in place in order to prevent any conflicts of interests. It is required that the Board be informed of transactions that may pose a conflict of interest and the Board shall review the suitability of each transaction. The Company complies with the SET's regulations and discloses the related transactions in the annual report. In addition, the Board shall oversee the use of inside information, by requiring directors and executives to report their change in shareholding information to the SEC and establishing business ethics of the Company to prevent the directors and executives who receive inside information from disclosing it to any third party;
9. To arrange to have control systems for financial reports and compliance with rules, regulations and policies, and to set up an internal audit unit to independently perform the duty and to be responsible for auditing such control systems and reviewing material systems at least annually as well as disclosing the same in the annual report;
10. To carefully and efficiently establish a policy to manage all risks that has an effect on the Company. The risk can be derived from an internal or external factor, and may be changed by the economic situation as well as social and political matters. The risk management policy covers the preventive measure as well as management of the risk. The Risk Management Committee is responsible for overseeing and monitoring the operation as planned, and reporting the result to the Board regularly. The Board should review the risk management system or assess the effectiveness of risk management at least annually with the disclosure of risks in the annual report. In addition, the Company has established a strategy to respond to risk at each level: avoidance, reduction, transfer or acceptance of the risk. To ensure that the Company has considered and selected the most worthwhile and efficient approach to managing the risk, the risk factor that has the highest effect to the shareholders' value is chosen as the first priority;
11. To provide opinions on the adequacy of the internal control and risk management systems in the annual report;
12. To provide a channel for employees, outsiders wishing to report complaints or stakeholders to send their comments or useful suggestions, or to report or submit information concerning wrongdoing, violation of the law or Good Corporate Governance principles;
13. To consider the suitability of persons to be assigned as directors of its subsidiaries to control management under the Company's policies, including transactions to ensure compliance with the laws, securities and exchange regulations and the SET's Notifications.
14. To arrange regular meetings of the Board of Directors, at least once a quarter, to consider general business of the Company with the presence of as many directors as possible;

15. To consider and resolve important matters or transactions in addition to appointing independent directors who are not involved in the daily management of the Company. The independent directors are free to make decisions and are not influenced by any major shareholders in exercising their decision in order to boost the confidence of shareholders, minority shareholders and other related parties;
16. To report to the Company any conflicts of interest of their own and/or related persons in relation to the Company or subsidiaries' management according to the regulations, conditions and procedures prescribed in the Notifications of the Capital Market Supervisory Board;
17. To consider and approve the budget for annual spending and capital expenditures for machinery and other equipment, and to ensure that the Company controls the spending under the approved budget. Additional approval is required if the Company has any expenses that are not included in the approved budget, more than Baht 10 Million. Any additional investment in subsidiaries or purchases of immovable property requires the Board's approval;

The Board of Directors may appoint any person to operate the Company's business under its supervision or delegate such person to have the authority as it deems appropriate within an appropriate period of time. The Board of Directors can amend, change or cancel such appointment or delegation of authority. The delegation of authority must not be carried out in a nature that will enable the delegates, or the persons authorized by the delegates, to approve the transactions in which they or any persons who may have a conflict of interest may have an interest or conflict of interest (as defined by the Notification of the Office of the SEC) with the Company or its subsidiaries.

The Company has a clear separation of roles and responsibilities between the Board of Directors and the Chief Executive Officer, in which the Board's role is to monitor Management's performance in achieving targets and ensuring that there are systems in place to enhance the legal and ethical integrity of business operations. All directors understand the responsibility of the Board of Directors and the nature of the business operation of the Company. They perform their duties with honesty and in good faith, using due care and diligence with regard to the highest benefits of the Company and the fair treatment of all stakeholders. They have expressed their opinion independently and are completely dedicated to their duties.

Roles, Duties and Responsibilities of the Chairperson

The Chairperson of the Board of Directors shall have duties in addition to other directors as follows:

1. To call for a meeting with the attendance of the Managing Director, and to determine agenda items for the Board's meetings and shareholders' meetings;
2. To preside over the Board's meetings and shareholders' meetings, and to consider and sign the resolutions of the meetings;
3. To cast the deciding vote in cases when have a vote in the Board's or shareholders' meeting receives equal "yes" or "no" votes.

Meetings of the Board of Directors

The meetings of the Board of Directors are scheduled in advance and notified to each director so that they can arrange their schedules to attend. The Chairperson of the Board and the Chief Executive Officer should work together to consider and select matters to be included in the agenda to ensure that any major subject is incorporated into the agenda. Each director is provided with the opportunity to freely propose matters that are beneficial to the Company to be included in the agenda, and the Chairperson and the Chief Executive Officer shall consider such proposals and determine to include major subjects in the agenda for the next meeting. Directors will receive supporting documents for the meeting at least five working days prior to the meeting to provide sufficient time for them to study and consider the case to ensure proper decision making.

Board meetings are held regularly at least once a quarter, a quorum shall consist of not less than two-thirds (2/3) of the total number of members of the Board of Directors. All directors are encouraged to attend the meeting at least 75 percent of the total number of the meetings held in a year. The secretary of the Board of Directors will set tentative schedules and agenda items of the regular meetings for one year in advance. This is to provide sufficient time for the directors to attend all the meetings. For each meeting, Management prepares information and supporting documents for the Board's consideration. During any meeting, the Chairperson of the meeting also gives sufficient time for all directors to consider each item on the agenda thoroughly and provide comments thereon. The minutes of the meeting are taken in written form and a certified copy is kept for auditing by the concerned parties. The Company's Board of Directors also supports to invite senior Management to attend the Board's meetings to provide additional information or details as they directly relate to the matters and can access and obtain additional and necessary information, advice and services from the Chairperson of the Executive Committee, the Company Secretary or other relevant Management or seek opinions from independent advisors. It is the Company's policy to allow non-executive directors to hold a meeting to discuss management issues in focus without attendance of the Management at least twice a year, and report to the Chief Executive Office for the result of such meeting.

The Audit Committee has a regular meeting at least once a quarter with the Internal Audit Manager to monitor and plan the internal audit items. The Audit Committee conducts a meeting at least once a quarter for consideration, selection and nomination of external auditors and their remuneration, including providing the opinions for the interim and annual financial statements duly reviewed or audited by the auditor, considering compliance with the accounting standards, and reviewing disclosure of information in the financial statements before submitting for the Board's consideration and disclosure of connected and related party transactions as well as suitability of internal supervision and audit plan.

The Board of Directors and member of the Sub-Committees meeting attendance in 2016 as outlined below:

Director's name	Meeting Attendance in 2016			
	Board	Audit Committee	Nomination and Compensation Committee	AGM
1. Dr. Suvarn Valaisathien	6/6	5/5	2/2	1/1
2. Mr. Threekwan Bunnag	6/6	5/5	2/2	1/1
3. Mr. Virapan Pulges	6/6	-	-	1/1
4. Mr. Pongsak Lothongkam	6/6	-	2/2	1/1
5. Mr. Chatchaval Jiaravanon	5/6	-	1/2	1/1
6. Miss Manida Zimmerman	1/3	2/4	-	-
7. Dr. Pruchya Piumsomboon	3/3	1/1	-	1/1

Board Self- Assessment

The Board has established self-assessment evaluation and cross performance evaluation for the overall performance of the Board of Directors, Sub-Committee and individual member and cross performance evaluation of the board of directors and committee members on an individual basis. It serves as a tool to reflect the operational efficiency of the Board and Sub-Committee in accordance with Good Corporate Governance principles and to facilitate a regular review of the performance of the Board and Sub-Committee. The process aims to set a standard of practice for the Board of Directors and Sub-Committee performance assessment, which is conducted on an annual basis and led by the Chairman of the Board.

1. Self- Assessment for the board of directors as a whole, A self-assessment is based on a preliminary format set by the SET, covering the following topics:

- 1) Structure and qualifications of the Board;
- 2) Roles, duties and responsibilities of the Board;
- 3) Board meetings;
- 4) Discharge of duties of the Board;
- 5) Relationship with the Company's Management;
- 6) Self-development of directors and executive development

The Board of Directors 2016 performance evaluated by the team of the director was reported at 96.81% which is an excellent score.

2. Self- Assessment of committee as a whole, A self-assessment is based on a preliminary format set by the SET, covering the following topics:

- 1) Structure and qualifications of the sub-committee;
- 2) Sub-Committee meetings;
- 3) Roles, Duties and Responsibilities of member of Sub-Committee.

Performance evaluation of Self- Assessment of committee as a whole was reported at 95.92% which is excellent score.

3. Self- Assessment of the board of directors and of committee members on an individual basis, A self-assessment is based on a preliminary format set by the SET, covering the following topics:

1. Structure and qualifications of the Board and Sub Committee;
2. Board and Sub-Committee meetings;
3. Roles, Duties and Responsibilities of Directors and member of Sub-Committee

Performance evaluation of Self- Assessment of the board of directors and of committee members on an individual basis was reported at 98.48% which is excellent score.

4. Cross performance evaluation of the board of directors and of committee members on an individual basis, A Cross performance evaluation form is based on a preliminary format set by the SET, covering the following topics:

1. Structure and qualifications of the Board and Sub Committee;
2. Board and Sub-Committee meetings;
3. Roles, Duties and Responsibilities of Directors and member of Sub-Committee.

Performance evaluation of Cross performance evaluation of the board of directors and of committee members on an individual basis was reported at 97.73% which is an excellent score.

The performance evaluation form has been modified in 2016 to include four measurements: the first criteria is to conduct a Self- Assessment of the board of directors as a whole, the second criteria is to Self- Assess the committee as a whole, the third criteria is to conduct a Self- Assessment of the board of directors and of committee members on an individual basis and fourth is a cross evaluation of the board of directors and of committee members on an individual basis.

Evaluation of the Performance of the Chief Executive Officer

Evaluation of the performance of the Chief Executive Officer through the use of the assessment form covers the following topics:

- Section 1. Progress of Planning
- Section 2. Performance Evaluation
 - a) Leadership
 - b) Strategic Planning
 - c) Strategy Execution
 - d) Financial Planning/Performance
 - e) Relationship with the Board of Directors
 - f) External Relations
 - g) Human Resources Management/Relations
 - h) Succession planning
 - i) Product/Services Knowledge
 - j) Personality

Section 3. Development of the Chief Executive Officer

The evaluation of the performance of the Chief Executive Officer for the year 2016, was separately evaluated by the director and brought to the meeting for discussion. The final score was reported at 96.76% which is considered as excellent performance.

9.2 The Sub-Committees

To ensure effective and efficient operation, the Board of Directors has established sub-committees to assist in the study and screening of the operations as necessary. Currently, the Company has four specific sub-committees, i.e. the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Corporate Governance Committee. Scope of duties of each sub-committee is as follows:

The Audit Committee

The Company selects members of the Audit Committee from directors. The Company's Audit Committee consists of three members. All members are independent Directors who are capable have knowledge, understanding and experience about the law, accounting and/or finance. At least one member of the Audit committee is required to possess financial capability. The Chairperson of the Audit Committee and its members shall remain in position for two-year term.

Scope of Powers and Duties of the Audit Committee

The Audit Committee is responsible to the Board of Directors based on the scope of duties and responsibilities assigned by the Board of Directors with the following details:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are appropriate and efficient, to determine an internal audit department's independence, as well as to approve the appointment, transfer and dismissal of the Manager of an Internal Audit Department.
3. To ensure that the Company has duly complied with the laws on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
4. To consider, select, nominate, remuneration and dismissal of the external auditor who is independent and qualified to be accepted to act as auditor of the company. The auditor has been approved by the SEC, as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the connected transaction, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
6. To prepare an audit committee's report and disclose in an annual report, which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
 - a. An opinion on the accuracy, completeness and creditability of the Company's financial report,
 - b. An opinion on the adequacy of the Company's internal control system,
 - c. An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business

- d. An opinion on the suitability of an auditor,
 - e. An opinion on the transactions that may lead to conflicts of interests,
 - f. The number of the audit committee meeting, and the attendance of such meetings by each committee member,
 - g. An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - h. Other transactions which according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
7. To audit cases informed by the Company's auditor when he/she discovers any suspicious circumstance that the director, manager or any person responsible for the Company's operational commits an offence, which is specified under the Securities and Exchange Act B.E. 2535 as amended by the Securities and Exchange Act (No.4) B.E. 2551 and report the result of the preliminary inspection to the Securities and Exchange Commission and the auditor within thirty days.
 8. To express opinions regarding the operation plan and operational results, budgeting and manpower of the Internal Audit Department.
 9. To revise the Audit Committee Charter at least once a year.
 10. To invite executive officers or supervisors to attend its meeting for clarification purpose or to submit relevant documents based on the scopes of its authority.
 11. To obtain appropriate consultations from the independent specialist relating to its scope of duties and responsibilities with the Company's expenses.
 12. Review and approve the Internal Audit Charter.
 13. The Chairman of the Audit Committee shall attend the Annual General Meeting.
 14. To perform any other tasks as assigned by the Board of Directors upon the Audit Committee's consent.
- The Audit Committee is responsible to the Board of Directors and the Board of Directors continues to have responsibility directly to shareholders, stakeholders and other outsiders.

The Nomination and Compensation Committee

The Company's Nomination and Compensation Committee consists of 4 members. The Company selects from directors who are capable, knowledgeable, experienced, and have a good connection with many capable, knowledgeable and qualified candidates in various organizations. The Chairperson of The Company's Nomination and Compensation Committee and its members shall remain in that position for a two-year term. The Nomination and Compensation Committee shall conduct the meeting at least two times annually.

Scope of Powers and Duties of the Nomination and Compensation Committee

1. To seek and approve the persons to be appointed as directors and Chief Executive Officer of the Company;
2. To consider the appropriate criteria of remuneration policy for the directors and the Chief Executive Officer;

3. To consider and approve the issuance and offering for sale of securities to the directors and employees (Employee Stock Option Program (ESOP)) and propose this program to the Board for further consideration.

The Risk Management Committee

The Company's Risk Management Committee consists of 5 members, The Company selects members from the company's executives who are capable and knowledgeable in this subject and propose to the company's board of directors for approval. There is a director nominated by the board of directors to be an adviser of the Committee. The Chairperson of the Company's Risk Management Committee and its members shall remain in their position for a two-year term.

Scope of Powers and Duties of the Risk Management Committee

In order to fulfill its responsibilities to the Board, the Committee will:

1. Oversee and approve the risk management, internal compliance and control policies and procedures of the Company.
2. Oversee the design and implementation of the risk management and internal control systems (including reporting and internal audit systems), in conjunction with existing business processes and systems.
3. Set reporting guidelines for management to report to the RMC on the effectiveness of the Company's management of its business risks and disclose to the Board the content of management reports.
4. Establish policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimizing risks that may impact adversely on the business objectives of the Company.
5. Oversight of internal systems to evaluate compliance with corporate policies and to assess whether such policies are effective.
6. Approve policies to inform all employees, visiting suppliers, customers and contractors of their rights and responsibilities consistent with the risk management framework generally and specific business.
7. Approve and update as necessary a summary of the Company's policies on risk oversight and management of business risks, to be made publicly available.
8. Contribute to the corporate governance statement in the Company's annual report, as appropriate given RMC policies, reports and results in the reporting period.

The Corporate Governance Committee

The Company's Corporate Governance Committee consists of 5 members. The company selects from the company's executives who are capable and knowledgeable in this subject and propose to the company's board of directors for approval. There is a director nominated by the board of directors to be an adviser of the Committee. The Chairperson of The Company's Corporate Governance Committee and its members shall remain in position for two-year term.

Scope of Powers and Duties of the Corporate Governance Committee

1. To propose the practiced guidance on Good Corporate Governance to the Company's Board of Directors;
2. To oversee and supervise the Company's operations to ensure compliance with Good Corporate Governance principles, the Company's policies and related laws;
3. To define and review good working practice policies, regulations and guidelines on a regular basis;
4. To report to the Company's Board of Directors the result of Good Corporate Governance including comments, practice guidelines and suggestions for further improvement;
5. The Corporate Governance Committee shall conduct the meeting at least two times annually, depending on necessity and appropriateness. The result of the meeting shall be reported to the Company's Board of Directors.

The term of a member of the Corporate Governance Committee is two years; however, the retiring members are eligible for re-election for another term by obtaining approval from the Company's Board of Directors.

Authority and Responsibility of the Chief Executive Officer (CEO)

To take actions on behalf of the Board of Directors in managing the business of the Company and ensure that such actions are taken under rules, regulations, policies and resolutions set by the Board and the shareholders meeting.

1. To take actions on behalf of the Board of Directors in managing the business of the Company and ensure that such actions are taken under rules, regulations, policies and resolutions set by the Board and the shareholders meeting.
2. To be responsible for operating the Company, managing the business in line with the objectives, business plan, policies, budget rules and regulations approved by the Board.
3. To manage and control the company's day to day routine business.
4. To set objectives, policies and strategies of the Company as well as direct and monitor overall operations for maximizing benefits of the Company and to report the company's performance to the Board of Directors.
5. To regularly follow up and evaluate performance of the Company in order to avoid any risk both internally and externally. To report and update the information on financial results, operational management to the management team, the audit committee and the Board.
6. To be responsible for the organizational changes of the Company under the supervision of the Board as well as to make decisions on the appointment, transfer and deposition of employees. To set the salary rate, remuneration, bonus and other fringe benefits for employees.
7. To authorize, instruct, announce, and record, as to ensure that the company can comply with the policies and internal discipline.
8. To approve all actions under the rules and resolutions from the Board of Directors Meeting.
9. To delegate authority to other persons to operate any specific functions on their behalf. This delegation has been made under the limitation stated in the Power of Attorney and/or to comply with the rules, regulations and instruction of the Board.
10. To perform any other actions as assigned by the Board occasionally.

CEO may not hold the position in more than five listed companies.

The CEO may not delegate his authority to another person that does not have a mandate or authority and that may cause a conflict of interest with the company or any subsidiary (defined in SET's and SEC's regulations), unless it is clearly approved under the normal company's business policy.

Authority and Responsibility of the Corporate Secretary

The Company's secretary's responsibilities are as follows:

1. Preparation and proper stowage of the following documents
 - a. Directors' registration
 - b. Invitation Letter to the Meeting and Minutes of Directors' Meeting and the Company's Annual Report
 - c. Invitation Letter to shareholders and Minutes of the Shareholders Meeting
2. Maintaining the reports of the company's connected transactions disclosure, reported by Directors or management.
3. Perform other duties as assigned by the Board of Directors.
4. Organize the Shareholders Meetings and Board of Directors Meetings in accordance with the laws, Company's Articles of Association and other relevant requirements.
5. Draft management policies.
6. Record the Minutes of Shareholders Meeting and the Minutes of the Board of Directors Meeting and follow up on the compliance of the resolutions.
7. Ensure that disclosure of data and information is under the responsibility of the authorized parties in the Company under the regulations and requirements of such authorities.
8. Ensure the Company's and the Board of Directors' compliance with the laws and requirements of SEC/ SET.
9. Promote and standardize good corporate governance in the company.
10. Communicate with the shareholders to ensure that shareholders obtain their entitlements and the information of the Company.
11. Manage the activities of the Board of Directors.

9.3 The Selection of Directors and Executives**Independent Directors****Definition and Qualifications of Independent Directors**

Definition of Independent Directors: An independent director means a person whose qualification and independence is in compliance with the requirements set forth by the Company's Board of Directors in the Company's Corporate Governance Policy and the regulations of the Capital Market Supervisory Board. To elaborate, an independent director shall not have any business or interest nor participate in any management related with the Company which may have an impact on his or her independent decision-making

The Company selects independent directors by taking into account the qualifications under the Public Limited Company Act B.E. 2535 (A.D. 1992), the law on securities and exchange, the Notifications of the Securities and Exchange Commission, the Notifications of the Capital Market Supervisory Board and other related regulations and/or rules. Each independent director may not hold the position in more than five listed companies.

The Company has determined the structure of the board of directors must be independent directors, at least one third of the total membership. But shall not be less than three independent directors who qualify under the rules of the Securities and Exchange Commission. An independent director shall meet the following criteria:

1. Hold shares not exceeding one percent of the total number of shares with voting rights of the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, including shares held by related persons of such independent director;
2. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary company, affiliate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended more than two years prior to the filing of registration statement to the Office. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;
3. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of other directors' child, executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary company;
4. Neither having nor used to have a business relationship with the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, in the manner which may interfere with his/her independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, unless the foregoing relationship has ended more than two years prior to the filing of registration statement to the Office;

The term 'business relationship' under the above mentioned shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

5. Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, and not being a significant shareholder, controlling

- person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, unless the foregoing relationship has ended more than two years prior to the filing of registration statement to the Office;
6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding Baht two million per year from the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended more than two years prior to the filing of registration statement to the Office;
 7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder of the Company;
 8. Not undertaking any business in the same nature and significantly in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and significantly in competition to the business of the Company or its subsidiary company;
 9. Not have any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

The independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, provided that such decision shall be in the form of collective decision.

In the case where the person appointed as independent director has or used to have a business relationship or provide professional services exceeding the value specified under 4 or 6, the Company's Board of Directors may grant an exemption from such prohibition if it views that the appointment of such person does not affect performing of duty and expressing of independent opinions, and the Company discloses the following information in the notice calling the shareholders' meeting under the agenda for the appointment of independent directors:

- a. The business relationship or professional service which makes such person's qualifications not in compliance with the prescribed rules;
- b. The reason and necessity for maintaining or appointing such person as independent director;
- c. The opinion of the Company's Board of Directors for proposing the appointment of such person as independent director.

According to Article 5 and 6 of the word "business relationship" means a person appointed by the audit firm. Or provide professional services. Or is a signatory on the audit report. Or report to a professional service provider.

Remark: SVI Company Limited has been recognized as meeting the qualifications and criteria of the Independent Director as required by the SEC and The Stock Exchange of Thailand.

Nomination of Directors and Executives

The Company has criteria for the selection and appointment of directors in accordance with the qualifications stipulated in the Company's Articles of Association, in which the Company's director, possesses no characteristics which are in conflict with any regulations of the Stock Exchange of Thailand. The persons to be appointed as directors of the Company should have knowledge and capability to manage/operate the business, accounting or law and shall be honest and prepared to perform their duties. Nomination of directors of the Company shall be considered based on their skills and shall be approved by the resolutions of the Board and shareholders' meetings.

Appointment of the Board of Directors

The Board of Directors shall consist of at least five persons and not less than one half of the total directors must reside in the Kingdom of Thailand. The Company's directors shall have full qualifications as required by the governing laws and each of them may hold a position in no more than five listed companies.

In accordance with the Company's Articles and Association, the directors shall be elected at the shareholders' meeting based on the following criteria and procedures:

1. Each shareholder shall have one vote per one share.
2. Each shareholder must exercise all of his or her votes under 1 to elect one person or multiple persons as director, but cannot allot their votes to any of these persons in any number.
3. Persons who receive the highest votes, arranged in order from highest to lowest in a number equal to that of directors to be required or to be elected in an election shall be elected as directors. In the event of a tie at a lower place, which would result in the number of directors to be greater than that to be required or to be elected in an election, then the Chairperson of the meeting shall cast the deciding vote.

At each annual general meeting, one-third (1/3) of the directors must retire from office. If their number is not a multiple of three, then the number nearest to one-third (1/3) must retire from office.

The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall retire. The retiring directors may be reappointed for any number of terms.

There was a director who was a major shareholder's representative, Mr. Pongsak Lothongkam who held 983,264,523 shares or 43.40% of the total paid up capital as at December 31, 2016.

Nomination of the Audit Committee

The Company's Audit Committee consists of three members. All members are independent, and are not a member of the management team. They have knowledge, understanding and experience about the law, accounting and/or finance. At least one member of the Audit committee is required to possess financial capability.

The Audit Committee has a duty to assist the Board in fulfilling the Company's Good Corporate Governance, particularly in providing the vision of the business, commenting on financial reports and internal control systems, and monitoring the accuracy and sufficiency of the disclosure of financial reports in compliance with related standards and requirements. All these actions enhance the quality and reliability of the financial reports and add value to the organization. The Chairperson of the Audit Committee and its members shall remain in that position for a two-year term.

Nomination of the Nomination and Compensation Committee

The Company selects members of the Nomination and Compensation Committee from directors who are capable, knowledgeable, experienced, and have a good connection with many capable, knowledgeable and qualified candidates in various organizations.

Nomination of the Risk Management Committee

The Company selects members of the Risk Management Committee from the Company's executives who are capable and knowledgeable in this subject and proposes to the Company's Board of Directors for approval. The Company's director is an adviser of the Committee.

Nomination of the Corporate Governance Committee

The Company selects members of the Corporate Governance Committee from the Company's executives who are capable and knowledgeable in this subject and proposes to the Company's Board of Directors for approval. The Company's director is an adviser of the Committee.

Nomination of the Executives

As for the selection of the Company's executives, the Company's Board of Directors authorizes the Chief Executive Officer to select knowledgeable, capable, experienced and qualified persons to manage the Company's business.

9.4 Supervision of the Operation of Subsidiaries

The Company's Board of Directors has established a mechanism for the Company's supervision that enables it to oversee the management and take responsibility for the operation of its subsidiaries in order to maintain the Company's investment benefit. Such mechanism includes the followings:

1. The Company has appointed or nominated persons as directors or executives of its subsidiaries at least in proportion to its shareholding in each respective subsidiary. Those directors and executives nominated or appointed by the Company shall have discretion in casting their votes in the board of directors' meetings of the subsidiaries in relation to the general management and normal business operation of the subsidiaries as the directors and executives deem appropriate for the utmost benefit of the Company and its subsidiaries;
2. The Company's Board of Directors shall oversee and supervise the subsidiaries as if they were the Company's internal units in relation to their procurement and disbursement approval, by adhering to the same practices as are used by the Company in all respects;

3. The Company's Board of Directors shall closely follow-up the performance of the subsidiaries to ensure compliance with the work plans and budget and the disclosure of their transactions with connected persons and acquisition or disposition of assets to ensure compliance with related notifications, by adhering to the same practices as are used by the Company in all respects;

9.5 Policy on the use of Inside Information

The Company has a policy of prohibiting its directors and management team from disclosing information that has not been released to the general public, or using inside information of any securities for the purpose of trading such securities for personal or others' benefit, either directly or indirectly. The directors, executives and employees involved in accounting information and financial statements not yet disclosed to the public are prohibited from trading the Company's shares for the appropriated time before the release of the financial results to the public.

The Company has communicated to the directors and management in regard to the responsibility and penalty for reporting the buying and selling of the Company's stock in a standard form stated in SEC's act 59, B.E. 2535.

In case where they submit the report to the SET by themselves, they need to report that transaction to the Company one day after the transaction has been made as well. The Company will clarify the facts to shareholders and investors via the SET news system once there is any rumour or information leak to the public. This is to ensure fairness and equitable treatment of shareholders and investors.

9.6. Remuneration of Auditor

The Annual General Meeting of Shareholders No. 1/2016 approved the total Annual Remuneration of Audit Fee for the fiscal year 2016 at Baht 1,600,000 (Baht: One million six hundred only) and the special audit fee for the privileges of corporate income tax exemption report was approved at Baht 250,000 (Baht: Two hundred and fifty thousand only), excluding the out-of-pocket expenses.

The Company and its subsidiaries paid the audit fee in the fiscal year ended December 31, 2016 as follow:

Audit's fee for the Year 2016	SVI Public Co., Ltd.	SVI Public (HK) Limited (1)	SVI A/S (Denmark)	SVI (AEC) Company Limited (2)	SVI Europe
Audit Fee	1,600,000	197,327	599,031	212,444	3,092,571
Audit Fee for BOI Promoted Project	250,000	None	None	None	None

Remark:

1. Changed name from "Shi Wei Electronics (Hong Kong)"
2. The Company registered on August 20, 2015

9.7 Compliance with Stock Exchange of Thailand's Code of Conduct for Listed Company's Directors.

The Board of Directors is responsible for establishing policies, vision, mission, goals, business strategy, business plan and budget of the company. The management and supervision administered according to the defined policy effectively and efficiently under the framework of laws, regulations, objectives of the company, and resolutions of the shareholders' meeting with responsibility and honesty. The director of a listed company has to comply with the Stock Exchange of Thailand's code of conduct. Additionally there must be control and monitoring of the management to ensure transparency, maintain communication and disclose the company information as appropriate. The Board of Directors, under the leadership of Chairman of the Board of director has to control and manage the company's management to deliver the operating result effectively, adding high economic value to the business, and maximizing security for its shareholders.

The Chairman of the Board of Directors and Chief Executive officer are not the same person. The Chairman of the Board of Directors is independent of major shareholders and management. There is no benefit or interest, whether direct or indirect in the finance and administration of the Company. The Chairman of the Board of Directors is elected from Independent directors.

The Board adheres to the Securities and Exchange Act, and respective rules, regulations of The Securities and Exchange Commission, complies with the Stock Exchange of Thailand's code of conduct for the directors of listed companies, The Capital Market Supervisory Board and other relevant laws.

In 2015, the Board of Directors has reviewed and approved CG policy to comply with Asian CG Scorecard and the Securities and Exchange Act, and respective rules, regulations of The Securities and Exchange Commission, compliance with Stock Exchange of Thailand's code of conduct for the directors of listed companies, The Capital Market Supervisory Board and other relevant laws.

1. Reviewed and approved the policy to facilitate the shareholders to attend the meetings, exercise their rights and fully vote by providing transportation to support shareholders and institutional investors, provide adequate staff and technology and provide a duty stamp for shareholders.
- Reviewed and approved the policy for sending notices of the shareholders meeting together with the agenda at least 21 days before the meeting date. SVI shall provide multiple communication channels via the SVI's website in advance.
- Reviewed and approved the policy to post all information on the SVI's website (www.svi.co.th) at least 30 days before the shareholders meeting.
- Reviewed and approved the policy to establish clear compensation and employee benefits policy which is consistent with the company's performance and provides such benefits as provident fund, saving fund for staff and transportation etc. Emphasized on people development programs to develop the potential of all employees and disclose the average number of hours of training per year in the annual report.
- Reviewed and approved the policy to arrange class training for employees as well as disclose an accident report and rates of illness from work in the annual report.

- Reviewed and approved the established compliance unit to monitor and follow-up with the concerned party to ensure effective and efficient compliance with approved policies and in line with good corporate governance, The Compliance unit reports directly to the company's secretary.
- Reviewed and approved for review key business matters of the Company, such as the vision and mission of the Company, strategy, financial targets, risks, work plans and budget (once a year).
- Reviewed and approved the BOARD quorum that consists of not less than two-third (2/3) of the total number of members of the Board of Directors.
- Reviewed and approved added self-assessment evaluation covered for the 4 areas of Board of Directors, the Sub-Committee performance:
 1. Self-assessment evaluation covered for the Board of Directors as a whole
 2. Self- Assessment of the Sub-Committee as a whole
 3. Self- Assessment of the Board of Directors and of the Sub-Committee members on an individual basis
 4. Assessment of the Board of Directors and the Sub-Committees in an individual cross performance.

To assess properly the duties of the Board of Directors and the Sub-Committee members individually.

 - Reviewed and approved the new Scope of Powers and Duties of the Audit Committee to comply with the Asian CG Scorecard.
 - Reviewed and approved the Nomination and Compensation Committee to conduct the meeting at least two times annually.
 - Reviewed and approved the Board of Director manual.
 - Reviewed and approved the Anti-Corruption Policy.

2. Anti-Corruption

The Company has announced its intention to join the private sector in anti-corruption (Collective Action Coalition or CAC) on October 3, 2014. Moreover, in 2015, the Company conducted the compliance with Anti-Corruption policy and also made a self-assessment (71 questions) which is related to the guidelines of CAC, and the Company was passed and approved by the Board of Directors of CAC on Quarter 4/2015, which was announced on January 22, 2016.

3. The company has started to prepare a report on social responsibility, details of the report has been disclosed on the Company's website. (www.svi.co.th)

Supervision of the Use of Inside Information

The Company has a measure to supervise the use of inside information. If any director or executive has been aware of any significant inside information which may affect the change in securities price, such director or executive shall refrain from trading the Company's securities for an appropriate period of time before such inside information is disclosed to the public and shall not disclose such information to any other person.

The Company has informed directors and executives of their duty to report their securities holdings in the Company and the change in their securities holding in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (A.D. 1992) including penalty provisions under such Act.

The Company requires directors and executives to report their trading of the Company's securities to the Company in a standard form. Such report must be submitted to the Company on the business day following the day of trading. In the case where the directors or executives submit the report to the SET directly, the Company requires them to report that transaction to the Company as well. The Company will immediately clarify the facts to the shareholders and investors via the SET news system once there is any rumour or information leak to the public. This is to avoid causing any unfairness to the shareholders and general investors.

Prevention of Conflicts of Interest

In order to eliminate conflicts of interest, the Company has a policy to prevent Directors, Management or employees from using internal information for personal benefit. The Board is kept informed of transactions that may pose a conflict of interest and reviews the suitability of each instance with caution. The Company further complies with the guidelines of the SET and discloses the related transactions in the Company's Annual Report. The Board also oversees the use of internal information, by having Directors and Management report their shareholding information to the SEC, and is determined that business ethics protect the Directors and Management against the use of insider information for personal gain.

Remuneration of Directors and Executives

The Company has a policy to compensate Directors, the Chief Executive Officer and Management at appropriate levels when compared to other companies in the same business. This is to motivate and retain capable personnel. Remuneration is related to the Company's performance. The Nomination and Compensation Committee sets the remuneration policy and payment procedure and proposes the remuneration package to the Board of Directors for consideration which proposes to the shareholders meeting for approval.

The details of remuneration payments to Directors and executives are reported in Section 8, the Organizational Management section.

Professional Development for Directors and Management

The Board of Directors has supported and facilitated attendance on various training programs and seminars as necessary to ensure the continuing education of those associated with the Corporate Governance system, such as Directors, Audit Committee members, Executives and the Company Secretary. This enables the Directors to operate and govern the Company operations more effectively. In addition, in the case of a new Director, the Company organizes an orientation program and provides training, information and documents beneficial to performing the new duties. The program for a new Director includes sessions to introduce the nature of the business, the business structure, operating policy, the Company's rules and regulations, and Corporate Governance guidelines and practice, as well as a plant tour.

2016 Seminar record for directors are as follow:

1. Dr. Suvann Valaisathien

Attended Seminar in 2016:

-None-

2. Mr. Threekwan Bunnag

Attended Seminar in 2016:

-None-

3. Mr. Virapan Pulges

Attended Seminar in 2016:

-None-

4. Mr. Pongsak Lothongkam

Attended Seminar in 2016:

“Role of the Chairman” by the Thai Institute of Director, February 5 and 15, 2016.

5. Mr. Chatchaval Jiaravanon

Attended Seminar in 2016:

-None-

6. Miss Manida Zimmerman

Attended Seminar in 2016:

-None-

Management Succession Plan

The Company has developed a succession plan for key positions within each group, i.e. Chairperson of the Executive Committee, Executive Director and Director of each department to ensure that the Company has the Management that is knowledgeable in the business operations and capable to carry out the tasks smoothly and efficiently. Furthermore, the Company identifies high potential employee and sets training needs in order to develop them to become young talented executives and possess a foundation for business expansion in the future. This ensures that there will be no personnel shortage and maintains the confidence of the shareholders and stakeholders, including employees.

The Board of Directors has authorized the Nomination and Compensation Committee to consider and establish a succession plan for Chief Executive Officer and arranged the Company to review the succession plan for senior executives on an annual basis.

Shareholders, Analyst and Press Meetings

SVI has arranged Shareholders Meetings and treated all Shareholders equitably by sending invitation letters at a reasonable time as required by law. The letter informs Shareholders of the meeting schedule and location that is convenient for them to commute to the meeting. The Annual General Shareholders Meeting is normally held in April each year. The Company also invites both analysts from inside and outside Thailand, Financial Journalists, media and press to discuss and interview SVI top management regarding the company's strategy and business plan as appropriate.

2015 Annual report and Annual Registration Statement (Form 56-1)

The investors can access information of 2016 Annual report, Annual Registration Statement (Form 56-1) and Financial Statement in both Thai and English at <http://investorrelations.svi.co.th>.

Investor relations

SVI's Investor Relations is responsible for communication of any significant qualitative and quantitative information for investors, such as general information, financial information related to the characteristic of business, operating performance (already published), management discussions and other crucial information. SVI has an objective to transparently reflect the company's value to the capital market which will be beneficial to its shareholders, investment institutions, analysts, related public parties, media and others. SVI recognizes this activity as an important tool to reinforce good corporate governance of the company.

SVI Investor Relations Contact

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Social Responsibilities

10.1 Overview

The Company believes that the stable and sustainable success of our business depends upon the overall organization management capability. We also respect that ethical business practice, a part of good corporate governance is important in doing business. Social responsibility is the other area that we focus on and value when working with stakeholders such as shareholders, employees, customers, vendors, society, government agencies in order to protect the rights of all parties. Additionally, we encourage our people to participate or get involved in social responsibility activities including environmental protection. We apply all of the 8 CRS principles of the Stock Exchange of Thailand in our practices as follows:

1. Fair business operations
2. Anti-Corruption
3. Respect for human rights
4. Employee fair treatment
5. Responsibility to consumers
6. Environmental care
7. Development of community and society
8. Innovation and its sharing of society, environmental and stakeholder responsibility

10.2 Compliance with the Corporate Social Responsible Principles

In 2016, The Board of Directors fully applied the 8 principles as the Company's direction for our business operations. This contributes to creating trust and accountability for maintaining the rights and protect the interests of stakeholders and society. Giving all stakeholders a chance to participate in business operations is considered a part of corporate governance practices.

1) Fair business operations

Operation with fairness means any business transaction will be made clearly and transparently. Contractors are allowed to get information before doing business as specified in our good corporate governance and ethical standard handbook. There are 4 main points to be considered:

1.1 Fair competition

The Company has set the following guidelines for all employees.

- Any employee will not be allowed to take advantage of or treat other parties unfairly by any means such as persuasion, hiding information and using confidential information in a wrong way, showing wrong/incorrect facts, or use unfair trade practices, etc. The Company Code of Conduct sets the standards of conduct and business ethics, including the contract with different partners in accordance with the principle of Thai and international law.

- The company does not allow the employee to disclose the confidential information of the customer or act dishonestly or illegally.
- The company does not allow the employee to destroy the reputation of the customers by demeaning them or vilifying them without a factual basis.

1.2 Responsibility for the partner and creditor: the company does not allow the employee to take advantage of the partners and creditor or violate the law and relevant regulations. The company is to operate in a manner that is consistent with the law and ethical principles as follows:

- Equal treatment of terms and conditions provided to customers
- Deliver products with quality standards according to the agreement at fair prices
- Care of the customer's interest in the same way as the company's interest.
- Listen to comments or complaints about products and services, the latter to be addressed swiftly
- Confidential treatment of customer trade data. Cannot be published or used for illegal purposes
- Committed to developing products and services, as well as innovative thinking adding value to the product and providing continuous service.

1.3 Respect for property rights.

The company has set standards for the business code of conduct and ethics. The guidelines for management and employees refers to intellectual property violations by prohibiting the copying, distribution or release of any software of the company or any third party without permission.

1.4 Involving political responsibility

The company has a policy to give money or take any action to support the political parties, the staff of the political parties or the candidate at all levels, both directly and indirectly. As defined in the ethics guide staff. The employees have the independent right to make political decisions.

The Customer's Satisfaction Survey 2016

The Company will conduct a customer satisfaction survey annually to evaluate the performance of the company in 5 main topics including quality, delivery, management, innovation, and price. The survey results will be used to improve various processes to meet the needs of customers.

Customer Satisfaction (5 points)	2014	2015	2016
1. Quality	3.50	3.37	3.55
2. Delivery	3.94	3.16	3.16
3. Management	3.26	3.52	3.47
4. Innovation	3.53	3.86	3.59
5. Cost	3.56	3.61	3.88
Average Customer Satisfaction score	3.35	3.50	3.55

The survey of customer satisfaction for the year 2016 showed that the customer satisfaction on quality increased by 10% and the customer is still satisfaction on delivery of our same standard. The customer satisfaction on management increased by 8% from the year 2015 while the customer satisfaction on innovation and price decreased by 3% respectively resulting in the average customer satisfaction of the year 2016 to be increased by 4% from the year 2015. Moreover, the Company commits to develop and enhance responsiveness to the customers' needs in many areas to satisfy our customers.

The Company provides a channel for customer feedback or complaints on the issue of confidentiality of customer information via the website, email or survey. In 2016, there is no case of complaints on the issue of confidentiality of customer information.

2. Anti-Corruption Policy

The Company regards corruption as an illegal conduct that damages the Company's credibility in operating the business, which is why policies against all types of corruption, either directly or indirectly are deemed as significant. The scope of the policies covers all areas of the business and relevant transactions in order to avoid any possible damages to the Company and society. An emphasis has been placed on corporate governance under the concepts of moral and ethical principles, transparency, especially processes that are directly involved with or at risk of internal dishonesty, including all types of corruption. Therefore, the Company has created the following anti-corruption practices and policies:

- The Company's directors, executives and employees are prohibited from making requests for or receiving benefits or properties, leading to certain inappropriate acts or ignorance of one's own duties, possibly causing the Company damage to its interests.
- The Company's directors, executives and employees are prohibited from making an offer of any benefits or properties to outsiders with the aim of persuading them to carry out any acts deemed illegal or inappropriate.
- In case of any dishonest acts, the Company regards them as severe misconducts and the person(s) involved will be subject to disciplinary punishment according to the Company's regulations and the rules of law.

Duties and Responsibilities

1. The Board of Directors are responsible for identifying anti-corruption policies and effectively monitoring the systems and processes in support of such policies, ensuring that the Management is fully aware of the significance of anti-corruption initiatives and that they are embedded as the Company's culture.
2. The Audit Committee is responsible for performing an investigation of financial and accounting reports, internal control and audit systems, as well as risk management systems, to ensure that they comply with the latest local and international standards.
3. The Chief Executive Officer is responsible for identifying the systems and providing support to any activities in the anti-corruption policies, ensuring that messages have been thoroughly communicated to all relevant staff members and departments. The CEO is also responsible for reviewing the appropriateness of different systems and practices to make sure they facilitate business changes, rules and legal regulations.

4. The Audit Manager is responsible for verifying and investigating operating practices to ensure they are ethically on track, and in accordance with the policies, practices, authority, rules of law and the department's regimen, to ensure that proper control systems are in place and adequate to cope with potential corruption risks and subsequently report to the audit committee.
5. Directors, Executives and all levels of employees are responsible for strictly abiding by the anti-corruption policies. Should one fail to comply, one would be subjected to disciplinary actions.

Anti-Corruption: Practices

1. Directors, executives and all levels of employees are requested to strictly adhere to anti-corruption policies and the Company's code of conduct, without getting involved in any sort of corruption, either directly or indirectly.
2. Directors, executives, and all levels of employees should not be negligent when witnessing any acts deemed potential for corruption, and must immediately report to their supervisors or any responsible individuals. He or she must give full cooperation in the investigation process and should there be any doubts or queries, one is advised to consult with their supervisor or responsible persons, through available channels.
3. The Company guarantees justice and protection for employees who report any corrupt acts related to the Company, whereby petitioner protection practices will be reinforced to safeguard those who give cooperation in reporting corruptions as specified in the operating manual.
4. Directors, executives, and employees involved in corruptions are considered guilty of violating the Company's code of conduct, which will result in them being subject to the Company's stated disciplinary actions.
5. The Company is aware of the importance of disseminating anti-corruption knowledge and ensuring an understanding with supplier and other stakeholders whose roles or responsibilities are involved with the Company's business and might possibly cause adverse effects upon the Company, with regards to ways of practicing the anti-corruption policies.
6. Directors, executives, and employees must not make any requests, or accept any sort of corruption for one's own benefits, and those of the families, friends and acquaintances.

3. Respect for human rights

The company realizes that human rights and fundamental freedoms are universal, indivisible, and should be promoted practical with justice and fair without prejudice. It has a policy to run a business with respect to the international human rights law and based on the principle of strictly and does not support activities with the violation of human rights. The company has set the practices associated with the respect for human rights, in the regulation of the company increasing as follows.

- The company respect for the worker rights as defined in the general law or the constitution, as well as to not take any actions to hinder the use of such rights of employees.
- The company will not support and encourage the employees to take any actions as a violation of human rights or the rights of others.
- The company preserves the personal data of employees a secret and will not be published to outsiders, in any way, unless authorized by the employee.
- Employees will treat others with equality and not take any action to offend or threaten the rights of other people.

4. Employee fair treatment

The company has set guidelines for employee fairness and equality. The company treats all employees equally and fairly based on respect for the rights of employees under the relevant laws and regulations. The company has two-way communication between employees and itself as well as clear regulations on the administration of wages and benefits. There is a focus on personnel development and we provide recreational activities for employees to have a chance to relax at work. It also strengthens good relationship between employees and the company.

The company is committed to the labor protection laws. This can be assured by the specific policy and various practices in particular:

1. Respect for the rights of workers according to the principles of human rights
 - Without discrimination or determined by gender, race, sex, color, religion, age, marital status personal or political opinions.
 - No child labor.
 - No forced labor by means of intimidation or punishment.
 - Respect for the rights and freedoms of employees to negotiate.
 - Give the employees a chance to show their ability and talent by determining reasonable benefits and rewards according to the regulations of the company.

2. Give protection and social compensation. The company cares about its employees, believes in equality and dignity as a part of the company's requirements to comply with the Labor Protection Law and Labor Standard Regulations and other related provisions as follows.
 - Process of hiring, transfer and compensation is done on the basis of fairness and equality
 - Disciplinary action: this is administered according to the regulations and rules of the company and in accordance with the relevant laws.
 - The company ensures the protection of pregnant women in accordance with the Labor Law and other regulations. It also has to provide training and knowledge about the pregnancy period and related benefits and conditions.
 - The company provides welfare services to support employees such as arranging a shuttle bus, shops, a space for leisure activities. The company also has a welfare program such as cash grants for employees: for wedding gifts, grants allowance for new born children, death benefit and provident fund and a saving fund for the employees. This is to encourage and help them to save for retirement.
 - Health welfare: the company provides annual physical check-ups every year. There are nurse's services 24 hours, outpatient clinic, medical welfare, health insurance, accident insurance, patient Life insurance, credit in case of emergency hospitalization. The company will process an advance payment directly to hospital.
 - Communication between employees and company. The company provides a channel of communication with employees in the case of employees that do not receive fair treatment or in the event of illegal practices or omission or where actions do not comply with the regulations or the contract or agreement.

- Employee development: the company has a policy for developing the capabilities of personnel to enhance the competitiveness and supports training and seminars related to work in each unit, which is considered an important part in the development of the staff quality and career development.

5. Responsibility to Consumers

The company realizes that its products, service, quality standards, consumer safety, reasonable price, compliance to the regulations of law, will affect the company competitiveness in doing business, in a free trade environment on the world stage and ensure its sustainability.

To ensure that our products will perform according to products' specifications, the Company is highly determined to abide by the international quality standards as per below:

1. Quality standards and patents for quality management
 - ISO 9001 standard quality for management system
 - ISO / TS16949 quality management system for Automotive
 - ISO13485 quality management system for medicine
 - ISO 14001 Version 2015 Environmental Management System
 - OHSAS18001 occupational health and safety management system
2. Quality standards and patents for quality management for certified products.
 - Canadian Standards Association - (CSA)
 - Underwriters Laboratories Inc. (UL)
 - List ETL ETL KTL (,).
 - ATEX Directive 94 / 9 / EC.

In addition, the company has arranged "Quarterly Management Review" on quarterly basis. With the aim to be report the management and staff of the company's business plan and the quality objectives, and review for operating plan of each quarter.

6. Occupational/Health and Environmental Management

SVI's policy is to comply with all applicable laws and regulations for the protection of the environment. Each employee must abide by these laws and established environmental policies and procedures. The company production processes are lead free processes. There is a strict control of waste water to cleanse it before flushing it into the public drainage system.

The Company is intensely committed to continual improvement in Environmental standards, in order to support the Company, its employees for the operation of effective safety measures to prevent injury & ill health and fulfil our corporate obligations. Also to contribute to a better quality of life for the community, country and the world as a whole. We will therefore adhere to the following;

- Comply with all relevant local & national Environmental laws, regulations and applicable legal requirements.
- Utilize the natural resources, substitute materials by the most efficient means and provide appropriate resources to fulfil these objectives.

- Set and achieve Environmental objectives and targets. We shall also create greater awareness for all employees on Environmental responsibility and the protection of our current and future environment. The Company also creates greater awareness for all employees on Occupational Health & Safety and Environmental responsibility and the protection of our current and future environment. The details of occupational health, safety and the environmental of 2016 are as follows:

1. To provide training and educating employees about safety since the review of the awareness of safety management for supervisors and Safety Committees as well as to educate employees at all levels and contractors. Moreover, the Company provides training about the role participating in safety such as Safety Course for driving fork lift, safety in the workplace relating to chemical and electric, and First Aid Training, etc. Details of training courses on Occupational Health & Safety and Environmental are as follow:

- Safety training: 1 times / week for Safety training for employees at all levels for 2,545 employees, and the number of hours of training is 6 hours / person (legally). The total amount hours of training would be 15,270 hours.
- Safety Course for driving fork lift: 2 times for Safety Course for driving fork lift for 23 people, and the number of hours of training is 8 hours / person (legally). The total amount hours of training would be 368 hours.



- Safety training for management: 1 time for Safety training for management for 23 people, and the number of hours of training is 12 hours / person (legally). The total amount hours of training would be 276 hours.
- Safety training for Safety Committees: 1 time for Safety training for Safety Committees for 19 people, and the number of hours of training is 12 hours / person (legally). The total amount hours of training would be 228 hours.
- Safety in the workplace relating to chemical: 4 times for Safety in the workplace relating to chemical for 52 people and the number of hours of training is 6 hours / person (legally). The total amount hours of training would be 312 hours.
- Safety in the workplace relating to electricity: 1 time for Safety in the workplace relating to electricity for 23 people, and the number of hours of training is 6 hours / person (legally). The total amount hours of training would be 138 hours.
- First Aid training: 2 times for First Aid training for 60 people, and the number of hours of training is 6 hours / person (legally). The total amount hours of training would be 720 hours.

2. Firefighting and fire evacuation training: the Company provided 3 times for firefighting and fire evacuation training and there are 1,655 employees (100%) participating in this training.
3. Advanced firefighting training: 1 times for advanced firefighting training and there are 7 employees participating in this training. The number of hours of training is 24 hours / person. The total amount hours of training would be 168 hours.



4. New mothers training: 1 time for new mothers training which the employees can use their knowledge in their work life and everyday life. There are 40 people participating in this training. The number of hours of training is 6 hours / person. The total amount hours of training would be 240 hours.



5. Annual Physical check-up: there are 2,136 employees participated in the annual health check of employees out of 2,643 employees representing 81 percent of all employees.



6. Promote greater awareness on Occupational Health & Safety and Environmental responsibility: The Company supports and encourages all employees to have greater awareness on Occupational Health & Safety and Environmental responsibility, and the protection of our current and future environment by training to educate employees. Moreover, the Company reveals the rate of accident or leave or illness from work in its annual report for the year 2016.

No accident for day-off

The accident occurred 1 time on February 8, 2016 (None-serious accident)

7. White factory project: The Company joined the White factory project. There is a random drug testing for employees, and there are 513 employees participating. The result reveals that there is no substance found on employees.

7. Development of Communities and Societies

With the intention to contribute to a sustainable Thai society and to strengthen our relationship with our community, the company has on-going social activities, such as the “Prescription Eyeglasses Project”, “blood donation” activities and a student education support project. (supporting high school vocational students). An internship is offered by the company for 1 semester to support students to learn about working processes in order to enable them to work after graduation. “Bilateral projects” are a joint project between the company and technical colleges, where the students will carry out on the job training in the company to gain more knowledge and experience for 1 year. Later the students will be able to solve many problems which may arise in their job process.

Student education support project: During 2016, the Company supported for 66 student interns, 64 students from the university in Thailand and two from international university, from 8 disciplines from 10 institutions. Total 18,488 internship hours

Glasses donation for children Project 14th in Chainat Province Thailand, a major project of the company that has operated continuously in the year 2016, the Company has undertaken the project to all 14 provinces, including students who have the eye-vision, the company has provided totally 4,823 head counts.

Community development, on October 20, 2016 SVI Public Company Limited, together with the administration of Bangkadi. Prepare for the event learning to do community school in Bangkadi in order to strengthen the body and brain development outside the classroom for students.



8. Innovation and sharing of society, environmental and stakeholder responsibility

Automated line is a co-operation between SVI and customers to do the project relating to develop the production tools by using robots to help in assemble line and examine which requires high accuracy and precision. This can help reduce the amount of waste in the production process. It also increases productivity. This project is suitable for producing a large amount of products. However, the Company plans to increase the numbers of Automotive line for mass production.



10.3 The operation which impact to CSR

-None-

10.4 CSR after process

“Activity of blood donation”

The company has co-operated with the Thai Red Cross organizing blood donations. This is to provide an opportunity for employees to participate in supporting our society continuously. In 2016, the Company organized blood donations 4 times. There were 99 donors with 39,600 ml blood donated in January, 86 donors with 34,400 ml blood donated in April, 102 donors and 82 donors in July and October. In 2016, totally 369 donors with 147,600 ml blood donated.

10.5 The policy to protect against involvement in corruption.

Anti-Corruption Policy

The Company realizes that corruption is illegal and also destroys trust from outside parties. Therefore, the Board of Directors has approved a policy to combat corruption in all its forms and against all kinds of corruption and, as a result, avoid the negative reputation that accompanies it. SVI's has a policy that our management and employees have to comply with:

- Management and Employees must not request or accept bribes that may mislead or avoid doing something that may result in negative consequences for the Company.
- SVI's Management and Employees must not offer or give any benefits to external parties in order to motivate those people to perform or avoid performing certain actions as it could create negative results to the Company.
- If there is any corruption discovered within the Company, SVI will respond immediately with serious disciplinary action and take legal action promptly.

Compliance with Anti-Corruption policy

The company and its subsidiaries have operated in compliance with the anti-corruption policy as follows:

1. Audit and evaluate the business risk. To identify the operations of the company or subsidiary risk that may have been involved in corruption.

The company has a low risk to be impacted by corruption. The risk of corruption and supervision systems of corruption are defined to Executives and employees so that they must follow the moral and ethics guidelines strictly. The company and its subsidiaries provide the proper risk management system as to prevent fraud and corruption within the company. There are measures against fraud and corruption with proper risk assessment, as well as the monitoring and evaluation based on the risk management plan. The company and its subsidiaries have been supervised, controlled and monitored in order to prevent exposure to fraud and corruption as follows:

- The company has an audit process to evaluate internal control system, comprehensive risk management system and important works, such as the procurement contract system arrangement, system setting and control of the budget. The approval system of payment and recording are clarified clearly.
- Have best practice and ethics guideline for directors, executives and employees engaged in anti-corruption practices, in order to prevent the risk of fraud and corruption including the suggestions of how to improve it.
- Have more channels to receive information tip offs or complaints about violation in relation to illegal or ethical business of the company. The company establishes the guideline for the protection or involvement in leaking of financial report or internal control system including the policy to protect a person who reports the case of

fraud to the company. The company has a system to inspect and punish anyone engaging in corruption. The head of each department is responsible for tracking performance, taking action and informing the authority for acknowledgement.

- 2) Communication and training to the staff as to provide knowledge about the policies and practices of anti-corruption policy and practice.

The company provides communication for the basic practice on how to prevent involvement with corruption. The ethics of operating the business for management and employees are defined and employees have to know and participate in related anti-corruption measures, already posted on the Company's website.

- 3) Guidelines for follow-up and evaluation of the anti-corruption policy.

The company defines a concept for follow-up and evaluation of anti-corruption policy and practice as follows:

- The executives and employees must do self-evaluation assessment for Best Practice, good corporate governance and business ethics. All management and employees have to participate in the protection against corruption and not acting in conflict of the company's code of ethics.
- To provide internal audit system for auditing internal control systems, risk management, and good corporate governance. The report for improvement has to be ongoing. The annual audit plan has to be approved by the Audit Committee. Any materialized information has to be reported to the Audit Committee.
- To identify Risk Management Committee's and Internal Audit's responsibility in evaluation of the risk of fraud and corruption constantly. In order to take action against fraud and corruption effectively, as well as to follow up and review for improvement, the report of evaluation has to be submitted to the Risk management Committee and the Board of Directors regularly on a timely basis.

Internal Controls and Risk Management

Board of Directors' Evaluation on SVI's Internal Controls

SVI believes that to become the leading global organization, SVI must have the efficient and effective corporate governance, risk management and internal control systems. In 2016, SVI adhere to the international standards, by encouraging the corporate governance to consistent with the corporate governance principles of the Organization for Economic Co-operation and Development (OECD) and the requirements of the Stock Exchange of Thailand (SET) and also the Institute of Directors Association of Thailand (IOD), including to promote Internal Control in consistent with the guidelines of COSO Internal Control Framework and the risk management in consistent with the framework of COSO Enterprise Risk Management (COSO-ERM) In order to drive SVI to achieve key strategic and optimize goals effectively and efficiently.

The internal control system can be summarized by key components as follow:

1. Control Environment

SVI has good efficiency and effectiveness in internal control environment, integrity and ethics in business. The Board of Directors is independent from the management, oversight and develop efficiency and effectiveness in the internal control system and risk assessment. SVI has formulated an Anti-Corruption Policy and became a certified company by CAC (the Private Sector Collective Action Coalition against Corruption) on January 22, 2016, and concurrently, defined its Code of Conduct, which provisions for disciplinary action. SVI has implemented a Whistleblower Policy in order to gather and address complaints and notifications that may indicate potential fraud or corruption. To ensure that management and staff perform their functions with transparency, integrity, and ethics.

2. Risk Assessment

SVI has the guidelines of the COSO Enterprise Risk Management (COSO-ERM). The Board of Directors has assigned the Risk Management Committee to be responsible for determining risk management policy and framework of the Company. This includes governing and supervising risk management to ensure successful achievement of activities both at the entity, business unit, department level and all related processes. SVI assesses the risk from both external and internal factors as well as evaluates the impact and likelihood of risk identifications, this includes strategic risk, operational risk, compliance and reporting risk, information technology risk, potential fraud and corruption risk. SVI identifies risk factors that may affect company performance every year and determines the risk responses by considering high and highest risk in order to avoid, reduce, share or accept the risk as appropriate to the Company. The Risk Management Committee provides updates the significant changes and effect to company from its meetings to the Board of Directors regularly.

SVI insists and focus to the measurement for preventing the risk from floods and fires. The Bangkadee Industrial Park has constructed the concrete line above five meters surrounding the Industrial Park. The Highways Department has raised the street in front of the Industrial Park about 60 centimeters. The PEA is responsible for supplying power to various companies in the Industrial Park has constructed a new building on land raised and improved

the power supply system equipment to the Gas Insulated Switchgear (GIS) to enhance the efficiency of the power supply system. SVI has renovated the production area to a second floor, if there are floods, the Company will be able to move machines, equipment and tools in a timely manner.

SVI has taken to prevent the damage from the fire by providing and improving the fire protection systems for all industrial factories to consistent with the fire safety standards of the National Fire Protection Association (NFPA) Insurance company standard and the Factory Mutual Global Standard.

3. Control Activities

SVI consistently recognizes the importance of control activities by establishing a control mechanism to prevent and reduce operational errors such as designating the authority for approval and the approval limit for each management level, which was approved by the Board of Directors. Establishing the systems to checks and balances through segregation of duties in all operations processes is already deployed; for example segregation of duties between the approval, accounting records, payment and stewardship of properties. SVI has operational procedures, manuals, and instructions, which are reviewed and updated on a regular basis. This includes, implements general control activities for information technology systems, maintenance and security management to ensure that the operational processes are adequate and appropriate internal control activities for its business functions in all areas.

In addition, the Audit Committee has reviewed and approved the internal audit plan to cover all operational processes and sort the high risk process to ensure that operational processes are adequate and appropriate internal control systems. The Audit Committee considers material deficiencies from an audit execute, provide recommendations to the management and assigns the management to report corrective action and the measures to prevent deficiencies repeatedly.

In case that SVI has transactions with major shareholders, directors, management or related persons, SVI has adequate measurement to monitor their transactions and have to be verified every transaction by the authorized person based on the written authorization process. SVI not allow stakeholders who have transactions with SVI to approve their transactions and closely monitor the results.

4. Information & Communication

SVI implements effective and efficient information systems as well as internal and external communication channels. In the part of internal communication, SVI provide intranet to disseminate policies, regulations, procedures, manuals and other essential information to management and staff in order to practice in a proper and timely manner.

SVI provides the investor relation's communication channels through website <http://investorrelations.svi.co.th> and e-mail ir@svi.co.th as a communication channel and clarify information to investors. In addition, SVI has whistle-blower's communication channel that serve as safe mechanisms through email audit.svi@gmail.com.

SVI consistently emphasizes the security of information technology such as disaster recovery site (DR Site) to back up data and computer systems, recovery backup yearly test for accuracy and completeness of a backup system in the case of an emergency, reviewing of the adequacy of information technology general controls from the external auditor by yearly. SVI believes that the Company has significant data on its business accurate, complete and continuity. Moreover, SVI will continue to develop innovative systems to facilitate rapid and effective with regard to corporate good governance as well as information technology security to increase the chances of substantial global competition.

5. Monitoring & Evaluation

The Board of Directors continuously monitors and evaluates the performance of management by hierarchy, Board of Directors, Executive Directors and management. SVI has performance evaluation of new staff and yearly evaluation for all staffs to adjust salary, bonus and position.

Internal Audit

The Internal Audit Office performs its duties independently and reports functionally and directly to the Audit Committee. Evaluate the efficiency and the effectiveness of the internal control, risk management, corporate governance, and also consulting role to support the Company's business direction and goals, with regard to good corporate governance, risk management and the internal control.

The Audit Committee approved the annual and medium-term internal audit plans as well as key performance indicators (KPIs) of the Internal Audit Office which aligns with the key risks and direction of the Company. The Committee reviewed audit performance, internal audit report, considered major audit issues, and monitored corrective actions for significant aspects for good governance and adequate internal control. The Committee also considered the internal audit quality assessment as well as an annual review of the Audit Committee Charter, approved the Internal Audit Charter to ensure their relevancy to SVI's current risk and business environment for supporting SVI to achieve its business goal, in addition, to determine an internal audit office's independence, appraised the annual performance of the Internal Audit Manager, approve the nomination, transfer, and reward or punishment of the Internal Audit Manager as well as endorsed the budget and workforce requirements of the Internal Audit Office.

The Internal Audit Office is consistent with the International Professional Practices Framework and the Internal Audit Charter.

The Internal Audit Manager acts as the secretary to the Audit Committee to support the effective achievement of its responsibilities and ensure accountability assigned by the Board of Directors to the Audit Committee.

Miss Sunisa Annanon has been appointed as Internal Audit Manager, having already functioned in this position from July 1, 2015. The Audit Committee deems that the Internal Audit Manager is qualified under the Internal Audit Charter by educational background, necessary knowledge, skills, and work experience.

Details of Head of the Internal Audit Office

Miss Sunisa Annanon

Age 37

Position Internal Audit Manager

Education

- Master of Science in Corporate Governance, Chulalongkorn University
- The Internal Auditing Education Partnership (IAEP) Program, Chulalongkorn University
- Bachelor of Business Administration, Accounting, Prince of Songkla University

Trainings

- Enterprise Risk Management
- Information Technology Audit
- Risk Management for Internal Audit Planning
- Value Added Business Control The Right Way to Manage Risk
- Compliance Audit
- Operation Audit
- Internal Audit writing
- Internal Auditor Training
- Role of Board of Director for M&A

Working Experience in the Past 5 Years and/or Remarkable Position

- 2015 – Present Internal Audit Manager, SVI Public Company Limited
- 2010 – 2015 Internal Audit Manager, Mahaphant Group
- 2003 – 2010 Internal Auditor, The Bangchak Petroleum Public Company Limited

Other Position in SVI

- None

Family Relationship among Directors and Executives

- None

Related Transactions

The Company had related transactions with subsidiaries in which the Company was holding 100% of the shares of each. Those transactions were conducted under normal business. The company has disclosed all related transactions as of year ended 31 December 2016 in Note7 of the Financial Statements. The Board of Directors and the Audit Committee had reviewed such related transactions and found that they were reasonable and justified.

12.1 Policy or Procedures for the Approval of Inter-Company Transactions

In case the company has to make any related transactions with any person who has a conflict of interest with the Company, that transaction has to be approved by the Board of Directors and consented by the Audit Committee. These transactions must comply with the Stock Exchange of Thailand's rule and regulations related to connected transactions and the acquisition or disposal of assets. Any member of the Board of Directors who has an interest in any related transaction shall declare to the Audit Committee and the Board, and refrain from rendering any opinion or vote. In this regard, to approve the connected transactions, the Company must comply with the procedure and process, considering the Company's optimal benefits, and treat that connected transactions on the same basis as an outsider's transaction.

12.2 Policies or Directions for Future Connected Transactions

In case the company has to perform any related or connected transactions, the company must strictly comply with the approval process as mentioned above. If there are any connected transactions that need to be considered and approved by the Audit Committee, as required by Stock Exchange of Thailand's regulations, the Company will propose to it the Audit Committee to independently examine and consider if it is needed and appropriate. Where the Audit Committee has no expertise in the mentioned connected transactions, the Company will appoint an independent expert or its external auditor to assist the Audit Committee in that process to obtain the most effective comments or information so that the Board of Directors, the Audit Committee, or the Shareholders can use it to support their decisions in each case. In addition, the Company will disclose of the transaction as a note in the Company's financial statements.

Operating Result and Financial Analyst

SVI ended the year 2016 with solid results and with the confidence that we can continue to perform in 2017. The synergy generated by the acquisition of Seidel Group in Europe in February 2016, including access to new customers as well as new product introductions from existing customers will generate a top-line high growth in 2017 and onwards. We look at the future with optimism, motivated to deliver results that are sustainable in the long term

Consolidated revenues for the full year 2016 were THB 10,948 million, an increase of 35% and 32% as compared to the revenue in 2015 and 2014 which were reported the revenue of THB 8,119 million and THB 8,295 million respectively. Growth was driven by the revenue of our European operations of THB 2,630 million consolidated for 11 months. Industrial products were gaining momentum whereby new product group, such as, Public Transportation, Power Electronics and Medical products were added in.

The Company's revenues for the full year 2016 were THB 8,318 million, an increase of THB 199 million and THB 102 million or 2% and 1% as compared to the revenue in 2015 and 2014 which were reported the revenue of THB 8,119 million and THB 8,216 million respectively. The Company had impacted by fire incident on November 12, 2014. Of which SVI methodically re-qualified its production process and rebuilt tester, the approval process made through the product with each customer. SVI's capacity has been gradually restored and is now back to the pre-fire level. The segments that contributed the most to our revenue were Industrial products and Medical products. Total Annual Consolidated Gross Profit in 2016 was THB 961 million or 9% of revenue. The gross profit margin was reduced by 2% and 3% as compared to the total Annual Consolidated Gross Profit in 2015 and 2014, which were reported at THB 925 million and THB 1,029 million or 11% and 12% of revenue respectively. It was mainly resulted by the consolidation of subsidiaries in Europe which the labour costs were higher than Thailand, couple with the retroactive adjustment of retirement fund in the amount of THB 17 million recorded in Q4 2016 as to adjust the accounting principle from Austria GAAP to be International Financial Reporting Standards (IFRS). The reserve for the employee benefit will be not much impact to the company's operation result next year onwards. As compared to 2014's consolidated gross profit, the reduction was mainly related to the adjustment made in year 2014 by reversal of materials that damaged by fire amounted to THB 66 million, transferred to the insurance claim, couple with higher depreciation costs for new buildings renovation and the purchase of new machine and equipment replacing those damaged by fire.

The Company's Gross Profit in 2016 was THB 750 million or 9% of revenue. The gross profit margin was reduced by 2% and 3% as compared to the Company's total annual gross profit in 2015 and 2014, which were reported at THB 888 million and THB 984 million or 11% and 12% of revenue respectively. It was mainly related to an increase of materials costs caused by the difference of product mix, the revenue generated from Industrial products in 2016 was higher than 2015 by 5% whereby the revenue generated from Niche product reduced by 22% and 7% as compared to the same with that in 2015 and 2014. It was mainly related to the fire incident at the

end of 2014 in which the company had started the production line for Niche products initially then production for Industrial products set up thereafter. The reduction of the Company's gross profit in 2016 as compared to 2014 was also related to the transfer of materials costs of THB 66 million to insurance claim in 2014 and the increase of depreciation costs in 2016 as mentioned above.

Consolidated Selling and Administrative for 2016 were THB 570 million or 5.2% of revenue, as compared to 2015 and 2014 which the Consolidated Selling and Administrative expenses were reported at THB 339 million and THB 388 million, or 4.2% and 4.7% of revenue respectively. The expenses in 2016 was THB 231 million and THB 182 million or 68% and 47% higher than 2015 and 2014, mainly related to the consolidation of SG &A of subsidiaries, Seidel Group in Europe, taken over since February 2016. The consolidated selling and administrative expenses were included due diligence fee of THB 18 million and the amortization of Customer Base taken over from Seidel Electronics Group in the amount of THB 19 million.

The Company Selling and Administrative for 2016 THB 328 million, or 3.9% of revenue, as compared to 2015 and 2014 which the Company's Selling and Administrative expenses were reported at THB 302 million and THB 301 million, or 3.7 of revenue accordingly. The expenses in 2016 was THB 26 million and THB 27 million, higher than 2015 and 2014, mainly related to the increase of depreciation of idle building and machinery recorded as SG&A expenses.

The Consolidated Net Profit for 2016 amounts to THB 1,603 million versus THB 2,029 million in 2015, a reduction of THB 426 million from the previous year, mainly related to less receipt of fire damages compensation from insurance of THB 351 million, and higher corporate income tax than last year by THB 178 million reserved for the final settlement of insurance compensation on business interruption caused by fire in 2014. As compared to the Consolidated Net Profit in 2014 which was reported a net loss of THB 304 million, an increase of THB 1,907 million, mainly related to the expenses caused by fire accounted to THB 2,273 recorded in 2014.

The Company's Net Profit for 2016 amounts to THB 1,615 million versus THB 2,031 million in 2015, a reduction of THB 416 million from the previous year, mainly related to less receipt of fire damages compensation from insurance of THB 351 million, couple with less expenses on fire damages accounted to THB 158 million, including a higher corporate income tax than last year by THB 188 million reserved for the final settlement of insurance compensation on business interruption caused by fire in 2014. As compared to the Company's Net Profit in 2014 which was reported a net loss of THB 229 million, an increase of THB 1,844 million, mainly related to the reduction of gross profit as mentioned above, couple with the expenses caused by fire accounted to THB 2,273 recorded in 2014.

Financial Status

Assets

SVI consolidated assets as at 2016 year-end amount to THB 10,735 million, an increase of THB 2,983 million as compared to the previous year (THB 7,752 million), mainly driven by the increase of Cash and Short Term

investment of THB 953 million related to the receipt of the final payment of insurance compensation amounted to THB 1,292 million, couple with an increase of trade receivables of THB 818 million and inventory of THB 913 million due to the consolidation of subsidiaries' assets in Europe including to support the growth of business. As compared to the consolidated assets at the end of 2014 (THB 6,431 million), an increase of THB 4,304 million, mainly related to an increase of trade receivable of THB 1,696 million, inventory of THB 1,219 million, investment in buildings improvement and the purchase of new equipment of THB 1,026 million, including the written off of materials and building and equipment damaged by fire incident at the end of 2014. The early payment of trade receivable at the end of 2014 caused to a major reduction of trade receivable as our customers would like to support the company during recovery period.

The Company's total assets as at 2016 year-end amount to THB 9,449 million, an increase of THB 1,723 million or 22% as compared to the previous year (THB 7,726 million), mainly driven by the increase of Cash and Short Term investment of THB 930 million related to the receipt of the final payment of insurance compensation amounted to THB 1,292 million, couple with an increase of trade receivables of THB 315 million and inventory of THB 388 million as to support the growth of business. As compared to the Company's total assets at the end of 2014 (THB 6,429 million), an increase of THB 3,020 million, mainly related to an increase of trade receivable of THB 1,193 million, inventory of THB 694 million, investment in buildings improvement and the purchase of new equipment of THB 888 million, including the written off of materials and building and equipment damaged by fire incident at the end of 2014 caused to the reduction of total assets as mentioned above.

Financial Liquidity

At the end of 2016, the Consolidated Financial Statement had reported the net cash generated from operation in the amount of THB 1,587 million, an increase of THB 1,245 million from THB 342 million reported at the end of 2015. It was mainly resulted by the receipt of insurance compensation amounted of THB 1,292 million. As compared to the net cash generated from operation in 2014, in the amount of THB 2,601 million, a reduction of THB 1,014 million was mainly related to the early payment of trade receivable and the extension of trade payable payment term for another 120 days due to fire incident.

At the end of 2016, the Company's Financial Statement had reported the net cash generated from operation in the amount of THB 1,507 million, an increase of THB 1,182 million from 2015 (THB 325 million) and reduced by THB 1,133 million from 2014 (THB 2,640 million), mainly due to the same reasons as mentioned above.

Liability

Total Consolidated liabilities at the end of 2016 were reported at THB 3,637 million. As compared to the total Consolidated liabilities at the end of 2015 in the amount of THB 2,017 million, an increase of THB 1,566 million or 75.6%, mainly related to an increase of trade payables of THB 662 million or 37% due to the consolidation of subsidiaries' liabilities in Europe, couple with the increase of short term loan of THB 40 million and long term loan of THB 681 million for operation in Europe. As compared to the total Consolidated liabilities at the end of 2014 in the amount of THB 2,782 million, an increase of THB 855 million or 30.73%, mainly related to an increase of short term loan of THB 40 million and long term loan of THB 681 million and the retroactive adjustment of employees benefits of subsidiaries in Europe amounted to 103 million.

The Company's total liabilities at the end of 2016 were reported at THB 2,331 million. As compared to the Company's total liabilities at the end of 2015 in the amount of THB 2,052 million and the end of 2014 of THB 2,791 million, an increase of THB 279 million and reduced from 2014 by THB 460 million respectively, mainly related to an increase of trade payables from 2015 by THB 280 million as to support the growth of the company's business. The reduction of the company's total liabilities in 2016 as compared to 2014 was mainly related to the extension of trade payable payment term in 2014 as mentioned above.

Shareholders' Equity

The Consolidated shareholders' equity as at the end of 2016 amounts to THB 7,098 million. As compared to the previous year of which the Consolidated shareholders' equity reported at THB 5,681 million, an increase of THB 1,417 million or 25%. The increase was mainly generated by total year net earnings of THB 1,603 million, reduced by the payment of dividend in the amount of THB 181 million, partially offset with the increase of the reserve for issuing and allocation of ESOP warrants (SVI-W3) accounted to THB 15 million and reduction on the translation of subsidiaries balance sheet of THB 22 million. As compared to the Consolidated Shareholders' equity as at the end of 2014 which was reported at THB 3,649 million, an increase of THB 3,449 million or 95%, contributed by the increase of unappropriated retain earning of THB 3,454 million.

The Company's shareholders' equity as at the end of 2016 amounts to THB 7,118 million. As compared to the end of 2015 and 2014 of which the Company's shareholders' equity reported at THB 5,674 million and THB 3,638 million. The increase was mainly contributed by the increase of unappropriated retain earning of THB 1,432 million and THB 3,464 million. The low equity in 2014 was mainly resulted by the payment of dividend for the operating result of the fiscal year 2013 at THB 0.08/share and interim dividend payment of the fiscal year 2014 at THB 0.08.share, in the amount of THB 363 million totally.

The Audit Committee Report

Dear Shareholders

The Audit Committee of SVI Public Company Limited consists of three independent directors : Mr. Threekwan Bunnag as the chairman, Dr. Suvarn Valaisathien and Miss. Manida Zimmerman as committee members. All of Audit Committee have qualified in accordance with the Stock Exchange of Thailand. Mr. Threekwan Bunnag as the audit committee who has knowledge and experience in Accounting and Finance. The Committee independently performed its duties, as assigned by the Board of Directors in scope of works and responsibilities, in accordance with the SVI's Audit Committee Charter. Its policies focus on compliance with the principles of corporate good governance and the regulations and good practice guidelines from the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as the international standards. The Committee reports the Minutes of Meetings as required agendas to the Board of Directors on a regular basis. In 2016, the Committee conducted 5 meetings with 100% attendance by the members except Miss Manida Zimmerman was absence 2 times. The Committee meeting upon consultations with the management, the Internal Audit Manager, and the external auditors in related agenda, including the discussion with the external auditor without the company's management participated, in regard to the support and coordination provided by the company's management and staff to the audit team, including any observation being found during the audit. Miss Sunisa Annanon, the Internal Audit Manager and Mr. Tanachai Petchnaree, serves as secretary to the Committee. The Committee's main activities in 2016 as summarized below :

Reviewing of Financial Reports

The Audit Committee reviewed quarterly and annual financial statement of the Company for the year 2016, as well as consolidated financial statement of SVI Public Company Limited and its subsidiaries, which were prepared as per Thai Financial Reporting Standards (TFRS) in conformance with the International Financial Reporting Standards (IFRS). with the management, the Internal Audit Manager and the external auditors. The Committee discussed with the external auditors about the accuracy, adequacy and the reliability of the financial statements, significant accounting policies, material issues and special items, adjustment entries materially affecting the statement, adequacy and suitability of account recording methods, as well as the external auditor's independence. All these ensured that the financial statement and the disclosure in the notes to the financial statements were in compliance with relevant laws and financial reporting standards, reliable and in timely manner, and information was sufficiently disclosed in such statements for the benefit of investors or financial statement users. The Audit Committee therefore approved the financial statement, which were reviewed and audited by the external auditors without condition. Moreover, the Committee had a meeting with the external auditors excluding the management in order to consult with the private topics in accordance with problems or obstruction of external auditors.

Reviewing the Effectiveness of the Internal Control Systems

The Audit Committee reviewed the internal control systems together with the management and the Internal Audit Manager every quarter by reviewing operation; resource consumption; stewardship of properties. The management gave priorities to the proactive preventive management through specify strategic plan and vision of the Company clearly; specify action plans that are consistent with the strategy and vision of the Company; set key performance indicators (KPIs) clearly and measurable actually; establishing operational procedures for the critical systems completely; provide complete evidence that it can be audited; proper decentralization of management; defined clearly levels of authority and proper segregation of duties and responsibilities; closely monitored and reported in the key performance; audited the safety of information technology as well as monitored the management to improve the internal audit system of important systems to create more effectiveness.

Conducting Oversight of Internal Auditing

The Audit Committee approved the annual and medium-term internal audit plans as well as key performance indicators (KPIs) of the Internal Audit Office which aligns with the key risks and direction of the Company. The Committee reviewed audit performance, internal audit report, considered major audit issues, and monitored corrective actions for significant aspects for good governance and adequate internal controls. The Committee also considered the internal audit quality assessment.

The Committee also considered an annual review of the Audit Committee Charter, proposed to the Board of Directors for approval and disclosed on the Company's web site, reviewed the Internal Audit Charter related to the international standards of code of conduct for internal audit which have changed. Moreover, the Committee appraised the annual performance of the Internal Audit Manager, and endorsed the budget and workforce requirements of the Internal Audit Office.

Reviewing of Corporate Good Governance

The Audit Committee reviewed SVI's performance against the SVI's Corporate Good Governance Manual, the focus on operating with integrity, morality, ethics, compliance with transparency, responsibility and accountability to ensure regular and sensible business conduct. It also pushed for an Anti-Corruption Policy in writing for management and staff to acknowledge and observe in their work, and was publicized for all stakeholders to acknowledge and observe. In addition, as SVI applied for Anti-Corruption Program with the Private Sector Collective Action Coalition against Corruption (CAC), SVI had its self-evaluation on Anti-Corruption verified by the Committee, including, operational risk assessment of the implementation of the Anti-Corruption Policy. Moreover, SVI became a certified company by CAC on January 22, 2016.

Examining Compliance of Laws and Related Regulations

The Audit Committee reviewed the performance of SVI regarding the compliance with the Securities and Exchange Commission laws, the Stock Exchange of Thailand regulations, and other laws related to the business. The Committee acknowledged related compliance which have changed as reported by the Internal Audit Office. The Committee also provided recommendations in an effort to increase the effectiveness of compliance process and required by law to ensure that the company can follow to related law and compliance.

Reviewing of Connected Transactions or Transactions with Potential Conflicts of Interest

The Audit Committee reviewed connected transactions, or transactions that may lead to conflicts of interest with the wholly including information disclose of such transactions to comply with regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. The external auditors had the opinion that significant transactions with connected persons were disclosed and shown in the financial statements and notes to financial statements. The Committee had the same opinion as that of the external auditors and approved that such transactions were reasonable and highest benefit to the business of the Company.

Appointment of the External Auditor and Review of the Audit fee for 2017

The Committee proposed the Board of Director to consider and approve in the Shareholders' meeting in order to appoint EY Office Limited, as the external auditor of SVI for the year ending 2017 based on their qualification as independent auditors, the external auditors possess professional expertise, knowledge and experience in auditing SVI's businesses, and reasonable price, therefore the Audit Committee proposed to appoint (1) Mr. Sophon Permsirivallop C.P.A. Registration No. 3182, and/or (2) Miss Orawan Techawatanasirikul, C.P.A. Registration No. 4807, and/or (3) Mrs. Gingkarn Atsawarangsalit, C.P.A. Registration No.4496, and/or (4) Miss Runnapa Lertsuwankul, C.P.A. Registration No. 3516, and/or (5) Mr. Chayapol Suppasedtanon, C.P.A. Registration No. 3972, and/or (6) Miss. Pimjai Manikajohnkit, C.P.A. Registration No. 4521, and/or (7) Miss Sumana Punpongsanon C.P.A. Registration No. 5872; all of EY Office Limited as the Company's auditors for the year 2017. Anyone of the abovementioned auditors could audit the financial statements of the Company and render opinion thereon. In case these auditors could not perform their duties, EY Office Limited is authorized to assign another of its auditors to perform the audit and express an opinion on the Company's financial statements in their place. In addition, the total Annual Remuneration Fee for year 2017 is proposed at THB 1.92 Million. The special audit fee for BOI's privileges of corporate income tax exemption report is proposed at THB 0.25 Million, excluding out-of-pocket expenses. The audit fee 2017 is higher than the audit fee of FY 2016 by THB 0.32 Million, mainly related to more subsidiaries consolidated in Financial Statement.

In summary, the Audit Committee performed its duties and responsibilities stated in its Board-approved Charter with competence, care, prudence, adequate independence, transparency and has been forthcoming in expressing its opinions for the benefit of the Company, shareholders and stakeholders. It has not encountered any difficulty in obtaining information, resource or cooperation from the Company. The Audit Committee has assessed its performance in 2016 in order to ascertain that it has been efficient and effective and has achieved its objectives as assigned by the Board of Directors.

The Audit Committee is confident that the financial statements of SVI Public Company Limited and its subsidiaries have been prepared accurately with adequate and reliable information disclosure, in accordance with Thai Financial Reporting Standards. The external auditor is independent and has performed all duties professionally. The Committee regarded that the Company's disclosure information of all connected transactions or transactions with potential conflicts of interest as being accurate, complete, and reasonable under normal commercial transactions, and approved by the management and the Board of Directors prior to their execution, and were

carried out for the Company benefit. SVI's internal control systems and internal audit were adequate, appropriate, and have been continuously improved to suit the Company's businesses at the present and in the future. SVI has in place work practices aligning with good corporate governance, and complies with laws, requirements, and obligations related to its businesses.

On behalf of the Audit Committee

A handwritten signature in black ink, appearing to read 'T. Bunnag', written over a horizontal line.

Mr. Threekwan Bunnag

Chairman of the Audit Committee

SVI Public Company Limited

The Board of Directors' Responsibility Report to Financial Statements

The Board of Directors takes accountability for the disclosure of consolidated financial statements of SVI Public Company Limited, and its subsidiaries, including all financial information disclosed in this annual report. The aforementioned financial statements have been prepared in accordance with generally accepted accounting standards, appropriate accounting policies and is consistently practiced. All materialized information has been sufficiently disclosed in the notes of financial statements as well as unconditionally audited by independent auditors. Thus, the information accurately reflects the actual financial performance of the Company as well as being transparent, reasonable and useful for shareholders and investors.

The Board of Directors reinforces the practice of good corporate governance of the Company having efficient management and appropriate internal control systems, including the confidence that accurate and adequate accounting data is being correctly recorded to secure the company's assets and prevent any fraud or material irregularity.

In this regard, the Board of Directors appointed an Audit Committee to be responsible for the validity and reliability of financial reports and internal control systems, in which within this report, the opinion of the Audit Committee is represented in the report of the Audit Committee.

In the view of The Board of Directors, the 2016 consolidated financial statements of SVI and its subsidiaries as reviewed by the Audit Committee, in collaboration with the Management and external auditor are presented in a complete, accurate and fair manner. Since the Company's overall internal control system has been found to be satisfactory, thus the Board of Directors feel confident that the Company and its subsidiaries' financial systems are well managed and controlled.

The Board of Directors

Independent Auditor's Report

To the Shareholders of SVI Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Since the Group sell their goods to a large number of customers under a variety of different commercial terms. In addition, the economic slowdown has directly resulted in more intense competition in the electronics manufacturing

services industry. Revenues are the key performance indicator to which users of financial statements pay attention. I therefore determined as a key audit matter by focusing on the occurrence and timing of revenue recognition.

I examined the revenue recognition of the Group by

- Assessing and testing the Company's IT system and its 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 documents to assess whether revenue recognition was consistent with the conditions of the relevant agreement, 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 of sales transactions throughout the period.

Allowance for diminution in value of inventories

Estimating the net realisable value of inventory, as disclosed in Note 5 and Note 11 to the consolidated financial statements, is an area of significant management judgment, particularly with regard to the estimation of allowance for diminution in the value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle. Therefore, there is a risk that the amount of provision set aside for diminution in the value of inventory will be inadequate, causing the overstatement of the value of inventories of the Group.

I assessed the determination of the allowance for diminution in the value of inventories. The procedures that I performed are as follows:

- Gaining an understanding of the methods and assumptions applied by the management in determining the allowance for diminution in value of inventories, and reviewing the consistency of the application of that basis.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.

Business combination

As discussed in Note 2.2 to the financial statements, in February 2016 a subsidiary invested in Seidel Group, which is engaged in the manufacture of electronic equipment and product design and development. As at the date of acquisition, the subsidiary recognised and measured the assets acquired and liabilities assumed at their fair value by applying the acquisition method and recognised goodwill and customer relationships from the business combination in the consolidated financial statements. The management needs to exercise substantial judgement when appraising the fair value of the assets acquired and liabilities assumed. I therefore determined as a key audit matter by focusing on this business acquisition.

I examined the business combination by reviewing the terms and conditions of the share purchase agreement and inquired with management as to the nature and objectives of the acquisition. In addition, I checked the value of the acquisition with supporting documents and related payments to assess whether it reflected the fair value of the

consideration transferred. I also assessed the fair value of assets acquired and liabilities assumed specified in the documentation of measurement under the acquisition method as prepared by an independent valuation specialist, by considering the methods and significant assumptions used by the independent valuation specialist in calculating the fair value of assets and liabilities, and evaluating the expertise, ability and integrity of the independent valuation specialist. I also reviewed the disclosures related to the business combination in the notes to financial statements.

Other Information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand)

No. 4496

EY Office Limited

Bangkok: 24 February 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	8	1,070,495,350	1,765,075,164	1,035,309,555	1,753,312,101
Current investments	9	2,874,802,043	1,226,968,723	2,874,231,901	1,226,968,723
Trade and other receivables	7, 10	2,454,850,992	1,636,803,697	1,952,077,785	1,637,064,141
Inventories	11	1,943,304,566	1,029,546,466	1,417,744,790	1,029,546,466
Advance payment for purchasing of materials and equipment		4,072,943	12,349,376	3,880,945	12,349,376
Other current assets		54,931,266	34,443,234	21,516,938	33,782,499
Total current assets		8,402,457,160	5,705,186,660	7,304,761,914	5,693,023,306
Non-current assets					
Investments in associates	12	-	-	-	-
Investments in subsidiaries	13	-	-	195,211,029	7,647,992
Long-term loan to and interest receivables - related party	7	-	-	107,825,736	98,498,097
Other long-term receivable	7	-	-	38,257,658	-
Property, plant and equipment	14	1,926,803,650	1,867,110,128	1,789,358,939	1,866,972,272
Leasehold right to land	15	116,541,977	119,795,314	-	-
Goodwill	16	134,149,385	-	-	-
Intangible assets	16	118,589,720	14,426,320	13,252,417	14,426,320
Deferred tax assets	25	27,556,257	28,132,069	-	28,113,710
Other non-current assets		8,799,908	17,671,839	433,504	17,335,048
Total non-current assets		2,332,440,897	2,047,135,670	2,144,339,283	2,032,993,439
Total assets		10,734,898,057	7,752,322,330	9,449,101,197	7,726,016,745

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

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from banks	17	40,018,900	-	-	-
Trade and other payables	7, 18	2,441,536,960	1,779,950,721	2,057,304,931	1,776,725,770
Current portion of liabilities under					
financial lease	19	62,864,317	4,944,508	5,224,788	4,944,508
Current portion of long-term loans	20	734,463	-	-	-
Income tax payable		118,577,186	3,356	116,934,726	-
Advance receipt for purchasing materials					
and equipment for production		77,312,202	74,392,395	45,344,746	74,392,395
Other current liabilities	21	35,034,774	123,316,470	15,177,145	106,794,320
Total current liabilities		2,776,078,802	1,982,607,450	2,239,986,336	1,962,856,993
Non-current liabilities					
Liabilities under financial lease					
- net of current portion	19	8,140,575	13,365,364	8,140,575	13,365,364
Long-term loans from banks - net of current portion	20	681,474,228	-	-	-
Provision for long-term employee benefits	22	169,642,102	75,427,981	82,202,103	75,427,981
Deferred tax liabilities	25	1,972,502	-	1,263,726	-
Total non-current liabilities		861,229,407	88,793,345	91,606,404	88,793,345
Total liabilities		3,637,308,209	2,071,400,795	2,331,592,740	2,051,650,338
Shareholders' equity					
Share capital					
Registered					
2,296,749,381 ordinary shares of Baht 1 each		2,296,749,381	2,296,749,381	2,296,749,381	2,296,749,381
Issued and paid up					
2,265,749,381 ordinary shares of Baht 1 each		2,265,749,381	2,265,749,381	2,265,749,381	2,265,749,381
Premium on ordinary shares		86,763,859	86,763,859	86,763,859	86,763,859
Capital reserve for share-based payment transactions	23	21,259,302	6,269,446	21,259,302	6,269,446
Retained earnings					
Appropriated					
Statutory reserve	24	229,674,938	229,674,938	229,674,938	229,674,938
Unappropriated		4,506,608,381	3,082,590,691	4,505,716,897	3,074,104,246
Other components of shareholders' equity		(12,466,013)	9,873,220	8,344,080	11,804,537
Total shareholders' equity		7,097,589,848	5,680,921,535	7,117,508,457	5,674,366,407
Total liabilities and shareholders' equity		10,734,898,057	7,752,322,330	9,449,101,197	7,726,016,745

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

Directors

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Revenues					
Sales	7, 27	10,948,108,269	8,119,396,465	8,317,638,714	8,118,883,020
Claim refund from the fire	6	1,292,032,646	1,643,309,889	1,292,032,646	1,643,309,889
Other income	7, 27	203,714,547	101,566,897	173,909,782	102,379,952
Total revenues		12,443,855,462	9,864,273,251	9,783,581,142	9,864,572,861
Expenses					
Cost of sales	7	9,986,970,850	7,193,600,647	7,568,234,584	7,230,967,218
Selling expenses		132,087,656	111,922,058	96,019,725	109,649,585
Administrative expenses		437,932,899	227,349,421	232,342,835	192,170,248
Loss on exchange		102,309,376	152,397,276	95,610,902	150,808,384
Allowance for doubtful accounts (reversal)		(1,452,104)	443,858	(1,452,104)	443,858
Loss from the fire	6	-	158,398,534	-	158,398,534
Total expenses		10,657,848,677	7,844,111,794	7,990,755,942	7,842,437,827
Profit before finance cost and income tax expenses					
Finance cost		(20,014,444)	(6,003,435)	(4,461,539)	(5,837,343)
Profit before income tax expenses		1,765,992,341	2,014,158,022	1,788,363,661	2,016,297,691
Income tax revenue (expenses)	25	(163,319,702)	14,991,949	(173,392,547)	15,002,704
Profit for the year		1,602,672,639	2,029,149,971	1,614,971,114	2,031,300,395
Earnings per share					
28					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.71	0.90	0.71	0.90
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.71	0.89	0.71	0.90

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	1,765,992,341	2,014,158,022	1,788,363,661	2,016,297,691
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities:				
Loss from the fire	-	89,225,133	-	89,225,133
Depreciation and amortisation	299,845,566	178,067,156	223,744,989	176,838,008
Allowance for doubtful accounts (reversal)	(78,024,001)	6,877,604	(78,024,001)	6,877,604
Bad debts	65,432,718	-	65,432,718	-
Increase (decrease) in reduction of cost to net realisable value	(14,260,648)	3,450,807	9,372,312	3,450,807
Reserve for warranty (reversal)	316,050	(36,560)	316,050	(36,560)
Provision for long-term employee benefits	17,782,600	9,929,017	11,367,399	9,929,017
Loss on impairment of intangible assets	78,612	-	-	-
Gain from selling/written-off of equipment	(3,370,118)	(1,373,510)	(18,456,231)	(1,373,510)
Unrealised loss (gain) on exchange	(57,919,676)	3,362,858	(57,724,007)	3,362,858
Shared-base payment transactions	14,989,856	6,269,446	14,989,856	6,269,446
Interest income	(22,334,682)	(25,302,441)	(24,203,241)	(26,154,324)
Interest expenses	12,716,189	2,943,122	890,819	2,943,122
Profit from operating activities before change				
in operating assets and liabilities	2,001,244,807	2,287,570,654	1,936,070,324	2,287,629,292
Operating assets (increase) decrease				
Trade and other receivables	(395,135,696)	(928,616,665)	(390,253,942)	(928,877,109)
Inventories	(225,222,789)	(318,781,497)	(424,068,409)	(318,781,497)
Other current assets	(8,561,253)	10,152,400	18,443,431	10,210,046
Other non-current assets	12,535,355	(17,217,878)	16,901,544	(16,881,086)
Operating liabilities increase (decrease)				
Trade and other payables	426,240,716	(768,013,821)	455,013,276	(772,397,952)
Other current liabilities	(180,552,631)	83,350,758	(68,701,081)	69,182,457
Cash paid for employee benefits	(11,664,984)	(1,885,082)	(6,662,617)	(1,885,082)
Cash flows from operating activities	1,618,883,525	346,558,869	1,536,742,526	328,199,069
Cash paid for interest expenses	(721,729)	(2,943,122)	(890,819)	(2,943,122)
Cash paid for corporate income tax	(31,216,046)	(1,301,625)	(28,417,443)	(631,158)
Net cash flows from operating activities	1,586,945,750	342,314,122	1,507,434,264	324,624,789

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

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Decrease (increase) in current investments	(1,648,716,974)	1,335,998,823	(1,648,731,110)	1,335,998,823
Cash paid for acquisitions of subsidiaries and associates	(673,729,798)	-	(187,563,037)	(4,378,938)
Increase in long-term loan to related party	-	-	(7,598,377)	(97,646,118)
Interest income	23,638,934	26,606,999	23,582,562	26,606,903
Cash paid for purchasing machinery and equipment	(246,391,545)	(1,224,361,613)	(237,295,727)	(1,224,329,538)
Proceeds from selling of equipment	10,574,822	-	1,790,728	-
Cash paid for purchasing of computer software	(3,641,404)	(1,183,780)	(2,325,926)	(1,183,780)
Cash paid for leasehold rights to land	-	(107,123,417)	-	-
Net cash flows from (used in) investing activities	(2,538,265,965)	29,937,012	(2,058,140,887)	35,067,352
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans				
from banks	(219,914,453)	-	-	-
Decrease in liabilities under financial lease	(30,029,758)	(6,197,034)	(4,944,508)	(6,197,034)
Dividend paid	(181,259,951)	-	(181,259,951)	-
Increase in long-term loans	679,638,602	-	-	-
Repayment of long-term loans	(8,516,287)	-	-	-
Net cash flows from (used in) financing activities	239,918,153	(6,197,034)	(186,204,459)	(6,197,034)
Decrease in translation adjustment	(2,086,288)	(5,291,986)	-	-
Effects of changes in exchange rate on cash and cash equivalents	18,908,536	9,035,592	18,908,536	9,035,592
Net increase (decrease) in cash and cash equivalents	(694,579,814)	369,797,706	(718,002,546)	362,530,699
Cash and cash equivalents at beginning of year	1,765,075,164	1,395,277,458	1,753,312,101	1,390,781,402
Cash and cash equivalents at end of year (Note 8)	1,070,495,350	1,765,075,164	1,035,309,555	1,753,312,101
	-	-	-	-
Supplemental cash flows information:				
Non-cash items consist of :				
Unrealised loss on the change in value of investments	(3,460,457)	(1,050,589)	(3,460,457)	(1,050,589)
Increase (decrease) in accounts payable for acquisition of machinery and equipment	(33,076,468)	(81,119,544)	(36,215,077)	(81,119,544)
Consigned stock and equipment for production payable decrease	(101,108,381)	(75,078,497)	(101,108,381)	(75,078,497)
Increase in leasehold rights to land payable	-	12,105,560	-	-

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit for the year	1,602,672,639	2,029,149,971	1,614,971,114	2,031,300,395
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	(18,878,776)	(2,538,017)	-	-
Loss on change in value of available-for-sale investments	(1,467,931)	(1,053,033)	(1,467,931)	(1,053,033)
Less: Income tax effect	(1,992,526)	2,444	(1,992,526)	2,444
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(22,339,233)	(3,588,606)	(3,460,457)	(1,050,589)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial loss	2,634,174	-	(2,069,340)	-
Less: Income tax effect	(29,173)	-	(29,173)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	2,605,001	-	(2,098,513)	-
Other comprehensive income for the year	(19,734,232)	(3,588,606)	(5,558,970)	(1,050,589)
Total comprehensive income for the year	1,582,938,407	2,025,561,365	1,609,412,144	2,030,249,806

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

(Unit: Baht)

	Consolidated financial statements									
				Other components of equity						
				Other comprehensive income						
				Exchange differences on translation of financial statements in foreign currency	Surplus on changes in value of available-for-sale investments	Total other components of shareholders' equity				
	Issued and paid-up share capital	Premium on ordinary shares	Capital reserve for share-based payment transactions	Retained earnings						Total shareholders' equity
				Appropriated reserve	Unappropriated					
Balance as at 1 January 2015	2,265,749,381	86,763,859	-	229,674,938	1,053,440,720	606,700	12,855,126	13,461,826		3,649,090,724
Profit for the year	-	-	-	-	2,029,149,971	-	-	-	-	2,029,149,971
Other comprehensive income for the year	-	-	-	-	-	(2,538,017)	(1,050,589)	(3,588,606)		(3,588,606)
Total comprehensive income for the year	-	-	-	-	2,029,149,971	(2,538,017)	(1,050,589)	(3,588,606)		2,025,561,365
Capital reserve for share-based payment transactions (Note 23)	-	-	6,269,446	-	-	-	-	-	-	6,269,446
Balance as at 31 December 2015	2,265,749,381	86,763,859	6,269,446	229,674,938	3,082,590,691	(1,931,317)	11,804,537	9,873,220		5,680,921,535
Balance as at 1 January 2016	2,265,749,381	86,763,859	6,269,446	229,674,938	3,082,590,691	(1,931,317)	11,804,537	9,873,220		5,680,921,535
Profit for the year	-	-	-	-	1,602,672,639	-	-	-	-	1,602,672,639
Other comprehensive income for the year	-	-	-	-	2,605,001	(18,878,776)	(3,460,457)	(22,339,233)		(19,734,232)
Total comprehensive income for the year	-	-	-	-	1,605,277,640	(18,878,776)	(3,460,457)	(22,339,233)		1,582,938,407
Dividend paid (Note 31)	-	-	-	-	(181,259,950)	-	-	-		(181,259,950)
Capital reserve for share-based payment transactions (Note 23)	-	-	14,989,856	-	-	-	-	-	-	14,989,856
Balance as at 31 December 2016	2,265,749,381	86,763,859	21,259,302	229,674,938	4,506,608,381	(20,810,093)	8,344,080	(12,466,013)		7,097,598,848

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

	Separate financial statements						(Unit: Baht)	
	Issued and paid-up share capital	Premium on ordinary shares	Capital reserve for share-based payment transactions	Retained earnings		Total other components of shareholders' equity		
				Appropriated Statutory reserve	Unappropriated			Total other components of shareholders' equity
Balance as at 1 January 2015	2,265,749,381	86,763,859	-	229,674,938	1,042,803,851	12,855,126	3,637,847,155	
Profit for the year	-	-	-	-	2,031,300,395	-	2,031,300,395	
Other comprehensive income for the year	-	-	-	-	-	(1,050,589)	(1,050,589)	
Total comprehensive income for the year	-	-	-	-	2,031,300,395	(1,050,589)	2,030,249,806	
Capital reserve for share-based payment transactions (Note 23)	-	-	6,269,446	-	-	-	6,269,446	
Balance as at 31 December 2015	2,265,749,381	86,763,859	6,269,446	229,674,938	3,074,104,246	11,804,537	5,674,366,407	
Balance as at 1 January 2016	2,265,749,381	86,763,859	6,269,446	229,674,938	3,074,104,246	11,804,537	5,674,366,407	
Profit for the year	-	-	-	-	1,614,971,114	-	1,614,971,114	
Other comprehensive income for the year	-	-	-	-	(2,098,513)	(3,460,457)	(5,558,970)	
Total comprehensive income for the year	-	-	-	-	1,612,872,601	(3,460,457)	1,609,412,144	
Dividend paid (Note 31)	-	-	-	-	(181,259,950)	-	(181,259,950)	
Capital reserve for share-based payment transactions (Note 23)	-	-	14,989,856	-	-	-	14,989,856	
Balance as at 31 December 2016	2,265,749,381	86,763,859	21,259,302	229,674,938	4,505,716,897	8,344,080	7,117,508,457	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	

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

Notes to consolidated financial statements

1. Corporate information

SVI Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company was listed on the Stock Exchange of Thailand on 25 May 1994. The Company is principally engaged in the manufacture and distribution of electronic manufacturing services (EMS). The registered office of the Company is at 141-142 Moo 5, Bangkadi Industrial Park, Tiwanon Road, Bangkadi, Muang, Pathumthani. The Company's factory is located at 33/10 Moo 4, Chaeng Wattana Road, Bangtalad, Pakkred, Nontaburi.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of SVI Public Company Limited (“the Company”) and the following subsidiaries (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
			Percent	Percent
<u>Subsidiaries held by the Company</u>				
SVI A/S	Raw material sourcing service	Denmark	100	100
SVI Public (HK) Limited	Raw material sourcing service	Hong Kong	100	100
SVI (AEC) Company Limited	Manufacturing electronic equipment	Cambodia	100	100
<u>Subsidiaries held by the subsidiaries</u>				
SVI (Austria) GmbH (formerly known as “Gigantic Holding GmbH”) *	Manufacturing electronic equipment	Austria	100	-
SVI Hungary Limited Liability Company (formerly known as “Seidel Elektronik Hungaria Elektronikai Kft”)	Manufacturing electronic equipment	Hungary	100	-
SVI Slovakia s.r.o. (formerly known as “Seidel Slovakia, s.r.o.”)	Manufacturing electronic equipment	Slovakia	100	-
<u>Associates held by the subsidiaries</u>				
Emsiso d.o.o.	Design and development of products	Slovenia	23	-
Sementis Engineering GmbH	Design and development of products	Austria	20	-

* This subsidiary received the business from Seidel Elektronik GmbH Nfg. KG at the acquisition investment date.

During the year 2016, SVI (Austria) GmbH incorporated in Austria and a subsidiary of SVI Public (HK) Limited, purchased all companies in the Seidel Group which have plants located in Austria, Hungary and Slovakia, as well as minority interests in product design and development companies in Austria and Slovenia. These consolidated financial statements include the statement of financial position of those companies as at 31 December 2016 and the statement of comprehensive income for the period from the investment date to 31 December 2016. Such company has recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill. During the fourth quarter of the current year, SVI (Austria) GmbH obtained these appraisals of the tangible assets from the independent valuation specialist and completed the assessment of fair value of tangible assets and allocation of goodwill. Details of the fair values of net assets of Seidel Group and their net book values, are as follows:

		(Unit: Million Baht)	
Assets	Fair value	Net book value	
Cash and cash equivalents	7	7	
Current investments	1	1	
Trade and other receivables	499	499	
Inventories	670	670	
Investments in associates	4	4	
Property, plant and equipment, net (Note 14)	162	162	
Intangible assets (Note 16)	130	8	
Deferred tax assets	35	35	
Other assets	13	13	
Total assets	1,521	1,399	
Liabilities			
Bank overdrafts and short-term loans from banks	260	260	
Trade and other payables	392	392	
Liabilities under financial lease	83	83	
Long-term loans from banks	11	11	
Provision for long-term employee benefits (Note 22)	93	93	
Deferred tax liabilities	21	21	
Other liabilities	117	117	
Total liabilities	977	977	
Net asset value	544	422	
Equity of the subsidiary (%)	100		
Net asset value attributable to the			
Company's investment	544		
Positive goodwill	137		
Purchase price	681		
Less: Cash and cash equivalents of subsidiaries	(7)		
Net cash paid for purchase of subsidiaries	674		

Details of acquisition of Seidel Group are as follows.

		(Unit: Million Baht)
Purchase price		
Cash paid		681
Fair value of net assets received		544
Goodwill		137

The revenue and profit of Seidel Group from the acquisition date to 31 December 2016 amounting to Baht 2,630 million and Baht 20 million, respectively, is included in the consolidated financial statements.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statement of changes in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiaries, have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

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

- (b) Financial reporting standard that will become effective in the future

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

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

TAS 27 (revised 2016) Separate Financial Statements

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

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

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 allowance.

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

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 and work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Raw materials, supplies and spare parts are valued at the lower of weighted average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 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	20 years
Land and building improvements	5 - 20 years
Machinery and equipment	5 - 10 years
Furniture, fixtures and office equipment	5 - 10 years
Motor vehicles	3 - 5 years

Depreciation is included in determining income.

No depreciation is provided on land, work under construction and machinery under installation.

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 included in profit or loss when the asset is derecognised.

4.7 Leasehold right to land and amortisation

Leasehold right to land is stated at cost less accumulated amortization and allowance for loss on impairment (if any). Amortisation is calculated using the straight-line method over the leasehold period of 50 years.

The amortisation is included in determining income.

4.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows.

Useful lives

Computer software 5-10 years

Customer relationship 5-8 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Related party transactions

Related parties comprise individuals or enterprises 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 or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, and key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.11 Long-term lease

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance lease is depreciated over the shorter of the useful life of the asset and the lease period. Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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.

4.13 Impairment of assets

At the end of reporting period, the Company and its subsidiaries performs impairment reviews in respect of the property, plant and equipment and other 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. In determining value in use, the estimated future cash flows are discounted to their present

value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the profit or loss.

4.14 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 and other long-term employee 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 and other long-term employee benefits

The Company and its subsidiary have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan. In addition, the subsidiary provides other long-term employee benefit plan, namely long service award.

The obligation under the defined benefit plan and other long-term employee 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.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

4.15 Provisions

Provisions are recognised when the Company and its subsidiaries 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.

4.16 Equity-settled share-based payment transactions

The Company recognises share-based payment transactions when services from employees are rendered, based on the fair value of the share options on the grant date. The expenses are recorded over the vesting period, in accordance with the conditions regarding length of service rendered by employees stipulated in the share-based payment plan, together with a corresponding increase in "Capital reserve for share-based payment transactions" in shareholders' equity.

4.17 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 and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise 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 and its subsidiaries review and reduce 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 and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Derivatives**Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gain and losses from the translation are included in profit or loss. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

Currency option contracts

The notional amounts of cross currency option contracts utilised by the Company to manage foreign exchange risk are not recognised as assets or liabilities upon inception of the agreement, but fees to be received or paid by the Company in respect of such contracts are amortised on a straight line basis over the term of contracts.

4.19 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 and its subsidiaries apply 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 and its subsidiaries measure 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 and its subsidiaries determine 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 judgment and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

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.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Allowance for diminution in value of inventory

The determination of allowance for diminution in the value of inventory requires management to exercise judgment in estimating losses on outstanding inventory, based on the selling price expected in the ordinary course of business, minus selling expenses and provision for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory and current changes in technology.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets on the acquisition date, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

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.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

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.

Equity-settled share-based payment transactions

Estimating fair value for share-based payment transactions requires the management to exercise judgement, using general accepted valuation techniques and model, and to apply appropriate assumptions as to the expected life of the share options, share price volatility and dividend yield.

6. Impact of fire

On 12 November 2014, there was a fire at an electronic component plant in Bangkadi Industrial Park. The Company estimated its asset losses and recognised losses due to the fire totaling Baht 2,273 million in profit or loss for the year ended 31 December 2014. However, the Company had an Accidental Damage Property Insurance Policy coverage for the replacement value of property damage caused by the fire and for business interruption. The sum insured under the policies are as follows:

	<u>Million Baht</u>
Property damage	2,323
Inventory damage	1,858
Business interruption	2,110

The insurance company assessed losses and finalised the compensation payable to the Company. The Company received compensation of Baht 820 million and Baht 1,643 million from insurance companies in year 2014 and 2015, respectively.

During the current year, the Company received the final compensation of Baht 1,292 million from insurance companies.

7. Related party transactions

During the years, the Company and its subsidiaries 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, related persons and those related parties.

(Unit: Million Baht)

	Consolidated		Separate financial		Transfer Pricing Policy
	financial		statements		
	statements		statements		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	42	-	99.99 percent of customer charge
Sales of fixed assets	-	-	39	-	Net book value plus 3.7 percent
Purchases of raw materials	-	-	870	744	At cost
Raw materials sourcing fee	-	-	42	34	Actual charge and actual charge plus margin 0.25 to 0.60 percent (2015: 0.15 to 0.50 percent)
Interest income	-	-	5	1	1.80 percent
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	223	-	-	-	At cost
Development expenses of tooling	6	-	-	-	Actual charge plus margin of 1.50 - 3.00

The relationships between the Company and the related parties are summarised below.

List of related companies	Relationship
SVI A/S	Subsidiary
SVI Public (HK) Limited	Subsidiary
SVI (AEC) Company Limited	Subsidiary
SVI (Austria) GmbH (formerly known as “Gigantic Holding GmbH”) *	Subsidiary (Held by subsidiary)
SVI Hungary Limited Liability Company (formerly known as “Seidel Elektronik Hungaria Elektronikai Kft”)	Subsidiary (Held by subsidiary)
SVI Slovakia s.r.o. (formerly known as “Seidel Slovakia, s.r.o.”)	Subsidiary (Held by subsidiary)
Emsiso d.o.o.	Associated company (Held by subsidiary)
Sementis Engineering GmbH	Associated company (Held by subsidiary)

The balances of the accounts as at 31 December 2016 and 2015 between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related parties (Note 10)</u>				
Subsidiaries	-	-	32,427	-
Associated companies	1,238	-	-	-
Total trade receivables - related parties	1,238	-	32,427	-
<u>Other receivables - related parties (Note 10)</u>				
Subsidiaries	-	-	11,998	260
Associated companies	-	-	-	-
Total other receivables - related parties	-	-	11,998	260
<u>Other long-term receivable</u>				
Subsidiaries	-	-	38,258	-
Total other long-term receivable	-	-	38,258	-
<u>Trade accounts payable - related parties (Note 18)</u>				
Subsidiaries	-	-	264,624	217,180
Associated companies	201	-	-	-
Total trade accounts payable - related parties	201	-	264,624	217,180
<u>Other payable - related parties (Note 18)</u>				
Subsidiaries	-	-	12,156	-
Total trade accounts payable - related parties	-	-	12,156	-

In February 2016, the Company lent EUR 13.1 million to a subsidiary, which carries interest at the rate of 1.8% per annum and without collateral. The Company already received the repayment in May 2016.

During the current year, the movements of loans to and interest receivables with related parties were as follows:

(Unit: Thousand Baht)

	Separate financial statement			
	1 January 2016	Increase	Decrease	31 December 2016
<u>Short-term loans to and interest receivables - related party</u>				
Subsidiary				
SVI (Austria) GmbH	-	528,419	(528,419)	-
<u>Long-term loans to and interest receivables - related party</u>				
Subsidiary				
SVI (AEC) Company Limited	98,498	19,306	(9,978)	107,826

Directors and management's benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	116,181	58,543	58,294	58,543
Post employment benefits	5,701	5,373	5,701	5,373
Share-based payment (Note 23)	2,196	3,907	2,196	3,907
Total	124,078	67,823	66,191	67,823

8. Cash flow statement

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at banks and current investments with an original maturity of 3 months or less.

Cash and cash equivalents as reflected in the statements of cash flows consist of the followings:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	1,606	1,435	476	511
Deposit at banks	1,068,889	1,763,640	1,034,834	1,752,801
Cash and cash equivalents in cash flow statement	1,070,495	1,765,075	1,035,310	1,753,312

As at 31 December 2016, bank deposits in savings accounts carried interests between 0.03 to 0.50 percent per annum (2015: between 0.1 to 0.5 percent per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Fixed deposit	750,570	450,000	750,000	450,000
Available-for sale securities				
Equity securities				
Listed securities	641,209	260,757	641,209	260,757
Add: Unrealised gain on the change in value of listed securities	24,504	6,990	24,504	6,990
Listed securities - net	665,713	267,747	665,713	267,747
Unit trusts	772,675	431,856	772,675	431,856
Add: Unrealised gain on the change in value of investments	3,430	1,582	3,430	1,582
Unit trusts - net	776,105	433,438	776,105	433,438
Debt securities				
Private sector - debentures	699,947	72,487	699,947	72,487
Add: Unrealised gain on the change in value of debentures	(17,533)	3,297	(17,533)	3,297
Debt securities - net	682,414	75,784	682,414	75,784
Total available-for-sale securities	2,124,232	776,969	2,124,232	776,969
Total current investments	2,874,802	1,226,969	2,874,232	1,226,969

During the year 2016, the Company sold available-for-sale securities with book values totaling Baht 1,894 million (2015: Baht 2,187 million) and recognised gains (after tax) on the sales in profit or loss, amounting to Baht 12 million (2015: Baht 32 million). This amount included gains transferred from gain (after tax) on valuation of available-for-sale securities in other comprehensive income, amounting to Baht 10 million (2015: Baht 12 million).

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	32,424	-
Up to 3 months	1,238	-	3	-
Total trade accounts receivable - related parties	1,238	-	32,427	-
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	2,041,778	1,273,407	1,576,260	1,273,407
Past due				
Up to 3 months	387,841	355,443	313,260	355,443
3 - 6 months	3,341	3,230	2,807	3,230
6 - 12 months	3,576	6,706	3,537	6,706
Over 12 months	1,213	67,111	693	67,111
Total	2,437,749	1,705,897	1,896,557	1,705,897
Less: Allowance for doubtful debts	(1,191)	(74,455)	(1,191)	(74,455)
Total trade accounts receivable				
- unrelated parties, net	2,436,558	1,631,442	1,895,366	1,631,442
<u>Other receivables - related party</u>	-	-	11,998	260
<u>Other receivables - unrelated parties</u>				
Unrelated parties	17,055	10,122	12,287	10,122
Less: Allowance for doubtful debts	-	(4,760)	-	(4,760)
Total other receivables - unrelated parties, net	17,055	5,362	12,287	5,362
Total trade and other receivables - net	2,454,851	1,636,804	1,952,078	1,637,064

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost reduction to net					
	Cost		realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	285,366	106,873	(492)	(390)	284,874	106,483
Work in process	163,327	56,905	(529)	-	162,798	56,905
Raw materials	1,377,882	852,716	(62,913)	(30,725)	1,314,969	821,991
Supplies and spare parts	84,999	1,419	-	-	84,999	1,419
Raw materials in transit	95,665	42,748	-	-	95,665	42,748
Total	2,007,239	1,060,661	(63,934)	(31,115)	1,943,305	1,029,546

(Unit: Thousand Baht)

	Separate financial statements					
	Cost reduction to net					
	Cost		realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	228,526	106,873	(1)	(390)	228,525	106,483
Work in process	85,797	56,905	-	-	85,797	56,905
Raw materials	1,046,661	852,716	(40,300)	(30,725)	1,006,361	821,991
Supplies and spare parts	1,397	1,419	-	-	1,397	1,419
Raw materials in transit	95,665	42,748	-	-	95,665	42,748
Total	1,458,046	1,060,661	(40,301)	(31,115)	1,417,745	1,029,546

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 9 million (2015: Baht 3 million) (The Company only: Baht 9 million (2015: Baht 3 million)), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 6 million from the inventories sold during the year (2015: Baht 2 million) (The Company only: Nil (2015: Baht 2 million)), and reduced the amount of inventories recognised as expenses during the year.

12. Investments in associates

Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2016 (%)	2015 (%)	2016	2015	2016	2015
Sementis Engineering GmbH	Design and development of products	Austria	20	-	-	-	-	-
Emsiso d.o.o.	Design and development of products	Slovenia	23	-	-	-	-	-
Total					-	-	-	-

13. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up share capital		Shareholding percentage		Cost method	
	2016	2015	2016	2015	2016	2015
			Percent	Percent		
SVI A/S	DKK 0.5 million	DKK 0.5 million	100	100	3,269	3,269
SVI Public (HK) Limited	HKD 36.9 million	HKD 1 million	100	100	174,143	-
SVI (AEC) Company Limited	USD 0.5 million	USD 0.1 million	100	100	17,799	4,379
Total investments in subsidiaries					195,211	7,648

SVI Public (HK) Limited

In January 2016, SVI Public (HK) Limited increased its registered share capital from HKD 1 to HKD 36.9 million through the issuance of 36,942,909 new ordinary shares with a par value of HKD 1 each. The Company purchased all of these new ordinary shares for a total of HKD 36.9 million in January 2016.

On 17 December 2015, the meeting of the Company's Board of Directors passed a resolution to approve SVI Public (HK) Limited ("subsidiary") to purchase 1 share of SVI (Austria) GmbH (formerly known as "Gigantic Holding GmbH"), which was incorporated in Austria, at original cost EUR 35,000 per share for operating business in Austria. The subsidiary invested in 100% of the registered share capital. The investment transactions were completed on 4 February 2016.

Acquisition of Seidel Group

On 15 January 2016, the meeting of the Company's Board of Directors approved the acquisition by SVI (Austria) GmbH, a subsidiary of SVI Public (HK) Limited, of all companies in the Seidel Group which have plants located in Austria, Slovakia and Hungary, as well as minority interests in product design and development companies in Austria and Slovenia. The details of the related Share Purchase Agreement are as follows:

- a. SVI (Austria) GmbH and the Seller (Seidel Holding GmbH ("SEH")), a limited company incorporated in Austria, entered into a sale and purchase agreement on 17 February 2016.
- b. SVI (Austria) GmbH wishes to purchase all investments held by SEH at a price of EUR 17.464 million.

Details of these investments are as follows:

Company's name	Nature of business	Country of incorporation	Shareholding percentage
Seidel Elektronik GmbH Nfg. KG	Manufacturing electronic equipment	Austria	100
Seidel Elektronik Hungaria Elektronikai Kft	Manufacturing electronic equipment	Hungary	100
Seidel Slovakia, s.r.o.	Manufacturing electronic equipment	Slovakia	100
Sementis Engineering GmbH	Design and development of products	Austria	20
Emsiso d.o.o.	Design and development of products	Slovenia	23

The subsidiary received all shares from the Seller (SEH) on 17 February 2016.

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
						Work under	Total
	Buildings		Machinery	Furniture,	construction		
	and land		and	fixtures	and machinery		
and building		equipment	and office	under			
	Land	improvements	equipment	equipment	Vehicles	installation	
Cost							
1 January 2015	547,991	534,813	804,645	116,139	17,224	124,632	2,145,444
Addition	-	2,167	94,315	1,913	-	1,049,227	1,147,622
Disposal/written-off	-	(224,058)	(703,277)	(31,089)	-	(87,026)	(1,045,450)
Transfer in (out)	-	272,674	580,254	11,356	-	(868,664)	(4,380)
Translation adjustment	-	-	-	7	-	-	7
31 December 2015	547,991	585,596	775,937	98,326	17,224	218,169	2,243,243
Increase from investments							
in subsidiaries	-	65,933	322,547	131,146	7,498	4	527,128
Addition	-	321	20,200	5,806	3,064	152,402	181,793
Disposal/written-off	-	(44)	(6,371)	(30,977)	(5,736)	(2,838)	(45,966)
Transfer in (out)	-	249,649	66,942	3,036	-	(321,181)	(1,554)
Translation adjustment	-	(1,595)	(10,016)	(3,188)	(181)	-	(14,980)
31 December 2016	547,991	899,860	1,169,238	204,149	21,869	46,556	2,889,664

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land	Buildings and land and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Work under construction and machinery under installation	Total
Accumulated depreciation							
1 January 2015	-	209,525	426,901	76,691	10,853	-	723,970
Depreciation for the year	-	32,881	127,014	10,291	2,813	-	172,999
Depreciation on disposal/ written-off	-	(87,885)	(413,161)	(19,785)	-	-	(520,831)
Translation adjustment	-	-	-	(5)	-	-	(5)
31 December 2015	-	154,521	140,754	67,192	13,666	-	376,133
Increase from investments in subsidiaries	-	44,096	198,952	116,639	5,592	-	365,279
Depreciation for the year	-	48,043	204,719	14,873	2,997	-	270,632
Depreciation on disposal/ written-off	-	(2)	(2,185)	(30,953)	(5,622)	-	(38,762)
Translation adjustment	-	(1,207)	(6,078)	(2,971)	(165)	-	(10,421)
31 December 2016	-	245,451	536,162	164,778	16,468	-	962,859
Allowance for impairment loss							
1 January 2015	-	136,173	286,197	11,304	-	87,026	520,700
Increase during the year	-	(136,173)	(286,197)	(11,304)	-	(87,026)	(520,700)
31 December 2015 and 2016	-	-	-	-	-	-	-
Net book value							
31 December 2015	547,991	431,075	635,183	31,134	3,558	218,169	1,867,110
31 December 2016	547,991	654,409	594,176	39,370	5,401	46,556	1,926,804
Depreciation for the year							
2015 (Baht 160 million included in manufacturing cost, and the balance in selling and administrative expense)							172,999
2016 (Baht 207 million included in manufacturing cost, and the balance in selling and administrative expense)							270,632

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land	Buildings and land and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Work under construction and machinery under installation	
Cost							
1 January 2015	547,991	534,813	804,645	115,653	17,224	124,632	2,144,958
Addition	-	2,167	94,315	1,880	-	1,049,227	1,147,589
Disposal/written-off	-	(224,058)	(703,277)	(31,089)	-	(87,026)	(1,045,450)
Transfer in (out)	-	272,674	580,254	11,357	-	(868,664)	(4,379)
31 December 2015	547,991	585,596	775,937	97,801	17,224	218,169	2,242,718
Addition	-	321	14,473	2,131	3,064	146,416	166,405
Disposal/written-off	-	(44)	(34,910)	(30,405)	(5,736)	-	(71,095)
Transfer in (out)	-	249,649	66,942	3,036	-	(321,181)	(1,554)
31 December 2016	547,991	835,522	822,442	72,563	14,552	43,404	2,336,475

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land	Buildings and land and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Work under construction and machinery under installation	
Accumulated depreciation							
1 January 2015	-	209,525	426,900	76,331	10,853	-	723,609
Depreciation for the year	-	32,881	127,014	10,260	2,813	-	172,968
Depreciation on disposal/written-off	-	(87,885)	(413,161)	(19,785)	-	-	(520,831)
31 December 2015	-	154,521	140,753	66,806	13,666	-	375,746
Depreciation for the year	-	43,765	163,913	10,466	2,101	-	220,245
Depreciation on disposal/written-off	-	(2)	(12,864)	(30,389)	(5,621)	-	(48,876)
31 December 2016	-	198,284	291,802	46,883	10,146	-	547,115
Allowance for impairment loss							
1 January 2015	-	136,173	286,198	11,304	-	87,026	520,701
Decrease during the year	-	(136,173)	(286,198)	(11,304)	-	(87,026)	(520,701)
31 December 2015	-	-	-	-	-	-	-
and 2016							
Net book value							
31 December 2015	547,991	431,075	635,184	30,995	3,558	218,169	1,866,972
31 December 2016	547,991	637,238	530,640	25,680	4,406	43,404	1,789,359

Depreciation for the year

2015 (Baht 160 million included in manufacturing cost, and the balance in selling and administrative expense)	172,968
2016 (Baht 167 million included in manufacturing cost, and the balance in selling and administrative expense)	220,245

As at 31 December 2016, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book value amounting to Baht 69 million (2015: Baht 18 million) (The Company only: Baht 13 million and 2015: Baht 18 million).

As at 31 December 2016, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 419 million (2015: Baht 111 million) (The Company only: Baht 120 million and 2015: Baht 111 million).

15. Leasehold right to land

The net book value of leasehold right to land as at 31 December 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost	119,229	119,229	-	-
Less: Accumulated amortisation	(3,558)	(1,197)	-	-
Translation adjustment	871	1,763	-	-
Net book value	116,542	119,795	-	-

A reconciliation of the net book value of leasehold right to land for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	119,795	-	-	-
Increase in leasehold rights to land	-	119,229	-	-
Amortisation	(2,361)	(1,197)	-	-
Translation adjustment	(892)	1,763	-	-
Net book value at end of year	116,542	119,795	-	-

On 25 June 2015, the Company entered into a long-term land lease agreement for a period of 50 years for the purpose of constructing the plant of SVI (AEC) Company Limited ("subsidiary"). The subsidiary is to pay land leasehold rights totaling USD 3.35 million for the period of 50 years.

16. Goodwill/Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements	Goodwill
Cost		
As at 1 January 2015 and 31 December 2015		-
Increase from investments in subsidiaries		137,476
Translation adjustment		(3,327)
As at 31 December 2016		134,149
Net book value		
As at 31 December 2015		-
As at 31 December 2016		134,149

(Unit: Thousand Baht)

	Consolidated financial statements		
	Intangible assets		
	Customer relationships	Computer software	Total
Cost			
As at 1 January 2015	-	72,857	72,857
Additions	-	1,183	1,183
As at 31 December 2015	-	74,040	74,040
Additions	-	3,641	3,641
Increase from investments in subsidiaries	122,047	44,773	166,820
Write-off	-	(236)	(236)
Translation adjustment	(2,953)	(1,083)	(4,036)
As at 31 December 2016	119,094	121,135	240,229
Amortisation			
As at 1 January 2015	-	55,744	55,744
Additions	-	3,870	3,870
As at 31 December 2015	-	59,614	59,614
Increase from investments in subsidiaries	-	36,990	36,990
Amortisation	18,992	7,860	26,852
Write-off	-	(158)	(158)
Translation adjustment	(621)	(1,038)	(1,659)
As at 31 December 2016	18,371	103,268	121,639

(Unit: Thousand Baht)

	Consolidated financial statements		
	Intangible assets		
	Customer relationships	Computer software	Total
Net book value			
As at 31 December 2015	-	14,426	14,426
As at 31 December 2016	100,723	17,867	118,590

(Unit: Thousand Baht)

	Separate financial statements
	Computer software
Cost	
As at 1 January 2015	72,857
Addition	1,183
As at 31 December 2015	74,040
Addition	2,326
As at 31 December 2016	76,366
Amortisation	
As at 1 January 2015	55,744
Amortisation	3,870
As at 31 December 2015	59,614
Amortisation	3,500
As at 31 December 2016	63,114
Net book value	
As at 31 December 2015	14,426
As at 31 December 2016	13,252

17. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Bank overdrafts	0.35 - 1.30	30,898	-	-	-
Short-term loans from banks	2.00 - 6.00	9,121	-	-	-
Total		40,019	-	-	-

Bank overdrafts and short-term loans from banks are secured by pledge of trade accounts receivable by EUR 2.9 million.

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables - related parties	201	-	264,624	217,180
Trade payables - unrelated parties	2,003,527	1,282,133	1,440,130	1,074,696
Other payables - related parties	-	-	12,156	-
Other payables - unrelated parties	69,510	60,262	28,968	48,157
Liabilities for acquisition of machine and equipment	23,864	56,940	20,725	56,940
Accrued expenses	170,588	100,541	116,855	99,678
Consigned stock and equipment for production payable	173,847	280,075	173,847	280,075
Total trade and other payables	2,441,537	1,779,951	2,057,305	1,776,726

19. Liabilities under finance lease

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	87,273	20,145	14,310	20,145
Less: Deferred interest expenses	(16,268)	(1,835)	(944)	(1,835)
Total	71,005	18,310	13,366	18,310
Less: Portion due within one year	(62,864)	(4,945)	(5,225)	(4,945)
Liabilities under finance lease agreements - net of current portion	8,141	13,365	8,141	13,365

The Company and its subsidiary has entered into the finance lease agreements with leasing companies for rental of the vehicle and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2016			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	78.7	8.5	-	87.2
Deferred interest expenses	(15.9)	(0.3)	-	(16.2)
Present value of future minimum lease payments	62.8	8.2	-	71.0

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2016			
	Less than			
	1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	5.8	8.5	-	14.3
Deferred interest expenses	(0.6)	(0.3)	-	(0.9)
Present value of future minimum lease payments	5.2	8.2	-	13.4

(Unit: Million Baht)

	Consolidated / Separate financial statements			
	As at 31 December 2015			
	Less than			
	1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	5.8	14.3	-	20.1
Deferred interest expenses	(0.9)	(0.9)	-	(1.8)
Present value of future minimum lease payments	4.9	13.4	-	18.3

Long-term loans from banks

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2016	2015	2016	2015
1	3.26%	Monthly installments as from 5 June 2015 until 4 June 2020	2,570	-	-	-
2	0.65%	Repayment on maturity date (3 May 2019) and can extend for further 3 years	679,638	-	-	-
Total			682,208	-	-	-
Less: Current portion			(734)	-	-	-
Long-term loans, net of current portion			681,474	-	-	-

The loans are secured by the pledge of machinery of a subsidiary and guaranteed by letter of credit that issued by a domestic bank under the Company's name.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

21. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Payables from forwards exchange				
contracts	-	90,050	-	90,050
Withholding tax payables	8,564	17,019	5,707	5,386
Provisions for warranty	8,432	8,116	8,432	8,116
Value added tax payable	10,103	-	-	-
Others	7,936	8,131	1,039	3,242
Total other current liabilities	35,035	123,316	15,178	106,794

22. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
Provision for long-term employee benefits at				
beginning of year	75,428	67,384	75,428	67,384
Increase from investment in subsidiaries	92,620	-	-	-
Included in profit or loss:				
Current service cost	14,145	8,056	9,427	8,056
Interest cost	3,378	1,873	1,941	1,873
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	-	-	-
Financial assumptions changes	3,990	-	2,878	-
Experience adjustments	(6,013)	-	(809)	-
Benefits paid during the year	(11,665)	(1,885)	(6,663)	(1,885)
Translation adjustment	(2,241)	-	-	-
Provision for long-term employee benefits at	169,642	75,428	82,202	75,428
end of year				

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of sales	13,153	6,617	6,789	6,617
Selling and administrative expenses	4,578	3,312	4,578	3,312
Total expenses recognised in profit or loss	17,731	9,929	11,367	9,929

The Company and its subsidiaries expect to pay Baht 3 million of long-term employee benefits during the next year (Separate financial statements: Baht 1 million) (2015: Baht 2 million, separate financial statements: Baht 2 million). As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 12 - 15 years (Separate financial statements: 14 years) (2015: 15 years, separate financial statements: 15 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	1.7 - 2.9	3.3	2.9	3.3
Salary increase rate	2.5 - 4.0	4.0	4.0	4.0
Turnover rate	1.5 - 25.0	3.0 - 25.0	3.0 - 25.0	3.0 - 25.0

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2016					
	Discount rate		Salary increase rate		Staff turnover rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	1.0%	1.0%	1.0%	1.0%	10.0%	10.0%
Impact on the long-term employee benefit obligation	(9)	11	10	(9)	(3)	3

(Unit: Thousand Baht)

	Consolidated financial statements					
	2015					
	Discount rate		Salary increase rate		Staff turnover rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	1.0%	1.0%	1.0%	1.0%	10.0%	10.0%
Impact on the long-term employee benefit obligation	(7)	8	8	(7)	-	-

(Unit: Thousand Baht)

	Separate financial statements					
	2016					
	Discount rate		Salary increase rate		Staff turnover rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	1.0%	1.0%	1.0%	1.0%	10.0%	10.0%
Impact on the long-term employee benefit obligation	(7)	8	8	(7)	(3)	3

(Unit: Thousand Baht)

	Separate financial statements					
	2015					
	Discount rate		Salary increase rate		Staff turnover rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	1.0%	1.0%	1.0%	1.0%	10.0%	10.0%
Impact on the long-term employee benefit obligation	(7)	8	8	(7)	-	-

23. Right to purchase ordinary shares

On 18 March 2015, the Company received approval from the Office of the Securities and Exchange Commission to transfer or trade the warrants allotted to directors and employees each year on the Stock Exchange of Thailand. The first allotment of warrants can be traded from 8 May 2015 and until no later than 15 July 2019. The details are as follows:

No. of securities offered:	31,000,000 units
No. of shares reserved for exercise:	31,000,000 shares
Term of warrants:	5 years
Offering date:	27 March 2015
Expiry date:	26 March 2020
Exercise price:	4.44 Baht per share
Exercise ratio:	1 ordinary share per 1 warrant
Exercise period:	The warrants can be exercised once a year, with the warrant holders to exercise in each year not more than 20% of the total warrants allotted to them, plus unexercised warrants from previous years. The warrants can be exercised to purchase ordinary shares on 15 July of each year for a period of 5 years, with the first exercise date on 15 July 2015 and the last exercise date on 15 July 2019.

During the current year, the Company allotted 8.4 million warrants to its employees, bringing the total number of warrants allotted to 22.7 million, and recorded expenses of this scheme (SVI-W3) amounting to Baht 15.0 million (2015: Baht 6.3 million) as personnel expenses.

As at 31 December 2016, the Company had capital reserve for share-based payment amounting to Baht 21.3 million (31 December 2015: Baht 6.3 million) and 8.3 million warrants remain unallocated (31 December 2015: 16.7 million warrants).

Reconciliation of number of SVI - W3

(Unit: Million Unit)

	<u>Consolidated / Separate financial statements</u>
Number of warrants as at 1 January 2016	16.7
Allotted during the year	(8.4)
Number of warrants as at 31 December 2016	<u>8.3</u>

24. Statutory reserve

Pursuant to Section 116 of the Public Company Limited Act B.E. 2535, the Company is required to set aside 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 its registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

25. Income tax

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

(Unit: Thousand Baht)

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Current income tax charge	148,158	5	146,007	-
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>15,162</u>	<u>(14,997)</u>	<u>27,386</u>	<u>(15,003)</u>
Income tax (income) expense reported in the income statement	<u>163,320</u>	<u>(14,992)</u>	<u>173,393</u>	<u>(15,003)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax relating to actuarial loss	29	51	29	51
Deferred tax relating to loss (gain) on change in value of available-for-sale investments	1,993	(88)	1,993	(88)
	2,022	(37)	2,022	(37)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015 is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate financial	
	financial statements		statements	
	2016	2015	2016	2015
Accounting profit before tax	1,765,992	2,014,158	1,788,364	2,016,298
Applicable tax rate	10% - 25%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	359,135	402,832	357,673	403,260
Effects of:				
Promotional privileges (Note 27)	(75,118)	(102,306)	(75,118)	(102,306)
Non-deductible expenses (tax exemption income additional/expense deductions allowed)	(120,697)	(315,518)	(109,162)	(315,957)
Total	(195,815)	(417,824)	(184,280)	(418,263)
Income tax (income) expense reported in the income statement	163,320	(14,992)	173,393	(15,003)

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for doubtful accounts	3	-	3	-
Provision for long-term employee benefits	24,043	569	240	569
Provision for warranty	-	-	508	-
Toolings	508	2,897	-	2,897
Provision for the fire	-	5,478	-	5,478
Unused tax losses from non-promoted operations	81	19,212	-	19,212
Intangible asset	764	-	-	-
Others	3,117	64	65	46
Total	28,516	28,220	816	28,202
Deferred tax liabilities				
Unrealised gain on re-measuring available-for-sale investments	2,080	88	2,080	88
Property, plant and equipment	796	-	-	-
Others	56	-	-	-
Total	2,932	88	2,080	88

As at 31 December 2016, the total amount of temporary differences associated with investments in subsidiaries for which deferred tax liability has not been recognised, is Baht 23 million (2015: Nil).

26. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Salary and wages and other employee benefits	1,370,971	755,338	756,675	727,945
Depreciation	270,632	172,999	220,245	172,968
Loss from the fire	-	158,399	-	158,399
Amortisation	29,213	5,067	3,500	3,870
Raw materials and consumables used	8,332,980	6,167,995	6,504,229	6,167,995
Changes in inventories of finished goods and work in progress	173,029	77,825	150,544	77,825

27. Promotional privileges

The Company has been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges of the Company are as follows.

Details						
1. Certificate No.	1069(2)/2547	1065(2)/2550	1686(2)/2550	1296(2)/2554	2724(2)/2555	5152(2)/2556
2. Promotional privileges for	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products	Manufacturing PCBA, electronic products and handmicrophone	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products
3. The significant privileges are						
3.1 Exemption of corporate income tax for net profit from promotional privileges and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	3 years (Expired)	5 years (Transfer right to 5152(2)2556)	5 years (Expired)	5 years (Transfer right to 5152(2)2556)	5 years	8 years
3.2 Allowance for 5% of the increment in export income over the preceding year for ten years, providing that the export income of that particular year should not be lower than the average export income over the three preceding years except for the first two years.	Non-granted	Non-granted	Non-granted	Non-granted	Non-granted	Non-granted
3.3 Exemption of import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted
3.4 Exemption of import duty on raw materials and significant supplies used in export production for a period of one year from the first import date.	Granted	Granted	Granted	Granted	Granted	Granted
4. Date of first earning promotional privileges under the promotion certificates						
- Raw materials	20 Jul 2004	24 Apr 2008	30 Aug 2007	1 May 2011	-	17 Jun 2013
- Machinery	24 Dec 2003	27 Dec 2006	6 Jun 2007	25 Jan 2011	3 Oct 2012	17 Jun 2013
- Income tax	7 Oct 2004	14 May 2008	18 Oct 2007	13 May 2011	Unexercised right	17 Jun 2013

During the current year, the Company received addition promotional privileges, pursuant to the promotion certificates No. 1587(2)/2558 and No. 1595(2)/2558. The Company has not earned the privileges under those certificates.

The Company's operating revenues for the years, are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2016	2015	2016	2015	2016	2015
Export sales	8,196,171	7,819,263	121,468	299,620	8,317,639	8,118,883
Other income	57,417	42,834	116,493	59,546	173,910	102,380
	<u>8,253,588</u>	<u>7,862,097</u>	<u>237,961</u>	<u>359,166</u>	<u>8,491,549</u>	<u>8,221,263</u>

28. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year as discussed in the above paragraph, plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2016	2015	2016	2015	2016	2015
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	1,602,673	2,029,150	2,265,749	2,265,749	0.71	0.90
Effect of dilutive potential ordinary shares						
Warrants	-	-	1,034	1,784		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>1,602,673</u>	<u>2,029,150</u>	<u>2,266,783</u>	<u>2,267,533</u>	<u>0.71</u>	<u>0.89</u>

	Separate financial statements					
	Profit for the years		Weighted average number of ordinary shares		Earnings per share	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	1,614,971	2,031,300	2,265,749	2,265,749	0.71	0.90
Effect of dilutive potential ordinary shares						
Warrants	-	-	1,034	1,784		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	1,614,971	2,031,300	2,266,783	2,267,533	0.71	0.90

29. Segment information

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 chief operating decision maker has been identified as Chief Executive Officer.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have two reportable segments as follows:

- Industrial Control System
- Niche Products

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015, respectively.

(Unit: Million Baht)

	Industrial Control		Niche Products		Others		Total reportable segments				Eliminations		Consolidated	
	System													
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	3,292	1,743	5,993	6,293	1,663	83	10,948	8,119	-	-	10,948	8,119		
Inter-segment revenue	-	-	-	-	912	744	912	744	(912)	(744)	-	-		
Total revenue	3,292	1,743	5,993	6,293	2,575	827	11,860	8,863	(912)	(744)	10,948	8,119		
Segment operating profit	322	176	550	745	89	4	961	925	-	-	961	925		
Unallocated income and expenses:														
Loss on exchange											(103)	(152)		
Claim refund from the fire											1,292	1,643		
Other income											204	101		
Selling expenses											(132)	(112)		
Administrative expenses											(437)	(227)		
Reversal of allowances for doubtful accounts											1	-		
Loss from the fire											-	(158)		
Finance cost											(20)	(6)		
Income tax (expense) income											(163)	15		
Profit for the year											1,603	2,029		

The operations of the Company and its subsidiaries are carried on in geographic area in Asia and Europe. Below is the consolidated financial information for the years ended 31 December 2016 and 2015 of the Company and its subsidiaries presented by geographical segment.

(Unit: Million Baht)

	Asia		Europe		Eliminations		Consolidated	
							financial statements	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	8,275	8,119	2,673	-	-	-	10,948	8,119
Inter segment revenues	42	-	870	744	(912)	(744)	-	-
Total revenues	8,317	8,119	3,547	744	(912)	(744)	10,948	8,119
Property, plant and equipment	1,790	1,867	156	-	(19)	-	1,927	1,867
Unallocated assets							8,808	5,885
Total assets							10,735	7,752

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

(Unit: Thousand Baht)

	2016	2015
Scandinavia	5,668,907	5,771,263
The United States of America	799,200	786,254
Europe	3,013,867	532,904
Global (customers who have related parties in many countries)	1,240,819	980,609
Others	225,315	48,366
Total	10,948,108	8,119,396

Major customers

During the year 2016, the Company had revenue from two major customers in amount of Baht 3,180 million and Baht 604 million, arising from sales by niche products (2015: Baht 2,844 million and Baht 842 million derived from two major customers).

30. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees, at the rate of 3 percent of their basic salaries, and by the Company at rates of 3 to 5 percent and will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 10 million (2015: Baht 10 million) were recognised as expenses.

31. Dividends paid

Dividends	Approved by	Total dividends	Dividend per share
		(Thousand Baht)	(Baht)
Interim dividends for 2015 Annual General Meeting of the shareholders on 28 April 2016		181,260	0.08
Total		181,260	

32. Commitments and contingent liabilities

32.1 Capital commitments

As at 31 December 2016, the Company had capital commitments of Baht 12 million (2015: Baht 31 million), relating to the installation of equipment.

32.2 Operating lease commitments

a) The Company has entered into several lease agreements in respect of the lease of motor vehicles and equipment and service agreements. The terms of the agreements are generally between 1 year and 5 years. As at 31 December 2016, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	Million Baht
Payable within: Less than 1 year	22
Payable within: 1 - 5 years	34

b) The subsidiary has entered into an office rental agreement in the People's Republic of China for a period from 1 January 2017 to 31 December 2020, under which the rental fee is RMB 21,995 per month.

32.3 Guarantees

As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 13 million (2015: Baht 12 million) issued by the banks on the behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee to government agency, a state enterprise and other companies.

32.4 Letter of credit

As at 31 December 2016, the Company has unused foreign currency letter of credit amounting to EUR 28 million.

32.5 Other commitment

As at 31 December 2016, there was a total of Baht 203 million (2015: Baht 194 million) consigned stock for products kept at the Company's factory that have yet to be consumed.

33. Litigation

A subsidiary was sued by the customer for compensatory damages from purchase of goods, totaling EUR 0.75 million. The lawsuit is currently in the consideration by the court. However, the management believes that there will be no material impact because the subsidiary has an insurance policy for damages caused by purchase defective parts.

34. Fair value hierarchy

As at 31 December 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated / Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investment				
Equity instruments	1,442	-	-	1,442
Debt instruments	-	682	-	682

35. Financial instrument

35.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instrument: Disclosure and Presentation", principally comprise cash and cash equivalents, current investments, trade and other receivable, long-term loan to and interest receivable - related party, trade and other payables and liability under finance lease. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The management manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, and current investments with interest bearing. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2016 and 2015 classified by type of interest rates 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.

(Unit: Million Baht)

	2016						
	Consolidated financial statements						
						Average interest rates (Percent per annum)	
	Floating interest rate	Fixed interest rate Within 1 year	1 - 5 years	Non- interest bearing	Total	Floating rate	Fixed rate
Financial assets							
Cash and cash equivalents	1,069	-	-	2	1,071	0.03 - 0.50	-
Current investments	-	751	-	2,124	2,875	-	0.05 - 1.55
Trade and other receivables	-	-	-	2,454	2,454	-	-
Financial liabilities							
Bank overdraft and short-term loans	-	40	-	-	40	-	0.35 - 6.00
Trade and other payables	-	-	-	2,442	2,442	-	-
Liabilities under financial lease	-	63	8	-	71	-	0.29 - 6.64

(Unit: Million Baht)

	2015						
	Consolidated financial statements						
						Average interest rates (Percent per annum)	
	Floating interest rate	Fixed interest rate Within 1 year	1 - 5 years	Non- interest bearing	Total	Floating rate	Fixed rate
Financial assets							
Cash and cash equivalents	1,765	-	-	-	1,765	0.10 - 0.50	-
Current investments	-	450	-	777	1,227	-	1.85 - 2.00
Trade accounts receivable	-	-	-	1,637	1,637	-	-
Financial liabilities							
Trade and other payables	-	-	-	1,780	1,780	-	-
Liabilities under financial lease	-	5	13	-	18	-	3.08 - 3.43

(Unit: Million Baht)

	2016						
	Separate financial statements						
	Fixed interest rate			Non-interest bearing	Total	Average interest rates (Percent per annum)	
	Floating interest rate	Within 1 year	1 - 5 years			Floating rate	Fixed rate
Financial assets							
Cash and cash equivalents	1,034	-	-	1	1,035	0.03 - 0.50	-
Current investments	-	750	-	2,124	2,874	-	1.40 - 1.55
Trade and other receivables	-	-	-	-	1,952	-	-
Long-term loan to and interest receivable - related party	-	-	108	-	108	-	1.80
Financial liabilities							
Trade and other payables	-	-	-	2,057	2,057	-	-
Liabilities under financial lease	-	5,225	8,140	-	13,369	-	3.08 - 3.43

(Unit: Million Baht)

	2015						
	Separate financial statements						
	Fixed interest rate			Non-interest bearing	Total	Average interest rates (Percent per annum)	
	Floating interest rate	Within 1 year	1 - 5 years			Floating rate	Fixed rate
Financial assets							
Cash and cash equivalents	1,753	-	-	-	1,753	0.10 - 0.50	-
Current investments	-	450	-	777	1,227	-	1.85 - 2.00
Trade and other receivables	-	-	-	1,637	1,637	-	-
Long-term loan to and interest receivable - related party	-	-	98	-	98	-	1.80
Financial liabilities							
Trade and other payables	-	-	-	1,777	1,777	-	-
Liabilities under financial lease	-	5	13	-	18	-	3.08 - 3.43

Foreign currency risk

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

As at 31 December 2016 and 2015, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	90	119	45	58	35.83	36.09
Euro	7	5	6	7	37.76	39.44
Japanese yen	-	-	59	34	0.3080	0.2996
Danish Krona	-	-	3	3	5.08	5.28
Hungarian Forint	1	-	53	-	0.12	-

As at 31 December 2015, foreign exchange contracts outstanding are summarised below (31 December 2016: Nil).

Foreign currency	2015		Contractual exchange rate	
	Bought amount	Sold amount	Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	52	28	35.47 - 36.55	32.55 - 34.81
Euro	-	2	-	35.87 - 38.66

As at 31 December 2015, currency option agreements outstanding are summarized below (31 December 2016: Nil).

Foreign currency	2015		Contractual exchange rate	
	Bought amount	Sold amount	Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	126	-	32.02 - 34.50
Euro	-	1	-	38.00 - 38.50

35.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments liabilities 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 statements of financial position.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans to, accounts payable and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- For equity securities, their fair value is generally derived from quoted market prices.
- For long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.

- e) For fixed rate long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- f) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

36. 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 shareholders' value. As at 31 December 2016, the group's debt-to-equity ratio was 0.51:1 (2015: 0.36:1) and the Company's was 0.33:1 (2015: 0.36:1).

37. Events after the reporting period

On 24 February 2017, the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of shareholders to be held on 27 April 2017 adopt a resolution to pay a dividend of Baht 0.08 per share in respect of the operating result of 2016, or a total of Baht 181 million. The dividend payment is scheduled for 22 May 2017. Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

38. Approval of consolidated financial statements

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 24 February 2017.

