

“Building

Sustainable Recovery”

Annual Report 2016

Pranda Jewelry Public Company Limited



PRANDA
GROUP



In remembrance of H.M. King Bhumibol Adulyadej

Management and employees
of Pranda Jewelry PCL and subsidiaries

70 years of His Majesty's Gracious Reign

For 70 years, fellow Thais serenely and blissfully dwelled under His Majesty King Bhumibol Adulyadej's gracious reign. This corresponds to His Majesty's first proclamation at the royal coronation ceremony on May 5, 1950 which states that "We shall reign with righteousness for the benefits and happiness of the Siamese people". Since then, His Majesty has tirelessly worked for the people.

Through out the reign, Thailand prospered and remained unified following His Majesty's skillful and genius attributes. His Majesty dedicatedly pursued obligations solely beneficial to all Thais. Thus, contributing to the wide recognition of His Majesty's kindness and capabilities to beyond the boundaries of Thailand. In 1997, as Thailand struggled through the financial crisis, His Majesty bestowed the modest concept of living and advised the people to live sufficiently, meaning to be moderate, reasonable and acquire self-immunity. The philosophy explicates that embedding sufficiency economy to daily routines and business strategies ensure secure and sustainable development.

The passing of His Majesty King Bhumibol Adulyadej has brought deep despair to the people of Thailand. The executives and staffs of Pranda Group share this feeling of great devastation. To humbly express the sincerest gratitude for His Majesty's infinite benevolence, the executives and staffs of Pranda Group shall modestly pursue the royal aspiration with His Majesty forever present in our hearts.

Works of Honour and Deep Appreciation

The company has applied philosophy of Sufficiency Economy to its business operation and has been granted on several occasions to serve His Majesty King Bhumibol which has brought great honour and deep appreciation to the management and staff; the works include:



Statuettes of King Bhumibol

The statuettes of King Bhumibol cast in bronze, imported from Australia, in 1999 were created with delicacy and gracefulness with Loss Wax Casting technique in French style.



Commemorative items of King Bhumibol

Granted royal permission by H.M. King Bhumibol, the company set forth the task of casting commemorative items of King Bhumibol in 1999 in 3 types: gold of 96.5% of 13.4 grams, silver of 7.9 grams and blackened, silver-plated bronze of 6.5 grams.



Phra Mahachanok

To promote morale and propitious things in life for all Thais in the auspicious occasion of the commemoration of 72-year birth anniversary of King Bhumibol, the king granted royal permission for Amarin Printing and Publishing PLC to publish the king-authored tale of "Phra Mahachanok" and PRANDA JEWELRY PCL to produce Mahachanok commemorative coins to help promote morale among Thai people to, in the same manner as the tale suggests, persevere, thereby bringing them propitious things in life.



Statuettes of King Bhumibol during Monkhood

The company was granted royal permission to produce statuettes of King Bhumibol during monkhood as tributes to honor the king on the occasion of his 7-cycled or 84-year birth anniversary.

Another occasion that brought great delight to the company was when the king purchased company's shares. It was thus a great pleasure for the company to be able to serve the great king and adopted to practice royal address concerning Sufficiency Economy and follow in the footstep of His Majesty's work philosophy, taking His Majesty as role model.

Awards on Sufficiency

PRANDA JEWELRY PCL was chosen by National Economic and Social Advisory Council (NESAC) as one of the role-model companies to apply the philosophy of Sufficiency Economy to their business operation and was granted "runner-up" award of the works of large-scale business which incorporates Sufficiency philosophy in the contest held by Royal Development Projects Board (RDPB), the Office of the Prime Minister.



In Remembrance of His Majesty King Bhumibol Adulyadej

October 13th 2016: The Greatest Loss to All Thais

After the announcement made by the Bureau of the Royal Household of the passing of H.M. King Bhumibol on October 13th 2016 at 3:52 pm at Siriraj Hospital which brought profound grief and sorrow to all Thais, the management and staff of PRANDA JEWELRY PCL provided a memorial book for the company's management and staff, customers and visitors to write eulogy to mourn the passing of the great king.

To show great respect and loyalty to H.M. the king, the company also canceled all kinds of merriment events and activities and had all the advertisements and public relations media put in black and white to jointly mourn such a great loss to all Thais.



November 14th 2017: The Day of Tributary Memorial Ceremony of Royal Passing

With deep gratitude to the boundless compassion, dedication and unwavering support for the well-being of the Thai subjects since the day of accession to the throne of H.M. King Bhumibol to the day of royal passing, all the management and staff of PRANDA JEWELRY PCL bind as one to pay memorial tribute and express deep appreciation of royal contribution of H.M. the late King in a ceremony held on November 14th 2016. Management and staff deliver eulogy to the late king with a determination to respectfully adopt for practice His Majesty's advice and the royally initiated philosophy of Sufficiency Economy and follow in His Majesty's footsteps before each candle held by each of those joining was lit to mark the event.



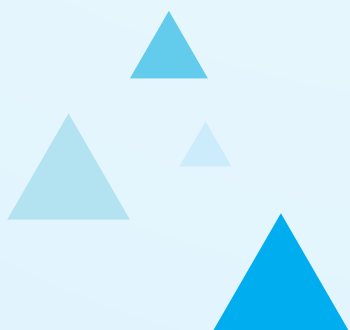
January 23rd 2017: 100-day Royal Mourning Merit-Making Ceremony

On the occasion of 100-day royal mourning, the company's management and staff held a merit-making ceremony to perform a religious rite for the late King Bhumibol at its premises by offering alms food and other necessities to 9 monks, from Wat Pongpoy Wiriaram in the neighborhood.



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► Vision

“To be the world’s leading alliance for jewelry businesses that enables the valued partners to achieve the mutual growth and success.”



Building Sustainable Recovery

Even during the years 2013 – 2015 the global economy was experiencing a lack of consumer confidence, which resulted in that revenue of the Company's sales inevitably declined. However, with strong experience in the business for more than 40 years, the company still has the potential to compete and serve our customers as well as recovering of revenue from sales in the year 2016, which ensures the PRANDA Group will be able to build a sustainable business and better rate of return in the future.

The most important goal of the PRANDA Group is to the commitment to do gems and jewelry business, produce the quality products with expertise, deliver valuable products to enhance happiness and pride to the customers worldwide including create sustainability to the gems and jewelry industry.

The PRANDA Group is certain that with expertise and commitment to stay in the gems and jewelry business, the Company is still having competitive advantage which will build business sustainability at last.






Building Sustainable Recovery

Domestic and Overseas Manufacturing Bases

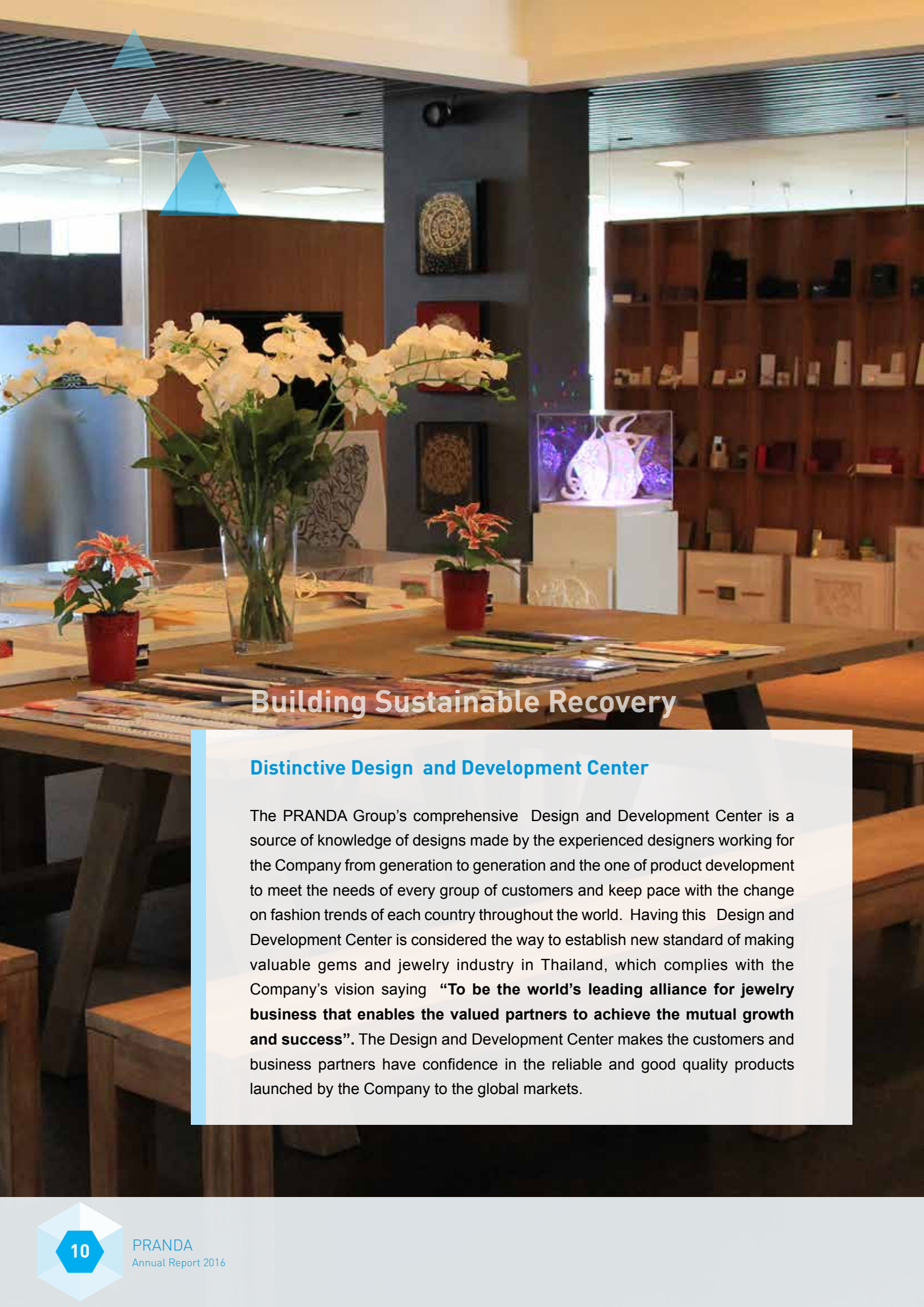
The Company has both domestic and overseas manufacturing bases that can produce more than 10 million high quality products a year under a variety of famous brands of our own as well as of customers. The Company believes these markets can yield benefits of economy of scales and manage business risk diversification. With strong experiences in manufacturing jewelry products under a variety of brands for a long period of time, the Company thus has a great number of customers around the world. In addition, several customer bases can help reduce business risk and impacts on economic recession in some countries.



Building Sustainable Recovery

Excellent Raw Material Sourcing

The Company is having excellent procurement system of raw material. With good and strong relations with the business partners, the PRANDA Group is confident that raw materials are of good quality, of customers' satisfaction and of suitable prices relevant to each category of products. Therefore, the Company can purchase raw materials and manufacture as well as delivering consistently products to the customers.



Building Sustainable Recovery

Distinctive Design and Development Center

The PRANDA Group's comprehensive Design and Development Center is a source of knowledge of designs made by the experienced designers working for the Company from generation to generation and the one of product development to meet the needs of every group of customers and keep pace with the change on fashion trends of each country throughout the world. Having this Design and Development Center is considered the way to establish new standard of making valuable gems and jewelry industry in Thailand, which complies with the Company's vision saying **"To be the world's leading alliance for jewelry business that enables the valued partners to achieve the mutual growth and success"**. The Design and Development Center makes the customers and business partners have confidence in the reliable and good quality products launched by the Company to the global markets.





Building Sustainable Recovery

Professional and Experienced Management Team

Over 40 years of being recognized as Thailand's leading fine jewelry manufacturer in global stage, the Company has driven professions, knowledge and competencies of its employees to strive towards the achievement of the Company goals. From product design and development, sales and marketing to manufacturing process, each department involved is delivering its best efforts in providing the greatest outcomes to facilitate and support the workflow. With expertise and great attention to details found in each employee at all levels, the Company believes these attributes are the key drivers which internally increase and improve operational efficiency, consequently leading to the sustainable growth in gems and jewelry business.



Pranda Brands Avenue

To continue the vision through its more than 40 years of experience and expertise in jewelry manufacturing and distribution, together with its understanding of present jewelry market, PRANDA Group has continuously focused on marketing its own brands and licensed brands. The Company and its affiliated companies have jointly developed a portfolio of brands with different identities and positioning to serve the demand to each segment of customers.




PRIMA GOLD
24K PURE GOLD

The everlasting essence of the absolute 24K gold jewelry-99% purity in the endless pursuit of unique design and excellent craftsmanship



PRIMA DIAMOND

Superior diamond jewelry with a distinctive statement of luxury through unique and highly concentrated expression for modern working women



Julia
JEWELLERY

Modern, innovative and sensible 18K gold jewelry with diamond and in distinctive design, highlighting class and taste for casual and today's lifestyle



PRIMA ART
The Art of Gold

The Art of gold, handcrafted from the finest 24K gold - 99.9% purity of superior gold content, created by professional artisans to become an extraordinary artwork



Gringoire
Joaillier - Paris 1880

Established in Paris since 1880 and has ever since been the landmark for the finest expressions of designed 18K gold jewelry with premium quality gemstones



Merii

Fine sterling silver jewelry crafted with the brilliance of 100-cut Cubic Zirconia creates this unique simulation of diamond jewelry range. Timeless designs with unquestionable quality.



esse

Timeless collection of marcasite jewelry finely handcrafted for today's women, inspired by well-known design period from Victorian through Art Deco



ARIVA
LIVING IN FINE JEWELLERY™

Ariva the luxury of sterling silver, captures her style and expresses her attitude



BALDESSARINI

Exclusive high-end luxury menswear and men's accessories brand, for modern smart achievers who are full with passion for individuality and great attention to details (Licensed Brand)



caï

Modern fine jewelry made of 925 sterling silver, from romantic designs to a touch of street style, for both urban classic women looking for casual elegance and classy, rocky men expressing authenticity and identity



GEMONDO

Jewellery e-commerce and television shopping platform presenting genuine colour gemstone and precious metal in European and Asian market

Group Structure

Pranda Group ดำเนินธุรกิจเป็นผู้ผลิต จัดจำหน่าย และค้าปลีกเครื่องประดับแท่งเป็นหลัก ปัจจุบันเป็นผู้นำด้านการส่งออกเครื่องประดับอัญมณีของไทยซึ่งมีการกระจายฐานลูกค้าไปยังภูมิภาคที่สำคัญของโลก อันได้แก่ อเมริกาเหนือ ยุโรป และเอเชีย

| ฐานการผลิต (Production) | | ฐานการจัดจำหน่าย (Distribution) | | ฐานการค้าปลีก (Retail) | |
|---|--------------|---|--------------|--|--------------|
| Sales Contribution | Gross Margin | Sales Contribution | Gross Margin | Sales Contribution | Gross Margin |
| 47% | 18% | 21% | 23% | 32% | 45% |
| <p>กำลังการผลิตกว่า 10 ล้านชิ้นต่อปี ผลิตเครื่องประดับอัญมณีที่มีประสิทธิภาพในด้านการประหยัดขนาดการผลิต (Economies of Scale) ส่งผลให้ต้นทุนในการผลิตสินค้าเหมาะสมกับคุณภาพของสินค้า และได้กระจายความเสี่ยงทางด้านการผลิตเพื่อให้อัตราผลตอบแทนสุทธิระดับราคาสินค้าโดยกลุ่มบริษัท มีโรงงานใน 3 ประเทศ ได้แก่ ประเทศไทย เวียดนาม และอินโดนีเซีย ปัจจุบันบริษัท มีกำลังการผลิตประมาณ 10 ล้านชิ้นต่อปี อีกทั้งมีศูนย์ออกแบบและพัฒนาผลิตภัณฑ์ ที่สามารถตอบสนองความต้องการของลูกค้าได้อย่างครอบคลุม</p> | | <p>ฐานจัดจำหน่ายของตนเองใน 5 ประเทศและลูกค้าทั่วโลก บริษัท มีบริษัทจัดจำหน่ายที่เป็นของตนเองและตัวแทนจำหน่ายในต่างประเทศ เพื่อกระจายความเสี่ยงทางการตลาด และการขยายตลาดในเวลาเดียวกันฐานจัดจำหน่ายเหล่านี้กระจายตามภูมิภาคที่สำคัญของทั่วโลก ได้แก่ ประเทศสหรัฐอเมริกา อังกฤษ เยอรมนี ฝรั่งเศส อิตาลี สเปน ญี่ปุ่น และอินเดีย โดยมีบริษัทย่อยที่เป็นพันธมิตรการจัดจำหน่ายทั้งสิ้น ใน 5 ประเทศ ได้แก่ ประเทศสหรัฐอเมริกา อังกฤษ ฝรั่งเศส เยอรมนี และอินเดีย</p> | | <p>ร้านค้าปลีกในเอเชีย และตะวันออกกลาง บริษัท มีบริษัทย่อยที่มีความเชี่ยวชาญในการบริหารจัดการค้าปลีก ซึ่งรวมถึงร้านค้าปลีกของบริษัทเอง และการจัดจำหน่ายผ่านระบบแฟรนไชส์ครอบคลุมเอเชียและตะวันออกกลาง เพื่อเข้าถึงกลุ่มผู้บริโภคเครื่องประดับโดยตรง ปัจจุบันมี 4 บริษัทในประเทศไทย อินโดนีเซีย เวียดนาม และอังกฤษ (E-Commerce)</p> | |

TIMELINE

1973 - 1991

- Pranda Design Co., Ltd.
- Pranda Jewelry PCL.
- Crystalline Co., Ltd.

1992 - 2002

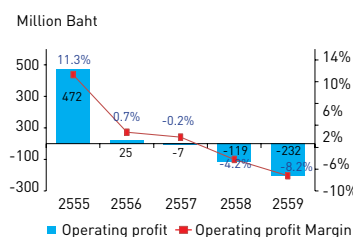
- Pranda North America, Inc.
- H. Gringoire s.a.r.l.
- Primagold International Co., Ltd.
- Pranda UK Limited
- Pranda Lodging Co., Ltd.
- Pranda Vietnam Co., Ltd.
- P.T. Pranda SCL Indonesia
- KZ - PRANDA Co., Ltd.

2003 - 2016

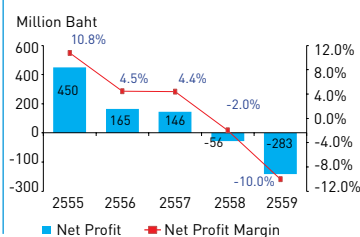
- Pranda & Kroll GmbH & Co. KG
- Pranda Jewelry Pvt. Ltd.
- PT Pranda Marketing Indonesia

Financial Perspective

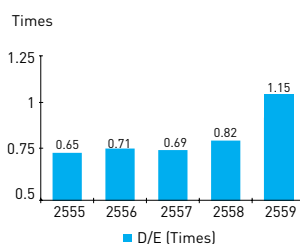
Operating Profit



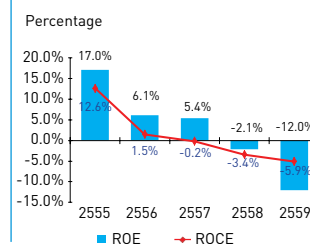
Net Profit



Financial Risks



Rate of Return



Shareholder Perspective

Total EPS
฿15.82

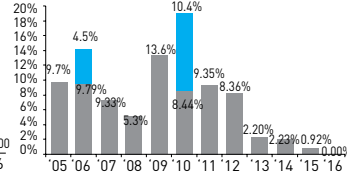
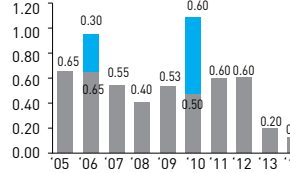
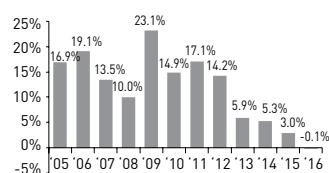
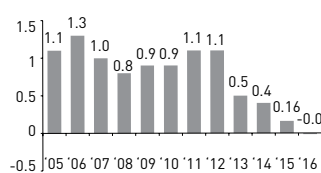
Average Price
฿6.23

Total DPS
฿8.03

Average Earnings Yield
17.08% per year

Average Price
฿6.23

Average Dividend Yield
8.21% per year



- Note:
- For operating results of the year 2016, the Board of Directors had a resolution to approve for proposal of no the dividend payment to the shareholders meeting.
 - Total EPS, Average price, Earning Yield and Dividend Yield for 16 years period



Financial Highlights

| Consolidated Financial Statements | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---------------|---------------|---------------|---------------|---------------|
| FINANCIAL PERFORMANCE | | | | | |
| Sales Revenue (Million Baht) | 2,831 | 2,821 | 3,295 | 3,649 | 4,177 |
| Gross Profit (Million Baht) | 786 | 847 | 1,001 | 1,038 | 1,417 |
| Gross Profit Margin | 27.77% | 30.01% | 30.39% | 28.44% | 33.93% |
| EBITDA ^{/1} (Million Baht) | (142) | (25) | 81 | 113 | 556 |
| EBITDA Margin | (4.77%) | (0.82%) | 2.46% | 3.11% | 13.30% |
| Operating Profit (Million Baht) ² | (232) | (119) | (7) | 25 | 472 |
| Operating Profit Margin | (8.21%) | (4.22%) | (0.22%) | 0.68% | 11.29% |
| Profit (Loss) to Equity holders of the Company (Million Baht) | (283) | (56) | 146 | 165 | 450 |
| Profit Margin to Equity | (10.00%) | (1.98%) | 4.42% | 4.51% | 10.77% |
| FINANCIAL POSITION (Million Baht) | | | | | |
| Current Assets | 2,972 | 2,819 | 2,834 | 3,133 | 3,318 |
| Total Assets | 4,741 | 4,611 | 4,598 | 4,534 | 4,548 |
| Current Liabilities | 2,182 | 1,878 | 1,430 | 1,367 | 1,308 |
| Total Liabilities | 2,536 | 2,078 | 1,877 | 1,889 | 1,785 |
| Equity Attributable to holders of the Company | 2,204 | 2,533 | 2,721 | 2,645 | 2,763 |
| RATE OF RETURN | | | | | |
| ROA ^{/4} | (6.06%) | (1.21%) | 3.19% | 3.62% | 10.15% |
| ROCE | (5.89%) | (3.41%) | (0.24%) | 1.48% | 12.56% |
| ROE ^{/5} | (11.23%) | (2.02%) | 5.22% | 5.92% | 16.64% |
| RISKS | | | | | |
| Current Ratio (Times) | 1.36 | 1.50 | 1.98 | 2.29 | 2.54 |
| Quick Ratio (Times) ^{/6} | 0.42 | 0.47 | 0.64 | 0.77 | 1.03 |
| Times Interest Earned (Times) ^{/7} | (0.46) | 1.29 | 1.96 | (1.92) | 12.07 |
| Debt to Equity Ratio (Times) | 1.15 | 0.82 | 0.69 | 0.71 | 0.65 |
| DATA PER SHARE | | | | | |
| Book Value Per Share | 5.79 | 6.53 | 6.97 | 6.68 | 7.02 |
| Earnings (Loss) Per Share to Equity holders of the Company | (0.71) | (0.14) | 0.36 | 0.40 | 1.11 |
| Dividend Per Share ^{/8} | - | 0.05 | 0.15 | 0.20 | 0.60 |
| Paid-up Shares (Million Shares) | 409.53 | 409.53 | 409.53 | 409.14 | 406.28 |

Note :

^{/1} EBITDA : Operating Profit Includes with Depreciation and Amortization.

^{/2} Operating Profit : Calculated as sales less cost of sales, selling and administrative expenses (Excludes with Gain/Loss on Exchange rate, other income and other expense.)

^{/3} Operating Margin = Operating Profit/Net Sales

^{/4} Return on Assets = Net Profit/Total Average Assets

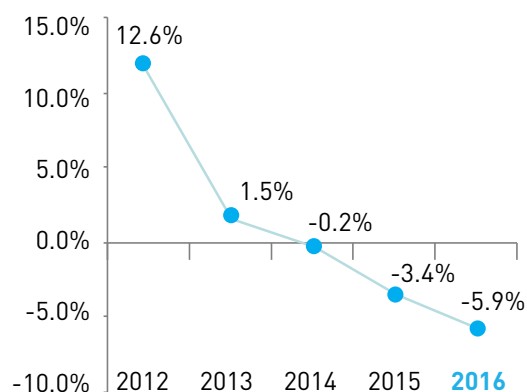
^{/5} Return on Equity = Net Profit/Average Equity Attributable to Owners of the Company

^{/6} Quick Ratio = (Cash and Cash at Bank + Marketable Security + Account Receivable and Notes Receivable)/Current Liability

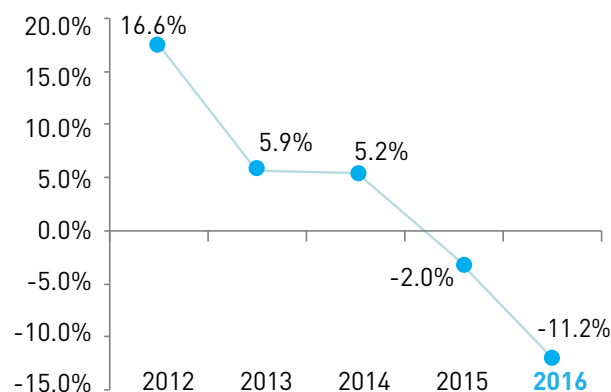
^{/7} Times Interest Ratio = (Operating Cash Flow + Operating Interest + Tax)/Operating and Investing Interests

^{/8} For operating results of year 2016, the Company's Board of Directors had a resolution to approve for proposal of no dividend payment to the shareholders meeting.

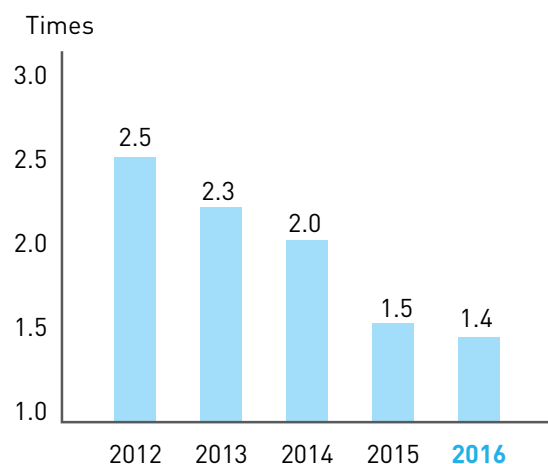
RETURN ON CAPITAL EMPLOYED : ROCE



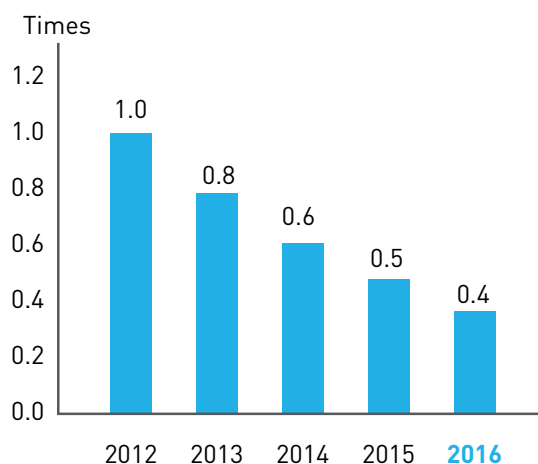
RETURN ON EQUITY : ROE



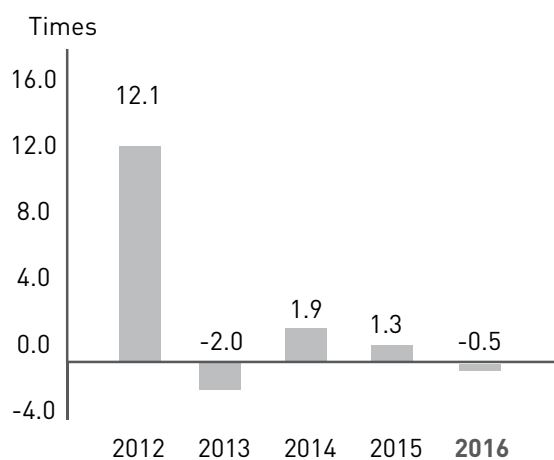
CURRENT RATIO



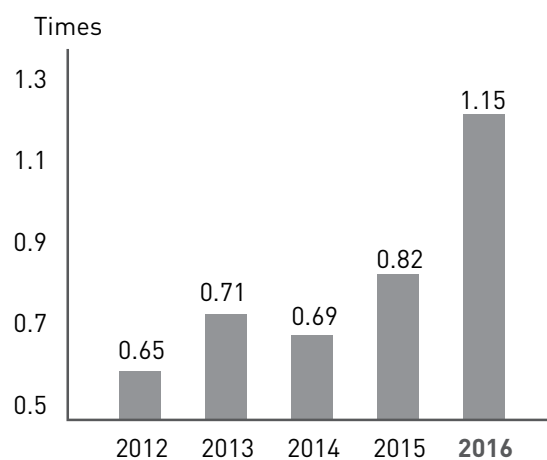
QUICK RATIO



TIMES INTEREST EARNED : TIE



DEBT TO EQUITY RATIO : D/E





Message from Chairman

Dear All of the Shareholders

The economy in year 2016 has more or less the same growth rate as in the recent years and on top of that there are some persistent economic structural problems consisting of high unemployment rate and weakness of financial institutes that cause bad loans at a higher rate in Europe, BREXIT which cause uncertainty of trade relations and macro economy in the European countries. In addition, the financial sector and real estate problems in China, the appreciation in the Yen and deflation in Japan, the immigration and continuous terrorist incidents in the European countries have an impact on consumption with no doubt.

The global economy in 2017 is expected to be clearly recovering as the US economic growth rate will be higher than last year, judging by the confidence of the US central bank that has adjusted the Fed Fund Rate in the past year and the unemployment rate is continually decreasing. Additionally, there are incremental policies to stimulate domestic economy through investment in infrastructure and reduction of corporate tax to attract increase of investment from private sector. For the EU, there is still growth in the economy since last year owing to the monetary policy with QE measures used to boost liquidity and the continued low interest rate policy implemented to stimulate consumption and investment from the private sector. For the Asian countries, they will have benefits as being the major suppliers to the U.S. and Europe.

Furthermore, in January 2017 the government announces the following measures to support Thailand to be the World's Jewelry Hub. 1) Tax incentive measure of import duty exemption for all gems and jewelry products 2) Measure to enhance competitiveness by raising the standard product Thailand to be accepted in the world market, setting up the Hallmarking logo certifying the product quality, holding the International Design Contest and establishing the Skill Development Institute for craftsman 3) The marketing measure by using public relations to constantly promote gems and jewelry products to tourists.

The Board of Directors of Pranda Jewelry Public Co., Ltd. and executive management realize the risk factors in the global economy have direct impacts on the business. However, the Company is still adhering to the policy of sustainable of business by having the strong foundations consisting of production base, distribution base and our own retail base. In 2016, the Company has repositioned the business structure so as to turn around for good performance as in the past and sustainable growth in the future.

For the 2016 annual performance, sales increase from 2,821 million Baht to 2,831 million Baht or an increase of 10 million Baht as a result of the major increase in purchasing orders of the ODM products from European and the U.S. markets. This is considered the first sales increase in the past 4 years, which proves the strategy is successful to the certain extent. However, the production capacity so far has not

reached the Economy of Scales resulting in a net loss of 283 million Baht. But, the Company's financial status remains stable considering from the ratio of Debt to Equity just as 1.15 times and the Current Ratio is still high, up to 1.36 times.

The continuous development of its own brand products makes PRIMA ART brand awarded with "the Best of the Product Awards" in the field of Arts and Cultures.

In 2016, the Corporate Strategy to turn around the performance of the business is taken into actions with the following detailed strategies.

- Mass Craftsmanship strategy is to build corporate culture of working with mind, continuously develop personnel competency to produce ODM products for both of the existing and new customers with potential of rapid growth.

- Retail strategy is to develop their own brand of retail business to be trustworthy in the Asian markets and expand marketing network to reach to consumers in the end.

- Growth strategy is to expand production base of ODM products, distribution base and retail base of the OBM products

- Sustainability strategy is to create balance between ratio of the ODM and OBM products, strictly maintain financial disciplines, social and environmental responsibilities including being the organization of learning.

With the competitive organization structure comprising from our own production base till retail base and the aforementioned strategies, the business growth is highly likely expected to happen though there is volatility of global economy and rapid change of consumer behavior as a result of online media.

Lastly, I, on behalf of the Pranda Jewelry PCL, would like to express my profound grief and pay highest respects in remembrance of His Majesty King Bhumibol Adulyadej who will everlastingly be in my heart. I will certainly adopt the Sufficiency Economy Philosophy including modesty, rationality and immunity to be used for the business administration forever.



Mr. Prida Tiasuwan
Chairman

Board of Directors and Advisors/ Board of Group Executive Committee



1. Mr. Prida Tiasuwan

2. Mrs. Prapee Sorakraikitikul

3. Mrs. Sunanta Tiasuwan

4. Mr. Pramote Tiasuwan

5. Mrs. Pranee Khunprasert

6. Mrs. Panidda Tiasuwan

7. Ms. Pittaya Tiasuwan

Board Chairman

Vice Chairman/ Finance & Risk Management Director/

Nomination and Remuneration Director

Director/ Nomination and Remuneration Director

Director/ Executive Director/ Chairman of Core Values & CSR Committee/

Finance & Risk Management Director/ Nomination and Remuneration Director

Director/ Chairman of Group Executive committee/ Finance & Risk Management

Director/ Nomination and Remuneration Director

Advisor to the Company's Board of Directors/

Nomination and Remuneration Director

Director/ Executive Director/ Finance & Risk Management Director



| | | |
|-------------------------|------------------|---|
| 8. Mr. Verachai | Tantikul | Independent Director/ Chairman of Audit Committee/ Chairman of Nomination and Remuneration Committee |
| 9. Mrs. Rawittha | Pongnuchit | Independent Director/ Audit Committee |
| 10. Mr. Chamnong | Watanagase | Independent Director/ Audit Committee |
| 11. Lt. Jg Anan | Panananda R.T.N. | Advisor to the Company's Board of Directors |
| 12. Assoc. Prof. Sarita | Bunnag | Advisor to the Company's Board of Directors |
| 13. Mr. Decha | Nuntanajaroenkul | Executive Director/ Finance & Risk Management Director |
| 14. Mr. Chartchai | Teekaveerakit | Executive Director/ Core Values & CSR Director |
| 15. Mr. Chanat | Sorakraikitikul | Executive Director/ Chairman of Finance & Risk Management Committee |

Managing Directors



1. Mr. Pramote Tiasuwan
Managing Director (Manufacturing)
Pranda Jewelry Pcl.



2. Mrs. Pranee Khunprasert
Managing Director (Marketing)
Pranda Jewelry Pcl.



3. Mr. Chartchai Teekaveerakit
Managing Director
Crystalline Co., Ltd.



4. Mr. Santiparp Riyai
Managing Director
Pranda Vietnam Co., Ltd.



5. Mrs. Maureen Loretta Kelley
Managing Director
Pranda North America, Inc.



6. Mr. Gregor Kroll
Managing Director
Pranda & Kroll GmbH & Co. KG



7. Mr. Yvan Le Dour
Managing Director
H.GRINGOIRE s.a.r.l



8. Mr. Malcolm Pink
Managing Director
Pranda UK Limited



9. Mr. Vinod Tejwani
Managing Director
Pranda Jewelry Private Limited



10. Mr. Kenny Salmon
Managing Director
PT Pranda Marketing Indonesia



11. Ms. Chonvicha Loekvitunkul
Managing Director
Primagold Internation Co., Ltd.

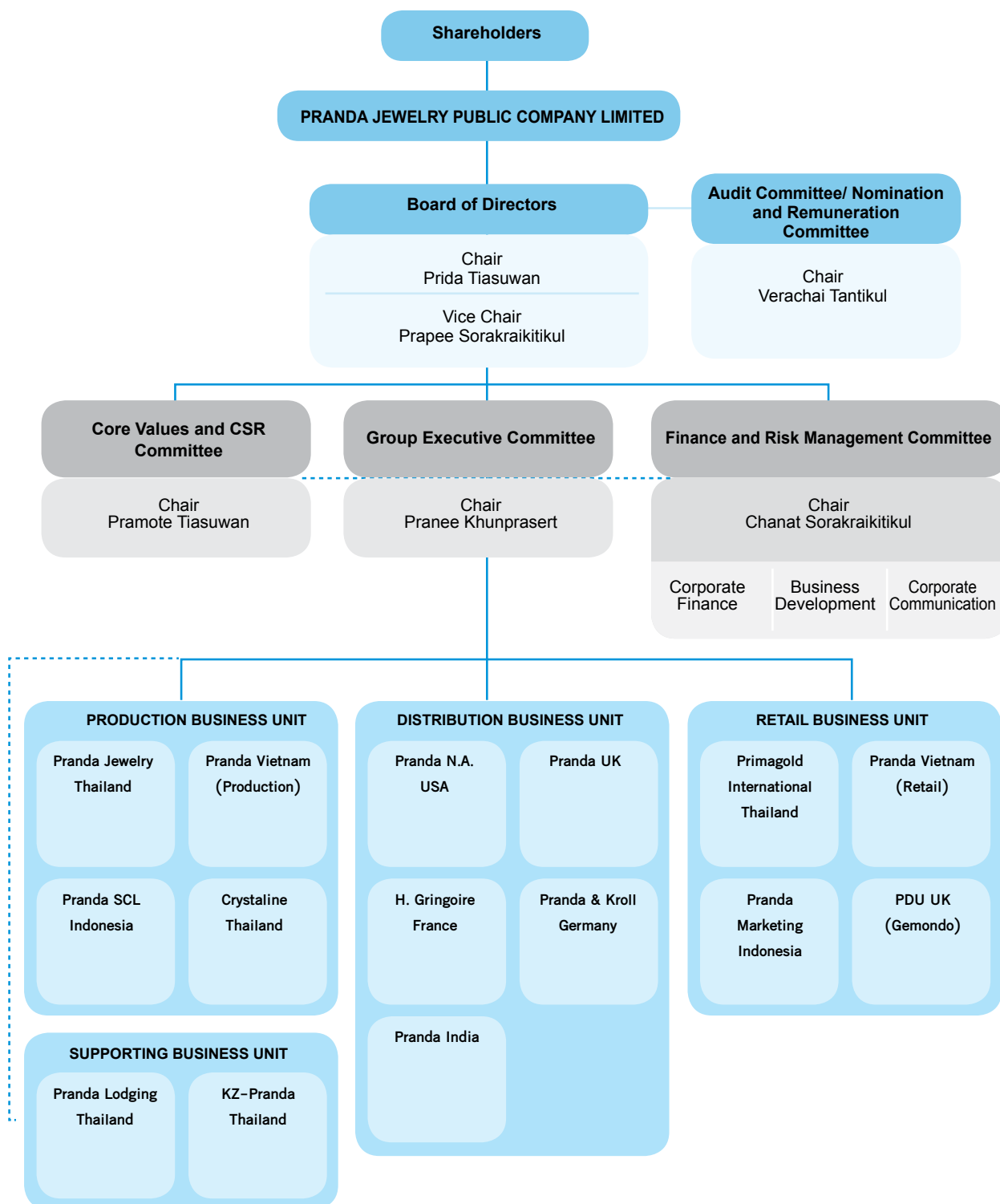


12. Mrs. Panidda Tiasuwan
Managing Director
Pranda Lodging Co., Ltd.



13. Mr. Heechan Song
Managing Director
KZ-Pranda Co., Ltd.

Group Organization Chart



PRANDA's Direction

Pranda Jewelry Public Company Limited, which has been operating in the jewelry business for over four decades, has classified its business into two categories which include Original Design Manufacturing (ODM) and Own Brand Manufacturing (OBM).

The future direction of Original Design Manufacturing (ODM) will emphasize on utilizing experience and market expertise to create growth opportunities for partners. For Own Brand Manufacturing (OBM), the business expansion will move towards offering differentiated products that suit partners' target markets.

The Company aims to balance the portions of revenue coming from its two business groups, Original Design Manufacturing (ODM) and Own Brand Manufacturing (OBM), in order to lay the foundation for the total income of the PRANDA Group to achieve long-term growth and sustainability.

In terms of Original Design Manufacturing (ODM) business, the Company will focus on mass craftsmanship production, producing a mass quantity of international-scale products by skilled craftsmen working with care and paying attention to every detail, to thoroughly serve the customer's needs. The Company will also distribute the products thru of its own distribution base which is scattered throughout the world's regions including the US, UK, France and Germany – with the main goal to be the leading distributor as the service center in order to add value to the Company.

In the area of Own Brand Manufacturing (OBM), the Company will focus to expanding its business through three main channels which are retail, wholesale and retail through E-Channels. The Company aims to expand its retail business through its own retail and franchises, focusing on countries in Asia and the Middle East whose economies show growth; the Company will emphasize wholesale jewelry to retailers both large and small, in the US, France and India. The Company is also focused to expanding its distribution channels through E-Commerce and TV shopping in Europe, especially in England and Germany, with aims to expand its customer base and build confidence in the brand.

It can be concluded that setting balanced targets for the foundation of revenue for the Group's business will lead to a growth of the total revenue for the Group in a sustainable manner.



Brief History and Honorary Rewards of PRANDA Group

2016



Mr. Prida Tiasuwan, Board Chairman of Pranda Jewelry PLC., was presented “**the Commerce Diamond Awards 2016**”, by Minister of Commerce to Entrepreneur of the industrial goods sectors, who made valuable contributions to the nation’s economy, trade and commerce.



Pranda Jewelry PLC., Nakhonratchasima received a certificate of the “**Standards in Prevention and Resolution to Drug Problems in an Establishment.**”



Pranda Jewelry PLC., was certified “**ISO 9001:2015**” the latest quality standard of Jewelry Industry granted to PRANDA as the first company in Thailand.



Pranda Jewelry PLC., Nakhonratchasima was awarded “**Establishment with Outstanding Workplace Relations and Labour Welfare of the Year 2016**” by the Department of Labour Protection and Welfare



Prima Gold, 24K gold jewelry brand operated under Pranda Group, was chosen as an Honouree of “**JNA Awards 2016**” for the category of Brand of the Year - Retail. JNA Awards is described as ‘the Oscar’ of the jewelry and gemstone industry honouring companies for innovation, excellency and advancement of trade and achievements made in Asia.



Pranda Jewelry PLC. received a **trophy** from the **Department of Labor Protection and Welfare** as the **good enterprise** having a **standardized child care centre** in a workplace.



Pranda Jewelry PLC. received a **certificate** showing a **role model enterprise** which has **good management** to prevent drug problem from the **Department of Labor Protection and Welfare**.



Pranda Vietnam Limited received a **shield of honor** called **"Gem and Jewelry Design Award 2016"** for promoting good product design in the **10th Jewelry Design Contest** held by the **Gem and Jewelry Institute of Thailand (GIT)**.



"PRIMAART" of Primagold International Co., Ltd. manufactured by Pranda Jewelry PLC. was awarded for arts and culture **"Premium Products of Thailand 2016"** by **Ministry of Industry**.

▶ The Company was evaluated **"Excellent and being a good model"** for the quality assessment of the 2016 Annual General Meeting (AGM) of the shareholders from the Office of the Securities and Exchange Commission (SEC), in cooperation with the Thai Listed Companies Association and the Thai Investors Association.

▶ The Company received **"Very Good"** recognition (four stars) for the Corporate Governance Report of Thai Listed Companies 2016 from the Thai Institute of Directors (IOD).

2015

- ▶ PRANDA was awarded through an assessment into the “Thailand Sustainability Investment” group by the Stock Exchange of Thailand, being entered as one in 51 registered companies, into the first group of its kind in Thailand at the “**Thailand Sustainability Investment 2015**” fair or the “Thailand Sustainability Investment,” of which all companies selected must have distinctions in the three areas of Environment, Social and Governance (ESG). The event was held at the Stock Exchange of Thailand.
- ▶ PRANDA GROUP has been honored with an international award for promoting people with disabilities the “**Disability Matter Award 2015**” which was organized through cooperation between the Krungthai AXA Life Insurance company and Springboard Consulting, bestowed upon those establishments which have performed outstandingly in the area of hiring people with disabilities and which have joined to encourage those with disabilities to be able to develop their potential and improve their quality of life in society, of which, in this year, prestigious businesses in the United States of America, Europe and Asia and in Thailand there have been two companies to receive it which are the Central Group and the Pranda Group.
- ▶ Awarded “**Establishment with Outstanding Workplace Relations and Labour Welfare of the Year for 2015**” by the Department of Labour Protection and Welfare
- ▶ Pranda-Korat has received a **certificate of honor as an establishment that is highly committed to becoming a safe workplace establishment**, extolled by HRH Princess Maha Chakri Sirindhorn
- ▶ The Company was evaluated “**Excellent**” for the quality assessment of the 2015 Annual General Meeting (AGM) of the shareholders from the Office of the Securities and Exchange Commission (SEC), in cooperation with the Thai Listed Companies Association and the Thai Investors Association.
- ▶ The Company received “**Very Good**” recognition (four stars) for the Corporate Governance Report of Thai Listed Companies 2015 from the Thai Institute of Directors (IOD).

2014

- ▶ The Company received the “**CSR Recognition 2014**” award from The Stock Exchange of Thailand (SET) praising and encouraging for being a SET listed company which has a strong confidence in long-term growth among 45 candidates in the interviewing round. This achievement has illustrated our strong business vision on social responsibility. We have also set up an internal organization whose role is to significantly implement our social responsibility vision into our own management administration.
- ▶ The Company received the “**Authorized Economic Operator (AEO) certification**”, which is an international safety standards for workplaces and premises, employees, business partners, products, vehicles, corporate’s information, auditing system, and countermeasure policy, from Thailand Customs Department. This certification warrants our deliveries and both domestic and international customs services to meet our customers’ satisfaction.
- ▶ The Company received the “**Excellent Labor Relation and Welfare Award 2014**” from the Department of Labor Protection and Welfare, the Ministry of Labor.
- ▶ The Company and Primagold International Co., Ltd. were awarded the “Thailand Tourism Standard” emblem from the Ministry of Tourism and Sports in recognition of our commitment to improve our companies to meet the standards. Consequently our companies have been given support in promoting to the Thai and international tourists. This has created an opportunity to expand our market, and eventually led to the advancement in tourism standard in Thailand.

- ▶ The Company received a commemorative certificate from Nakhon Pathom School for the Deaf for supporting the Occupational Development Project for the Disabled and Underprivileged Children. The Company also signed the cooperative establishment in educational management and job opportunity for the deaf students.
- ▶ The Company was granted an approval certificate for fulfilling the “Standards in Prevention and Resolution to Drug Problems in an Establishment 2013-2016” from the Group of Labor Protection and Welfare Area 8, Ministry of Labor.
- ▶ The Company was evaluated “**Excellent**” for the quality assessment of the 2014 Annual General Meeting (AGM) of the shareholders from the Office of the Securities and Exchange Commission (SEC), in cooperation with the Thai Listed Companies Association and the Thai Investors Association.
- ▶ The Company received “**Very Good**” recognition (four stars) for the Corporate Governance Report of Thai Listed Companies 2014 from the Thai Institute of Directors (IOD).

2013

- ▶ The Company received honorary award called “**Sustainability Initiative of the Year**”, **JNA Award 2013** for the second time from the committee consisting of international knowledgeable persons as the Company has adhered to the organization development on a sustainable basis with good morals and ethics.
- ▶ The Company has additionally invested in Pranda & Kroll GmbH & Co. KG in the amount of 9.6 million Euro or equivalent to about 409 million Baht, making the Company to have the registered and paid-up capital in the amount of 13 million Euro. This investment increases the shareholding percentage of the Company from 51 percent to 75 percent.
- ▶ The Company purchased 2,000,000 ordinary shares of P.T. Sumberkreasi Ciptalogam, having a par value of 1,000 Indonesian Rupee, representing 50 percent of the issued and paid-up capital of P.T. Sumberkreasi Ciptalogam at the book value amounting to 1.4 Singapore dollars or around 35 million Baht. The Company also divested its investment in P.T. Sumberkreasi Ciptalogam by selling 1,240,000 ordinary shares, representing 31 percent of the issued and paid-up capital of P.T. Sumberkreasi Ciptalogam to shareholders of P.T. Sumberkreasi Ciptalogam in the value of 0.7 million USD or around 22 million Baht, decreasing the shareholding percentage of the Company in such company from 50 percent to 19 percent.
- ▶ The Company approved to dissolve Guangzhou Pangda Zhubao Shoushi Youxian Gongsi, a subsidiary, on 27 September 2013.
- ▶ Primagold International Co., Ltd. has the power to control the determination of financial and operating policy including the voting right and interest at 55 percent in PT Pranda Marketing Indonesia.
- ▶ The Company received a recognition of being “**Excellent**” in 2013 valuation in the Annual General Meeting (AGM) of the shareholders from the Office of the Securities and Exchange Commission (SEC), in cooperation with the Thai Listed Companies Association and the Thai Investors Association.
- ▶ The Company received “**Excellent**” recognition (five stars) of Corporate Governance Report of Thai Listed Companies 2013 from the Thai Institute of Directors (IOD).
- ▶ Nakorn Ratchasima plant of Pranda Jewelry PLC. received the Certificate of the Standard on Prevention and Solution to Drug Problems in an Establishment for the year 2013 and the White Plant Certificate pursuant to the Action plan to defeat the drug on a sustainable basis for the year 2013.
- ▶ The Company received the “**Excellent Labor Relation and Welfare Award 2013**” from the Department of Labor Protection and Welfare, the Ministry of Labor.

▶ Korat plant of Pranda Jewelry PLC. received the trophy for the Excellent Academy and Establishment with Dual Vocational Training (**5 stars**) from Mr. Jaturon Chaisaeng, Minister of Education.

▶ Primagold International Co., Ltd. received Consumer Protection Guarantee on Thai Consumer Rights Day 2013 under the category of producer of gold jewelry with 96.5% purity and distributor of gold jewelry with the product label in compliance with the law from Mr. Warathep Rattanakorn, Minister Attached to the Prime Minister's Office.

2012

▶ The Company has invested in establishing a new subsidiary in China, "Pranda Trading (Shenzhen) Limited", a registered capital is USD 2 million or about Baht 61 million for retail jewelry business in China.

▶ Pranda UK Limited, the Company's subsidiary has invested in PDU (UK) Co., Ltd, which operates retail jewelry business through E-Commerce. It is 100% owned by Pranda UK Limited.

▶ The Company has received "**Manufacturer of The Year**" The JNA Awards is an industry-wide event that honours and recognises excellence and achievement in the jewelry and gemstone trade in Asia.

▶ The Company received the "**Excellent Labor Relation and Welfare Award 2012**" from the Department of Labor Protection and Welfare, the Ministry of Labor for headquarters (Bangkok) and Nakhon Ratchasima branch.

▶ The Company received a recognition of being "**Excellent**" from the Securities and Exchange Commission, in cooperation with the Thai Listed Companies Association, and the Thai Investors Association which held an Annual General Meeting (AGM) checklist to assess the AGM held in 2012.

▶ The Company received "**Very Good**" recognition (four stars) of Corporate Governance Report of Thai Listed Companies 2012 from the Thai Institute of Directors (IOD).

▶ The Company received an honor certificate from Thai Red Cross Society, for being a cooperative organization to provide blood donors to National Blood Centre more than 14 years.

▶ The Company received an honor certificate, for being a good model to support educational work of the Ministry of Education on an anniversary of 120 years of Ministry of Education Day.

▶ The Company received "**Tara Award**" from Sathien Dhamma Sathan, for the organization which making merit and goodness for society.

2011

▶ The Company received a recognition of being "**Excellent and being a good example**" from the Securities and Exchange Commission, in cooperation with the Thai Listed Companies Association, and the Thai Investors Association which held an Annual General Meeting (AGM) checklist to assess the AGM held in 2011.

▶ The Company received "**Very Good**" recognition (four stars) of Corporate Governance Report of Thai Listed Companies 2011 from the Thai Institute of Directors (IOD).

- ▶ The Company received an honor trophy of the business sector which provided career support to the disabled from the Office of Welfare Promotion, Protection and Empowerment of Vulnerable Groups, the National Office for Empowerment for Persons with Disability, in cooperation with the Council of Persons with Disabilities of Thailand Association. Today, PRANDA has supported all persons with all kinds of disabilities, totaling 31 persons, accounting for 60 to 1 which is higher than the regulated law of 100 to 1.
- ▶ The Company had signed an (MOU) of “The gems and jewelry personnel development project” with the Golden Jubilee Royal Goldsmith College, King Mongkut’s University of Technology North Bangkok to support project operation with the fund of Baht 54 million for 7 years from 2011 – 2017 in order to provide an opportunity for poor students to pursue the Bachelor of Fine Art program in Royal Goldsmith, majoring in gems and jewelry design.
- ▶ The Company received **the CREATIVE AWARD 2011** from the contest of “The Extreme Colors of Ploi” which was organized by the Department of Export Promotion, the Ministry of Commerce and the Thai Gem and Jewelry Traders Association.
- ▶ PRIMA GOLD received the **PM’s Creative Award’s** Function Creations as it produced products from creativity and variety of components which include culture and innovation to increase product value and services, leading to economic growth development with sustainability.
- ▶ The Company’s Nakorn Raschasrima plant received **the Excellent Labor Relation and Welfare Award 2011**. It was the second time that the Company received such an honorable award.
- ▶ Saving cooperative of the employees of PRANDA received recognition of “A” in terms of administration standard following 7 standard indices from Cooperative Promotion Department.

2010

- ▶ The Company received a recognition of being “**Excellent**” from the Securities and Exchange Commission, in cooperation with the Thai Listed Companies Association, and the Thai Investors Association which held an AGM checklist to assess the AGM held in 2010.
- ▶ The Company received “**Very Good**” recognition (four stars) of Corporate Governance Report of Thai Listed Companies 2010 from the Thai Institute of Directors.
- ▶ The Company received the logo of “**The Buy with Confidence Project**” from the Gem and Jewelry Business Development Committee of Thailand, the Ministry of Commerce which emphasized the standard and confidence of Thailand’s gems and jewelry business toward local and foreign buyers.

2009

- ▶ The Company received a shield of “**Honor at International Day of Persons with Disabilities for the Private Ventures**” which support occupational opportunities for the disabled from Prime Minister Abhisit Vejjajiva who has also presided over the event.
- ▶ Scoring “**Excellent**” rating for AGM Assessment Program for two years in a row in 2008 and 2009. The assessment program has been held by the office of Securities and Exchange Commission (SEC), Thai Investors Association, and Thai Listed Companies Association. The AGM is one of many components reflecting listed companies’ awareness of good corporate governance implementation.
- ▶ Scoring “**Very Good**” (four stars) rating in the Corporate Governance Report of Thai Listed Companies 2009 prepared by the Thai Institute of Directors Association (IOD), which evaluates the good corporate governance practices of the listed companies.

▶ Having been nominated among one of the four listed companies in the Stock Exchange of Thailand with market capitalization of not over 10,000 million baht (Group 2) in contest for Corporate Social Responsibility Awards 2009.

▶ Pranda & Kroll GmbH & Co. KG the Company's subsidiary has entered into a license agreement with Baldessarini GmbH, the leader in men's jewelry and accessories from Germany under Baldessarini brand.

2008

▶ Received a trophy from Deputy Prime Minister Sanan Kachornprasart on occasion that the Company has been acclaimed by the Department of Labor Protection and Welfare as the establishment which complies with the government's policy in promoting labor welfare by establishing standardized child care centre at the enterprise on continuous basis. The trophy given aims to set a good example to other corporations.

▶ Received certificates and a shield of honor at **"68 years of Thai Vocational Education Going Forward to the Future"** event from Deputy Education Minister Narisara Chawaltanpipat on occasion that the Company has been chosen as the establishment which offers good cooperation with authorities from the Office of Vocational Education Commission in preparing educational and occupational training.

▶ The annual general meeting of shareholders had approved the issuance of Employee Stock Option Plan (ESOP) in amount of 14,251,410 units which would be contributed for free to Directors and employees of the Company and/or subsidiaries. The warrants carry five year terms from the issue date with the exercise ratio equivalent to 1 warrant to 1 common share. The exercise price is three baht per share.

▶ The Company has set up the savings co-operatives for employees in Pranda group as a way to provide various financial services and promote savings among employees.

▶ Crystalline Co., Ltd. has obtained the copyright of V&A jewelry brand from England-based Victoria & Albert Museum (V&A), the world's largest museum of decorative arts, design and jewelry products.

▶ The Company has raised investment in Guangzhou Pangda Zhubao Shoushi Yiuxian Gongsi for USD1.5 million, increasing the China subsidiary registered capital to USD2.35 million, representing 100% ownership.

2007

▶ The Company was awarded the first runner-up award from participating in the work performance competition under the Philosophy of Sufficiency Economy for large-scale enterprises which run their business according to the Sufficiency Economy Philosophy which has been organized by the Office of the Royal Development Projects Board under the Prime Minister's Office.

▶ The Company won Thai Labor Standard award (TLS 8001-2003), Completion Level from the Department of Labor Protection and Welfare, the Ministry of Labor.

▶ The Company increased its investment in Primagold International Company Limited by 100 million baht, raising Primagold International registered and paid-up capital to 200 million baht. Pranda Jewelry Public Company Limited controls 100% in Primagold International.

▶ The Company raised the investment in Pranda & Kroll GmbH & Co. KG Limited by Euro 2.4 million or about Baht 116 million, raising Pranda & Kroll GmbH & Co. KG's registered and paid-up capital to Euro 5.34 million. Pranda Jewelry Public Company Limited holds 51% in the venture.

- ▶ Pranda & Kroll GmbH & Co. KG has taken over KSV Brand GmbH, which operates the distribution of jewelry products under Christ, Cai, Merii, and Michael Schumacher brands.
- ▶ The Company has formed a joint venture with Gunjan Jewels Pvt. Ltd., to set up Pranda Jewelry Pvt. Ltd. in India to distribute the gold and silver jewelry under its own brand in India. Pranda Jewelry Public Company Ltd. holds 51% of the shares.
- ▶ Primagold International Company Limited, the distributor of pure gold jewelry products under PRIMA GOLD brand won the Hot 2007 Award at the 38th Bangkok Gems & Jewelry Fair.

2006

- ▶ The Company has been acclaimed by the Stock Exchange of Thailand as the company with the best operating results in 2005 under the title "Congratulate PRANDA as a Nominee for Best Performance-Consumer Products"
- ▶ Primagold International Company Limited, the distributor of pure gold jewelry products under PRIMA GOLD brand won the Hot 2007 Award at the 38th Bangkok Gems & Jewelry Fair. Primagold International launched Siam Pannarai designer Collections and received The Hot Design Award at the 37th Bangkok Gems & Jewelry Fair.
- ▶ Pranda & Kroll GmbH & Co. KG launched a new brand "Cai", at the Inhorgenta Fair, Munich, Germany.
- ▶ Pranda Jewelry Plc. has been selected as one of the four Thai Companies meeting the Sufficiency Economy standards in running business in compliance with the Sufficiency Economy Philosophy of His Majesty the King held by the Office of the National Economic and Social Development Board.
- ▶ PRANDA SCL (Indonesia) expanded capacity in response to increased overseas demand from 450 workers to 700 workers.

2005

- ▶ Received a shield of honor as outstanding establishment on labor welfare from the Department of Labor Protection and Welfare, the Ministry of Labor.
- ▶ Raised its investment in Crystalline Co., Ltd. Bangkok by Baht 50 million to Baht 100 million. The company holds 96% stake in Crystalline Co., Ltd.
- ▶ Primagold International Co., Ltd. signed a joint venture deal with Tomei Gold & Jewelry Holding to distribute PRIMA GOLD products in Malaysia.
- ▶ Primagold International Co., Ltd. operates 48 retail outlets in Thailand and 35 outlets in international markets. In total the company operates 83 distribution outlets.
- ▶ The Company signed a joint venture agreement with Gregor Kroll of Kroll GmbH in a ratio of 51:49 to set up Pranda & Kroll GmbH & Co. KG in Germany to distribute gold and silver jewelry products in Germany and Europe.

2004

- ▶ Received **special Export Honorary Recognition Award** from the Department of Export Promotion, Commerce Ministry as the Thai exporter with the most robust growth for 10 consecutive years and as the Thai company which was used to win Best Exporter award before.
- ▶ Received standard certificate for 96.5% gold jewelry under ``Century Gold`` brand from the Office of the Customer Protection Board.
- ▶ Primagold International Co., Ltd. launched gold jewelry with 96.5% purity under ``Century Gold`` brand with the first retail outlet opened at the Mall Department Store, Bangkhuae and expanded to seven branches within the same year.

2003

- ▶ Received a shield of honor from the Department of Labor Protection and Welfare, the Ministry of Labor as the private establishment which implements activities which support and benefit female workers.
- ▶ Established a new production base in China under Pranda Guangzhou.
- ▶ Increased investment in Primagold International Co., Ltd. By Baht 50 million raising the registered capital to Baht 100 million in which the company holds 100% stake.

2002

- ▶ Received a certificate of approval and emblem from the Office of Consumer Protection Board as the establishment which “protects the consumers’ rights on labels, advertisements, and contracts.”
- ▶ Chosen as the workplace which is “clean, safe, pollution-free and dynamic” and received testimonial from the Health Department of Bangkok Metropolitan Administration.
- ▶ Selected to become a member of Bangna canalside community under “We love canal” project from Bangna district office. The Company also received certificate for attending the training program on food sanitation for restaurant operators after the Bangkok Metropolitan Administration has issued regulations on “place where meals are sole and place where foodstuff is stored 2007”
- ▶ The company offered 200,000,000 units of the five-year warrants (2 May, 2002 to 2007) to existing shareholders.

2001

- ▶ The Company’s employees received bronze medal on jewelry designer from 36th World Skills Completion held at Seoul, South Korea.
- ▶ The Company received “**white factory**” (anti-drug entrepreneur project) certificate from Department of Labor Protection and Welfare, the Ministry of Labor
- ▶ The Company’s showroom received ISO 9001:2000 quality management standard certification for jewelry distribution and services from BM TRADA Certification, a leading multi-sector certification body accredited by UKAS (United Kingdom Accreditation Service). The Company’s Nakhon Ratchasima branch also received ISO 9001:2000 quality management standard certification for jewelry production in part of factory from an independent certification body BVQI.

2000

- ▶ The Company received the Gold Card exporter award from the Customs Department, Ministry of Finance which offers fast track benefits on imported raw materials. The award represents the company's creditability and financial stability.
- ▶ The Company's employees won the gold and silver medal on jewelry designer from the 18th national skills competition held by Department Of Skill Development under Ministry of Labour and Social Welfare.
- ▶ Crystalline Co., Ltd., received Prime Minister's Export Award for the Best Own Design Exporter held by the Export Promotion Department.
- ▶ The Company was awarded "**clean place to dine**" as the establishment which meets sanitary standards for food outlets (physical facet) held by food sanitation division, environmental sanitation division under Bangkok Metropolitan Administration.
- ▶ The Company was awarded the Gold Card exporter from the Customs Department, Ministry of Finance with "track" benefits on imported raw materials.

1999

- ▶ The Company and two subsidiaries, Prima Gold Co., Ltd. and Crystalline Co., Ltd., have been endorsed by the Export Promotion Department, Ministry of Commerce, to use Thailand's Brand, as standard product manufacturer and exporter.
- ▶ Received certificate from the Ministry of Labour and Social Welfare as the export establishment which complies with female and child labor protection standards using proactive approach
- ▶ The Company's employees won bronze medal from 35th World Skills Competition held at Montreal in Canada on jewelry designer.

1998

- ▶ Received the Best Marketing of New Gold Product and Best Gold Visual Merchandising awards from World Gold Council

1996

- ▶ Prima Gold Co., Ltd., the Company's subsidiary, received Prime Minister's Export Award for the Best Own Design Exporter from the Thai government and won the contest for "**Golden Design Award**" at Vicenza Oro Fair held by World Gold Council, while "Prima Gold" designs from Indonesia won two awards the Best International Award of Indonesia and "**The Best Outstanding International Award**" from five countries in the Far East Asia.
- ▶ Expanded the international market for Prima Gold International Co., Ltd. and co-invested in LG Pranda (now operated under the name of KZ Pranda) to import and distribute silver and gold products.

1995

- ▶ Received **Prime Minister's Export Award or P.M. Award** which is presented every year by the Thai government to exporters who have outstanding performance as Best Exporter
- ▶ Established foreign production bases through Pranda Vietnam Co., Ltd. and P.T. Pranda SCL Indonesia

- ▶ Set up Pranda Singapore Pte. Limited to invest in Malaysia and Indonesia
- ▶ Invested in establishing Pranda Lodging Co., Ltd., to provide accommodation services to the employees

1994

- ▶ Established a new production base in Nakhon Ratchasima (Korat) and established a new international distribution base in the United Kingdom under Pranda UK Limited.

1993

- ▶ Established product and brand development center under PRIMA GOLD and launched domestic distribution

1992

- ▶ Expanded business by establishing its own distribution bases in overseas markets under Pranda North America, Inc., Crystalline North America, Inc. and H. Gringoire s.a.r.l.

1990

- ▶ Pranda registered and traded on the Stock Exchange of Thailand (SET) under trading symbol “Pranda”
- ▶ Invested in setting up production base under Crystalline Co., Ltd.

1984

- ▶ Expanded business by establishing production base and changed company name to “Pranda Jewelry”

1973

- ▶ Commenced export trading operations under Pranda Design

Policy and Business Overview

Pranda Group's core businesses are production, distribution and retailing of jewelry products. The Company distributes its products to customers in major continents, such as North America, Europe and Asia. Pranda Jewelry Public Company Limited currently is the leading fine jewelry exporter in Thailand.

On November 10, 2016, the Board of Directors had passed a resolution approving to review the vision, mission and strategies of the company which as same as previous year as follows:

1. Vision, Mission, Strategies and Core Values of Pranda Group

Vision

"To be the world's leading alliance for jewelry businesses that enables the valued partners to achieve the mutual growth and success."

Mission

1. Operate business of craftsmanship jewelry by utilizing proficiency to create mass quantity of products with consistent quality.
2. Consciously care for all needs and business opportunities of partners to mutually achieve sustainable success.
3. Provide opportunities, enhance competencies and uplift the quality of life for employees.
4. Act as a representative and a supporter for Thai jewelry industry to thrive on global stage.
5. Be fully committed to stakeholder focus, morality and responsibilities for environment and society at large.



Strategies

► Growth Strategy

1. Emphasize on expanding Original Design Manufacturing (ODM) business by utilizing experience and market expertise to create growth opportunities for partners.
2. Grow Original Brand Manufacturing (OBM) business by offering differentiated products that suit partners' target markets.

► Mass Craftsmanship Strategy

1. Create culture of working with care, paying attention to every detail by means of mutually held core values.
2. Continuously enhance skill and competencies of personnel to become a part of professional team specializing in each particular field.
3. Increase employees' happiness by enhancing overall quality of life, which is a key factor that would reflect through the quality of craftsmanship jewelry.
4. Prepare personnel for future business expansion by arranging "Bilateral Education Program" to continuously and systematically develop a great number of skilled craftsmen.

► Retail Business Strategy

1. Develop trustworthy retail brands in ASEAN market, known for high quality and unique products.
2. Expand market reach to end consumers through a network of owned retail stores and franchises.

► Sustainability Strategy

1. Allocate resources and operations to achieve the balance of sales in 50% ODM and 50% OBM.
2. Develop efficient financial management system, rigorously comply with strict financial discipline, and improve risk management system within the group.
3. Apply the management principles with respect to social responsibility covering economy, society and environment in participative manners.
4. Strictly adhere to the principles of corporate governance, corporate social responsibility, and the UN Global Compact.
5. Be a learning organization for continuous improvement.

Corporate Core Values

| | |
|------------------------|--|
| Teamwork | We devote our hearts to working as a team like we are the same family. |
| Continuous Improvement | We are proficient, continuously seeking new knowledge and experience to develop ourselves and to come up with new innovations. |
| Stakeholder Focus | We see the importance of our stakeholders. Therefore, we do care and are responsible for customers, suppliers, colleagues, shareholders, the environment and society at large. |

2. Significant Developments and Events

In 2016, The Company changed in the shareholding structure, management and business.

Subsidiary - Pranda Singapore Pte. Ltd.

On 23 February 2016, a meeting of the Company's Board of Directors passed a resolution to dissolve a subsidiary, Pranda Singapore Pte. Limited, on 23 February 2016. This subsidiary is not a significant segment of the Group and there is thus no significant impact on the consolidated financial statements. In March 2016, the subsidiary returned SGD 0.9 million of its share capital, making payment in cash and by offsetting with other receivables (balances that the Company owed to this subsidiary). As a result, investment in this subsidiary decreased by Baht 16 million.

Subsequently in June 2016, the subsidiary was liquidated. The Company recorded loss from the liquidation of this subsidiary amounting to Baht 30 million and reversal of impairment loss on investments in subsidiaries of Baht 37 million in the separate income statement, and recorded gain on liquidation of subsidiary company of Baht 12 million in the consolidated income statement.

Subsidiary - Pranda UK Ltd.

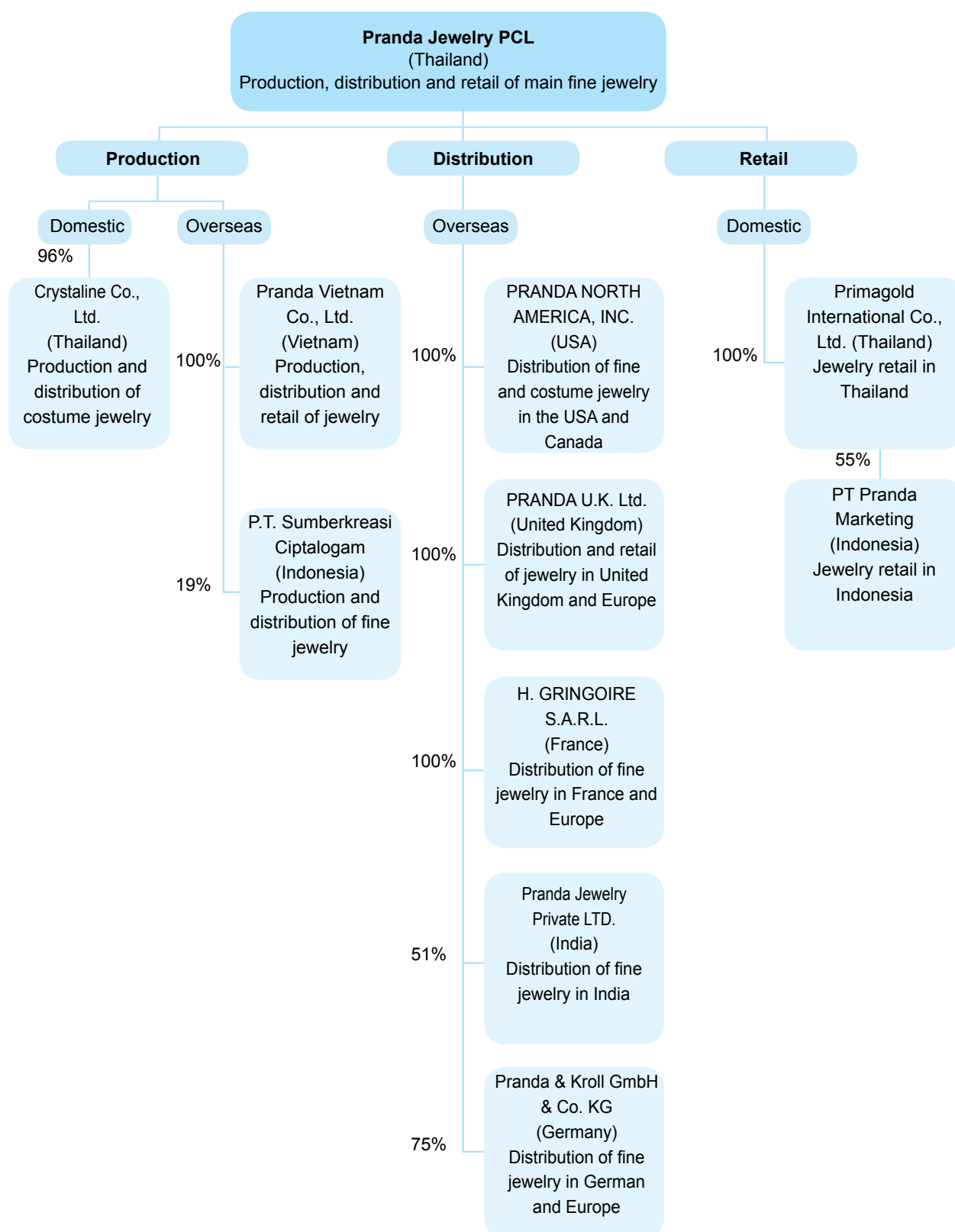
On 14 July 2016, a meeting of the Company's Board of Directors passed a resolution to approve the subsidiaries' business restructuring, effective on 15 July 2016. Under the restructuring, Pranda UK Ltd., a 100%-held subsidiary of the Company, will receive the transfer of all of business and employees of PDU Co., Ltd., (a 100%-held subsidiary of Pranda UK Ltd.). Thereafter, PDU Co., Ltd. will be a dormant company. The transaction should not have any affect to the consolidated financial statements of the Company.

Subsidiary - KSV Brand GmbH (held by Pranda & Kroll GmbH & Co., KG)

On 20 September 2016, a meeting of the Company's Board of Directors passed a resolution to dissolve a subsidiary, KSV Brand GmbH (a 100%-held subsidiary of Pranda & Kroll GmbH & Co., KG), with the effective date on 1 October 2016. This subsidiary has ceased its operation and is not a significant segment of the Group and there is thus no significant impact on the consolidated financial statements.

3. Corporate Structure

The Company has policy to operate a balance organization structure that comprises of production base, distribution and retail subsidiaries and affiliates, as shown in the Corporate Structure chart.

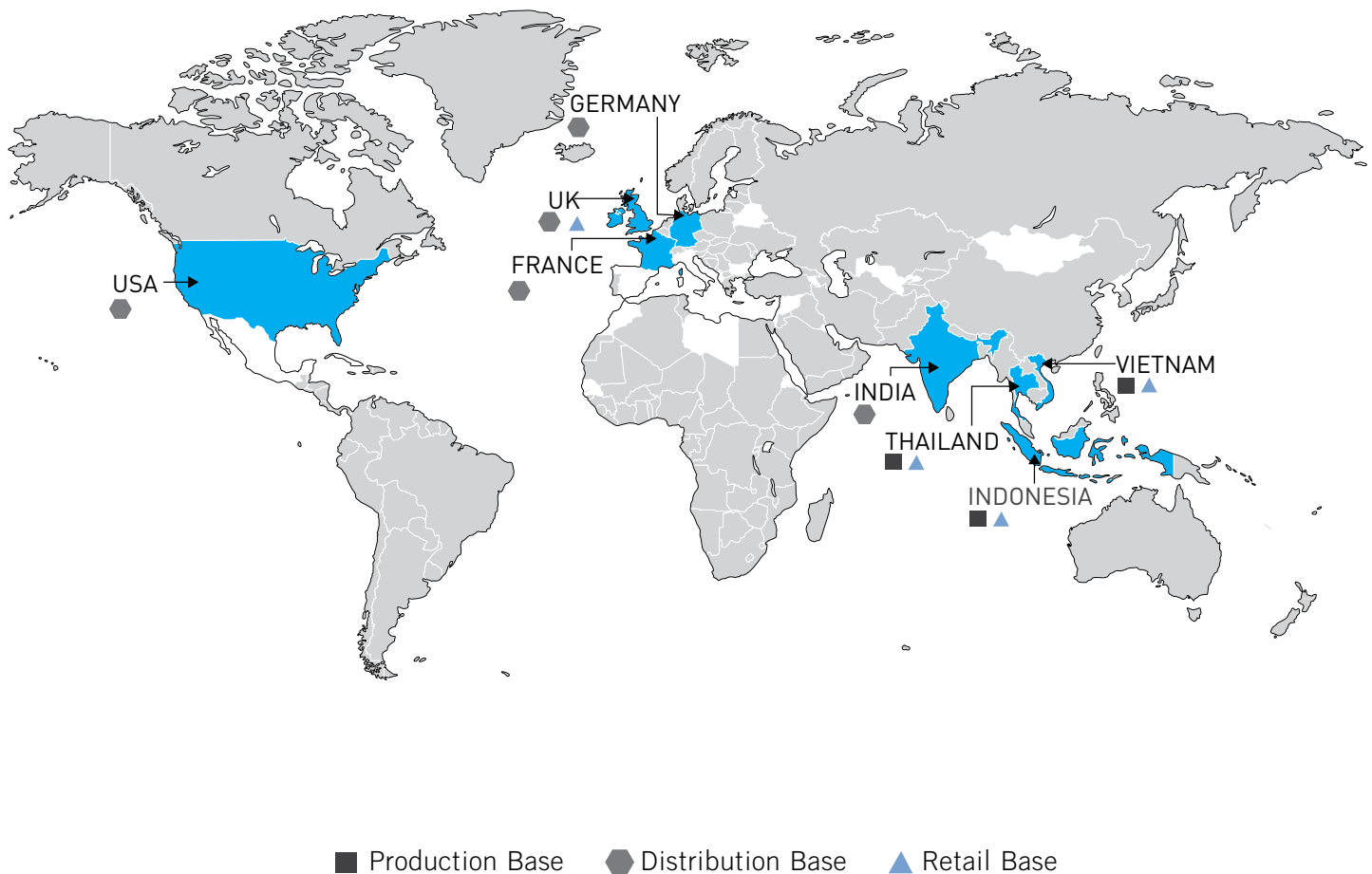


Our Business

Pranda Jewelry Public Company Limited (PRANDA) was founded in 1973 under the name Pranda Design Company Limited and later officially renamed to Pranda Jewelry Limited on April 27, 1984. The Company listed its common stocks on the Stock Exchange of Thailand on July 6, 1990 and was transformed into a public company on June 3, 1994. Today, the Company's total registered capital is 409.529 million Thai baht with issued and paid-up capital of 409.529 million Thai baht. The Company's headquarters are located at 28 Soi Bangna-Trad 28, Bangna District, Bangkok 10260.

PRANDA's core operations are the production, distribution and retail of fine jewelry. Today, the Company has become the leader of Thailand's jewelry exports, with its customer base spanning key regions of the world from North America to Europe and Asia.

The Company has established a balanced management structure as follows:



Production Base

By taking advantage of the economies of scale in the area of production, PRANDA is able to produce quality products at a reasonable price. The Company has also diversified its production risks to cover almost every product price range. PRANDA Group operates factories in 3 countries: Thailand, Vietnam and Indonesia. Currently, the Company's production capacity is 10 million pieces of jewelry per year. There is also a center for product design and development which can meet the needs of our customers.

Distribution Base

The Company has its own distributors and overseas agents in order to diversify market risks and expand the market at the same time. Today, PRANDA's major distributors are located in the key regions around the world including US, UK, Germany, France, Italy, Spain, Japan and India, with Subsidiaries as distribution bases in 5 countries, including the United States, UK, France, Germany and India.

Retail Base

In order to reach jewelry consumers directly, the Company has set up Subsidiaries that specialize in retail management, including the Company's own retail outlets and franchise businesses throughout Asia and the Middle East. These Subsidiaries are currently located in 4 countries comprise of Thailand, Indonesia and Vietnam and UK (E-commerce).

Revenue Structure of Pranda Jewelry PCL and Subsidiaries (Grouped by business units) excluding related-party transactions

| Company | % holding | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
|---|-----------|--------------|-------|--------------|-------|--------------|--------|--------------|-------|--------------|--------|
| | | Million Baht | % | Million Baht | % | Million Baht | % | Million Baht | % | Million Baht | % |
| Production | | | | | | | | | | | |
| Pranda Jewelry PCL | | 1,268 | 43.50 | 793 | 27.12 | 1,027 | 30.74 | 1,399 | 37.04 | 1,914 | 45.24 |
| Crystalline Co., Ltd. | 96 | 3 | 0.10 | 103 | 3.52 | 134 | 4.01 | 159 | 4.21 | 173 | 4.09 |
| Pranda Vietnam Co., Ltd. (Production) | 100 | 50 | 1.72 | 40 | 1.37 | 31 | 0.93 | 57 | 1.51 | 6 | 0.14 |
| Guangzhou Pangda Zhubao Shoushi Youxian Gongs | 100 | - | - | - | - | - | - | - | - | 4 | 0.09 |
| Pranda & Kroll GmbH & Co. KG | 75 | - | - | | | 63 | 1.89 | - | - | 77 | 1.82 |
| Total revenue from Production | | 1,321 | 45.32 | 936 | 32.01 | 1,255 | 37.56 | 1,615 | 42.76 | 2,174 | 51.38 |
| Distribution | | | | | | | | | | | |
| H. Gringoire s.a.r.l. | 100 | 88 | 3.02 | 99 | 3.39 | 125 | 3.74 | 120 | 3.18 | 150 | 3.55 |
| Pranda UK Limited | 100 | 44 | 1.51 | 82 | 2.80 | 67 | 2.01 | 85 | 2.25 | 101 | 2.39 |
| Pranda North America | 100 | 345 | 11.84 | 655 | 22.40 | 864 | 25.86 | 828 | 21.92 | 756 | 17.87 |
| Pranda & Kroll GmbH & Co. KG | 75 | 60 | 2.06 | 49 | 1.68 | 88 | 2.63 | 153 | 4.05 | 114 | 2.69 |
| Pranda Jewelry Private Ltd. | 51 | 66 | 2.26 | 92 | 3.15 | 83 | 2.48 | 114 | 3.02 | 142 | 3.36 |
| Total revenue from Distribution | | 603 | 20.69 | 977 | 33.41 | 1,227 | 36.73 | 1,300 | 34.42 | 1,263 | 29.85 |
| Retail | | | | | | | | | | | |
| Primagold International Co., Ltd. | 100 | 739 | 25.35 | 772 | 26.40 | 694 | 20.77 | 671 | 17.77 | 689 | 16.28 |
| Pranda UK Limited | 100 | 49 | 1.68 | 19 | 0.65 | 17 | 0.51 | - | - | 18 | 0.43 |
| Guangzhou Pangda Zhubao Shoushi Youxian Gongs | 100 | - | - | - | - | - | - | 8 | 0.21 | 18 | 0.43 |
| Pranda Trading (Shenzhen) Limited | 100 | - | - | - | - | 1 | 0.03 | 2 | 0.05 | - | - |
| Pranda Vietnam Co., Ltd. | 100 | 45 | 1.54 | 42 | 1.44 | 32 | 0.96 | - | - | 15 | 0.35 |
| PT Pranda Marketing Indonesia | 55 | 74 | 2.54 | 75 | 2.56 | 69 | 2.07 | 53 | 1.40 | - | - |
| Total revenue from Retail | | 907 | 31.11 | 908 | 31.05 | 813 | 24.33 | 734 | 19.43 | 740 | 17.49 |
| Sales Revenue | | 2,831 | 97.12 | 2,821 | 96.48 | 3,295 | 98.62 | 3,649 | 96.61 | 4,177 | 98.72 |
| Pranda Lodging Co., Ltd. | 83 | 7 | 0.24 | 7 | 0.24 | 8 | 0.24 | 8 | 0.21 | 10 | 0.24 |
| Other Revenues | | 77 | 2.64 | 96 | 3.28 | 38 | 1.14 | 120 | 3.18 | 44 | 1.04 |
| Total Other Revenues | | 84 | 2.88 | 103 | 3.52 | 46 | 1.38 | 128 | 3.39 | 54 | 1.28 |
| Total Revenues | | 2,915 | 100 | 2,924 | 100 | 3,341 | 100.00 | 3,777 | 100 | 4,231 | 100.00 |

1. Nature of Products

Pranda's products are categorized into the following 2 groups:

1.1 Own Brand Manufacturing (OBM)

Currently, the Company has positioned its own brands to capture different groups of medium to high jewelry consumers in various regions. The various brands are:

- Prima Gold: 99.9% pure gold jewelry, primarily for markets in Asia and the Middle East.
- Prima Diamond: high quality diamond jewelry, primarily for the Thai market
- Prima Art: 99.9% pure gold, hand-crafted art jewelry, primarily for markets in Asia
- Julia: 18K white gold jewelry with diamonds, primarily for the Indonesian market
- Merii: high quality silver jewelry with cubic zirconia, primarily for the mainly Thai market
- Ariva: Silver fashion jewelry, primarily for the US market
- Cai: Silver fashion jewelry, primarily for the European market
- Baldessarini: Luxury men's accessories, primarily for the European market
- HGG: 18K gold jewelry with precious gemstones, primarily for the European market
- Esse: Marcasite jewelry, primarily for the European market
- Gemondo: Genuine gemstones jewelry marketed through E-Commerce and TV Shopping for the mainly European market.

Majority of OBM brands are distributed by Company's retail business and others are channeled through distribution business or regional distributors and retailers.

1.2 Original Design Manufacturing (ODM)

The Company has experienced and specialized teams in product design and development towards developing the products with customers (Original Design Manufacturing: ODM) including Gold Jewelry, Silver Jewelry, Brass and Fashion Costume Jewelry mounted with precious stones or other materials to meet customers' requirements. The key customers are high and medium jewelry brands and jewelry stores located in different countries which are US, Germany, UK, France, Spain, Australia, Russia and Japan. The Company distributes its products through various channels including television shopping channels, department stores, chain stores, catalogs and websites.

2. Market and Competition

2.1 Marketing policy of the major products in the recent years

According to the Company's policy, the product category has been classified into 2 major groups – the Owned Brand Manufacturing (OBM) and the Original Design Manufacturing, which has been driven through the following major marketing strategies in the past few years.

2.1.1 The Owned Brand Manufacturing (OBM)

The distribution strategy of the Owned Brand Manufacturing products is focusing on business sustainability in the long run. The Company has had both of the brands for our own retail distribution channel and the brands for online and retail distributors. The major markets are as follows.

- **Thailand** Primagold International Co., Ltd., having been running retail business under the brands of Primagold, Prima Diamond, Prima Art and Merii in Thailand has adjusted product and marketing communication strategies to have new communication channel suitable to economic situation, the target groups' lifestyle. As a result, the sales volume of 99.9% gold jewelry is literally maintained and sales growth of 18K gold jewelry with diamonds is significantly increasing. Moreover, the image of the distribution and promotion strategies of the silver products under the Merii brand has been improved to increase brand awareness, which will enhance sales growth in the future.
- **Vietnam** Pranda Vietnam Co., Ltd., can expand customer bases of Prima Gold and Prima Art through continuous marketing and promotion strategies including the newly opened flagship stores in the Saigon Center. The Company is at present having 8 outlets in Ho Chi Minh and Hanoi. Also, in July 2016, the counter of the Merii silver products has been opened in Takashimaya Shopping Mall in Ho Chi Minh to attract high-end customers who are more likely to buy lifestyle jewelry with the premium quality.
- **Indonesia** Pranda Marketing Indonesia Co., Ltd., focusing on expanding the 18K gold jewelry with diamonds under the brand "Julia", is improving brand image and having new outlets in the department stores named the Central Grand Indonesia and the Central Neo Soho, Jakarta as well as the other 40 outlets in the new malls located in the business districts in the provinces. Also, the counter of the Merii has been newly opened in Jakarta to catch the target group of the silver jewelry products with the premium quality.
- **India** Pranda India Co., Ltd., is concentrating on sales distribution of the craftsmanship product of 99.9% gold plates under brand "Prima Art" through the retail jewelry stores. The continually popular collection is the design of the Gods of Hinduism. However, sales of jewelry in 2016 in India is decreasing due to the Protest to Excise Tax in the first Quarter, and the Demonetization policy of the Indian government tremendously affecting jewelry market in India last year.
- **France** H. Gringoire s.a.r.l. has opened the flagship store of the brand "Gringoire" – the 18K gold jewelry with real gemstones in Paris end of the year 2016 – to strengthen the outstanding image of the brand "Gringoire", which is originated in Paris since 1880. This is also aimed to expand market of the Gringoire to be more well-known among French customers. Yet and again, the main distribution channel is through jewelry retailers to put in the showcase as the window brand.
- **Germany** Pranda & Kroll GmbH & Co. KG the distributor of the fashion silver jewelry under the brand "Cai" and "Baldessarini" is having market expanding strategies through retailers and online marketing whilst still maintaining the old customer base of the retailers in the prime areas. Moreover, the product strategy of the brand "Gemondo", the silver jewelry inlaid with high quality gems is improved and sold on TV Shopping Channel of Channel 21 to successfully hit the target group.

- **England** To market the OBM product in the England, the Company is putting an emphasis on marketing the major brand “Gemondo” through website www.gemondo.co.uk. The website has been refurbished to be more easily accessible via mobile phones and tablets including the strategy to increase the number of the site visitors to gain more selling opportunity.

2.1.2 The Original Design Manufacturing (ODM)

The major markets of the Original Design Manufacturing (ODM) products are the USA and Europe. In 2016 the US market hasn't been yet fully recovered due to the uncertainty of the Presidential Election in the country whilst the major markets in Europe have not grown much due to the terrorist and immigrant problems resulting in slowdown of purchasing orders.

However, the Company can still expand the customer bases in 2016 by throwing an attempt to find new customers with high potential, who are having their own competitive global brands and looking for reliable jewelry manufacturers to produce the high quality products with exquisite and outstanding designs and have the same understanding of the design and product development and the market perspective as well as being certified manufacturer for social responsibility. And the Company is possessing all these features.

Furthermore, the Company realizes the diversification of the customer base in term of both type of customers and regional diversification in the U.S.A, Europe and Asia to spread the risk that may arise in the future. Also, the Company is working with the customers as the strategic partners by making a long-term plan with the major customers to not only increase the chance to create mutual benefits together, but also reduce the risk incurred from the cost of raw material and so on.

Revenue Structure: Domestic and Overseas

| | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
|-------------------------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| | Million | % | Million | % | Million | % | Million | % | Million | % |
| Revenue from Overseas Markets | 1,772 | 62.59 | 1,913 | 67.81 | 2,479 | 75.24 | 2,395 | 65.63 | 3,043 | 72.85 |
| Revenue from Domestic Markets | 1,059 | 37.41 | 908 | 32.19 | 816 | 24.76 | 1,254 | 34.37 | 1,134 | 27.15 |
| Total | 2,831 | 100 | 2,821 | 100 | 3,295 | 100 | 3,649 | 100 | 4,177 | 100 |

2.2 Industry Competitiveness

Thailand's gem and jewelry industry depends primarily on the export sector which is determined by the output value of 14,260 million USD or about 501,151 million Thai baht. It was ranked third among Thai exports, which reflected the excellent competitiveness of this industry in the global market which has continued for several consecutive years.

Considering only fine jewelry, Thailand is still a major fine jewelry manufacturing base in the world. According to the 2016 net exporter data, the industry's worth is 125,056 million Thai baht, which clearly reinforces that the fine jewelry industry of Thailand continues to maintain its competitive advantage in global markets.

The major competitors are China and India, where production is labor-focused (Labor Intensive), similar to Thailand. However, the quality of Thai gems is significantly better than those from China and India. In any case, to avoid such competition which may intensify in the future, the jewelry industry has to transform from OEM and to ODM due to the fact that ODM allowed for secure sustainability of the customer base. ODM also changes the form of competition from price-based to quality-based.

Industry Trends and Competition in the Future

PRANDA still maintains a high level of competitive edge due to its various production operations for the manufacturing of gold and silver jewelry, as well as its flexibility in handling various types of customers' orders. Additionally, PRANDA also owns a Design and Product Development Center, which enables the company to shorten the production time and respond to the customers' needs more effectively.

The Company's own distribution operations overseas, in the US, in Europe as well as in Asia allows it to continually access new markets. Its retail operation under its own brand allows PRANDA to diversify its market risk and look for potential markets that show high opportunity for growth in the future.

In January 2017, the government announces the following measures to support Thailand to be the World's Jewelry Hub. 1) Tax incentive measure of import duty exemption for all gems and jewelry product 2) Measure to enhance competitiveness by raising the standard product Thailand to be accepted in the world market, setting up the Hallmarking logo certifying the product quality, holding the International Design Contest and establishing the skill development institute for craftsman 3) The marketing measure by using public relations to constantly promote gems and jewelry product to tourists.

The expected trend for the industry is fiercer competition both in terms of price and quality because there are many operators in the industry. Therefore, manufacturers must increase productivity as well as find new markets to reduce the risks of relying on key customers, as well as developing their own retail markets in order to diversify risk.

3. Product Procurement

3.1 Procurement of products

The Company used mass production to produce silver products. For high & medium “Gold Handicrafts,” PRANDA uses skilled artisans along with modern technology machinery. The Company has developed its own manufacturing technology which enhances the jewelry’s beauty and durability whilst engaging in a manufacturing processes that incurs a very low loss rates.

PRANDA’s production and sales are seasonal, relying on customers’ demands which are highest during Christmas and New Year. This seasonal demand does not have any adverse effect on the Company’s operations as its production is well planned. The Company and its subsidiaries’ quarterly sales during 2012-2016 were as follows:

| Quarter | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
|--------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| | Million | % | Million | % | Million | % | Million | % | Million | % |
| 1 | 604 | 21 | 684 | 24 | 866 | 26 | 971 | 27 | 966 | 23 |
| 2 | 710 | 25 | 562 | 20 | 736 | 22 | 760 | 21 | 876 | 21 |
| 3 | 639 | 23 | 731 | 26 | 789 | 24 | 988 | 27 | 1,106 | 26 |
| 4 | 878 | 31 | 844 | 30 | 904 | 28 | 930 | 25 | 1,229 | 30 |
| Total | 2,831 | 100 | 2,821 | 100 | 3,295 | 100 | 3,649 | 100 | 4,177 | 100 |

Production Capacity (in the last 5 years)

| Production Base | Capacity (Million Pieces) | | | | |
|-----------------------------------|---------------------------|-------------|-------------|-------------|-------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Thailand | | | | | |
| Bangna Plant, Bangkok | 2.40 | 2.40 | 2.40 | 2.40 | 2.40 |
| Suranari Industrial Complex Plant | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| Crystalline Plant | 1.50 | 2.00 | 2.00 | 2.00 | 2.00 |
| Overseas | | | | | |
| Pranda Plant, Vietnam | 0.50 | 0.50 | 0.50 | 0.50 | 0.37 |
| Pranda Plant, Guangzhou (China) | - | - | - | - | 0.14 |
| Pranda & Kroll Plant, Germany | - | - | 0.03 | 0.04 | 0.04 |
| Total | 9.40 | 9.40 | 9.43 | 9.44 | 9.45 |

Raw Materials

Unit: Million Baht

| Raw Material | 2016 | 2015 | 2014 | 2013 | 2012 |
|--------------|-------|-------|-------|-------|-------|
| Overseas | | | | | |
| Gold | 331 | 267 | 225 | 498 | 639 |
| Silver | - | - | 2 | - | 6 |
| Components | 38 | 33 | 43 | 41 | 31 |
| Gems | 83 | 52 | 82 | 74 | 56 |
| Other | 55 | 46 | 58 | 50 | 58 |
| Total | 507 | 398 | 410 | 663 | 790 |
| Domestic | | | | | |
| Gold | 128 | 156 | 224 | 242 | 260 |
| Silver | 284 | 157 | 242 | 377 | 410 |
| Alloy | 2 | 2 | 2 | 2 | 3 |
| Components | 11 | 3 | 2 | 5 | 11 |
| Gems | 360 | 309 | 305 | 295 | 309 |
| Other | 96 | 54 | 64 | 101 | 94 |
| Total | 881 | 681 | 839 | 1,022 | 1,087 |
| Overalls | 1,388 | 1,079 | 1,249 | 1,685 | 1,877 |

Percentage of Raw Material Usage

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---------------------------|------|------|------|------|------|
| Overseas raw material (%) | 37 | 37 | 33 | 39 | 42 |
| Domestic raw material (%) | 63 | 63 | 67 | 61 | 58 |
| Total | 100 | 100 | 100 | 100 | 100 |

The Company will diversify the procurement of raw materials to various suppliers; purchase from each supplier will not exceed 30% of the raw materials. This allows the Company to have a good relationship with its suppliers as well as lower the risks in case there is a change or loss of any particular suppliers.

3.2 Environmental Impact from Production Processes or Waste Disposal

The Company has no record of environmental abuse. Jewelry Industries normally do not cause any impact on the environment as the companies reuse the raw materials and waste from the production process. In addition PRANDA was chosen to be the workplace with good hygiene, safety and pollution free, and awarded the “gold level certificate” by the Department of Health, Bangkok to be a nice and inviting workplace on Monday, June 17, 2002 at the Conference Room, 2nd floor, Thailand-Japan Bangkok Youth Center in Dindaeng district.

Risk Factors

The Company has been giving significance to development on the market for more than 40 years in the business. And the Management has always seen the opportunity from the business risks. During the past five years, there have been the rapid and severe economic changes in the countries of the major foreign trade partners including the domestic market seeing from the crisis in the United States that has spread to all regions quickly through trade, linked by a system of commercial high technology, coupled with the spread of social media extensively. Until now the situation is getting better judging from the figures indicating the economies of various countries are gradually recovered and the clearer directions for example the BREXIT and the result of the U.S. Presidential election. In order to have more efficient risk management in compliance with good corporate governance and the Charter of the Finance & Risk Management Committee as well as the risk management policy, the Risk Management Sub-Committee is set up to study, review and assess risks in order to establish the policy concerning risk management strategies and review all policies related before submitting to the Finance & Risk Management Committee and the Board of Directors respectively.

1. Business Risks

1.1 Strategic Risk

Given that the Market Diversification strategy has been executed for the USA, the EU and Asia, the for the seminars called the World Strategic Meetings have been held for the top management of the PRANDA Group every year to review the business directions and strategies of the PRANDA Group to be in line with the global economic situation and the markets of each country focusing on the new potential markets, but still retaining the existing markets in order to have growth of the balanced revenue from production, distribution and retail. This can be seen from both of the Annual and 5-year Budgets and the Strategic Action Plans of every company completely indicating the goals, KPIs, marketing plan, financial and investment plan including the action plan. In addition, the Finance & Risk Management Committee is appointed to report the business operation of the PRANDA Group at least every quarter to inform and improve the business plan to be relevant to changes under any circumstances including monitoring the business operation of the PRANDA Group to be executed as planned. All these plans must anyway be approved by the Finance & Risk Management Committee.

1.2 The risk of reliance on major customers

Despite good relationship with the customers over 20 years, the Company is aware of negative effects arising from reliance on sales with major foreign customers. Providing the business of these major customers has problems incurred from the economic crisis in their own countries, the revenue on sales of the Company will also be affected without doubt.

Therefore, the Company has the policy to lessen dependence on major customers by distributing the products to the same customers that have growth potential and trying to find new customers both from the existing markets and new markets as well as relying more on sales of its own brand.

1.3 Risks of opening in retail markets

The Company is having a plan to continuously expand its own retail business in various regions including Thailand, Indonesia, Vietnam and the UK to control the distribution channels that generate stable and constant revenues. The investment on this retail business may raise the operational risk resulting in the business performance doesn't meet as expected because there is change on customer demand on gems and jewelry all the time.

The Company is thus having criteria to prevent the retail risk as follows:

1) Market Risk

The Company will initially study the market in term of macroeconomics specifically in consumer behavior in relation to demand on jewelry products, the existing and new competitors in the markets, economic, legal and political situations and other related factors to evaluate business potential and right product assortment suitable to markets before devising the retail policy for each market.

2) Shop Location Risk

After evaluation of the market potential is accepted, the Marketing and Sales managers will be sent out to assess customers and competitors so as to use such information to estimate budget, revenue, expenses, cost of investment on products suited to the market, shop decoration, breakeven point and payback period. In the case that there is no confidence in shop location, the Company will open a counter in the mall for a short period of 1-3 months' time as the market trial until there is sufficient group of customers worth investing on the retail shop in the long run. However, the Company will have the outlets in the leading malls where the study of location has already been conducted and the target group of customers has already been identified for certain extent.

3) Operational Risk

The Company is having annual operational plan and budget which is evaluated and reviewed every quarter after considering and monitoring monthly sales and marketing performance, finances, inventory management, personnel management and operational control. The KPIs and goals have been assigned to employees in all positions and performance evaluation has been regularly made in order to monitor and control the operations to be performed in accordance with the plan and policy as agreed in the framework of the standard operating procedures and system. Hence, KPI is a measure of the remuneration and performance evaluation of employees and executives.

4) Property Safety Risk

As the Company's merchandise is of high value, the Company is having the strict policy of property safety established and having salespersons trained in regard to the property safety measures, emergency procedures, product checking procedures in case of return or exchange and daily work shift rotation and other issues related. Additionally, the Internal Audit is regularly maintaining inventory checking of each branch and clearly defined authority is being set. On top of that, surveillance cameras, alarms and security personnel at the risky areas are put in place. The Company also has insurance coverage for all the products during transport to prevent damages due to a force majeure.

5) Price-Setting and Discount Risk

Product pricing and discount must clearly be set in compliance with the marketing strategy concerning product positioning of each brand the Company is carrying and its clear portfolio because it directly affects financial status in term of gross margin the Company expects to get. For the discount, the Marketing team of each brand will prepare sales promotion program to be suited to the need of the target group of customers, the discount, gift and payment term which would not have impacts on the margins the Company expect to have.

To prevent the risk of price fluctuations of gold that is the main raw material in the production of gold-en products, which would affect the selling price of the products, the Gold Lease Facility is used to make cost of inventories which is mainly made of gold fluctuate based on the world market price of gold at that period of time.

1.4 Product Obsolescence Risk

The Company is selling jewelry products or the so called fashion products. In 2016, the Company has inventories valued 1,975 million Baht or 66.45 percentage of current assets and 41.66 percentage of total assets and the turnover rate of inventories is 348 days. A lot of inventories may result in the inability to sell the products according to the set target, which causes a large amount of obsolete inventories. The allowance for obsolete inventory is thus created to prevent decrease in net income.

However, the outstanding inventories mostly contains precious metal with no expiry and deterioration, which can be taken into extracting and smelting processing to turn into raw materials to be used again for production. And the Company also has inventory management policy to prevent slow moving inventories. If there are loads of slow moving inventories over the limit to certain extent, the Company will open the showroom to have special promotion to clear out such inventories.

2. Production Risk

2.1 Risk of Personnel Shortage

The Company is aiming to expand their own brand and retail markets in the European and Asian countries where product designs and tastes are much different from each other, which may cause shortage of personnel who is experienced in markets, product design, production and innovation.

Nevertheless, the following human resources risk management is taken into action.

- The Company has founded the dual vocational education project in collaboration with the Department of Vocational Education, the Kanjanapisek Royal Goldsmith College and the Bangkok Arts and Crafts College in establishing a school in the factory. The Company has had more than 100 students each year to attend the vocational artisan jewelry. After graduated, they would be hired as the permanent employees. This program has been continually conducted for more than 16 years.
- To keep employees working for the organization, the benefits are provided for employees as follows.
 - Financial benefits such as Cooperative to encourage saving to employees, loan benefit to help reduce debt, provident fund, home loan for employees in cooperation with the Government Housing Bank to give long-term loan with lower interest than other banks.
 - Knowledge developing benefits for example library, internet room and internal and external training and seminars.
 - Health benefits such as Aerobic activity.
 - Quality of life benefits for instance dormitory, free rice for 3 meals and nursery for employees' children.
 - Various grants in cases of marriage, birth giving, ordination, parents' death, medical pay in addition to the responsible amount of the social security in the case of in-patient, group insurance and annual health check.
 - Morale benefits for instance diligence allowance, new year party, other parties, loyalty reward for employees and sports event.
- For human resources development, the Company develops the proactive plan of human resources development by adopting KPIs and Competency Development to be used in the organization, which helps improve recruitment, selection, training process, performance evaluation to be more efficient.
- To create good corporate culture and build awareness of collaborative working, the Core Values or the so called Cores of the PRANDA, namely forces for unity, relentless development and attention to all ties, are established and passed along to all employees to adhere with when working. The Company realizes that this is the foundation of business sustainability.
- To conform to the International Labor Standards and to be accepted by customers overseas, the Thai Labor Standards have been used to improve working systems for example safe workplace, good hygiene, measures to prevent violation of human rights, equality for all and so on.

- The International Quality Standard ISO 9001:2015 is implemented to build good and efficient working system as well as trust from customers both at home and abroad. This system has already been evaluated and approved by the Bureau Veritus Thailand Limited and certified by The United Kingdom Accreditation Service (UKAS), UK with 3-year certificate valid from September 3, 2016 - September 2, 2019.

2.2 Risk of Raw Material Prices

Though the global economy is getting recovered, high certainty still remains, resulting in continuous price volatility of gold and silver which are considered the main costs of production of authentic gems and jewelry products.

However, the Company has implemented financial risk management for the production business as follows:

- For the raw material prices, the Pass-Through system is used, so the Company will have no profit or loss incurred from volatility of raw material prices.
- The Forward rate is made with the Financial Institute to guarantee material prices in advance.

In addition, the price volatility has no effect on the distribution and retail business as the product prices are calculated from the cost of goods sold.

3. Financial Risk

As the Company is engaged in the manufacturing, distribution and retail businesses both domestic and overseas, most of the revenues are in foreign currencies and some in Baht while the cost of raw materials including gold and silver considered as commodities and imported jewelry are in foreign currencies. The natural hedge and forward contract is used to hedge the exchange rate.

Credit checking of the existing and new customers on a regular basis including credit limit setting based on turnover and the financial status of the customers as well as evaluating potential competitiveness of the customers in the long run is made. Moreover, the debt collecting procedures is closely monitored and the credit limit for customers is regularly reviewed. Provided that there is risk over the accepted level, the deposit will be requested from the customers before taking purchase orders.

Furthermore, there are risk of short termed loan considered as revolving money of which contract may not be extended and one of interest rate volatility based on the market situation. The risk management by controlling ratio between short-term and long-term loans to make appropriate balance of debt repayment according to type of investment and business operations is applied. The Company will be engaged for circulating funds with several different banks to prevent cancellation on the loan contracts as well as maintaining D/E ratio to have debt less than 1.5 time of equity by using a floating interest rate. Nonetheless, this is closely monitored by the management and the interest rate volatility has no significant effects on the business operation.

4. Risks affecting the rights of shareholders

The Company incurs risk of having major shareholders more than 25%

The Company has the largest shareholder who is the founder of the Company holding 138,346,680 shares or 33.78 % of the total shares sold as of December 30, 2016. That makes this family have the right to oppose or disapprove the votes in the shareholders' meeting in regard to the Company's regulations or any associated laws which requires the votes of not less than one third of the total votes of the shareholders entitled to vote and presenting at the meeting.

Nevertheless, the major group of shareholders is serving in administrative affairs and policy. Therefore, the interest of the shareholders will be taken into account as priority.

General Information and Other Important Information

1. Other Information

| | | |
|---------------------------|--|--|
| Company Name | Pranda Jewelry Public Company Limited | |
| Symbol | PRANDA | |
| Core Business | Production, distribution and retail of fine jewelry | |
| Head office | 28 Soi Bangna-Trad 28, Bangna, Bangna, Bangkok 10260 Thailand | |
| Registration | 0107537001986 | |
| Telephone | +66 2769 9999 | |
| Fax | +66 2769 9998 | |
| Registered Capital | 429,529,000 THB | |
| Paid Capital | 409,529,000 THB | |
| Home Page | www.pranda.com | |
| Responsible Person | Mrs. Pranee Khunprasert | Email : pranee@pranda.co.th |
| | Mr. Pramote Tiasuwan | Email : pramote@pranda.co.th |
| | | |
| Branch Office | 332-333 Suranaree Industrial Zone, Muang, Nakhonratchasima, 30000 Thailand. | |
| Core Business | Production of fine jewelry | |
| Telephone | +66 044 212 593-4 | |
| Fax | +66 044 334 718 | |
| Responsible Person | Mr. Somsak Sriruengmon | |
| Email | Somsak_s@pranda.co.th | |

2. The Company's Shareholding Exceeded 10% of Paid Capital. (December 31, 2016)

| Company Name / Address | Business | % of Holding | % of Co-shareholder | Registered Capital | Paid-up Capital |
|--|---|--------------|---------------------|--------------------|-------------------|
| Crystalline Co., Ltd. No. 22 Soi Bangna-Trad 28, Bangna Sub-district, Bangna District, Bangkok 10260 Telephone +66 2746 9580-5 Fax +66 2399 4878 Home Page: www.crystalline.com Responsible Person: Mr. Chartchai Teekaveerakit Email: chartchai@crystalline.com | Production and distribution of costume jewelry. | 96 | | THB 100 Million | THB 100 Million |
| Pranda Vietnam Co., Ltd. No.16 Road 2A, Bien Hoa Industrial Zone II, Dong Nai Province, Vietnam Telephone +84 613 836 627, +84 613 836 739 Fax +84 613 991 798 Responsible Person: Mr. Santiparp Riyai Email: santiparp@pranda.com.vn | Production, distribution and retail of jewelry. | 100 | | USD 1.5 Million | USD 1.5 Million |
| Pranda & Kroll GmbH & Co. KG Ebereschenweg 3 – 75180 Pforzheim Germany Telephone +49 7231 154 47 0 Fax +49 7231 154 47 25 Home Page: www.kroll-schmuck.de www.cai-jewels.com Responsible Person: Mr. Gregor Kroll Email: gregor.kroll@pranda-kroll.de Co-shareholder : Mr. Gregor Kroll | Distribution of fine jewelry. | 75 | 25 | EUR 14.96 Million | EUR 14.96 Million |
| Primagold International Co., Ltd. No. 1093/64 12th Floor, Central City Bangna Tower, Bangna-Trad Rd., Bangna Sub-district, Bangna District, Bangkok 10260 Telephone +66 2745 6111 Fax +66 2745 6117 Home Page: www.primagold.co.th Responsible Person: Ms. Chonvicha Loekvitunkul Email: chonvicha@primagold.co.th | Jewelry retail in Thailand. | 100 | | THB 200 Million | THB 200 Million |

| Company Name / Address | Business | % of Holding | % of Co-shareholder | Registered Capital | Paid-up Capital |
|---|---|--|----------------------|-------------------------|-------------------------|
| PT Pranda Marketing Indonesia (has power of control and own more than half of voting power by Primagold International Co.,Ltd.) JL.I Gusti Ngurah Rai No.1, Jakarta 13420, Indonesia Telephone +62 21 819 9280-2 Fax +62 21 819 9223 Responsible Person: Mr. Kenny Salmon Email: Kenny_salmon@yahoo.com Co-shareholder : 1) Mr. Johnny Salmon 2) Mr. Kenny Salmon 3) Mrs. Yuen Wan Ha 4) PT. Sumberkreasi Ciptalogam | Jewelry retail in Indonesia | Assigned control over the financial and operating policies of PT Pranda Marketing Indonesia to Primagold International Co., Ltd., including voting power and granting an equity interest of 55 percent in this company | 30 15 10 45 | 20 thousand million IDR | 10 thousand million IDR |
| Pranda North America, Inc. No. 1 Wholesale Way, Cranston, Rhode Island, 02920 USA Telephone +1 401 946 2104 Fax +1 401 946 2109 Responsible Person: Ms.Maureen Kelley Email: maureen@prandana.com | Distribution of fine jewelry and costume jewelry in the USA and Canada. | 100 | | USD 2,000 | USD 2,000 |
| H.GRINGOIRE s.a.r.l No.79 Rue De Turbigo F-75003, Paris, France Telephone +33 1 5301 9533 Fax +33 1 5301 9540 Home Page: www.h-gringoire.fr Responsible Person: Mr. Yvan Le Dour Email: y.ledour@h.gringoire.fr | Distribution of fine jewelry in France and Europe. | 100 | | EUR 5 Million | EUR 5 Million |

| Company Name / Address | Business | % of Holding | % of Co-shareholder | Registered Capital | Paid-up Capital |
|---|--|--------------|-------------------------|--------------------|---------------------|
| Pranda UK Limited Signal House West 1 Armfield Close West Molesey Surrey KT8 2RT, United Kingdom Telephone: +44 1 0208 783 2024 Fax: +44 1 0208 783 2010 Home Page: www.prandaonline.co.uk Responsible Person: Mr. Malcolm Pink Email: malcolmpink@pranda.co.uk | Distribution and Retail of jewelry in UK and Europe. | 100 | | GBP 0.5 Million | GBP 0.5 Million |
| Pranda Jewelry Private Limited O2, Commercial Bldg. A-1005,1006, 1007 Plot no. 23-24, Near Minerva Industrial Estate, Mulund (W), Mumbai- 400080. (India) Telephone. + 91 22 2565 2121, + 91 22 2568 2121, + 91 22 2569 2121 Responsible Person: Mr. Vinod Tejawani Email: vinod@pranda.co.in Co-shareholder : Gunjan Jewelry Private Limited | Distribution of fine jewelry in India. | 51 | 49 | INR 150 Million | INR 87.2114 Million |
| P.T.Sumberkreasi Ciptalogam (Formerly known as P.T. Pranda SCL Indonesia) JL.I Gusti Ngurah Rai No.1, Jakarta 13420, Indonesia Telephone +62 21 819 9280-2 Fax +62 21 819 9223 Responsible Person: Mr. Johnny Salmon Email: Johnny@prandascl.com Co-shareholder : 1) Mr. Johnny Salmon 2) Mr. Kenny Salmon 3) Ms. Virsosa Salmon 4) Mrs. Yuen Wan Ha | Production and distribution of fine jewelry. | 19 | 21 20 20 10 | IDR 4,000 Million | IDR 4,000 Million |
| KZ – PRANDA Co., Ltd. No. 75/51 Ocean Tower 2 Condominium Building 24th Floor, Soi Sukhumvit 19, Sukhumvit Road, Khongtoey Sub-district, Wattana District, Bangkok 10110 Telephone + 66 2204 1441-3 Fax + 66 2204 1444 Responsible Person: Mr. Heechan Song Email: hcsong@koreazinc.co.kr Co-shareholder : 1) Korea Zinc Co., LTD. 2) LG International Corporation (Singapore) PTE Co., LTD. 3) Ms. Thitima Sorakraikitikul | Import and distribution of silver and pure gold fine and bars. | 40 | 34.50 14.50 11.00 | THB 30 Million | THB 9 Million |

Shareholders

1. List of Major Shareholders

(a) Top ten major shareholders as of the closure date of the register book on December 30, 2016 are as follows:

| List of Major Shareholders | No. of Shares | Shareholding Percentage |
|---|--------------------|-------------------------|
| 1. Founding family | 138,346,680 | 33.78% |
| Mr. Prida Tiasuwan | 21,996,420 | 5.37% |
| Mrs. Panidda Tiasuwan | 19,207,660 | 4.69% |
| Ms. Pittaya Tiasuwan | 18,170,960 | 4.44% |
| Mrs. Pranee Khunprasert | 9,910,360 | 2.42% |
| Mrs. Ratchara Pornrunroj | 9,512,360 | 2.32% |
| Mr. Pramote Tiasuwan | 9,280,560 | 2.27% |
| Mrs. Prapee Sorakraikitikul | 7,400,060 | 1.81% |
| Mrs. Sunanta Tiasuwan | 2,700,500 | 0.66% |
| Relatives of founders | 25,373,500 | 6.19% |
| Pranda Holding Co., Ltd. ^{/1} | 14,794,300 | 3.61% |
| 2. Mr. Prateep Tangmatitham | 32,419,900 | 7.92% |
| 3. Thai NVDR Company Limited | 16,852,900 | 4.12% |
| 4. STATE STREET BANK AND TRUST COMPANY | 12,613,800 | 3.08% |
| 5. BANK OF SINGAPORE LIMITED | 11,844,700 | 2.89% |
| 6. Mr. Somchai Padpai | 10,230,000 | 2.50% |
| 7. Bualuang Siriphol Corporate Governance | 9,435,800 | 2.30% |
| 8. Bualuang Siriphol Corporate Governance RMF | 7,809,700 | 1.91% |
| 9 J.P. MORGAN BANK LUXEMBOURG S.A. LEND | 5,351,345 | 1.31% |
| 10. Mr. Pitak Pisetsit | 4,020,000 | 0.98% |
| Total | 248,924,825 | 60.79% |

The shareholders can find the name list of the shareholders on the closing date of the share registration book for Annual General Meeting at the Company's website (www.pranda.com or www.pranda.co.th / section Investor Relations / category Shareholder Information : Major shareholders) before commencement of Annual General Meeting of shareholders 2016.

Note: ^{/1} Pranda Holding Co., Ltd.'s shareholders are as follows:

| List of Shareholders | | No. of Shares | Shareholding Percentage |
|----------------------|-----------------|------------------|-------------------------|
| 1. Ms.Jurane | Tiasuwan | 200,000 | 20% |
| 2. Mrs.Pranee | Khunprasert | 120,000 | 12% |
| 3. Mrs.Sunanta | Tiasuwan | 120,000 | 12% |
| 4. Mrs.Prapee | Sorakraikitikul | 110,000 | 11% |
| 5. Mr.Pramote | Tiasuwan | 110,000 | 11% |
| 6. Mrs.Panidda | Tiasuwan | 100,000 | 10% |
| 7. Ms.Pittaya | Tiasuwan | 100,000 | 10% |
| 8. Mr. Pitipong | Tiasuwan | 50,000 | 5% |
| 9. Mr.Chaisak | Saktanaset | 50,000 | 5% |
| 10. Mr.Manat | Barameechai | 20,000 | 2% |
| 11. Mr. Christopher | Katansanro | 20,000 | 2% |
| Total | | 1,000,000 | 100% |

(b) There is no major shareholder who has a power to determine significant management or operating policy of the Company.

Major shareholders comprise of the family group of founder as (a) top ten major shareholders.

2. The Company is not engaged as a holding company.

3. The Company has no agreement with its major shareholder on the matter having an impact on the offering for sales of securities and the management of the Company.

Dividend Policy

The Company has a policy to pay a dividend at the rate of not more than 60% of the annual net profit from separate financial statements. The dividend payment would be based primarily on the company's operating profit, working capital and investment capital in tangible assets, financial conditions, and legal reserves as stated by laws both for present and the future.

The Company has also policy to pay net profit available from operating performance after legal reserves set aside. The Board of Directors will take into account the dividend payment from the Company's operating performance, financial conditions, and capital requirement before submitting for the shareholders' endorsement. Dividend payment record between 2001 and 2016 as follows;

| Year | Net profit (million baht) | % of dividend payment | Dividend pay-out (million baht) | Number (million shares) | Dividend per share (baht) |
|--|------------------------------|-----------------------------|---------------------------------------|-------------------------------|------------------------------|
| 2001 | 364.72 | 13.71 | 50.00 | 20.00 | 2.50 ^{/1} |
| 2002 | 370.42 | 27.80 | 105.36 | 210.73 | 0.50 |
| Extra dividend from retained earnings, a net profit of year 2002 | - | - | 66.28 | 200.96 | 0.30 |
| 2003 | 312.06 | 46.05 | 143.70 | 261.27 | 0.55 |
| 2004 | 361.76 | 57.35 | 207.46 | 319.18 | 0.65 |
| 2005 | 356.59 | 59.63 | 212.65 | 327.15 | 0.65 |
| Extra dividend from retained earnings, a net profit of year 2005 | - | - | 111.84 | 372.79 | 0.30 |
| 2006 | 432.27 | 58.36 | 252.28 | 388.13 | 0.65 |
| 2007 ^{/2} | 396.49 | 54.90 | 217.66 | 395.75 | 0.55 |
| 2008 | 300.07 | 52.75 | 158.29 | 395.75 | 0.40 |
| Interim dividend from operating result of six month period ended June 30, 2009 | 169.00 | 11.12 | 39.81 | 398.16 | 0.10 |
| 2009 | 357.90 | 47.85 | 171.25 | 398.25 | 0.43 |
| Extra dividend from retained earnings, a net profit of year 2008 | - | - | 119.48 | 398.25 | 0.30 |
| Extra dividend from retained earnings, a net profit of year 2007 | - | - | 120.20 | 400.67 | 0.30 |
| 2010 | 343.79 | 58.33 | 200.54 | 401.09 | 0.50 |
| Interim dividend from the profit for period at the nine-month period ended 30 September 2011 | 408.03 | 9.88 | 40.33 | 403.33 | 0.10 |
| 2011 | 441.14 | 45.76 | 201.86 | 403.71 | 0.50 |
| Interim dividend from the profit for period at the nine-month period ended 30 September 2012 | 337.40 | 12.04 | 40.63 | 406.28 | 0.10 |

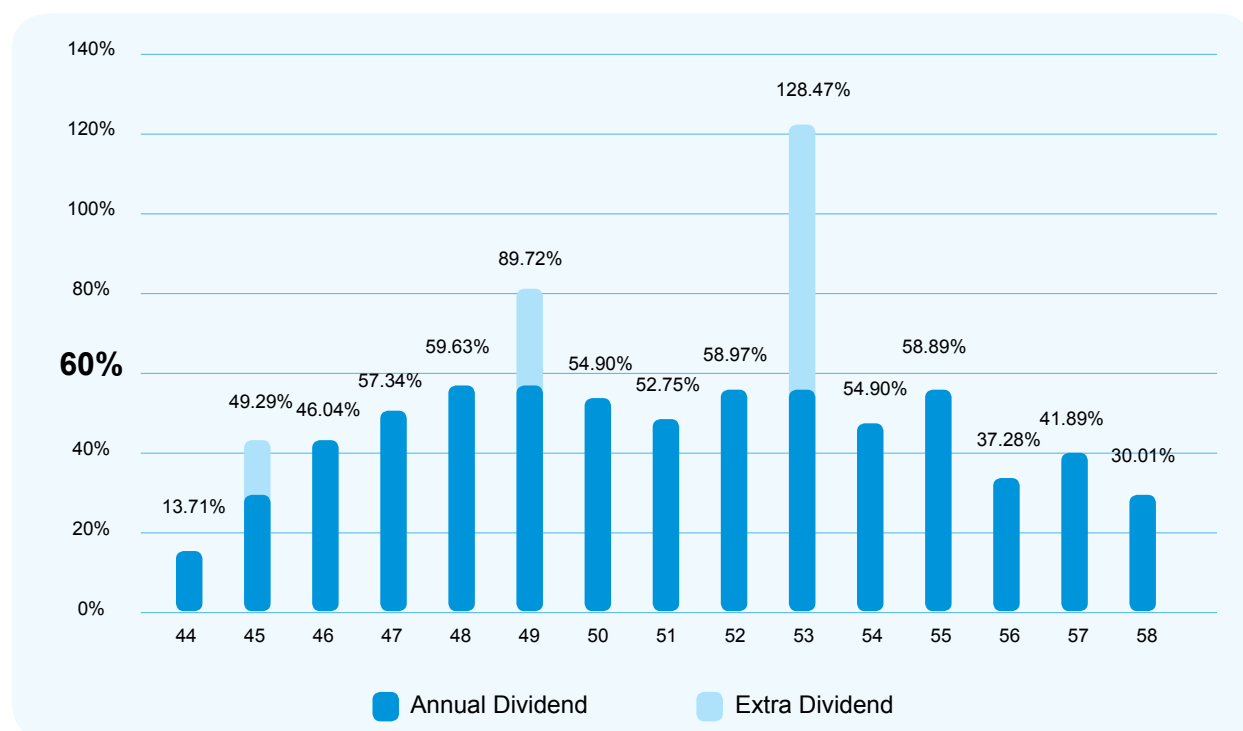
| Year | Net profit (million baht) | % of dividend payment | Dividend pay-out (million baht) | Number (million shares) | Dividend per share (baht) |
|-------------------|------------------------------|-----------------------------|------------------------------------|-------------------------------|------------------------------|
| 2012 | 414.27 | 49.08 | 203.33 | 406.66 | 0.50 |
| 2013 | 219.73 | 37.28 | 81.9 | 409.52 | 0.20 |
| 2014 | 146.62 | 41.89 | 61.43 | 409.52 | 0.15 |
| 2015 | 67.05 | 30.01 | 20.12 | 402.39 | 0.05 |
| 2016 ³ | (1.32) | - | - | - | - |

Remark : ¹ Par value equivalent to 10 baht and after 2001 onwards the par value is equivalent to one baht.

² The Board of Director's meeting NO. 14/2007 held on June 18, 2007 had resolved about the dividend policy to the shareholders in a rate of not more than 60% of net profit from the Separate Financial Statements. Since 2007, the Company has changed the way in recording investment accounts in subsidiaries and affiliated companies in separate financial statement from "cost method" to "equity method". The net profit of the Company in the consolidated and separate financial statements is thus not identical.

³ For operating results of year 2016, the Company's Board of Directors had a resolution to approve for proposal of no dividend payment to the shareholders meeting.

The dividend payment in comparison to net profit over the last 15 years.



Maximum Annual Dividend Payment 59.63% of the net profit from separate Financial Statements

Management Structure

1. The Board of Directors

The Board of Directors of the Company as of December 31, 2016 is composed of nine Directors including Independent Directors, Executive Directors, and Non-Executive Directors, all of whom are knowledgeable, competent, and well experienced in finance, accounting, management, and the other areas as deemed beneficial to the Company. The existing members of the Board of Directors of the Company are as follow:

1. Three Executive Directors
2. Six Non-Executive Directors, three of whom are Independent Directors

| Name | Position | Date of Holding Directorship ^{/1} |
|--------------------------------|---|--|
| 1. Mr. Prida Tiasuwan | Chairman of the Board | 20 April, 2016 ^{/2} |
| 2. Mrs. Prapee Sorakraikitikul | Vice Chairman | 20 April, 2016 ^{/2} |
| 3. Mrs. Sunanta Tiasuwan | Director | 21 April, 2014 |
| 4. Mrs. Pranee Khunprasert | Director/ Chairman of Group Executive Committee | 21 April, 2014 |
| 5. Mr. Pramote Tiasuwan | Director/ Chairman of Core Value and CSR Committee | 21 April, 2015 |
| 6. Ms. Pittaya Tiasuwan | Director | 20 April, 2016 ^{/2} |
| 7. Mr. Verachai Tantikul | Independent Director/ Chairman of Audit Committee/ Chairman of Nomination and Remuneration Committee | 21 April, 2015 |
| 8. Mrs. Rawittha Pongnuchit | Independent Director/ Member of Audit Committee | 21 April, 2015 |
| 9. Mr. Chamnong Watanagase | Independent Director/ Member of Audit Committee | 25 March, 2014 |

Note: ^{/1} Date of Holding Directorship is the date of holding Director Position by the whole panel of Directors according the office term as stipulated in the regulation of the Company

^{/2} The 2015 Annual Shareholders' Meeting, held on April 20, 2016 has resolved to re-appoint the following Directors for another term; namely Mr. Prida Tiasuwan, Mrs. Prapee Sorakraikitikul and Ms. Pittaya Tiasuwan

The advisors to the Board of Directors of the Company are 1) Mrs. Panidda Tiasuwan 2) Lt. Jg. Anan Panananda R.T.N. 3) Assoc. Prof. Sarita Bunnag

Authorized Directors

Authorized Directors of the Company, who have authority to sign on behalf of the Company, consist of Mrs. Sunanta Tiasuwan or Mrs. Prapee Sorakraikitikul to jointly sign with Mr. Pramote Tiasuwan or Mrs. Pranee Khunprasert or Ms. Pittaya Tiasuwan, thus being two persons and affixed with the Company's seals.

Composition of the Board of Directors of the Company

1. The Directors of the Company are not mandatory to be the shareholders of the Company.
2. The Board of Directors comprises no less than five members, but no more than twenty members, and no less than one-half of total members shall reside within the Kingdom of Thailand.
3. The Board of Directors comprises the Independent Directors of at least one-third of total members, but no less than 3 members.
4. The Board of Directors comprises at least three Members of Audit Committee.
5. The Chairman of the Board of Directors must not be the same person as Managing Director of the Company.

6. The appointment of the Directors shall be in compliance with the regulations of the Company and the relevant laws, and shall be done with transparency and clearness. The nomination of Directors shall be proposed by the Nomination and Remuneration Committee by taking into account of his/her educational background and professional experiences, together with the adequate details to be used for consideration of the Board of Directors and the shareholders.
7. The Directors of the Company shall have the office term as stipulated in the regulation of the Company. The retiring Director is eligible to be re-elected.

Qualifications of the Board of Directors of the Company

1. The Directors must be qualified with knowledge, competency, integrity, and ethics, and have enough time to be able to dedicate his/her knowledge and competency to perform duties for the Company.
2. Not have prohibitive qualifications as stipulated by the Public Company Act, and they shall have no characteristic which may exhibit inappropriate qualifications to be untrustable to hold management position in the company which is hold its share by public as required by the regulations of the Securities and Exchange Commission [SEC].
3. The Directors shall not carry on any business of the same nature as or in competition with the Company, nor shall be a partner in any limited partnership or a director of private company carrying on business of the same nature and competitive to the business of the Company, whether for its own benefit or others, unless such action has been informed to the shareholders' meeting prior to making the resolution of appointment.
4. Independent Directors must have the qualifications in compliance with the regulations of the Securities and Exchange Commission as below;
 - (1) Holds shares, not exceeding 1% of total shares with voting rights, of the Company, the Parent Company, Subsidiaries, Associates, major shareholders or controlling parties of the Company. In this regard, the shares of connected persons of the said Independent Director shall be counted as well.
 - (2) Is not or has never been an Executive Director, employee, staff, advisor with regular salary, or controlling person of the Company, Parent Company, Subsidiaries, Associates, same-level Subsidiaries, major shareholder or controlling person of the Company, unless the foregoing status has ended for not less than 2 years prior to the date of submitting the application to the Securities and Exchange Commission (SEC). In this regard, such prohibition shall not include the case that the aforementioned Independent Director has been an official or advisor of a government unit which is a major shareholder or controlling party of the Company.
 - (3) Is not a person who has a relationship by blood or legal registration with the status of father, mother, spouse, brother, sister, and child, including spouse of daughter or son of other directors, management, major shareholder, controlling person or person who is in the process of nomination to be Management or controlling person of the Company or Subsidiaries.
 - (4) Does not have nor used to have a business relationship with the Company, the Parent Company, Subsidiaries, Associates, major shareholders or controlling parties of the Company which may interfere with independent judgment of said Independent Director, including not being nor has ever been a significant shareholder or controlling person of any party having business relationship with the Company, the Parent Company, Subsidiaries, Associates, major shareholders or controlling parties of the Company, unless the aforesaid status has ended for not less than 2 years prior to the date of submitting the application to the SEC.

The term "business relationship" in the foregoing paragraph shall include normal business transactions of rental or lease of immovable property, transaction related to assets or services, or giving or receiving financial assistance through loans, guarantees, providing assets as collateral, and any similar actions which results in the Company or the counterparty becoming indebted to the other party in the amount equal to or more than 3 % of the net tangible assets of the Company or equal to or more than Baht 20 million, whichever is lower. In this regard, the calculation of such indebtedness shall be in accordance with the calculation method of the value of connected transaction under the Notification of the Capital Market Supervisory Board on the conditions of connected transaction mutatis mutandis, provided that all indebtedness incurred during the period of 1 year prior to the date of having the business relationship with the above party shall also be included in the calculation.

- (5) Is not or has never been the auditor of the Company, Parent Company, Subsidiaries, Associates, major shareholders or controlling parties of the Company, and is not a significant shareholder, controlling person, or partner of the auditing firm employing the external auditor of the Company, Parent Company, Subsidiaries, Associates, major shareholders or controlling parties of the Company, unless the aforesaid status has ended for not less than 2 years prior to the date of submitting the application to the SEC.
- (6) Is not or has never been the professional service provider including, but not limited to, legal service or financial advisor and receiving service fee exceeding Baht 2 million per year from the Company, Parent Company, Subsidiaries, Associates, major shareholders or controlling parties and is not a significant shareholder, controlling person, or partner of the firm providing such professional services, unless the foregoing status has ended for not less than 2 years prior to the date of submitting the application to the SEC.
- (7) Is not a Director appointed to be the representative of the Directors of the Company, major shareholders, or any other shareholder related to major shareholders.
- (8) Does not operate the same and significantly competitive business with the business of the Company or Subsidiaries, or is not a significant partner of the partnership, or is not an Executive Director, employee, staff, advisor receiving regular salary, nor holds shares in the amount exceeding 1% of the total shares with voting rights of any other Company which operates the same and significantly competitive business with the business of the Company or Subsidiaries.
- (9) Does not have any other characteristics which may impact the ability to express independent opinion regarding business operations of the Company.

After the appointment as Independent Director in accordance with the conditions under items (1)-(9) of this section, as mentioned above; such Independent Directors may be assigned by the Board of Directors to make decisions on business operations of the Company, Parent Company, Subsidiaries, Associates, same-level Subsidiaries, major shareholders or controlling parties of the Company with respect to collective decision-making.

Scope of Duties and Responsibilities of the Board of Directors

In the operations of the company, the Directors of the Company must act in a responsible manner with caution and prudence (Duty of Care) and integrity (Duty of Loyalty); their actions must also comply with the laws, purpose and regulations of the Company, the resolutions of the Board of Directors as well as the Shareholders' Meeting (Duty of Obedience), and they must provide disclosure to shareholders in an accurate, complete, transparent, verifiable and timely manner (Duty of Disclosure). The Board of Directors shall be responsible for the following;

1. To determine the vision, mission, strategy, and policy of the Company, and to supervise business operations of the Company.
2. To appoint and change the Authorized Directors to have binding authority of the Company, or to determine any conditions as deemed necessary to protect benefit of the Company, but having no violation to the relevant laws.
3. To approve the appointment of top-level Executives
4. To consider and monitor the following operations,
 - 4.1 To follow up the progress of business strategy and action plans which may affect the achievement of the strategy of the Group or may cause significant change to the strategy of the Group.
 - 4.2 To follow up the actual operation versus the business target, and review business projection at least once a quarter, as well as to determine the corrective plan when missing the projected target. The business target should cover both short term and long term target including the key performance index and the operating performance in comparison with the other competitors.
5. To perform human resource management as following:
 - 5.1 To cooperate with the Management of the Company to establish the vision and strategy pertaining to human resource development of the Company.
 - 5.2 To cooperate with the Management of the Company to consider and approve the remuneration strategies of the Group, and to determine the other incentive plans as per individual performance to motivate and retain high qualified and potential employees.

- 5.3 To supervise the procedure to be transparent, appropriate, and beneficial to the nomination, removal, or dismissal of the Executive Directors, top-level Executives as well as the Board of Directors of the Company to ensure that the Company shall have the knowledgeable, competent, and experienced Management Team to be able to perform business operation of the Group in an effective and efficient manner.
- 5.4 To ensure the effective procedure to evaluate the performance of top-level Executives in comparison with mutually predetermined operating target on quarterly and annually basis.
6. To ensure the completeness of following operations:
 - 6.1 To review and approve the vision, mission, strategies, policies, objectives, business plans, and budgeting plan, as well as to establish the effective communication channel to the employees at all levels of the Company.
 - 6.2 To report the accurate and correct annual financial statement to establish the confidence of the share holders upon the financial information of the Company.
 - 6.3 To monitor the operating performance of the Group on regular basis to ensure that the Executive Directors and the Management of the Company have performed their operations in compliance with the laws and the determined policies.
 - 6.4 To formulate the effective internal audit in every key business function of the Company.
 - 6.5 To establish the effective risk management of the Company.
 - 6.6 To ensure the transparent and complete information disclosure of the connected transactions with related parties, and to supervise those connected transactions to be reported to the Board of Directors on regular basis.
 - 6.7 To conduct the efficient control system to provide the accurate, complete, and trustable information, in compliance with the policy, regulations, laws, and the other regulations pertaining to the protection of assets, and the effective use of resource for best benefits of the Company.
 - 6.8 To establish the check and balance practice between the Management and the major shareholders as deemed appropriate by focusing on the composition of Independent Directors in the Board of Directors.
 - 6.9 To ensure that the Management has provided the adequate information to the Board of Directors to be able to perform their duties and responsibilities in an effective manner.
 - 6.10 To ascertain the completeness of meeting documents to be distributed prior to the meeting of the Board, to produce the complete minutes of the meeting, and to protect any amendment to the certified minutes.
 - 6.11 To monitor the conflicts of interest which may arise.
 - 6.12 To provide the adequate and efficient communication channels to all stakeholders of the Company and with the public, and follow up the succeeding operations as deemed appropriate.
 - 6.13 To protect and promote the reputation of the Company.
7. To set up and determine the scope of duties and responsibilities of Sub-committees as follows:
 - 7.1 To appoint the Sub-committees as deemed appropriate or necessary so as to support the operation of the Board of Directors; namely the Group Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, the Finance & Risk Management Committee, and the Core Values and CSR Committee.
 - 7.2 To consider and approve the roles and responsibilities of the Sub-committees, as well as to endorse on the changes of their composition including any other significant changes which may affect the performance of the appointed Sub-committees.

8. The evaluation of the performance of the Board, as follows:

- 8.1 The Board of Directors has arranged for an annual evaluation of the Board, which includes two forms of evaluation:
 - 8.1.1 Evaluation individually in the form of self-evaluation (Self Assessment)
 - 8.1.2 Evaluation of both the Board of Directors and Sub-committees
- 8.2 Assessment of the results and various commentaries and proposition of these results to the general assembly to jointly support betterment of the Board of Directors' performance
- 9. To ensure that the company operates its business with transparency, adhering to the principles of good governance, and that it does not support corruption in any form, whether directly or indirectly.
- 10. To devote time without expectation of benefit to the Directors or to any particular individual, and without the enactment of processes that conflict with or compete with the best interests of the Company.
- 11. To encourage all employees have a strong sense of ethics and morality, acting in compliance to the principles of corporate governance, ethics and anti-corruption policies applicable to the Company, at the same time regulating a system of internal controls and appropriate internal audits to reduce the risk of corruption and abuse of power, including the prevention of illegal acts.
- 12. To care for the interests of shareholders, both major and minor, according to their fair share of rights, also encouraging shareholders to exercise their right to maintain their own interests and receive accurate, complete, transparent, verifiable and timely news updates.
- 13. To recognize the roles and responsibilities of the Company's Board of Directors to respect the rights of and treat shareholders and other stakeholders fairly and transparently, monitoring and providing the processes and channels to receive and deal clearly with complaints from any party or stakeholder from any side who wishes to report on any hint of violation, as well as as opening the opportunity for all stakeholders to directly contact/lodge a complaint on potential problems with the Board.
- 14. To empower the Chairman of the Board of Directors to supervise the Board to perform their duties and responsibilities as mentioned above in an effective and efficient manner.
- 15. To appoint the Corporate Secretary to help proceed the business activities of the Company and of the Board of Directors, such as the holding of shareholders' meeting, and to provide the advice to the Directors or the Company pertaining to compliance with the relevant laws and regulations. The Corporate Secretary is also responsible to ensure the accuracy, completeness, and transparency of the information disclosure of the Company's Directors and the Company as stipulated in the good corporate governance practices.

Authority of the Board of Directors

- 1. Appoint, remove, and empower to the advisor of the Board of Directors, Sub-committees, and Managing Director to perform duties.
- 2. Appoint the Executive Committee, or assign one or more Directors to perform duties on behalf of the Board, provided that such authorized person shall not have the authority to approve the transaction upon which he/she or his/her related person is deemed to have related interest or conflict of interest or any forms of possible conflict of interest with the Company or Subsidiaries ("Person who may hold conflict of interest" is defined as per the Notification of the Securities and Exchange Commission), unless such action has been allowed by the laws or the regulation of the Company, or entering into such transactions has been approved by the shareholders' meeting pursuant to the notifications of the Office of the Securities and Exchange Commission. However the said Directors or persons with possible related interest or conflict of interest with the Company or Subsidiaries shall not have the voting right on such transaction.
- 3. Advise the specialists or advisors (if any) or hire external specialists or advisors as necessary with the expenditure of the Company.

4. Approve to accept or cancel the credit line at the amount exceeding the approval limit of the Executive Committee.
5. Approve the loan given to the related party who is also the shareholder of the Company or the trading partners, or to the other companies at the amount exceeding the approval limit of the Executive Committee.
6. Approve to enter into the guarantee agreement upon credit facility for the related party who is also the shareholder of the Company or the trading partners, or for the other companies at the amount exceeding the approval limit of the Executive Committee.
7. Approve the founding, merger, or closing the Subsidiaries of the Company.
8. Approve the Capital Increase in subsidiaries and associates instrument at the amount exceeding the approval limit of the Executive Committee.
9. Approve the investment in or selling of stock and/or debt instrument at the amount exceeding the approval limit of the Executive Committee.
10. Approve to acquire or invest in fixed asset at the amount exceeding the approval limit of the Executive Committee.
11. Approve to renovate, eliminate, or liquidate fixed asset or intangible asset which is deemed to be damaged, lost, obsolete, or unusable at the book value exceeding the approval limit of the Executive Committee.
12. Approval of the purchase of products, raw materials and expendable supplies amounting to 10 million baht or more.
13. Approval of general costs of 10 million baht or more.
14. Approval of the costs of charitable donations, and the giving of funding in amounts of five hundred thousand baht or more.
15. Approval of the costs of gifts and reception costs of one hundred thousand baht or more.
16. Approve the purchase of fixed asset with the value over Baht 20 million and being set in the budget plan, and with the value over Baht 5 million if not being set in the budget plan.
17. Approve the compromising agreement on dispute resolution as proposed by the Arbitrator or any claims or prosecutions on behalf of the Company whether for the case relevant or not relevant to normal business operation of the Company at the value exceeding the approval limit of the Executive Committee.
18. Approve to enter into the transaction which is not normal business practice of the Company at the amount exceeding the approval limit of the Executive Committee.
19. Approve to increase or decrease the capital of the Company, change the par value of the share of the Company, or amend the Memorandum of Association or the regulation and/or the objective of the Company.
20. Empower to the advisor of the Board, Sub-committees, Managing Director, Executives, or the other person to perform duties on behalf of the Board under the scope of authority of the Board of Directors.
21. Invite the advisor of the Board, Sub-committees, Managing Director, the relevant employee to give information or opinion, join meeting, or submit documents as deemed necessary.
22. Appoint and remove the Corporate Secretary of the Company.
23. The above authority of the Board pertaining to the acquisition and disposal of asset, and to the connected transactions shall be in compliance with the notification of the Securities and Exchange Committee.

Authority of the Chairman of the Board

1. Perform as the leader of business strategy of the Company.
2. The Chairman of the board or the assigned person is responsible to call for the meeting of the Board of Directors, and shall send the invitation notice to the Directors not less than seven days prior to the meeting date so as to provide the adequate time for the Directors to study and consider the detail of meeting agenda in advance.
3. Act as the chairperson in the Board of Directors' meeting, and make the final vote in case of having a tie vote.
4. Determine the meeting agenda in cooperation with the Chairman of the Executive Committee.
5. Direct the Board of Directors' meeting to be performed in an effective manner, provide adequate time for the Executive Directors to present supporting information, and facilitate any inquiries or opinions to be raised in the meeting independently, as well as to control the topic to be discussed, and summarize the resolution of the meeting.
6. Play important role to encourage the Directors of the Company to comply with the corporate governance principles, such as to declare intention to abstain from voting and exit the meeting room during the consideration of the agenda which he/she may have the conflict of interest.
7. Communicate complete information to all Directors.
8. Encourage the Directors to attend the shareholders' meeting, control the meeting to be performed in an effective manner, and answer the question from the shareholders.
9. Make the final vote in the shareholders' meeting when having a tie vote and the majority vote from the shareholders' meeting is required to pass the resolution.
10. Encourage the Directors of the Company to perform their duties and responsibilities in compliance with the relevant laws and the principle of good corporate governance.

Meeting participation of the Board of Directors and Sub-committees is summarized as following;

| Name | Meeting attendance/ Total meetings [times] | | | | | |
|---|--|---------------------------|-------------------|---------------------------------------|-------------------------------------|-------------------------------|
| | The Board of Directors | Group Executive Committee | Audit Committee | Nomination and Remuneration Committee | Finance & Risk Management Committee | Core Values and CSR Committee |
| | Total: 18 meetings | Total: 11 meetings | Total: 5 meetings | Total: 3 meetings | Total: 4 meetings | Total: 4 meetings |
| 1. Mr. Prida Tiasuwan | 17/18 | | | | | |
| 2. Mrs. Prapee Sorakraikitikul | 17/18 | | | 3/3 | 4/4 | |
| 3. Mrs. Sunanta Tiasuwan | 18/18 | 4/4 | | 3/3 | | |
| 4. Mr. Pramote Tiasuwan | 18/18 | 10/11 | | 3/3 | 4/4 | 4/4 |
| 5. Mrs. Pranee Khunprasert | 18/18 | 10/11 | | 3/3 | 4/4 | |
| 6. Mrs. Panidda Tiasuwan | 18/18 | | | 3/3 | | |
| 7. Mr. Verachai Tantikul | 18/18 | | 5/5 | 3/3 | | |
| 8. Mrs. Rawittha Pongnuchit | 18/18 | | 5/5 | | | |
| 9. Mr. Chamnong Watanagase | 17/18 | | 4/5 | | | |
| 10. Ms. Pittaya Tiasuwan | 18/18 | 9/11 | | | 3/4 | |
| 11. Mr. Decha Nuntanajaroenkul | | 8/11 | | | 4/4 | |
| 12. Mr. Chartchai Theekaveerakit | | 10/11 | | | | 3/4 |
| 13. Mr. Chanat Sorakraikitikul | | 11/11 | | | 4/4 | |
| 14. Mr. Dusit Chongsutthanamanee | | | | | 4/4 | |
| 15. Mr. Somsak Srituengmon | | | | | | 4/4 |
| 16. Mrs. Nirarat Tanalekhapat | | | | | | 3/4 |
| 17. Mrs. Chawee Jarukornvasin | | | | | | 2/4 |
| 18. Ms. Sasisopa Wattakeecharoen | | | | | | 4/4 |
| 19. Ms. Suporn Rungpitayatorn | | | | | | 1/4 |
| 20. Mr. Pitipong Tiasuwan | | | | | | 2/3 |
| 21. Mr. Kanching Devahasdin Na Ayudhaya | | | | | | 4/4 |
| 22. Ms. Tipanan Nontaman | | | | | | 1/1 |

Remark:

1. No. 1-10 are ten Members of the Board of Directors.
2. No. 3-5 and No. 10-13 are seven Members of the Group Executive Committee. For No. 3 retired of the Director on May 13, 2016.
3. No. 7-9 are three Members of the Audit Committee.
4. No. 2-7 are six Members of the Nomination and Remuneration Committee.
5. No. 2, 4-5, 10 - 11 and 13-14 are seven Members of the Finance & Risk Management Committee.
6. No. 4, 12 and 15-20 are nine Members of the Core Values and CSR Committee. For No. 21-22 resigned of the Company and Core Values and CSR Director on August 10, 2016 and December 29, 2016 respectively.
7. Figures in the table mean the number of meeting participation /number of total meetings to be hold when the Directors are in the position.

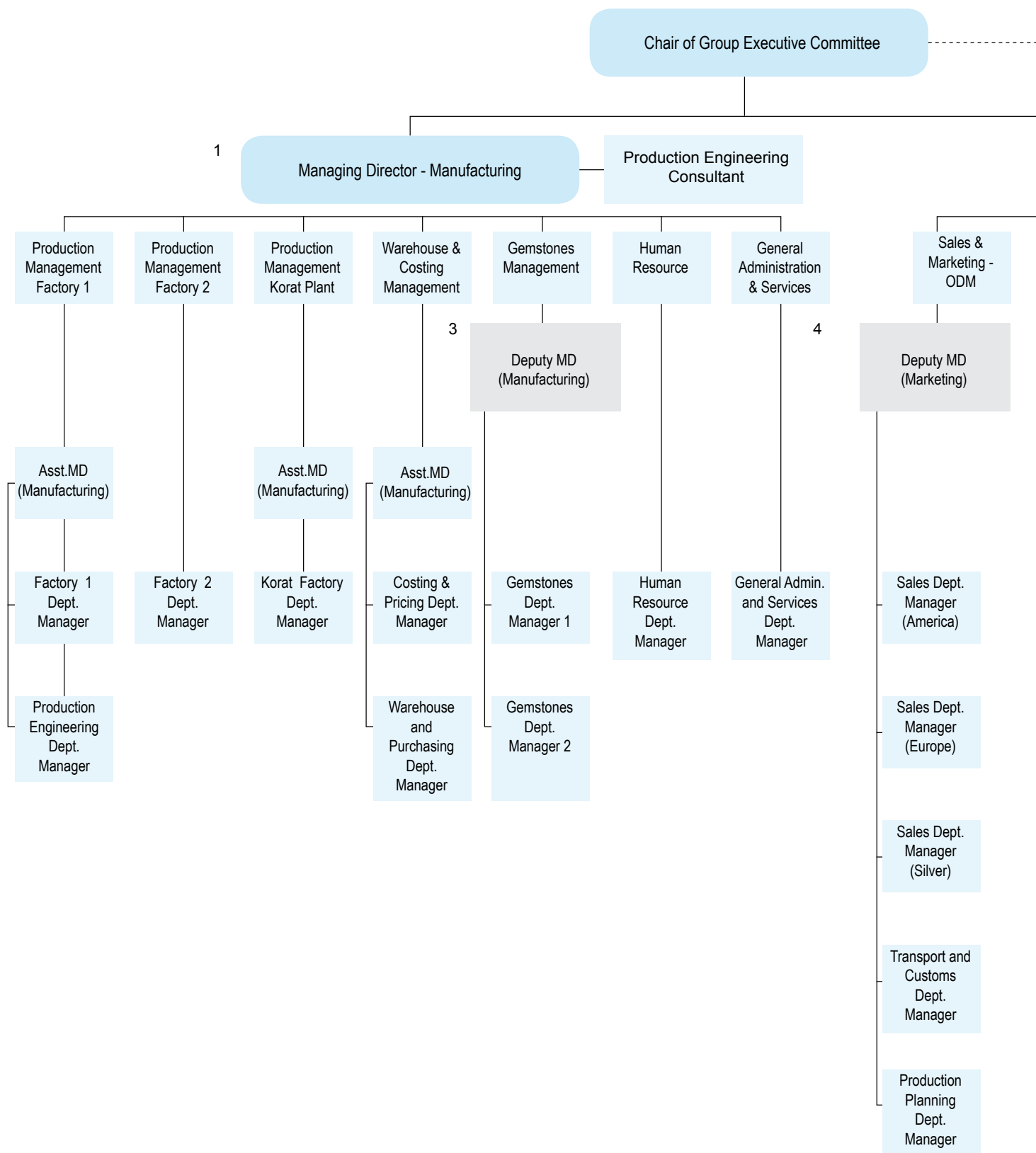
2. Executives of the Company

In February 2017, the company had adjustment management structure resulted in the number of Executives according to definition of the Securities and Exchange Commission amounting to 5 persons (before adjusted management structure had the Executive amounted to 11 persons). The name of Executive^{/1} according to definition of the Securities and Exchange Commission are as follow:

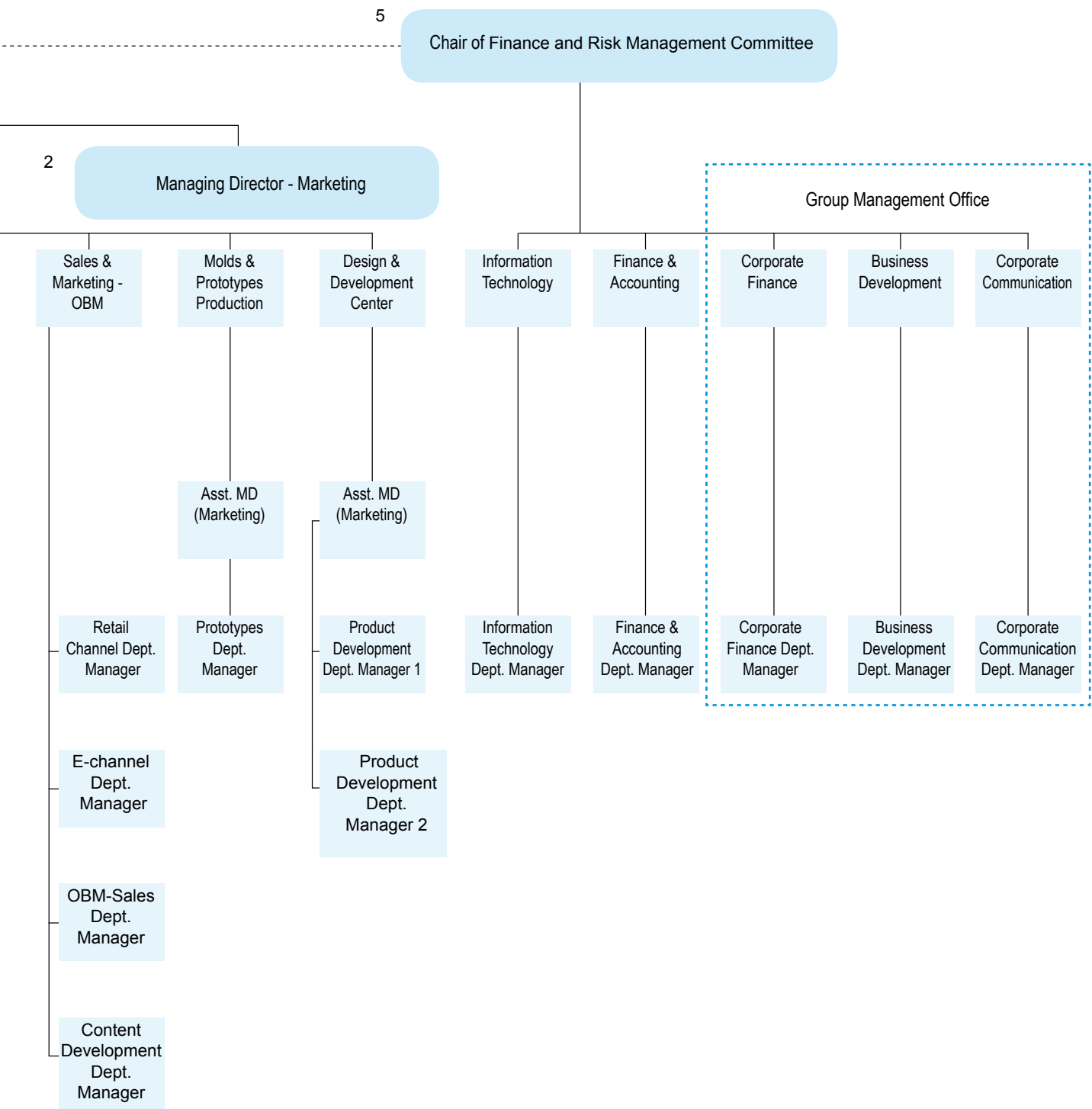
| Name | | Position |
|----------------|------------------|---|
| 1. Mr. Pramote | Tiasuwan | Managing Director (Manufacturing) |
| 2. Mrs. Pranee | Khunprasert | Managing Director (Marketing) |
| 3. Ms. Pittaya | Tiasuwan | Deputy Managing Director (Manufacturing) |
| 4. Mr. Decha | Nuntanajaroenkul | Deputy Managing Director (Marketing) |
| 5. Mr. Chanat | Sorakraikitikul | Chairman of Finance & Risk Management Committee |

Note: The Executives^{/1} mean the Managers, or the Executives who hold the first four positions lower than the Manager of the Company (the top management position of the Company), the Executives who hold the position equivalent to the first four executive positions including those who hold management positions in the Accounting or Finance from the level of Department Managers or equivalent onwards.

Management Structure of Pranda Jewelry Pcl.



1-5 are the executives of the company as announced by The Securities and Exchange Commission



3. The Corporate Secretary : Mr. Dusit Chongsutthanamanee

The Board of Directors has resolved to appoint Mr. Dusit Chongsutthanamanee as the Corporate Secretary of the Company on December 19, 2008. The Corporate Secretary is appointed to help proceed the business activities of the Company and of the Board of Directors, such as the holding of shareholders' meeting, and to provide the advice to the Directors or the Company pertaining to compliance with the relevant laws and regulations. The Corporate Secretary is also responsible to ensure the accuracy, completeness, and transparency of the information disclosure of the Company's Directors and the Company as stipulated in the good corporate governance practices.

Qualifications and Experience

1. Having basic knowledge of the laws and regulations governed by the governmental supervisory unit with regard to the Public Company Act and the relevant securities and exchange laws.
2. Having knowledge and understanding in the principles of good corporate governance and best practices for corporate governance.
3. Having knowledge in the business nature of Company, and having strong communication skill.

Roles and responsibilities of Corporate Secretary

1. To prepare and keep the important documents of the Company as follows:
 - [A] The registration of Director.
 - [B] Invitation notice to attend the Board of Directors' meeting, Minutes of the Board of Directors' meeting, and the Annual Report of the Company.
 - [C] Invitation notice to attend the shareholders' meeting, and Minutes of the shareholders' meeting.
2. To collect the report of related interest submitted by the Directors and the Executives.
3. To carry out the other tasks as stipulated by the Capital Market Supervisory Board.
4. To provide the basic advice pertaining to the laws, regulations of the Company to the Directors, and follow up the operation to ensure the compliance with the said rules and regulations on regular basis, as well as to report any significant changes to the Board of Directors.
5. To provide the advice to the Directors of the Company to prepare the report of related interest of the Directors, and to submit the said report to the Chairman of the Board and the Chairman of the Audit Committee.
6. To prepare the report of important information of the Company and/or summarize the resolutions of the Board of Directors' meeting so as to later report to the Stock Exchange of Thailand both in Thai and English version.
7. To prepare the draft of administrative policies, such as the Corporate Governance Policy, and so on.
8. To inform the resolutions and policies determined by the meeting of the Board of Directors and of shareholders to the related Executives, as well as monitor the succeeding operations to be in compliance with the said resolutions and policies.
9. To coordinate with the governmental supervisory units, such as the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Ministry of Commerce.
10. To communicate with the shareholders in an appropriate manner to enable them to acknowledge the rights of the shareholders, and to receive the information of the Company.
11. To ensure that the Company and the Board of Directors shall perform business operations in compliance with the laws and regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand, and the other relevant laws.
12. To organize the Secretary Office to be the center of corporate records of the Company, such as the register of juristic person, the memorandum and articles of association, the register of shareholder, and the other business licenses.
13. To facilitate the business activities of the Board of Directors.

In 2016, for development in the secretary work and good corporate governance, the Corporate Secretary has been trained the Company Secretary Program (CSP) 74/2016 from Thailand Institute of Directors (IOD).

4. Remuneration of the Directors and the Executives of the Company

1. Financial remuneration during January 1, 2016 to December 31, 2016.

[A] Remuneration for Director Position/1 comprises salary, position allowance and bonus.

Unit: Million Baht

| Name | Remuneration to the Directors | | | |
|--------------------------------|--|---|--|---------------|
| | Position | The Board of Directors (Salary and bonus) | The Audit Committee (Position Allowance and bonus) | Total |
| 1. Mr. Prida Tiasuwan | Chairman of the Board | 5.088 | | 5.088 |
| 2. Mr. Verachai Tantikul | Independent Director/ Chairman of Audit Committee/ Chairman of Nomination and remuneration Committee | | 0.780 | 0.780 |
| 3. Mrs. Rawittha Pongnuchit | Independent Director/ Member of Audit Committee | | 0.520 | 0.520 |
| 4. Mr. Chamnong Watanagase | Independent Director/ Member of Audit Committee | | 0.520 | 0.520 |
| 5. Mrs. Panidda Tiasuwan | Advisor to the Company's Board of Directors/ Member of Nomination and remuneration Committee | 1.300 | | 1.300 |
| 6. Mrs. Prapee Sorakraikitikul | Director/ Member of Finance & Risk Management Committee/ Member of Nomination and remuneration Committee | 1.586 | | 1.586 |
| 7. Mrs. Sunanta Tiasuwan | Director/ Member of Nomination and remuneration Committee | 1.159 | | 1.159 |
| Total Remuneration | | 9.133 | 1820 | 10.953 |

Note: ^{/1} The other 3 Directors do not receive the remuneration in the list [A], but receive the remuneration in the list [B]

^{/2} During 2016, For Director position, Mrs. Panidda Tiasuwan has received the remuneration which effective from January 1, 2017 onwards.

[B] Total remuneration of the Executive Directors and the Executives of the Company

| | Type of Remuneration | No. (person) | Amount (Million) Baht] |
|------------------------------------|--|--------------|------------------------|
| Executive Directors and Executives | Salary, Bonus, Compensation Benefit for Retirement | 11 | 25.730 |

Note: 1. Three Directors are entitled to receive remuneration for Executive Director Position.
2. The above remuneration is not included the remuneration for the Accounting and Finance Manager.

2. Other remunerations

2.1 Provident Fund

The Company has contributed the additional provident fund for the Directors, Executive Directors, and the other Executives in 2016 as per following details,

[A] Directors Position

| Name | Amount (million Baht) |
|---------------------------------|-----------------------|
| 1. Mr. Prida Tiasuwan | 0.2231 |
| 2. Mrs. Panidda Tiasuwan | 0.0570 |
| 3. Mrs. Prapree Sorakraikitikul | 0.0695 |
| 4. Mrs. Sunanta Tiasuwan | 0.0522 |
| Total | 0.4018 |

[B] Executive Directors and Executive Position

| | No. (person) | Amount (million Baht) |
|------------------------------------|--------------|-----------------------|
| Executive Directors and Executives | 11 | 1.111 |

5. Human Resource

Number of Company and its subsidiaries employees as at December 31, 2016 as follow;

| Number of employees | Production | Distribution | Retail | Others | Total |
|--|--------------|--------------|------------|----------|--------------|
| Employees in operation/ Service Unit (persons) | 2,311 | - | 265 | 4 | 2,580 |
| Employees in office (persons) | 621 | 130 | 89 | 3 | 843 |
| Total (persons) | 2,932 | 130 | 354 | 7 | 3,423 |

Note : The company has no labor controversy

Employee Remuneration

The Company realizes human resources is the most value resources, therefore fair remuneration and benefits are given. The Company revises remuneration scheme and other benefits provided to employees to make sure that remuneration rates are competitive when compared to others in the same industry. On top of that, Key Performance Indicator (KPI) is used to measure performance of the employees when compared to the Objective Measurement.

In 2016, the total remuneration amounting 994.95 million Baht is paid by the Company and the subsidiaries in form of monthly salary, wage and bonus including other benefits, which is classified into 3 main categories as mentioned hereafter.

1) Financial Aid

The following financial aids are granted in the case of ordination, marriage, childbearing, death of the management and employees, death of parents, spouse and child of the management and employees according to company's related regulations.

2) Health and Insurance - for example, annual health check-up, group health insurance and group accident insurance

2.1 Annual Health Check-up

The Health Check-up is provided to the management, supervisors, senior officers, workers at risk and Dual Education students.

2.2 Group Health Insurance

The group insurances are personally provided as follows.

- Life and health group insurance for the management
- Accident insurance and international travel and health insurances
- Travel insurance
- Group accident insurance

3) Fund - for instance, Provident Fund, Workmen's Compensation fund and Social Security Fund

3.1 The Provident Fund

The provident fund is rendered as saving assurance for the employees who are retired or resign from the Company with the qualification that the entitled management must work for the company for 3 years whilst no less than 5 years or more for the employees.

3.2 The Workmen's Compensation Fund

The Compensation Fund has been registered in according to Compensation Act.

3.3 The Social Security Fund

The Social Security Fund has been registered in accordance with Social Security Fund Act.

Human Resources Management Policy

As the Company considers human resources as the key factor measuring business success, the developments of knowledge, skill and working expertise together with motivation, good working environment are arranged for employees in according to the Company's vision that emphasizes on participation of the employees. Besides, the Company has three corporate values or core values - Teamwork, Continuous Improvement and Stakeholder Focus – which are considered the Hearts of PRANDA. Additionally, the Company is providing good working environment and facilities to the employees to feel relaxed in accordance with Work Life Balance with happinesses both at home and at work. The Quality Standard ISO 9001:2015 is also used in the entire organization and retainment of competent employees to stay with the organization is made as well, which brings about efficiency in work in the end.

In house training and Public training including on the job training are conducted and the employee's knowledge and competency management to keep up on changes is also practiced. The employees who have already passed the orientation course are permitted to have the trainings namely, Basic Knowledge of Jewelry Business, Self-Assessment Learning, An Emergency Response Plan for Chemical Spills, Forklift Maintenance for Safety, the Plant Safety and The Measures of Anti-Corruption and Money Laundry.

The entire budget used for trainings and seminars in 2016 is 580,000 Baht for 115 trainings with average training hours of 2.80 days per person per year. The quality of training measured by the evaluation of level of satisfaction is 85.12 percent.

Corporate Governance

Pranda Jewelry PCL. is committed to operate the business with good corporate governance by building awareness and work ethic to employees as well as giving considerable concern to provide benefits of the shareholders and stakeholders fairly. Since the year 2000 the Company has been having a policy regarding good corporate governance in writing to be the guidelines for the Board of Directors, Management and all employees to follow. The principles of good corporate governance have been practiced in daily administration at all levels till they become good corporate culture that builds the shared values for all employees to adhere with together in relation to fair treats to all stakeholders, working in full capacity with integrity, transparency and accountability for the benefit of the corporate, which finally brings trust and confidence to the shareholders, investors, stakeholders and any parties concerned. The Executive Directors have therefore kept monitoring the business operation to be in compliance with the principles of good corporate governance of The Stock Exchange of Thailand (SET) and the regulations of the Securities and Exchange Commission (SEC) and the Capital Market Commission. This is to ensure the corporate government consistently meets the international standard practices and efficiently strengthen not only the management system but also the sustainability of business growth.



In year 2016 the Company has been estimated in the Corporate Governance Report of Thai Listed Companies 2016 with 4 stars as “Very Good” corporate governance. The Company is not only one of the 195 listed companies rated “Very Good” out of the grand total of 601 companies but also one of the 48 companies of the Top Quartile group listed with 1,000 - 2,999 million Baht of market values, of which there are 187 companies in total according to the survey of corporate governance of listed companies in the year 2016, organized by the Stock Exchange of Thailand, The Securities and Exchange Commission Thailand and the Thai Institute of Directors.

1. Corporate Governance Policy

The Board of the Directors has set up the policy of good corporate governance written in the Corporate Governance Manual since the year 2000 and reviewed as well as adjusted the policy to be in line with the corporate strategies and the Guidelines on Corporate Governance for the listed companies in the year 2013 of the Stock Exchange of Thailand (SET) and the regulations and the Corporate Governance Report of Thai Listed Companies: CGR of the Institute of Directors of Thailand (IOD). Also, the Board of Directors has appointed an executive secretary to revise the Corporate Governance and Code of Conduct Manual in the year 2016 as the 4th revised as of February 27, 2016 to conform to the rules and to categorize its contents to be clearer and well covers the corporate governance issues. This policy has been thus set up as the operational guidelines or frameworks for the Executive Directors, Management team and employees at all levels to sign up and adhere to as mentioned hereunder.

1. The Board of Directors, Management and all employees must follow the Corporate Governance and Code of Conduct Manual with trust, faith and understanding of the corporate governance that is relevant to the Philosophy of Economic Sufficiency of H.M the Late King Bhumibol Adulyadej who gave an advice on sustainable development that focuses on balance and readiness to rapid changes by giving importance to use of knowledge with carefulness and ethics to complement to the 8 basic principles of the Company as follows.

- Accountability: being accountable for your own decisions and actions and can clarify or justify such decisions.
- Responsibility: being responsible for duties with capacity and efficiency.
- Integrity: having the quality of being honest and having strong moral principles.
- Equitable Treatment: treating stakeholders with equality and fairness.
- Transparency: performing duties with transparency and verifiability as well as transparent disclosing information to all parties concerned.
- Ethics: having moral principles of conducting business.
- Vision to Create Long Term Value: having vision to create added values to the corporate in the long term.
- Corporate Social Responsibility: being responsible for society.

2. The Board of Directors, Management and employees will practice corporate governance in business administration at all levels to become a good corporate culture.

3. The Board of Directors, Management and employees will adhere to fairness by equally treating stakeholders and work with full capacity for the benefits of the Company, honesty and transparency, which can be verified.

4. The Board of Directors, Management and employees may advise to improve the corporate governance policy to be applicable to the standards of business practices, changing needs of society and international standards.

5. Practice of corporate governance is considered a key indicator to evaluate business management by the Board of Directors and Management as well as evaluation of employees' performance.

6. The Board of Directors will review vision, mission and strategies annually.

2. Sub-committees

The Board of Directors has appointed committees to scrutinize and oversee each operation of the Company in order for the Board of Directors to perform their duties efficiently and effectively. Sub-Committees are composed of the Group Executive Committee, Audit Committee, Nomination and Remuneration Committee, Finance and Risk Management Committee and Group Corporate Values and Social Responsibility Committee. And on November 10, 2016, the Board of Directors approved the review of the Sub-Committee charter revision. The review of the Sub-Committees' operation is as follows.

2.1 Group Executive Committee

The Group Executive Committee is comprised of six members, three of whom are from the Board of Directors; the other three persons are selected from persons with expertise in the industry. The term of performance of the Group Executive Committee is 3 years. Members who complete the full term may be reappointed to another term. The names of the Board of Group Executive Committee are as follows:

| Name | | Position |
|-----------------|------------------|--|
| 1. Mrs. Pranee | Khunprasert | Chairman |
| 2. Mr. Pramote | Tiasuwan | Managing Director (Manufacturing) |
| 3. Ms. Pittaya | Tiasuwan | Deputy Managing Director (Manufacturing) |
| 4. Mr. Decha | Nuntanajaroenkul | Deputy Managing Director (Marketing) |
| 5. Mr. Chanat | Sorakraikitikul | Executive Director |
| 6. Mr. Chatchai | Teekaverakit | Executive Director |

Names of the advisors to the Group Executive Committee

- | | |
|-----------------|-----------------|
| 1. Mrs. Prapee | Sorakraikitikul |
| 2. Mrs. Panidda | Tiasuwan |
| 3. Mrs. Sunanta | Tiasuwan |

Qualifications

1. The Committee shall be persons who have competency, integrity, ethical business practices and have sufficient time to devote their knowledge and capabilities and perform their duty to the Company.
2. They must possess the qualifications and be free of any disqualifications under the Securities and Exchange Act as the Company's Management.
3. The Committee members shall not act as partners or become directors in other juristic persons that have the same nature and are in competition with the Company, whether for their own benefit or that of any other person, except when informing the Shareholders' Meeting prior to their appointment.

Authority of Group Executive Committee

1. Appoint, remove, transfer, evaluate employees and determine remuneration and welfare for employees at various levels.
2. Appoint and remove other committees as necessary to support the operation of its subsidiary and associated companies.
3. Obtain advice from experts or consultants of the Company (if any) or hire consultants or outside experts if necessary at the expense of the Company.
4. Issue notifications on working operations and delegate Executive Directors and/or employees who are in Management as signatories to approve disbursement of the assets of the Company.
5. Approve acceptance or cancellation of credit line within an amount not exceeding Baht 50 million/year.
6. Approve the loans to related parties which are also shareholders of the Company within the credit line not exceeding Baht 50 million/entity/year.
7. Approve the capital increase of Subsidiaries and Associates in an amount not exceeding Baht 50 million.
8. Approve to enter into the guarantee agreements upon credit facility for the related parties who are also shareholders of the Company, or the trading partners, or the other companies within the limit of not exceeding Baht 50 million.
9. Approve the sale or purchase of equity and/or debt instruments within the limit of not exceeding Baht 10 million/year.
10. Approve the investments in fixed assets within the limit of not exceeding Baht 20 million/year.
11. Approve the renovation, elimination or liquidation of fixed assets and/or intangible assets, which have been discontinued, damaged, lost, destroyed, deteriorated or obsolete and cannot be used with a book value of not over Baht 5 million/year.
12. Approve the general expenditure of the Company which is Baht 500,000 or more, but not exceeding Baht 10 million.
13. Approve the purchase of goods, raw material and consumables within the limit of Baht 5 million or more, but not more than Baht 10 million.
14. Approve of the cost of donations to charity and funding in amounts ranging from Baht 200,000 or more, but not exceeding Baht 500,000.
15. Approve of the cost of gifts and hospitality in amounts ranging from Baht 50,000 or more, but not exceeding Baht 100,000.
16. Approve re-pricing or elimination of raw material and/or inventory which is deemed to be damaged or obsolete, of which the book value may be reduced to the actual value.
17. Approve the compromises, dispute resolutions by arbitration, grievances, litigations and/or the implementation of any judicial procedure on behalf of the Company for matters of a non-commercial nature of a company with a capital of less than Baht 2 million/year, or matters of a commercial nature of a company with capital not exceeding Baht 20 million/year.

18. Approve sending employees to work or to study abroad with a limit of not exceeding Baht 1,000,000 each time.
19. Approve business transactions which are not a normal business of the Company within the limit of not exceeding Baht 10 million each time.
20. Delegate any Executive staff of the Company or any other person to be an authorized person on behalf of the Committee.
21. Require Executives or connected staff of the Company to give information or opinions, attend meetings or submit documents as deemed relevant and necessary.
22. Issue other regulations as deemed appropriate.

Scope of Duties and Responsibilities of Group Executive Committee

1. To determine the goals and business strategies of the Company, overseeing the operations of the Company in accordance with the vision, mission, strategies, and policies of the Board of Directors, laws, conditions, rules, regulations and the Articles of Association.
2. To establish the guidelines for the operation, development and business expansion according to the vision, mission, strategies, policies and resolutions of the Board of Directors.
3. To appoint the Company's Executives to fulfill duties in every position, except the appointment of High-ranking Executives, who must be approved by the Board of Directors, including authorizing any person to act on behalf of the Committee within the scope of duties and responsibilities as the Committee deems appropriate.
4. To determine the rules of practice for the employees of the Company which are not contrary to regulations and related laws.
5. To approve the structure of positions, salaries and other employee benefits, as well as endorse the management structure from the Division level down.
6. To review the Company's quarterly/yearly performance as well as budget and asset management, prior to submitting to the Board of Directors for consideration.
7. To approve the annual budget and oversee, monitor and appraise the operating performance to ensure compliance with the policy, goals and budget plans as approved and approve bonuses, rewards and other benefits to employees to boost the employees' morale.
8. To ensure the Company has an appropriate and sound internal control system in cooperation with the Audit Committee.
9. To empower the Chairman of the Board of Directors to supervise the Committee to perform the duties and responsibilities as described above in an effective and efficient manner.
10. To manage the Company to conduct businesses with transparency, applying principles of good governance and not to support corruption in any form, whether directly or indirectly.

Managing Director

Scope of Duties and Responsibilities

1. To have the authority to manage the business operations of the Company in accordance with the policies, laws, objectives and the Articles of Association, regulations and resolutions of the Board of Directors and Executive Committee as well as related rules of practice.
2. To have the authority to order or perform any action necessary and appropriate in order to ensure the successful implementation of item no. 1, above, and in important matters, to report and/or inform the Board of Directors and/or the Executive Committee.
3. To have the authority to issue regulations governing the operation of the Company consistently and which do not conflict with policies, rules, regulations, provisions, orders and any resolution of the Board of Directors and/or Executive Committee.
4. To empower and/or delegate others to perform specific tasks on behalf of the Managing Director.

5. To promote and encourage the Company to conduct business ethically, complying with the law, morality, culture and the principles of good governance.
6. To perform any other assignments from the Board of Directors and/or Executive Committee.
7. The use of such authority by the Managing Director is not permitted if the Managing Director is deemed to have any form of related interest or conflict of interest with the Company.
8. To hire, assign, appoint and discipline staff and employees and to terminate employment of staff and employees, as well as to promote salaries and benefits of employees, excluding staff or employees who must be hired, appointed and disciplined or dismissed by the Board of Directors of the Company as predetermined by the Board of Directors or the Company's regulations. In compliance with such authority, the Managing Director may assign the Deputy Managing Director or other persons to perform the duty on his/her behalf.
9. To determine employment conditions for staff or employees, order or prescribe administrative and operational procedures which do not violate the Company's regulations or resolutions of the Board of Directors and Executive Committee.
10. To perform any tasks in accordance with the Company's regulations and the resolutions of the Board of Directors and Executive Committee and to determine the scope of duties for staff and employees at various levels to fulfill for the benefit of the Company.

2.2 Audit Committee

The Board of Directors recognizes the importance of good corporate governance. It has approved the establishment of the Audit Committee on January 29, 1999 to be a key instrument for the Board of Directors to supervise and control management standards to be accurate, transparent with good internal control with reliable reporting systems, useful to investors and all related parties, following the guidelines and qualifications set forth by the Stock Exchange of Thailand. The Audit Committee is fully independent in its functions and reports directly to the Board of Directors. The composition and qualifications of the Audit Committee is in accordance with the rules of the Securities and Exchange Commission. The scope of duties and responsibilities comply with the requirements of the Stock Exchange of Thailand and is clearly stated in the Charter of the Company. And the internal auditors shall review the adequacy of the Company's internal audit and internal control, and submit the auditing results directly to the Audit Committee.

The Audit Committee is currently comprised of three members, all of whom are Independent Directors. The term of office is three years. The Board of Directors appointed the Audit Committee and the Internal Auditing Office's Manager to serve as Secretary of the Audit Committee. The current members of the Audit Committee are as follows.

| Name | | Position |
|------------------|------------|----------|
| 1. Mr. Verachai | Tantikul | Chairman |
| 2. Mrs. Rawittha | Pongnuchit | Director |
| 3. Mr. Chamnong | Watanagase | Director |

Note: No.3 Member is the accounting and financial specialist.

Qualifications

1. The member shall be persons who have competency, integrity, ethical business practices and have sufficient time to devote their knowledge and capabilities and perform their duty to the Company. Possess sufficient knowledge and experience to serve as Audit Committee. At least one member of the Committee must have sufficient knowledge and experience to review the credibility of financial statements.

2. All members must be Independent Directors as determined by the regulations of the Notification of the Securities and Exchange Commission which details could refer from issue 4 of qualifications of the Board of Directors of the Company in Management Structure section.
3. The Committee members must not be Directors who are assigned or authorized by the Board of Directors to be able to make operational decisions for the Company, Parent Company, Subsidiaries, Associates, same-level Subsidiaries or major shareholders or controlling authorized person.
4. The Committee members must not be Directors of any listed Parent Company, Subsidiaries or same-level Subsidiaries.

Authority of the Audit Committee

1. The Audit Committee is authorized to require directors, sub-committee members executives and employees of the Company to clarify, give opinions, attend meetings or submit documents deemed necessary, as well as access information at all levels of the organization.
2. The Audit Committee may consult with experts or consultants of the Company or hire outside consultants or experts, if necessary, at the expense of the Company.

Scope of Duties and Responsibilities of the Audit Committee

1. To review and ensure the Company's accurate and reliable financial reporting including adequate disclosure by cooperating with the Certified Public Accountant and Executives responsible for the preparation of financial statements.
2. To review that the Company has an appropriate and effective system of internal controls and internal audits and analyze the independence of the Internal Auditing Office as well as approve the appointment, transfer and dismissal of the Chief Executive of the Internal Auditing Office or any other agency responsible for internal audit.
3. To ensure that the Company complies with the laws relating to securities and the Stock Exchange, the regulations of the Stock Exchange of Thailand and laws governing the Company's business.
4. To evaluate, select nominate and terminate independent persons to act as the External Auditor of the Company, and to determine the remuneration of such persons, with regard to the reliability, adequacy of the resources and experience of such Audit Office. In addition, the Audit Committee shall arrange a meeting with the External Auditor without any Management staff in attendance at least once a year.
5. To evaluate related transactions or transactions that may have a conflict of interest to ensure compliance with the laws and requirements of the Stock Exchange of Thailand, in order to ensure that such transactions are made on a reasonable basis, for the best interest of the Company
6. To prepare the report of the Audit Committee to be disclosed in the Annual Report of the Company. Such reports must be signed by the Chairman of the Audit Committee and must contain at least the information according to the requirements of the Stock Exchange of Thailand Re: Qualifications and Scope of Work of the Audit Committee, as well as the disclosure of duties as assigned by the Board of Directors. The report shall contain at least the following:
 - A. Opinions on the accuracy, completeness and reliability of the financial statements of the Company.
 - B. Opinions on the adequacy of the internal controls of the Company.
 - C. Opinions on compliance with the laws pertaining to securities and stock exchange, requirements of the Stock Exchange of Thailand or the laws relating to the Company's business.
 - D. Opinions on the adequacy of the External Auditor.
 - E. Opinions on the transactions that may have conflicts of interest.
 - F. Total number of the Audit Committee meetings and attendance of each member of the Audit Committee.
 - G. Opinions or observations which the Audit Committee obtains from performing duties as prescribed in the Charter of the Company.
 - H. Other matters deemed necessary to inform shareholders and general investors under the scope of duties and responsibilities as assigned by the Board of Directors.

7. To revise the Charter of the Audit Committee by reviewing and assessing its adequacy and sufficiency based on the possible change of events or situations, and present it to the Board of Directors for approval.
8. To review the audit summary concerning corruption and prescribe measures to prevent corruption within the organization.
9. To review anti-corruption guidelines and comment on its appropriateness and compliance with the anti-corruption policy of the Company.
10. To receive the other opinions from every subcommittee in order to ensure internal control and report to the Board of Directors.
11. To perform other tasks assigned by the Board of Directors and approved by Audit Committee.

2.3 Nomination and Remuneration Committee

The Board of Directors has approved the appointment of the Nomination and Remuneration Committee on May 12, 2004 comprising of six members, one of whom is an Independent Director and acting as Chairman of the Committee. Members shall hold office for a term of three years. In this regard, the Nomination and Remuneration Committee members who finished their term may be appointed by the Board of Directors of the Company. The names of the Nomination Committee and Remuneration Committee are as follows:

| Name | Position |
|--------------------------------|----------|
| 1. Mr. Verachai Tantikul | Chairman |
| 2. Mrs. Prapee Sorakraikitikul | Director |
| 3. Mrs. Sunanta Tiasuwan | Director |
| 4. Mr. Pramote Tiasuwan | Director |
| 5. Mrs. Pranee Khunprasert | Director |
| 6. Mrs. Panidda Tiasuwan | Director |

Advisors to the Nomination and Remuneration Committee

1. Mr. Prida Tiasuwan
2. Ms. Pittaya Tiasuwan

Qualifications

1. Directors shall possess knowledge, competency, integrity and ethical business practices and have sufficient time to devote knowledge and ability to fulfill duties to the Company.
2. Directors shall not act as partners or become directors in other juristic persons that have the same nature and are in competition with the Company, whether for their own benefit or that of any other person.

Authority of the Nomination and Remuneration Committee

1. Consult with experts or consultants of the Company or hire outside consultants or experts, if necessary, at the expense of the Company.
2. Authorized to require Management or employees of the Company to clarify, give opinions, attend meetings or submit documents deemed necessary.

Scope of Duties and Responsibilities of the Nomination and Remuneration Committee

1. Propose principles and guidelines for the selection of Directors, Independent directors, Sub-committee members and High-ranking Executives of the Company, including propose criteria and guidelines in considering remuneration.
2. Recruit, select and nominate qualified persons for the position of High-ranking Executives to the Board of Directors for approval of their appointment and remuneration.

3. Propose criteria, methods and procedures for evaluating the performance of High-ranking Executives to the Board of Directors
4. Evaluate the performance of Board of Directors of the company, Sub-committee members and High-ranking Executives of the Company as delegated by the Board of Directors.
5. Review the Company's remuneration policy and compensation administration process to comply with the conditions of the current labor market conditions.
6. The Chairman of the Nomination and Remuneration Committee shall supervise the Committee to fulfill the duties and responsibilities listed above with efficiency and effectiveness.

2.4 Finance and Risk Management Committee

The Board of Directors has approved to appoint the Group Finance Committee, whose term is established to be three years. A Finance and Risk Management Committee whose term has been completed is allowed to be re-instituted. The Committee is comprised of seven individuals, whose names are listed as follows:

| | Name | Position |
|----------------|--------------------|-----------------|
| 1. Mr. Chanat | Sorakraikitikul | Chairman |
| 2. Mrs. Prapee | Sorakraikitikul | Director |
| 3. Mr. Pramote | Tiasuwan | Director |
| 4. Mrs. Pranee | Khunprasert | Director |
| 5. Ms. Pittaya | Tiasuwan | Director |
| 6. Mr. Decha | Nuntanajaroenkul | Director |
| 7. Mr. Dusit | Chongsutthanamenee | Director |

List of Names of those who comprise the Advisors to the Finance and Risk Management Committee:

1. Mr. Prida Tiasuwan
2. Mrs. Sunanta Tiasuwan
3. Mr. Wiboon Srisurin

Qualifications

1. Directors of Finance and Risk Management must be persons of knowledge, skill and honesty and integrity who hold to ethical business practices and have sufficient time to devote their knowledge, abilities and duties to the Company.
2. Directors of Finance and Risk Management shall not act as partners or become directors in other juristic persons that have the same nature and are in competition with the Company, whether for their own personal benefit or for the benefit of other persons.

Authority of the Finance and Risk Management Committee:

1. Advise specialists or advisors (if any) or hire external specialists or advisors as necessary using the expenditures of the Company.
2. Invite relevant Sub-committee members, Executives or company staff to give information or opinions, join meetings, or submit documents as deemed necessary.
3. Appoint Sub-Committees and/or add or replace any persons into the Risk Management Sub-Committee and/or into other Units or Panels related to risk management matters as deemed appropriate, and determine their roles and responsibilities to meet operational objectives.

Scope of Duties and Responsibilities of the Finance and Risk Management Committee:

1. To acquire funding according to the resolutions of the Board of Directors for use in the Group's business operations.
2. To conduct feasibility and profitability studies of the investment projects to be proposed to the Board of Directors for approval.
3. To oversee and analyze the operating performance of Subsidiaries and other investment projects to propose to the Board of Directors for approval on possible improvements and modifications.
4. To provide consideration and opinion on the policy and risk management framework to be proposed to the Board of Directors for approval.
5. To formulate the acceptable Risk Appetite to be proposed to the Board of Directors for acknowledgement.
6. To monitor the development and operations of the Company to be in compliance with its risk management policies and framework on a continual basis to ensure effective and continuous risk management for the Group, and an efficient risk management system which the entire organization consistently adheres to.
7. To review the report of risk management so as to follow up on significant risk events, and to ensure that the Company performs adequate and proper risk management.
8. To cooperate with the Audit Committee on significant potential risks and with the Internal Audit Department to ensure that the Company performs appropriate internal controls to be able to handle various risks, also ensuring that the Company brings the risk management system to use in an appropriate manner that reaches the entire organization.
9. To report risk status and significant risk mitigation measures to the Board of Directors on a regular basis.
10. To provide advice or suggestions to the Risk Management Sub-Committee and/or the other Units or Panels related to risk management matters, and to establish suitable procedures to utilize information for the development of the risk management system.
11. To empower the Chairman of the Finance and Risk Management Committee to supervise the Committee to perform their duties and responsibilities as mentioned above in an effective and efficient manner.
12. Continually evaluate the risks that might occur in terms of corruption for each process, for example in the areas of sales and marketing, procurement, various contracts entered into, human resources management, accounting and finance, for starters – as well as finding appropriate solutions to these risks.

2.5 Core Values and CSR Committee

The Core Values and CSR Committee has important role to promote and support core values creation within the Group, it is necessary to build up the participation of all its employees. Therefore core value-building activities have been improved and systemized and performed continuously, as well as applying the activities into their work practices, lifestyle and living in harmony based on commonly held values. The Committee's term of office is three years which has completed its term may be re-appointed to the same role. The list of names of the committee is as follows:

| Name | | Position |
|-------------------|-----------------|----------|
| 1. Mr. Pramote | Tiasuwan | Chairman |
| 2. Mr. Somsak | Srirueangmon | Director |
| 3. Mr. Chartchai | Teekaveerakit | Director |
| 4. Ms. Nirarat | Tanalekhapat | Director |
| 5. Mrs. Chawee | Jarukornvasin | Director |
| 6. Ms. Sasisopa | Wattakeecharoen | Director |
| 7. Mr. Suporn | Rungpitayatom | Director |
| 8. Ms. Wanitchaya | Cherkit | Director |
| 9. Mr. Pitipong | Tiasuwan | Director |

Advisors to the Core Values and CSR Committee are:

- | | |
|------------------|--------------|
| 1. Mr. Prida | Tiasuwan |
| 2. Ms. Panida | Tiasuwan |
| 3. Ms. Chonvicha | Loekvitunkul |

Qualifications

1. Directors must be persons of knowledge, skill and honesty and integrity who hold to ethical business practices and have sufficient time to devote their knowledge, abilities and duties to the Company.
2. Directors shall not act as partners or become directors in other juristic persons that have the same nature and are in competition with the Company, whether for their own personal benefit or for the benefit of other persons.

Authority of the Core Values and CSR Committee:

1. Perform operations under the Corporate Value and CSR Policy of the Company.
2. To establish actions/projects/activities so as to represent the Company's vision in a tangible and appropriate manner within the expenditure limit of not exceeding Baht 500,000.
3. Conduct the making of a report of its work operations according to accepted criteria.

Scope of Duties and Responsibilities of the Core Values and CSR Committee:

1. To establish the Core Values and CSR policy of the Company.
2. To integrate the organization's vision into operational practices under the framework of the Core Values and CSR in a tangible and appropriate manner.
3. To encourage the acknowledgement of Core Values and CSR throughout the whole organization.
4. To systemize, administer, appraise and develop any actions or projects to promote the Core Values and CSR in a systematic manner as well as to support the appropriate application.
5. To promote communication and cooperation within the organization as a way to develop the cooperation among the employees to ensure all actions adhere to a common direction whereby promoting better understanding in the Corporate Policy and encouraging them to share a common vision so as to achieve the Company's goals.
6. To appoint a Working Panel and Secretary of the Committee to support the duty and responsibility of the Core Values and CSR Committee as deemed appropriate.

3. Nomination and Appointment of Directors and top management

The Company focuses on transparency in selection of the persons to be the Directors by giving right to the shareholders to propose appropriate persons to be the Directors. There is a committee to recruit and set up remuneration for the candidates who have proper qualification or the director who is retired or resign prior to submission to the Board of Directors for an approval. After that the committee will raise the name of the approved Director to the meeting of the shareholders for consideration on nomination and appointment.

3.1. Nomination of Independent Director

Nomination of Independent Director is carried out in accordance with the Board composition and qualifications of the Independent Director as detailed on the topic "Management Structure" and the regulations as announced by the Securities and Exchange Commission. The name of the Outside Director will be presented to the meeting of the Board of Directors and/or the meeting of the shareholders for appointment.

3.2 Nomination of Director and Top Management

3.2.1 Selection Criteria

(a) Director

The Board of Directors has appointed the Nomination and Remuneration Committee to recruit a person who has appropriate qualification suitable to be the Director of the Company and submit the name to the Board or shareholders for appointment (as the case may be). The nomination must be made with clearness and transparency. In compliance with the corporate governance pertinent to equal treat to the shareholders, the Board gives an opportunity to either the individual or group of shareholders who has no less than 5% of total shares with voting right to propose a person as the Director prior to the Annual General Meeting of Shareholders.

The criteria for appointment by shareholders are as follows.

1. One shareholder has one vote, meaning one share for one vote.
2. Each shareholder must use all his votes under (1) to elect a person or persons as Director/s, but cannot divide the votes to either one.

(b) Top Management¹

The Nomination and Remuneration Committee will recruit a quality person with proper qualifications based on his competencies to enhance efficiency in business operation and competitiveness of the corporate and submit to the meeting of the Executive Committee for an appointment with an approval from the Board of Directors.

Remark :¹ Top Management are Managing Director, Deputy Managing Director, Assistant Managing Director and other positions set out by the Board.

3.2.2. Process of the Selection of Directors

1. In selecting the Directors, the Nomination and Remuneration Committee shall determine the framework of the selection to ensure that the recruited persons shall be able to fulfill the two key fiduciary duties, which are the Duty of Care and the Duty of Loyalty. The criteria for the selection of Directors will take into account the structure of the Board of Directors, the Board Diversity, and suitable qualifications and necessary skills that are still lacking in the Board of Directors. A Board Skill Matrix is used to determine the qualifications of the required nomination based on the skills needed by the Board. The Nomination and Remuneration Committee may consider nominating an individual to the position of Director in the Company from the suggestions of other Directors of the Company, nomination of persons to be elected as Directors by the shareholders of the Company, recruitment by a professional search firm, recruiting from the Director pool of various agencies or recruitment by other processes which the Nomination and Remuneration Committee deems appropriate.

2. In addition to the list of nominations by the Nomination and Remuneration Committee, the minority shareholders have the opportunity to nominate suitable candidates to the Nomination and Remuneration Committee. The Committee shall determine the nomination period with sufficient evaluation time, allowing a process of due diligence as determined by the Committee before the Shareholders' Meeting. The Company discloses this information to the Stock Exchange of Thailand's system to inform the shareholders to post the nominations at the Company's website, and the biography of nominated candidates to the email Board@pranda.co.th. And individuals who are nominated as Directors are required to submit a written confirmation of acceptance for the position of director to the Company on or before December 31 of each year. When the Company has received all necessary documents and they are presented to the Nomination and Remuneration Committee for the selection and nomination of qualified persons according to legal and regulatory guidelines, based on experience, knowledge and capabilities that will best benefit the Company to propose the qualified to the Board of Directors for approval. Then, the Board of Directors

will further propose to the shareholder's meeting to select the Director of the Company. The voting result in the general shareholders' meeting shall be considered on the majority vote from the shareholders with voting rights who are attending the meeting. After being approved by the general shareholders' meeting or by the resolution of the Board's meeting (in case of replacement Director for the resigning Director), the Company shall hold an orientation for the newly appointed Director.

3. For clarity and transparency, the Committee shall disclose the recruitment policies and procedures for the nomination of Directors to the shareholders, including providing a nomination form that identifies the necessary information to support the recruitment selection.

4. Scrutinize and verify the names of the candidates for nomination as Director with the relevant agencies to ensure they are not currently blacklisted or withdrawn from the list which these agencies have prepared, as well as meet and interview the candidates who have been screened and selected as most suitable by the Nomination and Remuneration Committee.

5. In the nomination of Directors, the Nomination and Remuneration Committee proposes a list with the number of candidates exceeding the number of Directors to be recruited in order for the Board of Directors to choose the most appropriate to be presented to the Shareholders' Meeting for consideration according to the number to be nominated.

6. The Committee sends the names and biographies of the Directors selected for nomination to the shareholders ahead of time along with the notice of the meeting.

7. In case of nominating Directors who have finished their term to return to the position, the Director's contribution and record of attendance at Board meetings and shareholders' meetings are presented for shareholders to take into consideration as well.

8. In the presentation of the list of Directors for shareholders to consider, the Committee offers the opportunity for shareholders to vote for individual Directors, in order to allow shareholders the opportunity to consider the Directors individually. The results of the votes are disclosed at the meeting.

9. Provide orientation for new Directors officially before joining the Board of Directors' Meeting for the first time.

Upon the appointment of the new Directors, the Company will provide an orientation program for new directors who were appointed by providing a briefing of vision, mission and values of the Company including the preparation of documents for the newly appointed directors for their work. The guidelines, prepared for the orientation of new directors include:

1. The Pre-Orientation information provided includes a Company profile, the nature of the business operations of the Company, Group and Company Organizational Structure, the structure of the Major Shareholders and Directors, remuneration and benefits of Directors and Executives, financial position and results of operations for at least three years prior and the responsibilities of the Board of Directors in accordance with applicable law.

2. The information provided at the orientation when appointed as director by the Shareholders' Meeting are matters subject to compliance with the law, memorandum, Articles of Association, the scope of duties and responsibilities of the Board of Directors and Committees, Minutes of the Company's Board of Directors' Meeting one year prior, the Good Corporate Governance Guide for the Directors of Listed Companies prepared by the Stock Exchange of Thailand (SET), Corporate Governance and Business Ethics of the Company and laws relating to the business of the Company including important regulations of the Company, along with the Director Training Course and other information relating to the business operations of the Company and so on.

3. Meeting with the Chairman/Managing Director before the first meeting of the Board of Directors to inform new directors about the important policies of the Company, the organizational culture, and end expectations toward the knowledge, competency and experience of the new Directors in assisting the Board of Directors to fulfill their duties efficiently and effectively.

4.Managing Operations of Subsidiaries and Affiliates

4.1 Managing, supervising and taking responsibilities of subsidiaries and affiliates

In accordance with the Company's regulation, in order to nominate and to vote for the appointment of Directors in subsidiaries and affiliates, approval of the Board of Directors must be obtained by the proposition of the Executive Committee. The person appointed to be Director in the subsidiaries or affiliates has the obligation to act in the best interest of their respective subsidiary or affiliate. And the aforesaid Director must obtain approval from the Company's Board of Directors prior to voting for any motion at the level of importance which requires the approval of the Board of Directors. In this regard, sending the Company's Directors to be representatives in any subsidiary or affiliate shall be in accordance with the proportion of the Company's shareholding.

In addition, in the case of subsidiaries, the Company has stipulated that the appointed person must supervise the subsidiary to strictly comply with regulations regarding information disclosure, specifically in the area of connected transactions, and also regarding acquisition or disposal of assets, ensuring that the records are complete and accurate. Such records must be prepared according to the same regulations on information disclosure and record-keeping as that of the Company. The representative must ensure that the aforesaid subsidiary keeps complete records and thorough book-keeping in order to allow accounting verification and compilation of the consolidated financial statements by the deadline.

The Company has determined the PRANDA Group Financial Policy for the Management of Subsidiaries and Associated Companies as follows:

1. Subsidiaries and associated companies must submit the Annual Business Plan;
2. Subsidiaries and associated companies are required to submit the Annual Manpower Plan;
3. Subsidiaries and associated companies must submit the Annual Capital Expenditure Plan;
4. Subsidiaries and associated companies must submit the Annual Budget Plan.

All the plans mentioned above must be submitted to the Executive Committee for approval. The plans are scheduled to be submitted by October of each year; the plans are reviewed again in April of the following year.

The subsidiaries and associated companies must clarify the plans in writing if the outcomes differ from the plans. Moreover, if the subsidiaries and associated companies purport to borrow from financial institutions or pledge guarantees or make an agreement or enter into any legally-binding obligation including the appointment of an Auditor, they must receive approval by the Executive Committee.

4.2 Agreement between the Company and other shareholders in the Management of subsidiaries and associates

There is no other agreement on the Management of the subsidiaries and associated companies; the shared benefits are based on the normal proportion of shareholding.

5. Inside Information Control

The Company has determined the principles of best practice and the responsibilities of Executives and employees in the use of inside information in writing with the following key points, which are: not seeking their own or others' gains in their work performance, not disclosing the Company's confidential information and not using the Company's confidential information for their own or others' benefits without due consent from the Company, and not performing any action in a manner that may create a conflict of interest with the Company without first informing the Company. Persons knowledgeable of inside information of the Company, which has not yet been disclosed to the public, are not allowed to trade in shares of the Company for their own or others' gains. The Company has also prescribed penalties for cases of infringement by the irregular use of inside information. Violators will receive disciplinary punishment and/or lawsuits as deemed appropriate as the Company has prescribed the Code of Conduct concerning confidentiality and the use of inside information and trading in the Company's securities with the following guidelines and disciplinary punishments:

Practices

1. Directors, Executives, employees of the Company and its associates, and other inside persons shall protect the inside information and documents which cannot be disclosed to outsiders and which could lead to wrongful benefit-seeking actions for oneself or others or result in a loss to the Company.
2. Directors, Executives, employees of the Company and its associates, and other inside persons shall not use the confidential information of the Company for their own benefit or for others' benefit whether directly or indirectly and whether or not they receive remuneration for it, even when their duties have been terminated or they have resigned.
3. The Company has prescribed that information related to its counterparties and the agreements made with those said counterparties shall be deemed confidential information which cannot be disclosed to other persons, except with the authorization of the Company and the counterparty only.
4. The Company has assigned superior officers at various levels the responsibility to control any leakage of important information or Company news before it is officially disseminated to the public. If there is found to be any violation, disciplinary measures will be considered in accordance with the rules of the Company.
5. The corporate use of inside information by the employees must remain within the framework of duty and responsibility that has been entrusted to each employee only.
6. In the case of being questioned or asked to disclose information outside of one's responsibilities, employees shall refuse to voice their opinions with politeness and direct the person to inquire from the department in charge that is responsible for the direct disclosure of such information, to ensure that the information given is correct and congruent.
7. The Investors Relations Department maintains a policy to avoid forecasting or offering any opinion concerning information more than six months ahead in accordance with the policy of the Stock Exchange of Thailand and international regulations. In this regard, investors can still meet and discuss with investor relations officers in order to receive their opinion and long range business perspectives.
8. The Corporate Secretary Office shall announce a silent period without contact with investors for 30 days prior to the day of budget disclosure to the public. During such a silent period, the Company will refrain from replying to questions concerning the results of operations and forecasting in this regard, except for replies to questions regarding facts or explanations of disclosed information or the explanation of any news that has an impact on share prices or questions about the long range business perspective. The Company shall attempt to avoid meeting with analysts or investors during that period, or if it is necessary to arrange a meeting during that period, only long-range business operations will be discussed.

The Purchase or Offering of Securities

Practices

1. Directors, Executives, and employees of the Company and its associates shall refrain from trading securities for 1 month prior to the day company's financial statement or operating result disclosure to the public as well as shall not use the financial statement and inside information which effect to company's stock price disclose to external person or persons who are not connected.
2. Directors, Executives, and employees of the Company and its associates shall refrain from trading securities for at least 24 hours after the information has been publicized but wait for 48 hours should be incurred if the said disclosure of information is very complex.
3. Directors, Executives, including their spouses and underage children of the Directors and Executives, and employees of the Company and its associates who have the objective of trading in the Company's securities shall disclose their objectives to trade the securities to the Corporate Secretary at least one day ahead of trading.

4. Directors and the first four Executives according to the definition in the Notifications of the Capital Market Supervisory No. TorChor. 23/2551, including the spouses and underage children of the Directors and Executives of the Company, have the duty to report securities holdings to the Capital Market Supervisory Board and in accordance with Section 59 of the Securities and Exchange Act of 1992 including the submittal of a report to the Board of the Company every time there is a purchase, sale, transfer or transfer acquisition of securities on the same day that their report is submitted to the Capital Market Supervisory Board.

Disciplinary Measures

Any Board member, executive and employee of the Company and its subsidiaries who does not comply with the Code of Conduct in confidentiality and the use of inside information and the trading of securities of such companies shall be considered for disciplinary action in the degree of penalty appropriate to the case, including verbal warnings, written warnings, probations and possibly even the penalty of dismissal. The penalty can potentially include both criminal and civil liabilities in accordance with the Securities and Exchange Act of 1992 which was edited and added by the Securities and Exchange Act of 2016 (revision no. 5)

As for the report on the securities trading of the Board of Directors and Executive Management, the Company had informed them of the obligation to report the holdings of the securities to the Securities and Exchange Commission pursuant to Section 59 of the Securities Exchange Act of 1992 and to submit a report to the Board every time there is the purchase, sale, transfer or transfer acquisition of the securities. During the year 2016 the Directors and Executives of the company reported their securities holdings by comparing an increase (decrease) during the period of December 30, 2016 and December 30, 2015 as follows:

| Rank | Names | | Number of Shares (shares) | | Number of shares increased (decreased) during the year (shares) |
|------|-----------------|-------------------|---------------------------|------------------|---|
| | | | 30 December 2016 | 30 December 2015 | |
| 1. | Mr. Preeda | Tiasuwan | 21,996,420 | 21,996,420 | - |
| 2. | Mrs. Panidda | Tiasuwan | 19,207,660 | 18,473,860 | 733,800 |
| 3. | Ms. Pittaya | Tiasuwan | 18,170,960 | 18,070,960 | 100,000 |
| 4. | Mrs. Pranee | Khunprasert | 9,910,360 | 9,896,860 | 13,500 |
| 5. | Mr. Pramote | Tiasuwan | 9,280,560 | 9,280,560 | - |
| 6. | Mrs. Prapee | Sorakraikitikul | 7,400,060 | 7,332,460 | 67,600 |
| 7. | Mrs. Sunanta | Tiasuwan | 2,700,500 | 2,700,500 | - |
| 8. | Mr. Chanat | Sornkraikitikul | 440,000 | 440,000 | - |
| 9. | Mrs. Niraratana | Thanalekhapattana | 166,200 | 166,200 | - |
| 10. | Ms. Suphorn | Rungpittayathorn | 55,500 | 55,500 | - |
| 11. | Mrs. Chavee | Jarukornvasin | 42,000 | 42,000 | - |
| 12. | Ms. Sasisopa | Wattakeechoen | 32,000 | 32,000 | - |
| 13. | Mr. Thanes | Panjakrid | 50,000 | 50,000 | - |
| 14. | Mr. Decha | Nanthanachoenkul | 0 | 0 | - |
| 15. | Mr. Somsak | Srireungmont | 0 | 0 | - |

Notes: 1. The number of shares decreased from distribution and transfer of securities.

6. Auditor Remuneration

The auditors for Pranda Jewelry PCL were Mr. NarongPuntawong, Certified Public Accountant No. 3315 and/or Ms. SiraphonUa-Anankul, Certified Public Accountant No. 3844, and/or Ms. Waraphon Praphasirikul, Certified Public Accountant No. 4579, of E.Y. Office Co., Ltd.

The Company and its subsidiaries paid E.Y. Office Co., Ltd the following service fees for 2016:

Unit: Baht

| | Company | Subsidiary |
|--|-----------|------------|
| 1. Audit fee | 2,600,000 | 1,150,000 |
| 2. Fee for examining investment promotional certificates | 120,000 | - |

7. Practicing Good Corporate Governance in Other Areas

The Board of Directors of the Company has a policy to disclose significant information concerning both financial and non-financial information of the Company as required by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand in a manner that is accurate, complete, timely and transparent through the stock market with the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2), including the disclosure of information both in Thai and English through the Company's website. The information is updated regularly to allow shareholders and other connected parties to access the information easily, equally, and reliably. In the policy of governance and performance throughout the year 2016, the Company has applied the principles of Good Corporate Governance, except for the following:

1) The Chairman is not an independent director, as the jewelry trade requires personnel with knowledge and extended experience in business in order to bring the Company to success. However, the business operations of the Company and the Board of Directors of the company are based on the principles of good corporate governance in accordance with the guidelines of the Stock Exchange of Thailand.

2) The Board of Directors considers the knowledge, skills and experience of independent Directors to be of utmost importance and, therefore, permits an independent director to hold office for more than nine years, and in any case [The Board] will continue to apply those practices that have been deemed effective in the future as well.

3) The Nomination and Remuneration Committee is not composed entirely of Independent Directors. Out of six Directors, the Nomination and Remuneration Committee of the Company has one Independent Director who serves as Chairman. Even though the other five are not Independent Directors, processes and procedures for the nomination of Directors and Senior Management based on best practices that are clear, transparent and comparable with other companies in the same industry, and in line with the long term interests of the Company and all stakeholders, are ongoing.

4) The Board of Directors has not established a Corporate Governance Committee because the Board of Directors oversees the Company's compliance with corporate governance.

5) Fewer than 50% of those in the Board of Directors are Independent Directors; the exact ratio is 33.33%.

The Company recognizes the importance of Good Corporate Governance, therefore it has clearly delineated its policies and guidelines in the Corporate Governance Manual which addresses various aspects of business ethics with clarity and detail (Available for download at www.pranda.com) and the Company has also strictly adhered to Good Corporate Governance as summarized in the following five categories.

Chapter 1: Shareholders Rights

The Company recognizes the importance of Good Corporate Governance with regard to the rights of shareholders, both as investors and as owners of the Company, of which the Company encourages shareholders to exercise their basic legal rights such as the share of income received by the Company, the trading or transfers of shares, attendance at the shareholders' meetings for the right to vote in the appointment or removal of Directors, remuneration of the Directors, appointment of the Auditor, remuneration of the Auditor and matters affecting the Company.

In addition to these basic rights, the Company has extended to its shareholders beyond the legal rights such as providing important, current information through the Company's website.

The Board has given priority to the Annual General Meeting of Shareholders in order to permit shareholders who are owners of the Company to be informed of the results of the operations of the Company and to participate in the important decisions of the Company, including monitoring the performance of the Board of Directors and Management. The Company organized the meeting of shareholders in accordance with the law and adhered to the guidelines in the AGM Checklist Manual prepared by the Thai Investors Association, Thai Listed Companies Association and the Securities and Exchange Commission.

In 2016, the Company held one shareholders meeting which was the 2015 Annual General Meeting of Shareholders on Wednesday, April 20, 2016 starting at 15:00 hrs. at the Auditorium on the 5th floor of the Company's Building B1, located at No. 28 SoiBangna-Trad 28, Bangna, Bangkok. Between 12:30 to 14:30 hrs, a car shuttle service was provided from the meeting point at Phuti Anan Stadium, approximately 20 meters from the Bangna BTS Station. The Company also provided a reception in honor of the shareholders who attended the meeting, as well as facilities for the meeting by registering attendance and a vote-count via computer for added convenience. After the meeting ended, shareholders were invited to take a tour of the Company's operations.

Prior to the Day of the Shareholders' Annual Meeting

After the meeting of the Board of Directors approved the date for the Company provided relevant, Annual General Meeting of Shareholders 2015 adequately and in a ,holders in advance information for decisions at the meeting of share: timely manner by following these steps.

- Entrusting the Thailand Securities Depository Company Limited, the Company's registrar, with the distribution of the invitations to the 2015 Annual General Meeting of Shareholders, which were accompanied by a detailed agenda to the shareholders, on April 4, 2016 , a period of 16 days prior to the meeting, more than which is required by the law for listed companies to send the notice of the meeting to shareholders (the law requires a notice at least seven days prior to the meeting) in order to give shareholders time to study the accompanying information about the meeting in advance.
- Distributing the invitation, agenda and entire set of accompanying documents identical to the set of documents delivered to shareholders on the Company's website starting from March 18, 2016, a period of 33 days before the Shareholders' Annual Meeting. The invitation included:
 - Facts, explanations, and opinions of the Board of Directors;
 - A copy of the report of the previous Shareholders' General Meeting to be considered for the shareholders' approval;
 - The Annual Report of the Company with important information about the Company and results of operations of the previous year;
 - Detailed accompanying information for every agenda such as election of Directors to replace those retiring by rotation with a brief biography of Directors stating the age, education, past and present positions, the number of shares held in the Company, the number of occasions of holding a position in the company, positions in listed companies and other companies which may cause conflict of interests with the Company and legal disputes;

- Guidelines for procedures in designating proxies, the registration and furnishing documents for the meeting attendance and voting;
 - Information about independent Directors whom shareholders can consider as proxies with the complete biography;
 - The procedures of participation in the meeting;
 - Articles of Association relating to the shareholders' meeting;
 - Map of the venue;
 - Forms for the three types of proxies designated by the Department of Business Development, Ministry of Commerce: Form A, a general proxy form for simple data, Form B, a proxy form with a clear list of items for authorization, and Form C, a proxy form used only if the shareholder is a foreign investor and appoints a custodian in Thailand to the deposit and custody of assets;
 - Business reply mail envelope for sending a proxy form to the Company (in case an independent director is appointed as proxy).
- Notice of invitation to the meeting in newspaper classified ads before the meeting on April 12, 18-19, 2016, in accordance with the Articles of Association of the Company and the Public Companies Act of 1992;
 - The Company has established a continual practice every year to allow shareholders to participate in the proposal of the agenda for the shareholders' meeting, nominating directors and submitting questions prior to the Shareholders' General Meeting. The Company also sends a letter to the Stock Market three months before the end of the accounting period with details of the procedures posted on the Company's website, www.pranda.co.th or www.pranda.com, between the months of October and December unofficially every year, until it receives written approval from the shareholders. The Corporate Secretary is going to review before present to the Board of Directors of the Company. The Board of Directors will consider the necessity and appropriateness of proposal agenda will be included in the Notice of Invitation to the Meeting and the Board opinion which the Board Director's decisions are final. For the agenda will be disapproved by the Board, the Company will inform in the meeting with the reason of the refusal.

For the 2015 Annual General Meeting of Shareholders, there were no shareholders who proposed any agenda, nominated directors or submitted any questions in advance. In addition, the Board of Directors arranged hearings on other matters (if any) in the agenda so that shareholders could suggest topics for consideration at the meeting by the complying with the requirements of the law under the Public Companies Act of 1992, Section 105, i.e. shareholders holding shares amounting to not less than one third of the total number of shares sold may request the meeting to consider matters other than those specified in the notice of meeting also. It turns out that there were no other proposals to vote on, only suggestions and questions that have been recorded in the meeting minutes.

On the Day of the Shareholders' Annual Meeting

The Company provided for the convenience of shareholders who attended the meeting and conducted it transparently, in a manner that could be monitored as well as providing the opportunity for shareholders to ask questions and comment on each agenda fully as follows:

- Providing convenience to shareholders on the day of the meeting, both the major and minor shareholders, including institutional investors equally by preparing front desk personnel to welcome and provide information in checking the documents and registering to participate;
- Arranging a car shuttle service for the convenience of all shareholders;

- Managing the registration and vote counting with a barcode system by opening for registration two hours before the meeting; even though the registration period had ended, shareholders who wished to attend the meeting were allowed to register and attend without losing their rights, which continued until the meeting ended. There was also an appropriate reception and souvenirs for shareholders attending the meeting.
- All 10 members of the Board of Directors were in attendance, representing 100% of the total membership. Senior Management and Auditors also attended the shareholders' meeting to answer questions and familiarize themselves with the views of the shareholders.
- Prior to the agenda of the meeting, the Chairman asked the President to explain how to conduct the meeting and voting as well as offer the opportunity for shareholders to ask about the process and how to vote, proceeding according to the agenda listed in the shareholders' meeting notice. Shareholders were also offered the opportunity to volunteer to act as witnesses to the vote count, but no shareholders volunteered. Thus the representative of the Thailand Investors Association was cordially requested to be an observer representing the shareholders.
- The Committee's stake holding was identified in the meeting notice.
- Providing for a vote-count via ballot for those agendas that required approval, and for the election of Directors, to count the ballots by individual vote in order to provide transparency and accountability; the Articles of Association require that the shareholders' meeting elect Directors via the One Share : One Vote procedure.
- After the meeting began, shareholders attending the shareholders' meeting had the right to vote on those agenda items that were still under consideration and had not yet been voted upon.
- The minutes and record of votes on each item were recorded in their entirety.
- Upon completion of the meeting, the shareholders were invited to take a tour of the Company's operations.

At the 2015 Annual General Meeting of Shareholders which was held on April 20, 2016, the number of shareholders attending the meeting in person or by proxy was 77, with a total number of 199,029,838 shares, representing 49.61% of the total shares sold, which is a total of 401,197,200 million shares not include the treasury stock.

In this regard, at the 2015 Shareholders' Annual Meeting, the Company did not provide monitoring for the vote-count in the shareholders' meeting.

However, in practice for the following occasions, the Company will allow shareholders who volunteer to act as witnesses during the vote-count.

After the Day of the Shareholders' Annual Meeting

The Company published the resolution of the 2015 Annual General Meeting of Shareholders indicating the result of the votes on each item separating into categories of "Agree," "Disagree" and "Abstain" votes and showing the proportions of each by sending a document to the Stock Exchange of Thailand along with online submission via the SET Community Portal (SCP) on the next business day after the meeting had ended.

In the 2015 Shareholders' Annual General Meeting there was no change in the order of the agenda and no request for the hearing of any matter not introduced in the meeting.

The preparation of the report of the 2015 Annual General Meeting of Shareholders was made in writing. It captured the essence of each matter proposed to the Meeting, a summary of key questions from shareholders and the statement of the Board of Directors as well as the suggestions and additional views of the meeting. It included the resolution of the meeting with the votes in each category and the proportion of votes for each agenda item in its entirety by the Corporate Secretary, signed by the Chairman of the Meeting and the authorized signatory of the company. It was submitted to the Stock Exchange and the Securities and Exchange Commission, including the Department of Business Development within 14 days after the meeting date, in accordance with the requirements of the Stock Exchange to provide documental review and reference. And it was published on the website of the Company, www.pranda.com, on April 19, 2016.

From the Company's above operations, the quality of the annual shareholders' meeting (Annual General Meeting: AGM) was evaluated by the Thai Investors Association, the Thai Listed Companies Association and the Office of the Securities and Exchange Commission (SEC) and was given a score of 100 points out of 100 points, which places it in the **"Excellent and being a good model"** level.

Chapter 2: Equal Treatment of Shareholders

The Board of Directors and Management both practice the principles of equal treatment of all shareholders in accordance with the regulations of the Stock Exchange in order to maintain its status as a listed company on the Stock Exchange by ensuring that shareholders are treated equally and protecting their fundamental right to be informed of its information and news. In addition to compliance with the regulations about the disclosure of data and information prescribed by the Stock Exchange and the Securities and Exchange Commission, the Company has added channels of access to the Company's information through the Company's website, which has continually been developed, by providing information both in Thai and English, i.e. press releases, earnings releases, company visits, conference calls, answering shareholders' questions by telephone and email and the following treatment of shareholders:

1. Providing the opportunity for shareholders to propose the agenda of the meeting, nominate a person to be appointed as Director and submit questions in advance of the meeting date during the months of October thru December. The Company will continue this practice each year. In this regard, the proposed agenda for the meeting or nominating candidates for the Board of Directors is subject to the law and the Company's Articles of Association, including the criteria that the Company specifies and must publish in detail on the Company's website at www.pranda.com;
2. Preparing and delivering proxies for shareholders who cannot attend the meeting; the Company provided guidelines for voting to the other persons and/or Independent Directors of the Company who are attending the meeting by proxy, indicating the names, biographies and information about the performance of all the Independent Directors to be considered for proxies to shareholders, including the clear identification of documents used in the proxy, attached to the Notice of the Annual General Meeting each year both in Thai and English versions;
3. Not adding to the agenda or changing important information without notice to shareholders in advance;
4. On the day of the shareholders' meeting, providing ballots on each item on the agenda, including the appointment of individual directors, for transparency and accountability;
5. Giving shareholders the right to vote via the "One Share: One Vote" procedure;
6. For any transaction, obtaining approval of shareholders prior to the transaction as required by the Stock Exchange. And the Company must disclose the details and rationale of the transaction to the shareholders prior to the transaction;
7. The Company disclosed in the financial statements notes that it made fair transactions in accordance with market prices and normal trade;
8. In 2015, no Directors and Executive Officers of the Company traded securities using inside information because the Company has established a Code of Conduct regarding confidentiality and the use of inside information and trading securities of the Company, prohibiting Directors, Management and employees of the Company and its subsidiaries from disclosing financial information including other information that affects the price of securities of the Company to outsiders or a third party who is not connected. They are also required to refrain from trading for at least 24 hours after the information is published, but 48 hours if disclosure is very complex or detailed in content;

9. Directors, Executives, including their spouses and underage children of the Directors and Executives, and employees of the Company and its associates who have the objective of trading in the Company's securities shall disclose their objectives to trade the securities to the Corporate Secretary at least one day prior to trading;
10. Directors and the first four Executives according to the definition in the Notifications of the Capital Market Supervisory No. TorChor. 23/2551, including the spouses and underage children of the Directors and Executives of the Company, have the duty to report securities holdings to the Capital Market Supervisory Board and in accordance with Section 59 of the Securities and Exchange Act of 1992 including, the submittal of a report to the Board of the Company every time there is a purchase, sale, transfer or transfer acquisition of securities on the same day as submitting the report to the Capital Market Supervisory Board.

Chapter 3: Roles of Stakeholders

The Company respects the rights of all stakeholders and carries policies to ensure that each group fully receives the right either as internal stakeholders, which include employees, executives within the Company and its subsidiaries, or external stakeholders, including shareholders, customers, suppliers, creditors, competitors, as well as the public and society. It has defined a "Code of Conduct Toward the Stakeholders" in the section on business ethics, in the Corporate Governance and Business Ethics Guidelines (Revision 4) dated February 27, 2016, which can be downloaded here: www.pranda.com. In the year 2016, the Company has applied it to the stakeholders of the company as follows:

1. Respect for the Rights of Stakeholders

1.1 Shareholders

The Company strives to be a good representative of the shareholders in operating the business in a transparent manner and providing the utmost satisfaction to shareholders, taking into account the long-term growth of the company with good and continuous returns, without taking any action which violates or infringes upon the rights of shareholders. There were no complaints concerning disrespect toward the basic rights of shareholders or any offense by the Directors and Management regarding information usage by insiders. In addition, each year, the Company paid dividends to shareholders according to the policy stipulated by the Company to pay out no more than 60 percent of the net profit. In the last 15 years, the Company had a dividend payout of 13.71 to 59.63 per cent of the net profit from the consolidated statements, of which, in 2002, 2006 and 2010, the Company paid special supplementary dividends to shareholders resulting in a higher dividend payout ratio from net profit. In 2010, the Company's dividend payout ratio was especially high at 128% of the net profits, with the consideration of surplus dividends from the free cash flow of the Company.

1.2 Employees

The Company is aware of the value of human resources and believes it is the most important factor in business. Thus, employees are well taken care and supported with continued development under responsibility of the Shared Value and CSR Committee in charge of total 13 projects of which details as described on the topic "Social Responsibilities"

Besides the 13 projects as described on the aforementioned topic, the Company has adhered to equal and fair treat to employees regardless of place of birth, race, gender, marital status, language or position including no child labor, human trafficking and any forms of corruption. Furthermore, the Company provides proper remuneration to employees. For short-term compensation such as minimum wage according to the law for the unskilled or inexperienced labors but there is increase in salary based on performance every year. Hence, the average wage in 2016 is 450 Baht/day. Also, there are other fringe benefits provided more than minimum requirement by the law, for instance overtime payment, bonus, diligence allowance, reward with rings for 3-year/ 10-year/ 20-year and 30-year work anniversaries, free

rice, food coupon, annual health check-up, New Year's party, employee dorm and so on. When including the aforesaid fringe benefits into the wage, the average wage in form of money paid to the daily hired employee would be 560 Baht/day. The rate and benefits given to each person may be different based on performance. Apart from the tangible benefits, the Company at present provides long-term benefits for example, providence fund, cooperative for employees of the PRANDA Group.

The Company pays much importance to quality of products, energy and environment conservation, global warming, health and safety as parts of the business, so the policies pertinent to health, safety and environment have been established for management and employees to abide to with the following practices in 2016.

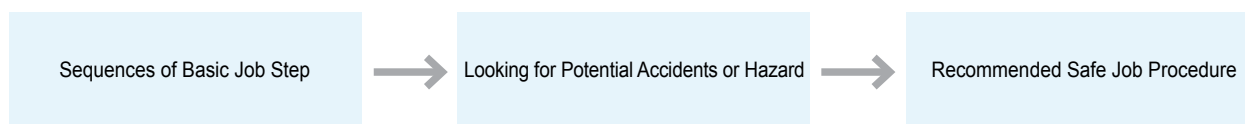
1. Safety

The Company has reviewed and rehearsed the emergency response plans such as fire drills and chemical spill drill so that employees know what and how to do including the roles and responsibilities of people concerned when there is emergency situation.



Drills: Fire extinguishing and evacuation

Risk Management is a search for risks that may arise in each work procedure by having employees to make an evaluation, so they realize potential accidents and know how to protect themselves from such hazards.



The Company aims to reduce accidents at work by giving knowledge about work safety and protecting engineering, which make employees feel safe and have morale at work.



Drills: Using forklift with sotory

2. Occupational Health

The Company provides health check-up based on nature of risks that may occur in each working area including pre-employment physical examination and annual health check to protect employees from health problems at work.

Occupational health training for employees such as safety training for working with noisy environment, this helps employees know how to protect themselves and how to work safely on the job with a noisy environment.



Training : Sound Handling Safety

The chemical handling drill is also conducted to train workers on how to work safely with chemicals and how to protect and have basic aid when getting harmed with chemicals.



Training : Chemical Handling Safety

Work safety training is also conducted for supervisors to manage safety at work and know roles and responsibilities of safety supervisors and related laws including health and environment safety according to the Ministry of Labor.



Training : Safety Supervisor at work

Furthermore, safety training for executive management is also provided with aims to handle safety at work and understand roles and responsibilities of safety executive managers and related laws including health and environment safety according to the Ministry of Labor.



Traning : Work safety for executive management

Goals and Results of Occupational Health and Working Environment Safety

The Company's objective in this regard is to work without serious accidents that cause leave of absence and to work under the Occupational Health & Safety Policy endorsed by the management. The Company is aware that occupational health and safety is significant to business sustainability.

| KPI | Goal 2016 | Result 2016 | Target 2017 |
|--|--------------|--------------|--------------|
| 1. Promotion and Management of Occupational Health and Working Environment Safety | | | |
| (1) Activities to promote occupational health and working environment safety | 100% | 100% | 100% |
| (2) Increase in skills and knowledge about safety when working | 100% | 100% | 100% |
| (3) Safety management pursuant to related laws | 80% | 80% | 100% |
| (4) Safety environmental management – light, noise, heat, chemicals and ion radiation | 80% | 80% | 100% |
| (5) Fire Protection and Management | 80% | 80% | 90% |
| 2. Meeting of Occupational Health and Environmental Safety Committee | Once a month | Once a month | Once a month |
| 3. Accident rate | | | |
| (1) Total Recordable Incident Rate :TRIR | ≤ 2.5 | 1.4 | ≤ 1.5 |
| (2) Injury Severity Rate I.S.R | ≤50 | 4.0 | ≤40 |
| 4. Troubleshooting of safety problems and minor issues | ≥ 70 % | 70% | ≥ 70 % |

With common practices in this regard to workers results in very low rate of employee turnover. The turnover rate of low skilled workers is less than 2% and there is practice according to Thailand Labor Standard (TLS), no violation of human rights, no use of child labor and forced labor. There is good and safe workplace with nondiscrimination and respect for equality and human rights.

3. Environment

Pranda Jewelry PCL gives much importance to environment both within and around the Company to give quality of life to employees and not to cause negative environmental impacts on the surrounding communities. Thus, the Company is having a clear operational policy to continually conform to the laws and regulations concerned. The practices with environmental concern are mentioned hereunder.

3.1 Environment within Organization

1. The energy saving project is established to not only reduce but also safely and effectively use of power. The Company is educating employees to be aware of energy saving when turning on-off lights and air-conditioners.

2. The “Committee of Quality Activity 7 Sor” has been appointed by the Values and CSR Committee to be responsible for hygiene, beauty and tidiness of the organization of which activities comprise clean-up, convenience, cleanliness, hygiene, habits, beauty and environment.

3. The landscape in front of and around the buildings are decorated with big trees and lawn small trees and lotus ponds for pleasant view as well as clean, safe, non-polluted and lively organization under responsibility of the “Landscape and Rest Area Improving Committee”

4. The canteen for employees is also improved to be more stable and foods must be sold with good quality and proper quantity and prices. The employees are furthermore given 3-meal-free rice for breakfast, lunch and dinner. The Committee has been nominated to regularly examine quality of food.

5. The Company has provided nursery to take care of employees’ children during working hours and overtime, so parents do not need to worry around their kids resulting in better quality of life.

6. The seminar/ training room, fitness, first-aid room and library are provided.

3.2 Environment Outside Organization

In year 2016 the Company has hired Life & Environment Co., Ltd. and Safety Plan Co., Ltd. to implement environmental measurement and found the quality of environment within the factories is at the standard level.

- Waste water – the result of waste water quality is at the standard level pursuant to the law.
- Intensity of light, density of sound, degree of warm temperature, amount of contaminant including ecosystem have measurement results of standard level according to the law.

The Company sees importance of employees, so the environmental seminars or trainings are conducted for employees in every field and at all levels to have proper and continued development on environmental conservation by giving knowledge from real practice and information of environmental management. Management at all levels are also responsible to be the role model to develop and maintain environmental training system for employees by supporting adequate resources so that employees can participate, implement and communicate results of trainings to the others concerned as well as supporting the activities concerning energy saving such as turning off lights and air conditioners after use, carpool, mail center, two-sided paper use, no colored printing if not necessary. .

1.3 Customers

The Company treats all customers equally by providing high quality and reliable products and services with the implementation of the quality management system of ISO 9001:2015. The Company is determined to manufacture international standard gems and jewelry by professionals to the strictest quality control process and on-time delivery for the highest customer satisfaction. With our attention to continuous improvement, we create the products our customers seek by the effective and efficient use of resources, time, personnel, capital, materials, equipment, information, technology and procedures to bring the utmost satisfaction to our customers, while strictly and continuously maintaining quality, occupational health, safety and the environment. As a result, the Company passed the quality evaluation of Bureau Verities (Thailand) and was certified by UKAS from United Kingdom for three years, effective from September 3, 2016 - September 2, 2018.

1.4 Suppliers and Creditors

The Company fulfills agreements with suppliers and creditors with fairness and equality without asking for any dishonest trading benefit from the supplier. The Company strictly complies with contracts and conditions as agreed and complies with obligations to all creditors by following the conditions stipulated in the loan contract and providing full disclosure of the actual financial status of the Company. And the Company has determined procurement policies to appropriately, fairly and efficiently perform businesses with suppliers.

1.5 Competitors

The Company performs business under fair competition rules without seeking confidential information about competitors by dishonest and illegal means, such as paying the competitors' staff, etc. The Company will not destroy the competitor's name with false and unfair accusation or treatments.

1.6 Society

The Company performs its business with regards to the community, society, and the environment by continuously and intently raising awareness of social and environmental responsibility among all levels of employees. The Company deems social responsibility as the crucial role of the Company and has stipulated thus in the Code of Ethics. The Company's Executives must support affairs that are deemed beneficial for society. The Company will not conduct any action that will damage the country's name, natural resources and environment. The Company will not cooperate or support any person who conducts illegal businesses or threatens national security and society. The Company also aims to create within the Company and at all levels of employees the awareness of responsibility toward society and community in order to strictly oblige with relevant laws and regulations. For 2016, the Company received no complaints from the stakeholder.

2. Respect for the Law and International Human Rights Principles

Respect for the law and international human rights principles are the foundation of business operation and personnel development, which are important in generating added value and improved productivity. In addition to signing the Universal Declaration of Human Rights of the UN Global Compact, the Company also stipulated in the Code of Ethics concerning respect of the law and human rights principles, which are included in the Corporate Governance and Business Ethics Guidelines (Revision 4).

3. Non-Infringement of Intellectual Property Rights or Copyrights.

The Company has determined in the Code of Ethics concerning intellectual property rights or copyrights the policy to comply with the non-infringement or abuse of intellectual property rights and operates in accordance with the law and regulations of all the countries where the Company invests. Personnel of the Company who are responsible for maintaining the secrets of trade, secret commercial recipes, processes, products or business procedures must guard such confidential information most securely and prevent leaks of such information. Personnel of the Company must respect the intellectual property rights of others by not using the work of others, even if only partially, for personal benefit without first obtaining permission or providing compensation to the owner.

4. Good Labour Practices and Respect for the Rights of Employees.

The Company has been strictly following a policy relating to labor practices and respect to the rights of employees in compliance with the international labor standard and has passed the evaluation of the Business Social Compliance Initiative (BSCI) as well as being awarded the Best Workplace, Labor Relations and Welfare from Department of Labor Protection and Welfare, Ministry of Labor in 2016. The Company is continually receiving such award every year.

Moreover, in 2016. The Company receives the International Certificates of Workplace Conditions Assessment (WCA) in regard to the 5 following issues.

- 1) Labor
- 2) Wages and Hours
- 3) Health and Safety
- 4) Management System
- 5) Environment

The Shared Values and CSR Committee is established to take care of the debt reducing project and give legal advices and related knowledge to employees when they are encountering problems, which will help ease up troubles incurred to employees.

5. Quality of Life Improvement in the Organization

The Company has had the policy to improve the quality of life in the organization, which is included in the Business Operation and Code of Conduct manual (the 4th revised). Besides the 13 major projects in charge by the Shared Value and CSR Committee, the Company is also having the other activities and projects to support improvement on quality of life of employees as described below.

5.1 Knowledge Developing Activities for Employees

1. Library

To support and widen horizon of employees at all levels to access to source of knowledges around themselves and keep pace with situations of the communication world with no boundaries, where source of knowledges is no longer necessarily to be in the library, employees at all levels can hence search for knowledges or information from the intranet and either send an email to the library's email or make a booking on the library fanpage. At present, the library is having more than 3,500 books and magazines. To encourage interest in reading, the library is suggesting new interesting books every week through all communication channels provided by the Company for employees to borrow up to 5 books a week. Employees nowadays use such a service approximately 300 times a month. Also, more than 10 computers provided for employees' children to be able to search for information or knowledges free of charge. The average usage of this service is about 170 times a month.

2. Scholarship

The Pranda Group's cooperative has given scholarship to employees' children at primary, secondary, vocational school and Bachelor's degree. 78 scholarships, valued 101,500 Baht are offered in 2010 and 440 scholarships have been bestowed with amount of 587,500 Baht in total. 8 scholarships for the Best Students are rewarded with 8,000 Baht prize to the Dual-Vocational students and there have been total 31 rewards amounting 31,000 Baht provided since 2012.

5.2 Financial Supporting Activities for Employees

1. Home Loan Benefit

As the Company is seeing employees' residential issue significant, so the Company works in collaboration with the Government Housing Bank to provide housing loan benefit and guarantee repayment through payroll system, resulting in special low interest rates, which considerably helps them lessen debt burden.

2. Other Financial Supports

The other financial supports are additionally offered as well, for instance providence fund, low priced products, financial aid in case of death of parents or spouse, marriage, birth delivery, ordainment and in-patient medical expense and so on.

5.3 Family Institute Supporting Activities

1. Employees' residence

The 3 buildings of dormitories are provided for all men, women and the married, containing 100 rooms for each building and there are 800 residents at the moment.

2. Children's Day Activities

The activities on the Children's Day are held every year for employees and their families who are invited to join and rewarded with many gifts on that day.

5.4 Health and Well Being Supporting Activities

1. Exercise Activity such as weekly aerobic
2. Venue and sports activities for example fitness, basketball court and football field
3. Annual health check-up
4. First-aid room with daily working nurses and doctors coming every week
5. In-house fitness
6. Safety week
7. Sport day

5.5 Ethical Promoting Activities

The following religious and cultural activities are held.

1. The activity giving offerings to monks on the last Friday of every month
2. The water pouring ceremony as paying respects to the seniors on Songkran day
3. The honoring ceremony bestowed to HM the King BhumibolAdulyadej on his auspicious birthday
4. The offering in a monk's alms bowl on the important religious days

6. Responsibility towards Society and the Environment

The Company continues to maintain compliance with the principles of the UN Global Compact that deals with four main issues, namely the implementation of human rights, labor standards, environmental preservation and anti-corruption. Also, the Company has raised an awareness of social and environmental responsibility among employees at all levels continuously and seriously in order to reduce environmental impact. The Company developed a plan to regulate the efficient and frugal use of resources as well as promote the conservation of energy and reduce the use of resources in all operational activities of the Company with a view to its significance and as an obligation to society as a whole. The Company takes precautions not do anything to damage the reputation, natural resources and environment of the country, nor to cooperate or support any persons operating illegal businesses or who is a threat to society and the stability of the country. The Company has also established a policy of social and environmental responsibility to follow in the "Corporate Governance and Business Ethics Guidelines" (Revision 4). It is also one of the projects to share and generate social and community benefits. The details of these activities during 2016 can be found in the Corporate Social Responsibility section.

7. Anti-Corruption

The Company has established guidelines related to anti-corruption in the Company's business ethics which covers the following: the Code of Conduct on conflicts of interests, the use of insider information and trading securities of the Company, giving and receiving gifts or assets or any other benefits which seem to imply the predisposition to act or omit to act, or take actions that could lead to exploitation for themselves or their family or friends. Additionally, the Company has a Code of Conduct that defines the responsibilities that Executives and employees must uphold, focusing on the importance of corporate governance and the treatment of every category of stakeholders.

On November 9, 2010, the Company announced its commitment to be a member of the Collective Action Coalition to combat corruption in the private sector together with the Thai Institute of Directors (IOD), Thai Chamber of Commerce, International Chamber of Commerce, Thai Listed Companies Association, and Thai Bankers' Association, which is a project of national concern, supported by the Government and the Office of the National Anti-Corruption Commission (NACC).

On October 9, 2012, the Board of Directors adopted the anti-corruption policy of the Pranda Group declaring that Directors, Management and all employees must comply accordingly. The above policy was communicated by notification to all employees via the internal email platform and periodicals, as well as specified in the Corporate Governance and Business Ethics Guidelines (Revision 4). Every employee was required to sign in acknowledgement and is held accountable to follow the anti-corruption policy. The above policy was declared through the Company's website for dissemination for the public's interest as well. The anti-corruption policy is summarized as follows:

Pranda Jewelry Public Company Limited and the Affiliated Companies resolve to conduct business with transparency, following principles of good governance and not to support corruption in any form whether directly or indirectly. And we prohibit Directors, Management, employees and third parties connected with the Company from performing any action which imply corruption in any way, whether by offering, promising, soliciting, demanding, giving or accepting bribes. The Company does not tolerate any corruption in any business and particular, in all countries and agencies involved. And to maintain practices in accordance with this policy, the Company will review the procedures of operation regularly in order to comply with changes in business laws and protect the reputation of the company.

Regulations

1. This anti-corruption policy is applicable to the personnel administration covering the nomination or selection of personnel, promotion, training, evaluation of performance of employees and remuneration. Supervisors at all levels are required to inform and communicate with the staff in order to use the policy in business activities under their responsibility and supervision to ensure efficient practice.
2. Any action in compliance with the anti-corruption policy shall conform to the regulations set out in the Corporate Governance and Business Ethics Guidelines, the Manual of Anti-Corruption Measures and relevant regulations and rules of practice of the Company.
3. For clarification on the operation of the matters with a high risk of corruption, the Company has stipulated the Directors, Management and employees to perform the following with caution:

3.1 Neutrality and Political Support

The Company has a policy of political neutrality, thus, neither supporting nor favoring any political party, whether directly and indirectly, including not using company resources in any activity that may cause the Company the loss of political neutrality and/or damages from being involved in such activities.

3.2 Charitable Contributions and Funding

Donating to charity is part of the Company's corporate culture to help those who are less fortunate in society, to provide relief to victims of natural disasters or to promote the universal quality of life both now and in the future. In this regard, such charitable donations must be approved by the Company's processes and made in a transparent manner. In making payments, the payee must be clearly identified, including identifying the recipient, which must be a registered organization with a clear objective for the contribution. Generally, funding will be made to promote the image or reputation of the organization. This is usually done through various social activities. The decision for the funding must be based on transparency with the signing of a contract or accurate and adequate proof of payment, and must be approved by an authorization procedure according to the hierarchy of authority specified by the Company. And there must not be any fraudulent funding which conceals corruption and bribes.

3.3 Gifts, Assets, Other Benefits, Hospitality and Other Expenses

Giving or receiving gifts or assets or other benefits, hospitality and other expenses may entail the risk of corruption. Therefore, the Directors and employees shall not accept or give gifts or assets or other benefits, hospitality and other expenses because generally receiving or giving gifts or assets or other benefits, hospitality and other expenses may give rise to an obligation or a sense that the situation needs to be rewarded or become a means leading to corruption. This stipulation shall apply to receiving or giving gifts or assets or other benefits to outsiders as well. However, in case receiving or giving gifts or assets or other benefits, hospitality and other expenses do not give rise to an obligation or a sense that the situation needs to be rewarded and are in accordance with cultural practice, they are allowed if they comply with the Code of Conduct, rules and regulations of the Company.

3.4 Extortion, Racketeering, Fraud, Conspiracy, Collusion, the Wrongful Use of Authority, Embezzlement and Money Laundering

Wrongful use of authority to commit such actions as extortion, racketeering, fraud, conspiracy, acting in an illegal cooperation, and money laundering are considered corruption prohibited by law, are explicitly prohibited under this Manual of Anti-Corruption Measures and constitute a breach of the duties and responsibilities entrusted to a Director or employee of the Company, regardless of whether there is a motive for such actions or not.

Not every case at high risk of developing into corruption has been covered here. Directors and employees must use their own judgment in preventing business and transactions from falling within the range of corruption.

4. Directors, Management and employees shall neither claim, nor receive money nor benefits nor items which are inappropriate or dishonest or abnormal from those involved in the affairs of the Company.

5. Directors, Management and employees shall neither claim, nor receive money nor benefits nor items nor any other gain from any person or juristic person they do business with, whether it is a claim or receipt for themselves or others which seem to imply the persuasion to act or to omit to act upon a duty wrongfully or illegally.

6. It is prohibited to give, offer to give donations or financial or material support or any other benefits to third parties including government officials, brokers, agents, partners, customers or decision makers, and so on, with the intention of inducing that person to do or omit an act that is against the law, or wrongful according to the position of the person, or to cause advantages, or in exchange of undue privileges. Giving or receiving donations or support must be transparent and legal to ensure that donations or funds not be used as an excuse for bribery.

7. In case juristic persons or third parties associated with the Company's business give gifts or benefits to Management or employees as remuneration, Management or employees must exercise discretion to consider the appropriateness and/or regularity with regard to the government regulations. If Management or employees by not accepting would dishearten the giver and impact good relationship in the business, then it is acceptable, but the value must not exceed the regulation limit set forth for government officials.

8. Receiving gifts or assets should be by ethics, should it be assets or any other benefits. It may be received from relevant persons or acquaintances, in a manner that is in general, not specific, with appropriate value. It is not to be acquired illegally. And the gifts or assets must not be illegal.

9. It is prohibited for the personnel of the Company and the affiliated companies, as well as the family, to demand or accept gifts, assets, or other benefits from contractors, subcontractors, customers, partners, or whoever is involved with the Company business in any way, which impacts the decision on duty with bias or difficulty or conflict of interest.

10. The personnel of the Company and the affiliated companies must not bribe or give benefits in exchange in a similar manner to its own personnel or third parties, in particular, government officials. In giving gifts, assets, or other benefits to the government officials, both local and overseas, it must be ensured that it is not against local laws and customs.

11. It is undesirable to give and receive gifts worth more than the norm which a reasonable person should do between supervisors and subordinates in whatever occasion so ever.

12. Directors, Management, employees and affiliates must avoid giving to or receiving gifts or other benefits from partners or ones involved with the Company's business, except for the benefits in normal business conduct or in season or in accordance with the customs.

13. Business co-operation with other agencies, such as government agencies, state enterprises, private enterprises both within the country and overseas, must be conducted with transparency, fairness, and legalization in accordance with Thai laws and foreign laws which the Company conducts business with. This includes following the anti-corruption laws in all localities where the Company conducts business.

14. Directors, Management, employees and affiliates must provide the information and explanation to the customers, suppliers, contractors, individuals or juristic persons doing business with that the Company does not support any acts relating to corruption, and shall not be affiliated with the corruption, whether by requesting, receiving, and payment for bribery in all its forms. And if such action is found, the Company must be notified immediately.

15. The Company sets forth this policy to be followed by subsidiaries, affiliates, or other companies which the Company has authority to administer, including individuals associated with conducting the business.

16. Directors, Management, and employees who do not follow this policy will be disciplined and penalized in accordance with the regulations and stipulations of the Company. And if the incident of violation or not following this policy is found to be against the law, the Company will inform the competent authorities over law enforcement for prosecution of the wrongdoer hereafter.

17. Companies and individuals associated with business:

17.1 Subsidiaries and Affiliates which the Company has the authority to administer must adopt these Anti-Corruption Measures.

17.2 Agents and intermediary in business (if any): Directors, Management, and all employees are prohibited to hire any agent or intermediary in business with the purpose of giving or receiving bribery, or corruption.

Anti-Corruption Measures

1. Directors, Executives and employees must comply with the anti-corruption policies and measures, and corporate governance and business ethics of the Company by not getting involved in corruption whether directly or indirectly.
2. Employees must not neglect or ignore any suspicious circumstances associated with corruption and must report them to supervisors or persons in charge, or via the provided communication channel. They must cooperate in the investigation as stipulated in the Company's regulations.
3. The Company shall ensure justice and protection and neither punish nor allow any consequences toward the Directors, Executives and employees for rejecting corruption or reporting corrupt activities related to the Company even if the aforesaid actions cause the Company to lose business opportunities. And the Company shall strictly implement the measures to protect the complainants or persons who cooperate in reporting corruption in accordance with the personnel policies and procedures and/or and the complaint and whistle-blowing measures of the Company.
4. Persons who commit corruption violate the Company's ethics and must be subjected to disciplinary regulations as stipulated by the Company, and may be punishable by law if the action is illegal.

5. The Company has communicated its anti-corruption policy and measures, and the channel for whistle-blowing, complaints or suggestions to Directors, Executives, employees, Affiliates and all groups of related persons through various methods, such as orientation of Directors and employees, communications within the organization and the Company's Group through various media in order to create a better understanding of how to put this policy into practice.
6. The Company has communicated its anti-corruption policy and measures, the channel for whistle-blowing, complaints or suggestions to the public and stakeholders through various methods, such as the Company's website and the annual reports, etc.
7. The Company set up procedures to deal with corruption risks, which include risk assessment, prioritization and determination of appropriate measures as well as reviewing past measures. In this regard the Finance and Risk Management Committee has coordinated with the Audit Committee to monitor the major risks of the Company including the risk of corruption, and assigned the Office of Internal Auditing to be the auditor.
8. The Company set up a personnel management process that reflects a commitment to the anti-corruption policy and measures. The process covers the recruitment, training, performance evaluation, determining remuneration, promotion of staff and setting up an organizational structure with appropriate separation of responsibilities to ensure a system of checks and balances as well as ensuring sufficiency of resources and skilled personnel in order to put the policy into practice.
9. The Company has provided a corporate authorization procedure which is clear, concise, effective, transparent and verifiable.
10. The Company has established an internal control system covering finance, accounting, record-keeping as well as other processes within the Company relating the anti-corruption measures and communicated the results of the internal control to relevant parties.
11. The Company has set up an internal monitoring system covering the major activities of the Company such as commercial operations, procurement, etc., to ensure achievement of the stated objectives, including operations based on standard operating procedures, rules and regulations and advising on the development of improved operational efficiency in order to comply with aforesaid policies.
12. The Company has determined the whistle-blowing measures and protection mechanisms for whistle-blowers as well as procedures in communicating the anti-corruption measures in several ways, such as employee orientation, electronic newsletters, periodicals, internal and external communications, its policy letter to partners and customers and the Company's website.

Compliance with Policy

The Company designated as the duties and responsibilities of Directors, Executives and all employees to acknowledge and comply with policies and regulations contained in the Corporate Governance Manual and Business Ethics (Revision 4) of the Company. Moreover, Management at all levels must take responsibility and recognize the importance of motivating their subordinates toward knowledge, understanding and strict compliance with the Corporate Governance Manual and Business Ethics (Revision 4) of the Company.

The Company will not take any action that is illegal or contrary to the principles of corporate governance. Any Director, Executive or employee who violates principles of corporate governance as set out will receive strict disciplinary penalties. And if there are actions that are deemed violations of the law, rules and regulations of the Government, the Company will refer the matter to the governmental authorities to be prosecuted.

If employees of the Company at any level have problems deciding or applying business ethics not specified in the Company's Business Ethics upon an action, they should ask themselves the following questions about such action:

- 1) Is the action contrary to the law or not.
- 2) Is the action contrary to any policy or business ethics or adversely affecting the image of the Company or not.
- 3) Is the action adversely affecting the Company's stakeholders in a serious manner or not.

Staff can send complaints, comments and suggestions as well as the whereabouts of illegal and/or unethical behavior which violate the principles of corporate governance, including behavior that may indicate corruption by individuals in the Company and stakeholders of the Company. They shall report such clues to the Company's channels of communication. (For details please refer to Section 8, Whistle-blowing Measures and Protection of Whistle-blowers, below).

In 2016, the company was submitted a Self-Evaluation form of Collective Action Coalition Against Corruption for get certified to CAC standards by the Thai Institute of Directors Association (IOD).Currently, the certification on process from Sub-committee.

In addition, on November 18, 2016, the Board Directors of the company had regulated the Protection and Anti - Money Laundering, as well as Financial Supporting to the Terrorism policy for the Executives and employees abided by the practices and measures of policy, in order that, the company trained policy to the Executives and employees, as well as had been training continuous the corporate governance regulation and Anti-corruption measurement.



Training :Corporate Governance, Anti-Corruption Measurement and Protection and Anti - Money Laundering

8. Whistle-blowing Measures and Protection of Whistle-blowers

The Company stipulates that Management at all levels in the organization must take responsibility and recognizes the importance of encouraging subordinate employees toward knowledge, understanding and serious compliance with the Corporate Governance Manual and Business Ethics (Revision 4) of the Company. Violators of the stipulated ethics shall receive strict disciplinary punishments in order to treat all stakeholders equally and fairly in compliance with corporate governance. The Company has provided channels for whistle-blowing, complaints, comments or any suggestions that the stakeholders have been affected or at risk of being affected, which would cause damage to all the stakeholders from the business operations of the Company or the conduct of the Company's employees. For all illegal or unethical behavior that may indicate corruption, unequal treatment or reckless and injudicious actions, alert the Company directly or by mail at:

Chairman of the Company/ Chairman of the Audit Committee

Pranda Jewelry Public Company Limited

28 Soi Bangna-Trad 28, Bangna

Bangkok 10260

Or the channels provided by the Company, including the Company's website: www.pranda.com

Or electronic mail as follows:

| | Electronic Mail | Telephone Number |
|-------------------------------------|-----------------------|--------------------------|
| Board of Directors | board@pranda.co.th | 0-2769-9405, 0-2769-9923 |
| Corporate Secretary Office | cs@pranda.co.th | 0-2769-9431, 0-2769-9403 |
| Internal Auditing Office | ia@pranda.co.th | 0-2769-9905 |
| Investor Relations | ir@pranda.co.th | 0-2769-9431, 0-2769-9436 |
| Corporate Communications Department | pr@pranda.co.th | 0-2769-9494, 0-2769-9432 |
| Human Resources Department | personal@pranda.co.th | 0-2769-9961 |

The Corporate Secretary is responsible to collect the communications received from such channels and summarize all the suggestions and issues in order to submit them to the Board of Directors on a quarterly basis, except for letters sent to the Audit Committee, which will be delivered directly to the Audit Committee. Then the Company will examine and record in writing the process of investigation while maintaining the anonymity of the whistleblower. The aforementioned information will be kept confidential to protect the informant against any negative impact thereof.

In 2016, the Company has not received any complaints or whistleblowing about ethical misconduct or actions that do not adhere to the principles of corporate governance.

Section 4: Disclosure and Transparency

1. Disclosure Channels

The Company recognizes the importance of the disclosure of material information of the Company with accuracy, sufficiency, currency, timeliness, transparency and compliance with the provisions of the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), in order to inform all shareholders and stakeholders uniformly by distributing through various channels as follows:

1. The Stock Exchange of Thailand's Electronic system (SCP: SET Community Portal) by the disclosure of information by periodic reports, such as financial statements, Annual Registration Statements (Form 56-1), Annual Report (Form 56-2), etc., and the non-periodic reports, such as the acquisition/disposal of assets, connected transactions, dividend payments, etc.;
2. Other public media, including newspapers, magazines and the Company's press releases;
3. The Company's website: www.pranda.com, which is in both Thai and English;
4. Information for analysts and investors who visit the Company.

In this regard, in 2016, the Company has provided information and organized activities under a communication plan that is consistent with the strategy and objectives of the Company, which has been continuously and regularly reviewed. In order to ensure the quality of information disclosure, the Company disclosed information through the following agencies:

The Corporate Communications Department has the duty to publicize and disseminate news, information and activities of the Company, including 9 televised exclusive interviews of Management and 57 interviews with various news agencies and a total of 154 news releases and photos of the organization as well as a quarterly newsletter by the Pranda Group, both in Thai and English, on the Company's website.

The Corporate Secretary Office has the duty to disseminate information required by the Stock Exchange of Thailand (SET) and the Office of Securities and Exchange Commission (SEC) with accuracy, completeness and transparency according to the proper protocol. In 2016, the Company issued 101 reports to SET.

The Company puts a high priority upon managing relations with investors, focusing on fulfilling duties with responsibility, integrity, commitment, accuracy, adequacy, in a reliable and timely manner, in order to provide investors, analysts and connected parties with information which is adequate, accurate, complete, transparent and equitable. Thus, the Company set up the Investor Relations Department to be central to the implementation of proactive investor relation activities in order to conform to the practices of leading international organizations. The Investor Relations Department communicates and disseminates information on the activities of the Company that is useful to investors equally and fairly, in order to create a good relationship between the Company and shareholders, institutional investors, general investors, securities analysts and relevant government agencies. The annual investor relations planning is regularly attended by High-ranking Executives of the Company. The Managing Director and related High-ranking Executives presented the operating results as well as providing additional information and answering questions at the meeting with analysts, investors and the media. For inquiries, contact the Company's investor relations through the following 4 channels:

Mr. Dusit Chongsutthanamanee
Investor Relations
Pranda Jewelry Public Company Limited
28 SoiBangna-Trad 28, Bangna
Bangkok 10260
ir@pranda.co.th
Tel 0-2769-9431, 0-2769-9436 (direct line) or
0-2769-9999, 0-2361-3311 ext. 431, 436
Fax: 0-2398-2141

In 2016, the major events included 1 meeting with 2 investors who came for company visits, one conference call with one investor and quarterly earnings releases published by the following media:

1. Investor Relations section on the website of the Company;
2. Facebook pages of Pranda Group and famous stock investors;
3. Pranda room on the Thai Value Investor Webboard - www.thaivi.org;
4. E-mail addresses of approximately 2,000 shareholders and fund managers of whom the Company maintains a database.

In addition, questions of shareholders were answered by telephone and email.

2. Financial Report

The Board of Directors of the Company is responsible for the production of correct, complete and transparent financial statements to safeguard the Company's assets from being lost or used by unauthorized persons, prevention of corruption or unusual operations, and compliance with generally accepted accounting standards, applicable laws and notifications. And in order to ensure the stakeholders' confidence in our financial report, the Board of Directors has assigned the Audit Committee to review the Company's financial statements to adhere to appropriate accounting policies with consistency and comply with related laws and notifications. Additionally, the Committee must review the accuracy and adequacy of the financial statements. In this regard, the Audit Committee has annually held at least 4 meetings with external auditors without the presence of Management, in order to inquire the auditor's opinions in various matters. The Company appointed auditors from E.Y. Global Limited who possess knowledge and professional expertise and have no conflicts of interest which may interfere with an independent and fair audit, to be the Company's external auditors. The said auditors had all the qualifications necessary to assure the Directors and shareholders that the Company's financial statements accurately and credibly reflected the financial position and operating results of the Company in all aspects.

In addition, the Company has prepared the quarterly Management Discussion and Analysis to provide an analysis and explanation of the financial position, results of operations and significant changes on the Stock Exchange of Thailand's electronic portal along with the financial statements.

The company has never been ordered to amend its financial statements by the Office of the Securities and Exchange Commission and discloses the annual and quarterly financial statements to shareholders and investors prior to the due date.

3. Disclosure of Information on the Website

In order for the shareholders and interested persons to be able to access the Company's public information quickly, the Company has presented important information on the website as follows.

1. "About Us" consists of Our Business, Our Leadership, Our Core Values, Our Milestones, Awards & Recognitions.
2. "CSR" consists of 13 Project Core Values of PRANDA.
3. "Our Products" consists of Our Creation Gold Jewelry, Silver Jewelry Costume Jewelry and Our Brands.
4. "News & Events" consists of Press Release, Events, Newsletter and Subscribe to E-Newsletter option.
5. "Investors Relations" consists of Corporate Information, Financial Information, Stock Information, Publications, Corporate Governance, News Room, Shareholder Information, Analyst Coverage, Events and Presentations and Information Request.

The Company invites interested persons to visit the Company's website at www.pranda.com.

4. Disclosure of the Remuneration of the Directors and Executives

The Company discloses the remuneration of the Company's Directors and Executives in the Annual Report as stipulated by the information disclosure requirements of the Office of SEC and the SET. The Company shall disclose the remuneration both in the form of money and other benefits. The remunerations of Non-Executive Directors will be classified by type, whereas the remuneration of Executive Directors will be reported as the whole amount altogether with the remuneration of the Management. The remuneration of the Company's Directors, Executive Directors and Management shall be determined with transparency in the appropriate amount, as comparable to other corporations in the same industry, and corresponding to their duties and responsibilities, and the performance of the Company. In addition, the Nomination and Remuneration Committee reviews and provides recommendations on the remuneration of the Directors to the Board of Directors that are later proposed at the Shareholder's Meeting for approval.

The remuneration of the Executive Directors and High-ranking Executives of the Company complies with the principles and policies specified by the Board of Directors in relation to the Company's performance. In this regard, the Company evaluates the Key Performance Indicator (KPI) every year and makes the remuneration in the form of salaries. The remuneration of the Directors and Executives for 2016 is listed under the topic "Management Structure."

5. Disclosure of the Roles and Duties of the Board of Directors and Sub-Committees

The Company has disclosed the names, roles and duties of the Board of Directors and Sub-Committee under the topic of "Management Structure" in the Annual Report, including the total number of meetings and attendance of each individual Director in 2016.

6. Disclosure of Changes in Shareholding of the Directors and High-Ranking Executives

The Company specified the Code of Conduct on confidentiality, inside information use and trading the Company's assets, as well as disclosed changes in the shareholding of the Directors of the Company. Thus, the High-Ranking Executives of the Company are required to declare the number of shareholding at the end of the previous year compared to shareholding at the end of the current year as well as shares traded during the year, in the Annual Report, under the topic of Inside Information Control in the "Corporate Governance" section.

The Directors and Executives are required to disclose the changes in shareholding by submitting the report of their shareholding and trading of the Company's shares to the Corporate Secretary Office to be later presented to the SEC and SET within the period prescribed by the relevant laws and regulations every time changes in shareholding occur. The Corporate Secretary Office shall report every change in shareholding of Directors and Executives to the Board of Directors.

7. Disclosure of Stakeholding of the Directors

The Company has stipulated the policy to disclose the transactions connected with the Directors. Therefore, the Directors and Executives must inform the Company of their own and their related persons' stakeholdings in compliance with Article 89/1 of the Security and Exchange Act by submitting reports of the aforementioned transactions to the Corporate Secretary, of which the Corporate Secretary shall present the information to the Chairman of the Board of Directors and the Chairman of the Audit Committee within seven (7) days after receiving such reports.

Section 5: Responsibilities of the Board of Directors

The Board of Directors, as a representative of the shareholders, is responsible to supervise the administration and management of the Company to comply with the law and the Company's objectives and Articles of Association. The Board purposes to apply the philosophy of economic sufficiency to the Company's business operations, thus stipulating the Company's vision, mission, strategies, policies, objectives and business plans in line with the following principles – "Sufficiency of Growth," "Rationality in Business Operation," and "Good Protection for Business" – all of which shall be achieved with expertise and business ethics. In 2016, The Board reviewed and approved the vision, mission and strategies of the Company, providing regular follow up and requiring the progress report on the results of operation and business profits of the Company to be presented to the meeting of the Board of Directors in order to maintain unified objectives between the Management and its employees. The key information about the framework for overseeing the responsibilities of the Board of Directors is as follows:

1. Structure of the Board of Directors

The Board of Directors has considered the appropriateness of the present structure of the Board of Directors compared to the obligations thereof, in order to ensure compliance with the Articles of Association and the Company's regulations pertaining to the Board of Directors as predetermined by the Board of Directors. For the composition, qualifications and scope of authority and responsibilities of the Board of Directors, details are disclosed under the topic of "Corporate Governance."

1.1 Composition of the Board of Directors

At least one-third of the total members of the Board must be Independent Directors, but no less than 3. Currently, there are three (3) Independent Directors out of a total of 9 members on the Board of Directors. The Board of Directors is comprised of four (3) Executive Directors, and six (6) Non-Executive Directors, three (3) of whom are the Independent Directors. In this regard, the Directors of the Company must possess a variety of skills including skills in the Company's industry, finance and accounting, business management, international marketing, strategy, crisis management and law. It must consist of at least three people with knowledge of the Company's business, at least one knowledgeable about law and at least one person knowledgeable about accounting and finance.

1.2 Qualifications of Directors

Independent directors must be fully qualified according to the provisions of the Capital Market Supervisory Board. Details are available under section 3 “Selection and Appointment of Directors and High-Ranking Executives (Senior Management),” above.

1.3 Election and Tenure

With regards to the Board of Directors’ tenure, at every Shareholders’ Annual General Meeting, one-third (1/3) of the Directors, or, if the number of Directors cannot be divided exactly into three parts, the number of Directors nearest to one-third (1/3), shall retire. In the first and second year after the Company’s registration, the retiring Directors shall be selected by drawing. In the subsequent years, the Directors who were in office the longest shall retire from office. The Directors retiring by rotation are eligible for re-election. Members of the Board of Directors, excluding Independent Directors, must retire at the age of 72 years.

1.4 Directorship in Other Companies

In order for the Directors to devote their time and effort to their duties, the Board of Directors of the Company has determined that each Director may be appointed in no more than five other listed companies.

1.5 Directorship of the Managing Director in Other Companies

The Company has determined the policy on the Managing Director holding the position of Managing Director of other companies to be that the Managing Director shall hold the aforementioned position in one listed company only in order to have sufficient time to manage the business operations of the Company. And he/she must not have any partnership with or be a Director in a juristic person performing the same type of business or a business in competition with that of the Company, whether for personal benefit or the benefit of others, unless such an action is informed to the shareholders’ meeting prior to the appointment of the Managing Director.

1.6 Separation of the Duties of Chairman and Managing Director

The Company has separated the positions of Chairman of the Board and Managing Director and prohibited such two positions from being held by the same person in order to maintain a system of checks and balances and to prevent any overlapping of power. The roles, duties and responsibilities are clearly divided as follows:

The Chairman of the Board is responsible for strategic leadership and encouraging all the members of the Board of Directors to participate in the meeting of the Board, overseeing and supporting the implementation of the Management’s mission through the Managing Director, but without interfering in any of the routine work or daily business for which the Managing Director is responsible.

The Managing Director’s main function is to oversee the management of the Company to be in accordance with the vision, mission, strategies and policies specified by the Board of Directors.

1.7 Corporate Secretary

The Board has appointed Mr. Dusit Chongsutthanamanee as the Corporate Secretary on December 19, 2008 to assist in the various operations of the Board of Directors and Company, including arranging meetings of the Board of Directors and shareholders, providing suggestions to the Directors and the Company in order to comply with the relevant laws and various regulations on a regular basis. In addition, the Corporate Secretary must also ensure that the Directors and the Company’s information disclosure are correct, complete and transparent in accordance with the standards of Good Corporate Governance. The details of the qualifications as well as the duties and responsibilities of the Corporate Secretary are found under the topic “Management Structure.”

2. Appointment of Sub-Committees on Specific Matters

The Board of Directors has established Sub-Committees with members who possess knowledge and expertise to initially screen key issues for accuracy, clarity and completeness prior to the consideration by the Board of Directors for authorization, approval or certification, as appropriate, in order to support the Board of Directors' administration. The Company currently has five Sub-Committees, namely:

2.1 The Group Executive Committee is comprised of seven members, four of whom are from the Board of Directors and the remaining three are Non-Director members. The Group Executive Committee has the duties and responsibilities to evaluate, approve and supervise the Company's business operations within the scope of authority assigned by the Board of Directors, including screening issues before presenting to the Board of Directors for approval.

2.2 The Audit Committee is comprised of a total of three Independent Directors, one of whom has expertise in accounting and finance. They are appointed by the Board of Directors and possess all the qualifications stipulated by the Stock Exchange of Thailand. In summary, the roles of the Audit Committee are to review the financial statements, review the internal control system, set up the audit system and ensure the Company's compliance with the Securities and Exchange Act, the provisions of the SET and relevant laws governing the Company's business. The Audit Committee shall also consider the recruitment and appointment of External Auditors, review the connected transactions or transactions that may have a conflict of interest. In addition, the Audit Committee must prepare a report on the corporate governance of the Audit Committee to be disclosed in the Annual Report of the Company and signed by the Chairman of the Audit Committee, with comments on the adequacy and appropriateness of internal control and risk management systems in the Company.

2.3 The Nomination and Remuneration Committee is comprised of six Executives members with one Independent Director functioning as the Chairman of the Committee. Even though the remaining five are not Independent Directors, the processes and procedures for the nominations of Directors and Senior Management are based on best practices, clear, transparent and comparable with other companies in the same industry and in line with the long-term interests of the Company and stakeholders.

2.4 The Finance and Risk Management Committee is comprised of four Directors from the Board of Directors and three others selected from experts with knowledge and specialization in capital management, investment analysis and risk management, in order to protect and control factors that affect the long-term business operations of the Company as well as all stakeholders.

2.5 The Core Values and CSR Committee is comprised of one Director from the Board of Directors and eight others selected from Executives of the Company and Affiliates in order to promote and link the Company's vision to the behavior of the whole organization to move in the same direction, appropriately and tangibly, under the framework of Core Values.

3. Roles, Duties and Responsibilities of the Board

3.1 The Board of Directors shall consider and approve important matters concerning the business operations of the Company such as vision and mission, strategies, financial objectives, risks, business plans and budgets. The Board of Directors shall also direct and oversee the Management to implement the stipulated plans and policies with efficiency and effectiveness. Details of the authority, duties and responsibilities of the Board of Directors are under the topic "Management Structure."

3.2 The Board of Directors has stipulated the Company's Corporate Governance Policy in writing from 2000 onwards.

3.3 The Board of Directors of the Company has prepared a written code of "Business Ethics" as the guidelines and rules of best practice for Directors, Executives and employees at all levels in order to foster understanding of the Company's ethical standards in business operations. The Board of Directors has also seriously tracked and insisted on compliance to these rules and guidelines, which are included in the "Corporate Governance and Business Ethics Manual" (Revision 4) by distributing it to the Directors and employees at all levels of the Company, along with a note to be signed as a pledge of acknowledgement and strict compliance.

3.4 The Board of Directors has determined the Business Ethics governing conflicts of interest in order for employees at all levels of the Company to observe and follow. And the Board of Directors has carefully monitored matters with potential conflicts of interest by stipulating the policies and procedures for approval of connected transactions, including disclosure of information in its entirety. In addition, the Board of Directors has formulated policies and procedures to prevent Executives and connected persons from using inside information of the Company for their own benefit as follows:

In the case of connected transactions or transactions with related parties with potential conflicts of interest, the matters shall be submitted to the Audit Committee to comment on according to the regulations of the Stock Exchange and the Securities and Exchange Commission before proposing the matters to the Board of Directors for approval.

The Company has determined that when any Directors, Executives or related persons may have benefits from transactions with the Company, the resulting stakeholder in the matter under consideration shall be disclosed. Additionally, the related Directors or Executives are not permitted to attend the meeting in order to make decisions on aforementioned transactions.

Disclosure of information about the transactions that may have conflicts of interest or transactions with related parties shall comply with governmental regulations.

The disclosure of business connections or other businesses which may have benefits associated with Directors or Senior Management shall be reported every 3 months as information for monitoring the transactions with potential conflicts of interest and the source of names in the disclosure of business transactions with related parties to be disclosed in the financial statement Notes.

3.5 The Board of Directors has established a code of Business Ethics governing connected transactions for compliance with by the Company and its Subsidiaries. The aforesaid connected transaction shall represent normal business operations and be conducted for the best benefit of the Company. The Audit Committee and the external auditors of the Company must examine the appropriateness of price and rationale of such transactions. The Board of Directors must act in accordance with the Securities and Exchange Act, requirements, notifications, orders or provisions of the Stock Exchange including compliance with the provisions on disclosure of related party transactions, acquisition or disposal of major assets of the Company according to the accounting standards given by the Federation of Accounting Professions.

For transactions according to Section 89/12 of the Securities and Exchange Act (No. 4), 2008 between the Company or Subsidiaries and Directors, Executives or related persons, the Board of Directors has approved the principle that Management can authorize the said transaction if and when those transactions have accompanying trade agreements composed of such criteria as those that would be issued by persons of ordinary prudence when making a general contract under similar circumstances, with bargaining power free of any such influence as their status as directors, executives, or individuals with any involvement whatsoever, when the transaction is in excess of 1% of the total revenue as calculated at the end of the most recent accounting period for each time that the transaction is made, in order to report before the meeting of the Board of Directors upon their request.

3.6 The Board of Directors has established the policy of the internal control system by focusing on the efficiency of the internal control system at both the management and the operational levels. The Company shall stipulate the scopes of duties and authority of the Executives in writing, supervise the assets utilization of the Company for best benefit, and review the budgeting system and feasibility study prior to making investment decision. Additionally, the Company separates the duties of the operator and the evaluator to encourage the principle of checks and balances.

On February 27, 2016, the Board of Directors completed the evaluation form for the sufficiency of the internal control system of the Company and its Subsidiaries. The details of this evaluation covered five key areas, namely: 1) Internal Control within the Organization, 2) Risk Assessment, 3) Operational Control, 4) Information and Communication Systems, and 5) Monitoring System. The summary of the evaluation results in all five areas is shown under the section "Internal Control and Risk Management."

3.7 The Board of Directors stipulates the risk management policy by focusing on risk management, thus assigning the Finance and Risk Management Committee to formulate the scopes and policy of the risk management. The Finance and Risk Management Committee shall hold the meetings every six months with the Executive Committee to evaluate the potential risks both from internal and external factors of the whole organization. The Company shall prepare the report of risk assessment of each unit of the Company to establish the prevention and risk-mitigation policy, including the framework to control the risks at an acceptable level. The Company determines the risks which may impact the Company's operations, including the risk to business operations, the risks in the production process, and financial risks. The details of risk factors for the Company are explained in the section "Risk Factors."

4. Meetings of the Board of Directors

1) Meetings of the Board of Directors must consist of no less than one half of the Directors for it to constitute a quorum. In the case that the Chairman of the Board is not present in a meeting, or is unable to perform his/her duties, if there exists a Vice Chairman of the Board, let the Vice Chairman of the Board sit as Chairman during the meeting. If there is no Vice Chairman, or if the Vice Chairman is unable to perform his/her duties, the Directors present at the meeting shall elect one among themselves to chair the meeting.

2) The final decisions in the Board of Directors' meetings shall be based on the majority vote, with each Director being allotted one vote, with the exception of those Directors who hold a stake in the matter being decided, who are annulled from voting in that matter. If the votes are equal, the Chairman of the meeting shall cast an additional deciding vote.

3) The meeting of the Board of Directors normally must be held at least once every three months, with the Chairman of the Board being the one to call for a meeting; or, if necessary, four or more Directors may request the Chairman to call a meeting, after which the Chairman should call a meeting within 14 days from the date of receipt of the request.

4) Let the Chairman of the Board or the Director who has been appointed by the Chairman of the Board be the one to determine the date, time and place of meeting of the Board of Directors, of which the place of meeting may be defined as a locality other than that of the head office of the Company, or a location in a neighboring province may also be designated. If the Chairman of the Board or the Director appointed by the Chairman of the Board has not designated a meeting place, the headquarters of the Company shall be used as a meeting place.

5) In calling for a meeting of the Board of Directors, let the Chairman of the Board or one who has been assigned send a meeting invitation letter by registered mail, or have it delivered directly to the Directors or their representatives, stating the date, time, place to convene and meeting agenda to the Directors no less than seven (7) days prior to the meeting date, except in a case of an emergency in which it is necessary to protect the rights or benefits of the Company, wherein the meeting may be scheduled by other means, or an earlier meeting date may be set.

6) In setting the quorum of the meeting for Board of Directors to vote on an agenda, at least two-thirds of all existing Directors must be present for the vote.

7) The Chairman of the Board of Directors shall be the one to approve the matters to be included in the agenda for the meeting of the Board, in consultation with the Chief Executive Officer and Managing Director, who shall join to designate the scope and priorities and items to be added to the meeting agenda, while weighing the requests from any Directors to include various other important matters in the order of the meeting.

8) The Chairman of the Board shall allot sufficient time for the presentation of documentation and data by the executives, and for consideration and inquiries, as well as discussion on key issues of the Board of Directors.

9) The Board of Directors may designate a meeting between Non-Executive Directors as is necessary, without the participation of management.

10) The Board of Directors shall devote their time and attention to the Company, fully ready to attend all meetings without fail, save in the case of having to attend to other important matters, in which case they must notify the Chairman of the Board that they are unable to attend the meeting.

11) The Board of Directors has access to all the necessary information to request documents, information, consultations, and other services about the operations of the Company from the senior management, and may seek the opinion of independent external consultants as needed to complement each meeting.

12) The Chairman of the Board may allow high-ranking executives or members of the senior management to attend the meetings of the Board, in order to provide additional detailed information on topics of relevance.

13) The record of the minutes of the meeting of the Board of Directors, summarizing the results of the meeting and the opinions of the Board of Directors, must demonstrate sufficient clarity for use as a future reference.

Moreover, The board of directors set its meeting schedule in advance and notify each directors of the schedule so that each member of the board can manage time to attend the meeting. For year 2016 set 7 times.

5. Self-Assessment by the Board of Directors of the Company

5.1 The Board of Directors agrees to have all Managing Directors annually evaluated by 2 types of assessment, which are:

- 1) Individual assessment – self assessment form
- 1) Group assessment for both the entire Board and Committee form

By using the assessment form revised from the one of the Stock Exchange of Thailand to be appropriate and relevant to the nature of the Company's Board of Directors.

Scoring criteria for self assessment of the Board and Individual members of the Board are shown in the below table.

| Score(%) | Level |
|----------|--------------------|
| 90-100 | Excellent |
| 80-89 | Very Good |
| 70-79 | Good |
| 50-69 | Fair |
| 30-49 | Improvement needed |

The assessment process is taken care of by the Executive Secretary who will collect the assessment forms of both the entire Board and the Group Executive Committee and present to the Nomination and Remuneration Committee for assessment. For the Individual member of the Board, the Secretary will send the evaluation form to each member for self assessment. After making evaluation, each member will put the form in an envelope and submit to the Nomination and Remuneration Committee to summarise the result of evaluation. In 2016, The summary of assessment result is as follows.

1. The assessment of Individual member of the Board are made under 3 major criteria, of which the result turns out to have “very good” score or 96% as detailed as follows.

| No. | Criteria | Score (%) |
|---------------|--|-----------|
| 1 | The structure and qualification of the Director | 90 |
| 2 | The meetings of the Director | 95 |
| 3 | Roles, duties and responsibilities of the Director | 92 |
| Average score | | 96 |

2. The assessment of the Board of Directors is made under the 6 major criteria and has the average score of “Excellent” or 93% as mentioned hereunder.

| No. | Criteria | Score (%) |
|----------------------|---|-----------|
| 1 | The structure and qualification of the Board | 90 |
| 2 | Roles, duties and responsibilities of the Board | 95 |
| 3 | The meetings of the Board | 92 |
| 4 | The action of the Board | 96 |
| 5 | Relationship with the Management | 95 |
| 6 | Self development of the Board and ability to develop the Executive Management | 92 |
| Average score | | 93 |

3. The assessment of the Group Executive Committee is made under the 3 major criteria, of which the average scores is “Excellent” or 98% as detailed as follows.

| No. | Criteria | Score (%) |
|----------------------|---|-----------|
| 1 | The structure and qualifications of the Committee suitable to each issue and enhancing work efficiency | 89 |
| 2 | The meetings are properly arranged to have the Committee work efficiently. | 100 |
| 3 | Roles, duties and responsibilities of the Committee giving importance and time to consider, review and operate each issue appropriately | 100 |
| Average score | | 98 |

5.2 Submission of the assessment result and suggestion to the meeting to give better operational support to the Board/ Group Executive Committee

The Board of Directors has made performance assessments of both the entire Board and each Group Executive Committee including assessments of themselves and other Directors at least once a year to consider whether all operations and implementations are adequately monitored. The result of assessment will be used as supporting information for better development and improvement as well as more efficient management for the Top Management. The assessment forms are modified from the ones used to evaluate the Directors of the Stock Exchange of Thailand. Also, there is an assessment of the Board Chairman by the Nomination and Remuneration Committee who will summarize and present to the Board of Director for an approval.

The assessment of Board Chairman in 2016 by the aforesaid Committee who submits the result to the Board for an approval is summarized as followed.

| No. | Criteria | Score (%) |
|----------------------|--|-----------|
| 1 | Assessment from KPI | 96 |
| 2 | Leadership | 97 |
| 3 | Budget Management and Project Management | 96 |
| Average score | | 96 |

6. Remuneration

The Company appropriately determines the remuneration of the Directors and Executive Directors, and Executives to motivate and maintain quality Directors, Executive Directors, and Executives. The remuneration of the Company shall be comparable with the other companies of the same industry, and suitable with the contribution from each individual Director, and related to overall operating results of the Company. The Nomination and Remuneration Committee is responsible for formulating the procedure to consider the remuneration, the remuneration payment, and propose the result of determination to the Board of Directors for consideration so as to later propose to the Shareholders' Meeting for approval. The remuneration of the Senior Executives of higher than Department Manager level shall comply with the principles and policy as stipulated by the Nomination and Remuneration Committee in connection with the Company's operating results, as well as with the annual Key Performance Indicator (KPI) in order to determine their salary. The remuneration of the two Committees and the Executives of the Company in 2015 is shown in the section of "Management Structure."

7. Development of Directors and Executives

7.1 The Board of Directors has encouraged and supported trainings to the Management, such as Directors, Audit Committee members, Executives, Corporate Secretary, etc, to continuously improve their operations. The Company organizes the program of "Sustainable Business Management" to help the Executives to be able to perform strategic planning, analytical thinking, and problem solving, thus leading to sustainable success of the Company.

7.2 The Board of Directors has the orientation policy to prepare newly-appointed Directors to have a brief information of the business, structure of the Group, the business operations of the Group, rules and regulations, policies, business ethics and the Code of Business Conduct for the Directors as prescribed by the regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC) to ensure their complete capability to perform their duties as Director of a listed company. In addition, the Company also provides the presentations on the overview of the jewelry industry, operating results, and present and future business projects of the Company.

7.3 The Board of Directors has encouraged the Directors to receive knowledge for continuous development to increase their understanding of roles, duties and responsibilities, and to strengthen their management skills as Director of a listed company. The Directors and Executives of the Company have participated in several trainings arranged by related organizations such trainings by the Institute of Directors (IOD) as follows:

Training Participation by the Board of Directors

| Directors DCP | | Program arranged by the Thai Institute of Directors (IOD) (Class) | | | | | | Programs arranged by other institutions |
|------------------|-----------------|--|---------|---------|--------|--------|--------|---|
| | | DCP | DAP | FN | ACP | DCP RE | CDC | |
| 1. Mr. Prida | Tiasuwan | - | 37/2005 | - | | | - | |
| 2. Mrs. Prapee | Sorakraikitikul | 17/2002 | - | - | | | - | |
| 3. Mrs. Sunanta | Tiasuwan | 22/2002 | - | - | | | - | Top Executive Program, Capital Market Academy (Class 11) |
| 4. Mrs. Pranee | Khunprasert | - | 26/2004 | - | | | - | |
| 5. Mr. Pramote | Tiasuwan | 46/2004 | 16/2004 | 12/2004 | | | - | |
| 6. Mrs. Pittaya | Tiasuwan | - | 26/2004 | - | | | - | |
| 7. Mr. Verachai | Tantikul | 37/2003 | - | - | | | - | |
| 8. Mrs. Rawittha | Pongnuchit | 59/2005 | - | - | | | - | Top Executive Program in Justice Management (Class 3) Top Executive Program in Commerce and Trade (TEPCOT) (Class 1) Top Executive Program, Capital Market Academy (Class 3) Public Administration and Public Law Program, King Prajadhipok's Institute (Class 3) National Defence Course of Joint State-Private Sector (Class 15), by Thailand National Defense College |
| 9. Mr. Chamnong | Watanagate | 5/2001 | - | - | 1/2002 | 2/2006 | 1/2007 | Top Executive Program, Capital Market Academy (Class 6) Tactical Training in Hostage Rescues, US Marshal Service, Department of Justice, Baton Rouge, Louisiana, USA, 1990 (B.E. 2533) (1-month) Marketing Coaching, Tack Training International, London, UK, 1991 (B.E.2534) (5-week) |

DCP = Director Certification Program / DAP = Director Accreditation Program / ACP = Audit Committee Program / FN = Finance for Non-Finance Program / ACP = Audit Committee Program / DCP Re = DCP Refresher' Course / CDC = Chartered Director Class

7.4 The Board of Directors stipulates the Executives and the relevant staff to receive the training in the course for Corporate Secretary, course pertaining to Good Corporate Governance, course for Internal Audit, and other related courses arranged by organizations and institutions to enhance their knowledge and understanding of duties and responsibility, as well as to be able to fully support the operations of the Board of Directors and the Sub-Committees.

7.5 The Board of Directors has established the succession planning for the position of the Chairman of the Executive Committee and Top-Level Executives of the position higher than the Department Managers' level to ascertain the confidence of the stakeholders, whether the shareholders, customers, and employees, that the business operation of the Company shall be carried on with the sustainable growth policy in compliance with the Code of Business Ethics. The Board of Directors has organized the projects of knowledge development in order to improve management skills for the Executives to be suitable with their duties and other assignments.

Corporate Social Responsibility

Nowadays corporates all over the world give much importance to Corporate Social Responsibility (CSR) because only accomplishment in business, sustainability in the future and optimal profit achievement is not considered enough. Corporates must learn what and how to be responsible for society.

Over four decades in the business, the Company has adhered and paid importance to CRS including encouraging employees to have social responsibility consciousness passing from generation to generation since start. Besides, they are ready to apply such concept to their ways of working and daily lives and keep developing CSR practices for better improvement. The Company has continuously operated the business with CSR concern starting from product designing and selection of production process, which will surely not contaminate environment and community. Moreover, the Company has intended not only to have CSR practices better than what are imposed by laws or equivalent to international standard practices but to develop community and society to go along well together for mutual benefits with sustainability.

CSR Operational Guidelines

Pranda Jewelry Public Company Limited and subsidiary have run businesses with ethics and concerns about mutual and sustainable benefits for stakeholders. Therefore, the Company is setting up operational frameworks of social responsibilities and sustainability in accordance with international CSR practices in regard to economy, society and environment under the concept of good corporate governance so that all subsidiaries will work along together in the same direction. This will also make employee to have good attitude and corporate culture of CSR. The Company is thus having CRS implementation as follows:

1. Running business with good corporate governance with social responsibilities.
2. Paying respect and treating stakeholders with fairness.
3. Supporting activities for social benefits, society and environment including government agencies or private corporate that have activities beneficial to society and environment.
4. Encouraging employees at all levels to give importance and participate in not only company's activities with CSR concerns but volunteer works and as social activities as well.
5. Avoiding any practices that are contrary to moralities or give negative impacts to confidence and trust of the stakeholders for instance shareholders, employees, community where the Company is established, customers, business partners, government agencies concerned, society and country.

Strategies and CSR Operational Frameworks

To encourage doing business with concerns over social responsibilities and benefits of all stakeholders systematically across the organization for the ultimate goals that is the sustainability of the business, the Company has thus specifically set up the Committee to promote and work across functions in regard to shared valued and social responsibilities since 2007 with the following frameworks :



Operation of Corporate Social Responsibilities: CSR In accordance with principles of the Stock Exchange of Thailand

Business operation with social responsibility concern is in process in relation to 8 principles of the Stock Exchange of Thailand as mentioned as follows:

1. Business operating with fairness and ethics

Pranda Jewelry Public Co., Ltd. believes in good corporate governance as the important factor supporting business to be more efficient. Management and employees at all levels always give collaboration and participate in operations that are executed in accordance with good corporate governance. The Company has kept building ethical consciousness to employees and paid significant importance to any actions giving benefits to all stakeholders with fairness.

Therefore, the Company has had the policy of good corporate government in writing since 2000 and constantly used it in operations by Board of Directors, Management and employees at all levels till this practice finally becomes corporate culture creating shared values to which all employees adhere. They will also treat all stakeholders fairly, work at their best with transparency, honesty and traceable which creates trust and confidence to shareholders, investors, stakeholders and any parties concerned. The Executive Directors are hence taking charge of monitoring all operations to be continuously implemented in line with not only good corporate governance principles of Securities and Exchange Commission and the Capital Market Commission but internal standards to enhance efficient operational system and sustainable growth of business.

2. Anti-Corruption Operations



As the Company realizes anti-corruption problem may occur on any levels of employees, the anti-corruption plan is thus set up together with the seminars are conducted for employees. Moreover, the Company has Code of Business Conduct relating to anti-corruption for instance, Code of Conduct of conflict of interest, one of Information Technology using, one of securities trading and one of giving and receiving gifts or assets or things, which is likely considered a motive to act or not to act illegally or immorally or any wrongdoings leading to benefit exploitation for themselves or their friends and families. Also, the Code of Conduct concerning responsibilities of Executive Management and employees is imposed to focus on corporate governance and strictly followed. Besides, employees take part in monitoring and preventing any actions or cases with stakeholders that can cause corruption.

Furthermore, the Company has participated in anti-corruption activities held by both government and private sectors and joined Collective Action Coalition Program with The Institute of Directors of Thailand, The Thai Chamber of Commerce, The International Chamber of Commerce, The Thai Listed Companies Association and The Thai Bankers Association on November 9, 2010 to counteract corruption. It is reckoned the international Program supported by the government and National Anti-Corruption Commission (NACC). Also, the Board of Directors has announced anti-corruption policies for PRANDA subsidiaries on October 9, 2012 for all Directors, Management and employees to regularly follow.

3. Respect for Human Rights



Owing to the fact that the Company recognizes the rights of every human being on the basis of equality and non-discrimination, any procedures in relation to personnel including recruiting, hiring, termination, development, promotion, job transition and delegation with morality and fairness regardless of race, national, religion, gender, age, education or other reasons. Additionally, services and transactions with entities from specific countries or individuals of specific nationalities are made with fairness pursuant to the Universal Declaration of Human Rights signed with UN Global Compact so that the Executive Directors, Management and all employees will follow accordingly.

4. Treating Employees with Fairness

Owing to the fact that the Company strongly believes efficient and effective human resources are one of the keys to business success according to organizational reform plan, the Company thus gives importance to remuneration and other benefits including safety, health and working environment that enhances better quality of life, skill development and proper knowledge sources.

Employment and Labor Relations – the Company respects right and adheres to the policy that giving constant importance to labors and considers employees valuable resources of the organization. Thus, there is the Benefit and Welfare Committee established to support employees to have fair rights and welfares.

Health and Safety – the Company has recently been realizing importance of health and safety including working environment, so there are seminars for employees in regard to working environment and activities supporting quality of life and safety as well as other existing activities they already have every year such as welfare giving, health check, eye sight examination by doctors from the hospital, first aids training and practice so that employees realize their health and health of their friends and families are important. Besides, the basic drills of fire evacuation and prevention and the “Safety Week” activity are provided to give employees consciousness and see importance of safety of working environment and health. Also, there are other activities that stimulate and provide working skills to employees. Diversity and Equality of Opportunity - the Company is aware of values of human resources and confident such resources are the most important key to business operation, so support and development of employees are continually taken care of under the Core Values and CSR Committee with the following 13 projects.;

- | | |
|--|--|
| 1) PRANDA Group Academy | 8) Dual Vocational Training |
| 2) Quality of Life Development Project | 9) Occupational Support for the Disabled |
| 3) Pre-school Child Development Center | 10) 7 Sor. Activity |
| 4) Food Quality Inspection Project | 11) Environmental Conservation and Energy Saving Project |
| 5) Innovation Project | 12) Waste Bank |
| 6) Debt Reduction and Legal Consultation | 13) Sharing and Giving to Society |
| 7) Cooperative Project | |

Apart from the 13 projects as mentioned above, the Company has provident fund, 300 units of welfare housing, appropriate remuneration and benefits, opportunity for career advancement, employee participation, annual health check, free meals and so on and so forth provided to employees at all levels.

In regard to employment standard, the Company follows the clear policy that no child or forced labor is hired, no request for financial guarantee from employee when hired and equality of opportunity and treat as well as recognition of the rights of employee taken into account by having the Benefit and Welfare Committee to participate, negotiate and run the meetings or activities concerned. Additionally, health and safety system in the workplace and the training of safety and hygiene in the workplace are also conducted for employees.



5. Responsibilities for Customers

The Company gives priority to delivery of good and trustworthy quality products and services to customers under the International Quality Standard ISO 9001:2015 with commitment to produce jewelry and gems with international standard quality and quality control in every step of production process by the expertise, punctuality of product delivery for optimal customer's satisfaction and continuity of product development. The Company is also committed to the productivities customers are satisfied most and using resources, time, personnel, capital, materials, equipment and tools, information, technology and process with efficiency and effectiveness. All these things need to be strictly

and continuously done with quality of health, safety and environmental concerns.

Moreover, the Company always strictly keeps treating business partners and creditors as committed with equality and fairness and with no request for benefits in bad faith. For the creditors, the Company regularly follows the terms and conditions stipulated in the loan agreements, discloses true and correct financial status. In addition, the proper procurement policy with partners is implemented fairly and efficiently under the fair competition, no illegal pursuit of confidential information of business competitors, like bribing other competitor's employees, destroying reputation or framing competitors or taking any incorrect and unfair actions against them.

6. Environmental Conservation

The Company is aware of importance of environment and participation in environmental protection, recycling and taking actions to prevent pollution or impacts on environment and community pursuant to general operating standards by using technology, efficient operational management relating to power and energy use, water quality and waste management. Additionally, there is a channel for employees and community to file complaints in regard to corporate operations. Participation in community or society development by acting as a good citizen and supporting activities that are beneficial to community and society in general is also paid.

7. Participation in Community Development

The Company has kept participating in community development and encouraging employees to take part in volunteer projects and activities in order to create values and benefits to the communities surrounding the Company or areas related to the corporate. Participation with the communities, providing knowledge and skills and returning remuneration to employees with the goal to support and develop quality of society and have long termed sustainable economy including donations for the disadvantaged and any other victims are carried out constantly. The following CSR activities have recently been undertaken as described below.

“Dual Vocational” Project

The Dual Vocational Project has been carried out for more than 16 years by selecting students from public schools in the remote areas throughout the country, especially the following projects after the Silverware Project under the patronage of HRH Princess Maha Chakri Sirindhorn of the five public schools in Mae Chan, Chiangrai, Loey, Nan, Tak and Petchaboon to further vocational study in Jewelry in collaboration with the Kanchanapisek College Royal Goldsmith and the Bangkok Arts and Crafts College, Department of Vocational Education, Ministry of Education. The results of this project are as follows.

Poor children

Getting opportunity to study further at higher level with no expense, getting knowledge and direct vocational experience as a goldsmith, having the accredited Certificate of Vocational Education and stable career for the future

**Department**

Developing vocational education channel to be more efficient in collaboration with private sector to

Vocational Education produce needed human resources and save budgets drastically.

Business Operator

Building and developing resources living up to government standards, producing craftsmen for the company and overall industry in the future.

8. Innovation Project

The Company has been aware that creativity and functional innovation development is important to add values to operational processes and create innovations either at individual level or corporate level. This makes good changes to stakeholders in term of economy, society and environment leading to accomplishment and sustainability of the corporate.

Results of Corporate Social Responsibility Activities in year 2016

The Company strongly believes and has confidence in value of human resources, which is the most important factor for business operation. Therefore, the company pays much importance to continuous human resources development under the responsibility of Core Values and CRS Committee. This is to support the following activities and projects undertaken in year 2016 under CSR concepts and according to the corporate policy.

1. The PRANDA Group Academy

The PRANDA Group Academy is founded to enhance development of skills, knowledge and competency of Management and employees so that they can have efficient works and good visions by means of various trainings conducted for all levels, for instances Core Value Training, Working with Chemicals and Emergency Plan of Chemical Leak, Individual Development Plan (IDP) based on Competencies and Self- Assessment for Quality of Life, Do-It-Yourself Health Care, Basic Knowledge of Jewelry Business, Safety Officers in Management Level and Safety Supervisors, Orientation Program for New Employees and other internal courses and courses conducted by other organizations. Besides all these courses provided to have employees trained thoroughly, the Company is also having a library where employees and their children can borrow books and search for information on internet. There are more than 3,500 books and magazines provided to the target group to access information and knowledge easily.

2. Quality of Life Development

Quality of life Development in all aspects is provided to employees through variety of activities and programs to enhance immunity for life and better quality of life. In year 2016, there are 10 following main activities focusing on development of quality of life, which are 1) Aerobic for Health 2) Reduction on Travelling Expenses 3) Flea Market 4) Knowledge of Quality of Life Project 5) Messages from Kids 6) Saeng Song Jai 7) Cigarette - Death at Your Fingertip 8) Ni Than San Rak 9) Sang San Pan Si 10) Do-It-Yourself Health Care

3. Pre-school Child Development Center

The Pre-school Child Development Center has continually been operated for 28 years to help take care of employees' children during working hours and to enhance physical, intellectual and behavior development of children. This center can help raise no less than 50 children each year. The Company will provide babysitters who are permanently hired and directly trained with child caring courses. This makes children ready for studying in the higher levels with the following services provides as follows :

- (1) Health Services such as health check, examination of health development and physical development and consultation of child caring.
- (2) Nutrition Services for instance, providing proper nutrition foods to children and training good habits and manners on the table.
- (3) Other Development Services for example, muscle development, language and communication development, creativity development and mental, emotional and social development to get along well with others and act in good manner.

4. Food Quality Inspection Project

This project is concerned about employees' health at all levels with the policy encouraging food shops to develop taste of food along with careful selection of quality, hygiene and safe raw materials with no chemical contamination. Food cooking should be made pursuant to nutrition so that cooked foods still have valuable nutrients that give energy and good health to employees.

5. Innovation Project

The Company has supported and stimulated employees at all levels to have creativity when working. They may modify tools, equipment and some operational processes to be more efficient and effective, which will not only help reduce cost but create new production know-how for the corporate. In 2016, there are participants getting rewards from 13 projects, which is later applied to be used for product design and passed on to the subsidiary companies both domestically and internationally as well.

6. Debt Reduction and Legal Consultation

This project has been continued up until now to help employees solve debt problem and give legal advices to tackle debt problem properly. The Company works in cooperation with financial institutes to give loan to employees if needed. In 2016 there are more than 40 employees needing legal advices on debt problem and 30 employees requesting for debt refinance, which amounts 3,297,600 Baht in total.

On top of that, there is legal information concerning debt issues to be posted on the board as one of the channels for employees to gain basic knowledge and advices, apart from the other activity which is called the Morning Talk.

7. Cooperative Project

This project is established to motivate saving habit and give knowledge of personal financial management to employees. Also, the Cooperative gives employees who are in need for money with lower rate of interest than any other general banks. There are 2,213 employees who are members of the Cooperative at present and more than 140 million Baht of operating capital. Employees are now having 1,204 saving accounts amounting total 18 million Baht. Since year 2008 till now 2,213 employees have been investing in stock saving in the amount of over 112 million Baht while there are 2,492 loan supports in 2016 totaling 85 million Baht. There have been total amount of 23,500 transactions of loan provided to the employees since start till now, valued 515 million Baht in total. In addition, the Cooperative has recently involved in giving financial supports to the employees in other ways.



Educational Scholarship

The PRANDA Group Cooperative presents 78 educational scholarships, valued 101,500 Baht to children of the employees at Primary, Secondary and Vocational school levels including Bachelor's degree in 2016. The total of 440 scholarships amounting 587,500 Baht have been offered since 2010 up to present. Additionally, 8 rewards for good scores given to dual vocational students in 2016 in the amount of 8,000 Baht. From year 2012 till present, 31 scholarships of this kind, in value of 31,000 Baht have been presented.

8. Dual Vocational Education

Since year 2000 the Company has worked in collaboration with the Kanchanapisek College Royal Goldsmith, the Bangkok Arts and Crafts College and Suranari Technical College under Department of Vocational Education, Ministry of Education by giving chances to students who finish Grade 9 from the Public Secondary Schools, Ratprachanukhro Schools and other schools in



rural areas all over the country to further Vocational Education in Gems and Jewelry Business. There have been 16 classes of 1,294 students participating in this program and 995 students of 13 classes have already been graduated. The expansion of educational opportunity is also made to factories in Nakhonratchasima and provinces nearby. In 2015, 106 students from factories in Bangkok and Nakhonratchasima were graduated while 316 students from Bangkok and Nakhonratchasima factories are in progress of studying in the first, second and third level.

9. Occupational Support for the Disabled

Since starting the business, PRANDA Group has always have the policies to support the disabled starting from accepting the disabled to work in the organization, developing the disabled to have the same competences as general employees and giving an opportunity for career advancement. Furthermore, there is a training conducted for regular employees to have body language skills, so no communication problem between the normal and disabled exists and they both can finally work along well together. In year 2016, there are policies set up specifically for the Disabled as follows :

- (1) Increase in number of the Disabled in the organization for 10 percent.
- (2) Increase in efficiency in work performance by the Disabled to be similar or equivalent to one produced by normal employees.
- (3) Increase in workforce diversity.
- (4) Participation in both internal and external activities.



At present, the Company is having the ratio 60:1 of the disabled working at the management level or in the supporting function and production line, which is considered higher than ratio of 100:1 stipulated by law. They also get the same remuneration and benefits as the normal employees. Most of them are hearing impaired.

10. 7 Sor. Activity

Activity “7 Sor.” is being used as a basic tool to enhance effectiveness and efficiency in work performance, which leads to the standard of quality management to be relevant to the current situation conditions. This activity brings about good awareness, change of way of thinking and working to get involved more in quality of work development and decrease in any wastes and unnecessary costs, which stimulates employees to have involvement in inspection, analyst and improvement of every area to be in good order and also prevent and reduce any losses that may incur.

11. Environment Conservation and Energy Saving

The Company has encouraged the employees to protect environment and save energy. They throw an attempt to maintain the environment to be in the same original conditions for benefits of living. Cooperation with other corporates is made to create knowledge, understanding and awareness of conservation, protection and restoration of natural resources for maximum benefits to the employees.

Though the business operation of the Company has no impacts on the environment, the Company has still considered this issue socially sensitive and constantly given much importance to environment protection and energy saving.

The Company realizes energy is necessary for living especially the more development of industrial technology, the more demand of power use nowadays. Most of sources of power are derived from fossils, crude oil and gas and etc., which is considered nature destruction that causes the environment problems in the end such as, unseasonably warm weather, heavy rain and floods and so on.

Considering the aforementioned impacts, the Pranda Jewelry Public Co., Ltd. as one small company would like to help use energy efficiently. Thus, Energy Saving Project is set up to create awareness and help lessen use of power by using or saving power with efficiency. The Employees are instructed to properly turn on and off lights and air-conditioners including timely inspection and changes of tools or equipment. All these practices can help save power for 2 % costing 460,000 Baht/year and more importantly, create awareness of energy efficiency and environmental concern to the employees.

12. Waste Bank

The Bank of recycled wastes has been founded to manage wastes in the workplace and educate employees to give full participation in this project. Reduction of unnecessary wastes, material reuse and recycling is promoted apart from deposit-sales of recycled materials for 50,000 kilograms on average a year valued more than 500,000 Baht/year. From year 2009 to present, the waste management of the Company has handled 219,579 kilograms of total wastes with value of 1,593,459 Baht.

13. Sharing and Giving to Society

The Company has always motivated employees to take part in volunteer jobs and sacrifice body and soul as well as their times to activities benefiting society and community. Also, the Company is supporting the programs that give good contribution to the society and lending financial supports for those activities with no cease up until now. In year 2016, the Company extends support to the following CSR activities.;

(1) Participation in the National Children's Day – working with the government agencies, schools and communities around the plants to build good relationships between schools and communities nearby and support children to be quality people in the future.



(2) Participation in traditional religious activities – taking part with the surrounding communities in offering robes to Buddhist monks at monastery and cleaning temple areas, donating candles and offerings dedicated to monks on the religious days or festivals.



(3) Engagement in other CSR activities

3.1 Anti-corruption Activity

Pranda Jewelry Public Company Limited is running business in line with basic principles of good corporate governance and business ethics, fair policy and treats for every party of the stakeholders. The Company has built ethical consciousness of work with fairness concerns for the shareholders and stakeholders. In year 2010 the Company joined in the "Collective Action Coalition Program" to tackle any forms of corruption and make sure that the Company is having proper risk control, guidelines and regulations to prevent any forms of corruptions. This is to help decision making and business transactions that may be at risk of corruption practices to be considered with care. The Pranda Jewelry Public Co., Ltd. is therefore having the Anti-Corruption policy in writing as well as Anti-corruption manual to be strictly follow and developed for business sustainability.

Furthermore, the Company has officially announced to partake in the anti-corruption activities and has committed to suppress corruption and joined forces to retain public interest.

In 2016 the Board of Directors has considered and reviewed the anti-corruption policy, guidelines and principles. The seminar concerning anti-corruption is also conducted for the management and agreement is signed to counter corruption according to anti-corruption manual. The management is responsible for communicating and stimulating the employees to adhere to this policy. Moreover, the self- evaluation for countering bribery is completed in order to participate in the program "Private Sector Collective Action Coalition against Corruption" of the Thai Institute of Directors (IOD).



3.2 Participation in an establishment of the UN Global Compact Local Network

In 2015, there was an establishment of the UN Global Compact in Thailand which includes more than 15 members, and it was supported by National Human Rights Commission, Subcommittee of execution of strategic in economic, social and cultural rights. The National Human Rights Commission participate in an establishment of UN Global Compact Local Network in order to consider structure of management and role of the relevant party, to join an operation target for the operation period of the first quarter in 2016, in order to

drive the success of the business by 10 principles of the United Nations. This covers the 4 principle issues, including Human Rights, Labor Standard, Environment Protection, and Anti-Corruption for the sustainability development.



3.3 Blood Donation for saving people's life

The company strongly encourages the staff to participate in any projects related to life- saving, by joining the Thai Red Cross for donating blood in every 3 months. Blood donation is used to save people's life and reserved for emergency cases. Nowadays, only a small number of Thai people are donating their blood. The blood reservation is inadequate and becomes a very big issue while there is a high demand of blood in saving people's life.



3.4 Providing an opportunity for others

Providing an opportunity for others to have a study visit at the company. The company allows any education institutes, and other authorities make a study visit at the company throughout the business operation period, in order to provide knowledge to the society and the stakeholders.



3.5 Supporting the business network

Supporting the business network for social and environmental benefits PRANDA Group, is a founder and a corporate member of the business network for social and environmental benefits. The business network for social and environmental is a combination of business professionals to exchange experiences and a coordination of business people with a similar paradigm regarding an operation of the business with responsibility on social and environmental. This mission is to promote awareness and provide support for the business which concerns with social and environmental, the rights of community and society, as well as operates fair business with all parties.

3.6 Support for production in jewelry design contest GIT

PRANDA Group is supporting a production in jewelry design contest which was run by The Gem and Jewelry Institute of Thailand (Public Company) or GIT. The contest aims to support a development and support a professional jewelry designer.

Based on PRANDA Group's operation in the past, the company has been caring for its personnel, the community and society. More importantly, business operation cannot be separated from the society. Business cannot only operate for business profit, without ignoring society any longer. If the society faces any problems, this will result in a recession of the business.

Report of the Audit Committee

Dear Shareholders of Pranda Jewelry Public Limited Company

The Audit Committee of Pranda Jewelry Public Company Limited comprises 3 members named Mr. Verachai Tantikul as a Chairman of the Audit Committee and Mrs. Rawittha Pongnuchit as well as Mr. Chamnong Watanagase as Audit Committee who conduct audits in accordance with an authorized approval by the company's Board of Directors and under regulations of the Office of Securities and Exchange Commission. The objectives of this auditing service are set for the company to have good corporate governance, efficient internal audit and effective risk management system, and to enhance efficiency in operations and create values added to the company to comply with the company objectives and business goals.

In 2016, the Audit Committee conducted five meetings with the independent auditors and internal audits to review information of financial budgets and others related of the Company and subsidiaries and to hear any clarifications and advices that may be beneficial for financial reports to have accuracy, completeness and reliability. Those meetings would also help improve effectiveness of internal control. Subsequent to each meeting, the summary of key issues would be submitted to the Board of Directors for consideration and further improvement concerned. Scopes of work and responsibilities of the Audit Committee are as follows:

1. To review accuracy, completeness and reliability of financial reports

The Audit Committee and the independent auditors had reviewed the quarterly financial reports and annual financial report of year 2016 together. This is to be confident the financial reports of the Company and the subsidiaries were properly made according to generally accepted accounting principles and the related information with correctness, completeness and reliability is sufficiently publicized. Moreover, the Audit Committee would give noticeable advices and solutions beneficial to the company and also support use of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as advised by the Federation of Accounting Professions.

2. To review sufficiency of internal control and internal audit systems

The Audit Committee had to review and inspect as to whether the company Internal Audit was executed and conformed to international practice standards of internal audit. The Audit Committee not only use risk assessment method based on Risk-Based Management and International Internal Control System of COSO, but review annual audit plan, audit reports from the Office of Internal Audit as well as following up whether there were constant solutions for problems that might occur. Furthermore, the Committee rendered advices to Office of Internal Audit and Management for better improvement of operation, sufficiency and continuous development of internal audit manpower. The Committee concluded the Company had sufficient internal control and internal audit systems and agreed to the annual audit plan and audit reports from the Office of Internal Audit and other process monitoring reports would be presented to the management for better improvement as detected and suggested by the Internal Audit.

3. To review risk management system

The Audit committee paid more importance to risk issues the Company might have had in the recent years. The Committee would consider and review any possible risk factors that had impacts on business operations and goals.

4. To review operational compliance with applicable laws and regulations

The Audit Committee made a review as to whether the Company had regular operational practices in compliance with laws of Securities and Exchange Commission, regulations of Stock Exchange of Thailand and other business laws concerned. The Committee came up with conclusion such practices were undergone adequately with no flaws in this regard.

5. To review any related transactions between companies or transactions that might cause conflict of interest

The Audit Committee reviewed the related transactions between the Company and subsidiaries and the transactions that might cause conflict of interest including whether disclosure of such information as shown as footnotes to financial statements was true and correct. This was to make sure the Company had business practice pursuant to conditions and regulations of the Securities and Exchange Commission.

6. To assess selection and nomination of the independent auditor including remuneration of the audit firm in the year 2016. After making consideration on the list of CPAs in view of performance, independence and appropriate remuneration, the Committee made a submission to Board of Directors who would seek further approval from the shareholders in the Annual General Meeting 2016.

7. To review measurements of fraud and corruption prevention

The Company has joined the program called Private Sector Collective Action Coalition against Corruption “CAC” so that all Directors, Management and employees followed this policy. In 2016, the Board of Directors deliberately considered and reviewed such policy, implementation and measures including related seminar for management and agreement signing to communicate this policy to subordinates and strictly follow it. Also, Self-Assessment Evaluation Form of Thai Institute of Directors (IOD) was undergone to confirm the Company joined Private Sector Collective Action Coalition against Corruption “CAC” program. Though joining this program does not 100% guarantee there was no fraud or corruption in any cases, the Audit Committee was still certain that the Company had policy efficient enough to effectively prevent and counter corruption.

The Audit Committee at last considered the Company prepared and disclosed accurate, appropriate and reliable financial statements. Furthermore, the internal control, internal audit and risk management were systematically put in place with strict implementation in accordance with related laws, regulations and commitments. The related financial transactions between the Companies and subsidiary were carefully made and comply with good corporate governance, transparency and adequate reliability. Lastly, there was also constant development of financial operating procedures for better improvement and quality suitable to business environment.



(Mr. Verachai Tantikul)
Chairman of Audit Committee

Internal Control and Risk Management

According to the Board of Directors meeting 1/2017 on February 27, 2017, the Board of Directors has assessed the Company internal control system as stated in the audit report from the Audit Committee and comes up with conclusion that the internal control systems of the Company comprising control environment, risk management, operational control, information technology and data communication and monitoring system are considered adequate and appropriate.

The Audit Committee had completed their duties and responsibilities as committed and approved by the Board of Directors in the meeting 14/2016 as of November 10, 2016. The Audit was made with competence, due care and independence in order to yield benefits all stakeholders equally. The Committee believed the Company had not only adequate and appropriate but effective and efficient internal control systems suitable for generating accurate and reliable financial reports and statements to live up to the generally accepted accounting standards. Financial operation was also conducted right according to good corporate governance, related laws, regulations, commitments concerning business operation of the Company and International Standard of COSO (The Committee of Sponsoring Organizations of the Treadway Commission).

The Board of Directors and the Audit Committee had the same conclusions of the Company internal control systems as mentioned below.

Internal Control

1. Corporate Environment Control

The Company supported to have good working environment, proper organization structure, precise line of command, good relationship between internal departments, accurate job description for all positions, appropriate authority delegation and clear business goals. The Key Performance Indicators: KPI are set to assess effectiveness of operation to be in line with business goals and objectives and good corporate governance policy. The Code of Conducts as well as related policy and plan were established with fairness to employees, customers, partners and shareholders. Benefits to investors and stakeholders were significantly concerned and realized. Disclosure of information had to be made with accuracy, transparency and timeliness.

On top of that, the Company put much importance to personnel by appointing Social Responsibility and Common Value Committee and having employees to generally participate in related activities that could be applied to daily operation. Furthermore, there were seminars, trainings for employees to have better skills and competences suitable for the assigned jobs, to promote and develop human resources to strive for excellence, consistency and standards.

The Company also signed the intent named "Private Sector Collective Action Coalition against Corruption" organized by Thai Institute of Directors: IOD, which was internationally well-known and accepted organization paying important roles of developing and monitoring good corporate governance.

2. Risk Assessment and Risk Management

The Company already set clear and measurable business objectives and goals and exploited risk assessment system to set up measures of risk management including risk control system and to assess adequacy of internal control system by using the Assessment Form of Adequacy of Internal Control System designed by the Securities and Exchange Commission. This was for the Company to be confident that their risk management system would function efficiently and effectively.

As the Company gave importance to risk management, risk management policy was established to develop risk management system for good corporate governance and covers all risks that might happen in any cases. Following this, Risk Management Subcommittee was then nominated from management of each division to be in charge of monitoring corporate risk management to reach the set targets at a level acceptable to the Company.

3. Operational Control

The Company had precise authorization limit and liabilities of management at each level in black and white for example, approval, data recording, data processing and asset storage, so each party could have easy cross checking each other. Regarding making business transaction with other companies or related individuals, the Company would adhere rules and regulations of the Securities and Exchange Commission. This was to prevent conflict of interest and get optimal benefits to the Company and shareholders.

4. Information Technology and Data Communication System

The Company gave importance to Information Technology and Data Communication system to generate precise, reliable and timely information including financial data, operational data, policies and regulations. Continuity of the system development was also considered significant. This would help decisions to be made accurately, precisely and in timely manner. As a result, data processing system and information technology and data controlling system in term of data access and use were established systematically. Moreover, there were effective and efficient Data Communication System including internal and external communication and timely communication with stakeholders. One of the communication channels was on the website www.pranda.com

5. Monitoring and Follow-up system

In 18 times of the Board Meeting in 2016, the Company followed up on whether the management had continuously and properly monitored all operational processes as committed. This was just meant to make sure the internal control would work effectively and always responded to changes in time.

Besides, the Company was commonly monitoring whether internal control system was practiced on a regular basis. The office of internal control always evaluated performance in this regard for 5 times in 2016 to review and follow-up on operations and practices of internal control and submit a summary report to the Board of Directors accordingly.

Information Head of Internal Audit and Compliance Departments

1. Head of Internal Audit Office

The Audit Committee had appointed Mr. Pattapol Sirivibul, Head of Internal Audit office, to be a secretary of the Audit Committee since October 17, 2016 according to the resolution of the Audit Committee meeting 5/2016 as of November 10, 2016. Judging from Mr. Pattapol's qualifications, the Committee considered he was suitable to make effective and efficient assessment as to whether the internal control system of the Company and its implementation sufficed.

An approval on nomination, withdrawal and transition of Head of Internal Audit of the Company must only be approved by the Audit Committee.

Background of Head of Internal Audit

Education

- MBA, Faculty of Commerce and Accountancy in Corporate Governance – MSCG, Chulalongkorn University
- Certificate of Audit Collaboration between Faculty of Commerce and Accountancy of Chulalongkorn University and the Institute of Internal Auditors – Internal Auditing Education Partnership: IAEP
- Certified Professional of Internal Audit of Thailand (CPIAT), Class 34 - Information Technology Audit of the Institute of Internal Auditors of Thailand: IIAT)

Training Course

- Professional Internal Audit
- Risk Management and Risk Control of Internal Technology Outsourcing
- Audit Universe
- Environment Resources Management
- Audit Planning and Inspection Guidelines under the Economic Crisis
- Risk Assessment for Internal Audit Planning
- Integrated Internal Audit
- Safety Officers for Management Level
- Policies of Money Laundering and Corruption Prevention and Good Corporate Governance and Business Ethics

Work Experience

- SVOA Public Company Limited
- Lease IT Public Company Limited

2. Head of Compliance Department

The Company appointed Mr. Dusit Chongsutthanamane as position head of compliance as under the Corporate Secretary office to oversee whether all operations complied with regulations of government agencies concerned.

For more information of background of Head of Compliance Department, please find details on the topic "Director and Management Biography."

Related Party Transactions

The Company and its subsidiaries have an agreement of the connected transaction. The connected transaction is the normal business transaction of the Company and its subsidiaries which follows general trading condition and complies with the Securities and Exchange Act (issue 4) B.E. 2551 Section 89/12 (1). On August 13, 2008, the Board of Directors had principally approved the authorization of the Executive Director to enter connected transaction under the general trading condition. The Executive Director is able to enter such aforementioned transaction when the transaction is done under the same trading agreement as reasonable persons should conduct with general party to a contract under the same situation with trading negotiation power regardless of being an influential person in the position of Director, Executive, or related person. Together with setting out the business ethics of connected transaction by the Board of Director should comply with rule and regulation of the Securities of Exchange Commission and the Securities. The audit committee should consider the new connected transaction in various aspects of the reasonable price, suitable transaction and the size of transaction in order to propose to Board of Director approval.

For the accounting period ended December 31, 2016, the Company had no the connected transactions which were complied with the Notification of the Stock Exchange of Thailand Re: Principles, Conditions, Methods of Connected Transactions of the Listed Companies.

| Related persons/ Juristic persons | Transaction | Value | Necessity and Reasonability |
|--|---|--|---|
| A-List Corporate Ltd. and Supre Holding Co., Ltd. with Pranda Lodging Co. Ltd., a subsidiary which PRANDA Jewelry holds 83% of share | The subsidiary (Pranda Lodging Co. Ltd.) provided financial help of Baht 23,000,000 to related juristic persons of A-List Corporate Ltd. and Baht 3,000,000 to Supre Holding Co., Ltd. with the total of Baht 26,000,000 in the form of P/N | Interest rate of 7% which are paid on the monthly basis and will be repaid upon request. | The Board of Directors approve the subsidiary's entering connected transaction since the transaction is reasonable with higher interest rate than the bank's deposit which is beneficial to the subsidiary's efficient cash flow management |


For the normal general trading transaction between the Company and its subsidiaries, affiliated companies, and related companies which share mutual Executives and Directors following normal trading characteristics (Please refer to financial remark No 6).

Necessity and reasonability of the transaction

The transactions between the Company, its subsidiaries, and its affiliated companies were normal business operation and had been approved by the Board of Directors or the Executive Board of the Company which followed the appropriate approval procedures in accordance with all of regulations of the Company.

Policy and future connected transactions

The connected transaction of the Company in the future will be normal business operation transaction. There will be no special transaction, benefit transfer of the Company or its subsidiaries to other persons with conflict of interest. The price determination policy between the Company and related companies or persons shall follow normal price determination which is in the same way of the price determination provided to non-related persons or companies. The products or material bought from the Company or related persons shall follow the agreed contract or shall be referred to the market price of such material. However, the Audit Committee, or the Company's auditor, or independent expertise shall consider examining and provide opinion of the suitability of the price and reasonability of the transaction, as well as to disclose the value of the transaction with transaction reasons to the shareholders' meeting in the Annual Report.



In addition, the Board of Directors shall comply to the Securities and Exchange law and regulations, notifications, orders, or requirement of the Stock Exchange of Thailand, as well as the notification of the disclosure of transaction and the acquisition or disposal of important assets of the Company or its subsidiaries, following the accounting standard stipulated by the Institute of Certified Accountants and Auditors of Thailand.

In addition, the Audit Committee shall provide opinion to consider the necessity and appropriateness of future transactions when the transactions of the Company or its subsidiaries are performed with the person whom may have conflict of interest in the future. When the Audit Committee has no skill to consider the possible connected transaction, an independent expertise or the Company's auditor shall provide opinion toward the connected transaction of which shall be taken forth to the Board of Directors or the shareholders for consideration, depending on circumstances. Therefore, the company should disclose the connected transaction in notes to financial statements which audited by independent auditor.

Management Discussion and Analysis

1) Overview of business operations and significant changes

Pranda Jewelry Public Company Limited and its subsidiaries (henceforth referred to as “The Group”) operates as a manufacturer and distributor, primarily in the retail of jewelry.

Today we are the leading exporter of Thai gems and ornaments, with a broad customer base that covers key regions of the world including North America, Europe and Asia; the Group has a balanced management structure comprised of the following:

- **Production Base**

Jewelry manufacturing with efficient Economies of Scale, which affect the production cost resulting in a suitable production cost for the quality of the product, along with diversification of product risk to cover virtually every price level, with the Group owning factories in three countries - Thailand, Vietnam and Indonesia – which have a total production capacity of about 10 million pieces per year, and having also a design center which offers design and development of products that can meet and cover all the needs of customers.

- **Distribution Base**

The Group has its own distribution company and dealers in foreign countries in order to create market diversification and expand the market at the same time. Currently the Group has major distributors spread throughout critical regions around the world including the United States, England, Germany, France, Italy, Spain, Japan and India, and has subsidiaries that provide a basis of distribution, all in all five companies in five countries, including the United States, UK, France, Germany and India.

- **Retail Base**

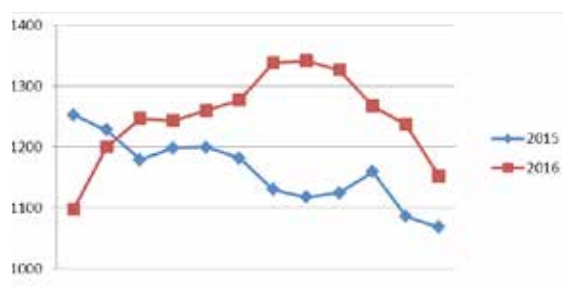
The Group has a subsidiary that specializes in retail management consisting of the Group’s own retail stores and distribution through a franchise system that covers Asia and the Middle East. To reach jewelry consumers directly currently the Group has four companies in Thailand, Indonesia, Vietnam and Germany.

In the year 2015, there have been many negative factors that consistently impacted the global economy, economy and politics, which led to extremely volatile financial markets, inevitably affecting the consumers’ confidence. That continued slowdown in economic in the first half of the year 2016 and also the aftermath of the Brexit vote that affect the economy and politics in the EU. In the money market, resulting in the pound weakened the most in 31 years.

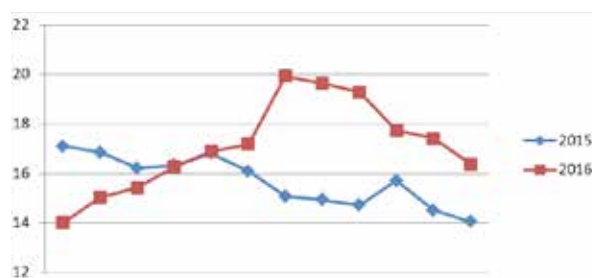
However, in the second half the Economic outlook improved due to the obvious political causes in the United States grew with the recovery of the consumer market. Including exports and household spending also improved conditions of employment, the unemployment rate is low. That would be positive for the economy and a clearly economic solution in the European Union. The economy still expanded even though the unemployment rate is high. The European Central Bank is likely to extend the use of quantitative easing (QE), which will end in March 2017, as measure to stimulate the economy.

The economic conditions of the EU and the aforementioned political problems have resulted in fluctuations in the prices of gold and silver bullion, seen from the price changes of up to 8% and 9%, respectively.

Gold price (USD) / Ounce



Silver price (USD) / Ounce



The gems and jewelry industry of Thailand depends mainly on exports which can be determined by the value of exports which is up to USD 14,260 million or the equivalent of about Baht 501,151 million. It is Thailand's third largest export, which reflects the industry's ability to compete in the world market very well and steadily for many years on end.

Considering only jewelry, it can be seen that Thailand is still one of the world's important jewelry manufacturing bases, based on 2016's exporter of the year whose annual export value was as high as Baht 125,056 million, underlining that even just the jewelry industry has continually managed to maintain a competitive advantage in the global market.

The industrial trend is expected to be more competitive both in terms of price and quality because there are a lot of operators in this industry; therefore manufacturers need to enhance their productivity even further, and to find new markets to reduce the risk of relying on key customers; also, they need to develop the retail market for their own brand in order to diversify risk.

In aspects of marketing and competition the Group has divided its products into two main groups as follows:

Original Design Manufacturing (ODM), representing 67% of the sales proceeds of the year 2016; the Group continues to maintain its relationships with existing customers who have the potential for growth in both in markets in the United States and Europe. Year 2016 in the US market is also a factor of instability from the election. The European market continues to slowly growth, from the problem of terrorism and immigrants. The decision buying orders slowed that continue to stagnate do impact the income of the Group. However, the Group has steadily developed its design and manufacturing capabilities in order to control production costs to be competitive. The Company will focus on mass craftsmanship production, producing a mass quantity of high quality products by skilled craftsmen working with care and paying attention to every detail, to thoroughly serve the customer's needs. The Company will also distribution our products thru own distribution base which is scattered throughout the world's regions (Global Distribution Base), including the US, UK, France and Germany.

Own Brand Manufacturing (OBM) accounted for 33% of revenue from the sales of the year 2016, while in 2015 the ratio was 25%, an increase of 8% due to the expansion of the network of original brand retail jewelry in order to increase the stability of the Group's business in the long term. The Company will focus to expanding its business through three main channels which are retail, wholesale and retail through E-Channels. The Company aims to expand its retail business through its own retail and franchises, focusing on countries in Asia and the Middle East whose economies show growth, the Company will emphasize wholesale jewelry to retailers both large and small, in the US, France and India. The Company is also focused to expanding its distribution channels through E-Commerce and TV shopping in Europe, especially in UK and Germany.

All for the sustainability of the Group's business, the Group aims to manage its resources efficiently with a policy to create balance in the sales, 50% sales from ODM and 50% from OBM.

2) Operating Results and Profitability

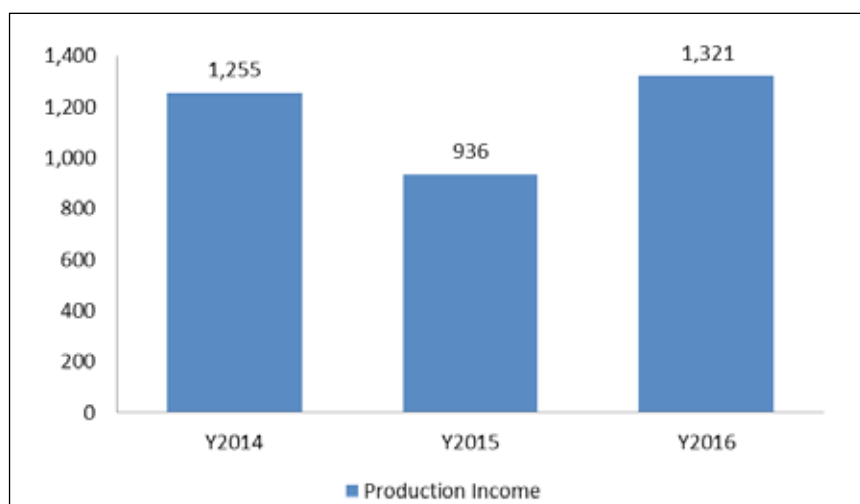
► Total revenues

The Group had total revenues in year 2016 and 2015 amounting to Baht 2,915 million and Baht 2,924 million respectively which a decrease of Baht 10 million or 0.34% the main reason from other income which had gain on exchange rate in year 2015, as detailed in the table below:

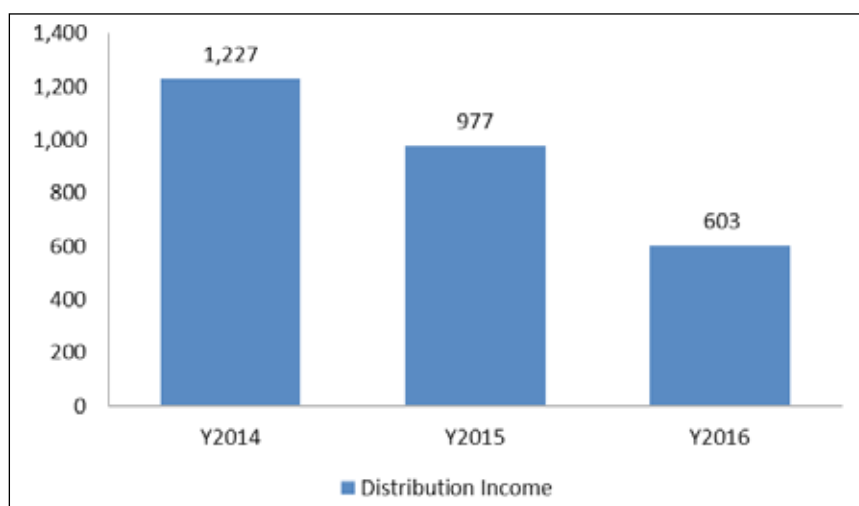
| Consolidated | 2014 | | 2015 | | 2016 | | Increase / (Decrease) | |
|-----------------------|--------------|----------------|--------------|----------------|--------------|----------------|-----------------------|----------------|
| | Million Baht | % | Million Baht | % | Million Baht | % | Million Baht | % |
| Sales Revenue | 3,295 | 98.62% | 2,821 | 96.48% | 2,831 | 97.12% | 10 | 0.35% |
| Production | 1,255 | 37.56% | 936 | 32.01% | 1,321 | 45.32% | 385 | 41.13% |
| Distribution | 1,227 | 36.73% | 977 | 33.41% | 603 | 20.69% | (374) | (38.28%) |
| Retail | 813 | 24.33% | 908 | 31.05% | 907 | 31.11% | (1) | (0.11%) |
| Other Revenues | 46 | 1.38% | 103 | 3.52% | 84 | 2.88% | (19) | (18.45%) |
| Total Revenues | 3,341 | 100.00% | 2,924 | 100.00% | 2,915 | 100.00% | (9) | (0.31%) |

► Sales revenue

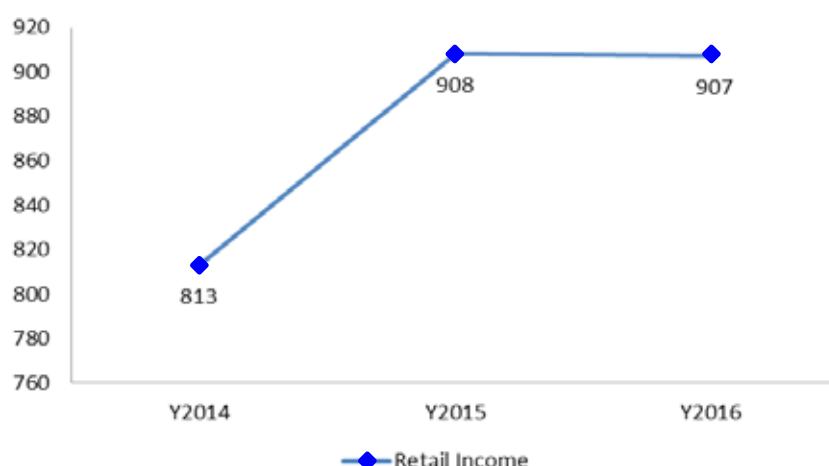
The Group's sales revenue consists of production revenue of Baht 1,321 million, representing 45.32%, distribution revenue of Baht 603 million, representing 20.69% and a revenue from retail sales of Baht 907 million, representing 31.11% due to the increase (decrease) of such income as follows:



Production income increased from Baht 936 million to Baht 1,321 million, due to increase in sale domestic market from the recovery of production base on orders for original design manufacturing (ODM).



Distribution income decreased from Baht 977 million to Baht 603 million, due to the purchasing power reduced by the lack of confidence in the economy of the European Union and slow recovery of the US economy.



Revenue from retail income slightly decreased from Baht 908 million to Baht 907 million, due to the slowdown of world economic however the domestic retail business has continued recovery.

► Other income

The other income's Group consisting of interest income from bank deposits, interest income from loans to affiliates, amounting to Baht 4 million, gain on liquidation of subsidiary company by Baht 12 million, gain on sale of fixed assets in amount of Baht 14 million and other income from the lease of assets belonging to domestic subsidiaries, as well as revenues from other services totaling Baht 54 million – a sum total of Baht 84 million; this is an decrease of Baht 19 million or 18.45% from the previous year, cause the previous year's gain on foreign exchange rates of Baht 53 million due to the Baht has depreciated.

► **Cost of Sales and Selling and Administrative Expenses**

| Cost of sales | 2016 | | 2015 | | Increase / (Decrease) | |
|--------------------------------|--------------|---------|--------------|---------|-----------------------|-------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Sales revenue | 2,831 | 100.00% | 2,821 | 100.00% | 10 | 0.35% |
| Cost of sales | 2,045 | 72.24% | 1,974 | 69.98% | 71 | 3.60% |
| Total Selling & Admin Expenses | 1,018 | 35.96% | 965 | 34.21% | 53 | 5.49% |
| - Selling Expenses | 458 | 16.18% | 447 | 15.85% | 11 | 2.46% |
| - Administrative Expenses | 560 | 19.78% | 518 | 18.36% | 42 | 8.11% |

• **Cost of sales**

The Group had cost of sales by Baht 2,045 million, an increase by Baht 71 million or 3.60% from previous year which related to growth of sale and regarding to closing out obsolete stock which make effect to cost of sale increase.

• **Selling and administrative expenses**

The Group had selling and administrative expenses of Baht 1,018 million, increase by Baht 53 million from the previous year or 5.49% when considered based on the selling expenses increased by Baht 11 million or 2.46% and administrative expenses increased by Baht 42 million or 8.11% due to annual employee's compensation adjustment and expenses for brand marketing activities for both domestic and international markets.

► **Profits**

| Consolidated | 2016 | | 2015 | | Increase/ (Decrease) | |
|--|--------------|----------------|--------------|----------------|----------------------|----------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Sales revenue | 2,831 | 100.00% | 2,821 | 100.00% | 10 | 0.35% |
| Cost of sales | 2,045 | 72.24% | 1,974 | 69.98% | 71 | 3.60% |
| Gross Profit | 786 | 27.76% | 847 | 30.02% | (61) | (7.20%) |
| Selling and Admin expenses | 1,018 | 35.96% | 965 | 34.21% | 53 | 5.49% |
| Operating Profit (Loss) | (232) | (8%) | (118) | (4%) | (114) | 96.61% |
| Financial costs | 76 | 2.68% | 64 | 2.27% | 12 | 18.75% |
| Gain (loss) on exchange rate | (90) | (3.18%) | 53 | 1.88% | (143) | (269.81%) |
| Other expenses | 86 | 3.04% | 58 | 2.06% | 28 | 48.28% |
| Non-controlling interests of the subsidiaries (loss) | 31 | 1.1% | 33 | 1.17% | (2) | (6.06%) |
| Profit (loss) before income tax | (281) | (9.93%) | (38) | (1.35%) | (243) | 639.47% |
| Income tax (expenses) | (2) | (0.06%) | (18) | (0.64%) | 16 | (88.89%) |
| Profit of Equity holders of the Company | (283) | (9.98%) | (56) | (1.99%) | (227) | 405.36% |

- **Gross profit**

The Group's gross profit was Baht 786 million, a decrease of Baht 61 million from the previous year or 7.20% due to a decrease of sales revenue of production base led to diseconomies of scale in the first quarter and inventory clearance in the second quarter of the year.

- **Net profit (loss) from operations (Exclude gain/loss on Exchange rate, other income and other expense)**

The Group's loss from operations for the year 2016 by Baht 232 million due to gross profit decreased, selling and administration expenses increased led to loss from exchange rate was at Baht 90 million.

- **Net profit attributable to the shareholders of the Group**

The Group's net loss attributable to shareholders of the company amounts to Baht 283 million, increased by Bath 227 million or net loss margin of 9.98% due to the gross profit margin decrease, SG&A increase as well as loss on exchange rate from pound sterling depreciation resulting from Brexit.

► **Return on shareholders' equity**

The return of equity (ROE) in the year 2016 is at (11.96%), due to net loss attributable to the shareholders of the Group as mentioned in the above topic "Net profit attributable to the shareholders of the Group."

For the fiscal year 2016, the Board of Directors has resolved to approve not to pay of dividends, which will be presented at the General Meeting of Shareholders for approval on Thursday, April 20, 2017.

3) Asset Management

► **Asset Components**

The table compares the annual financial statements in 2016 and 2015.

Unit : Million Baht

| Statement of Financial Position | Dec 31, 2016 | % | Dec 31, 2015 | % |
|--|--------------|----------------|--------------|----------------|
| Cash and cash equivalents | 455 | 9.60% | 358 | 7.76% |
| Current investments - deposits with financial institutions | 2 | 0.04% | 5 | 0.11% |
| Trade account receivables and other receivables | 464 | 9.79% | 514 | 11.14% |
| Short-term loans to related parties | 26 | 0.55% | 21 | 0.46% |
| Inventories, net | 1,975 | 41.66% | 1,853 | 40.17% |
| Other current assets | 50 | 1.05% | 70 | 1.52% |
| Total current assets | 2,972 | 62.69% | 2,821 | 61.15% |
| Total non-current assets | 1,769 | 37.31% | 1,792 | 38.85% |
| Total assets | 4,741 | 100.00% | 4,613 | 100.00% |

► Asset Quality

The Group had total assets of Baht 4,741 million, an increase over the previous year of Baht 130 million, or an increase of 2.77%, with current assets increasing by Baht 153 million, mainly from cash and cash equivalents and inventory which from sale revenue recovery in the second half of the year 2016.

► Impairment of assets

The adequacy of the provision or allowance for impairment of assets

• Accounts Receivable and allowance for doubtful accounts

Unit : Million Baht

| Aging of outstanding debts counting from the due date | Accounts receivable – related parties | | Increase (Decrease) |
|---|---------------------------------------|------|---------------------|
| | 2016 | 2015 | |
| Not yet due | - | - | - |
| Overdue | | | |
| No more than 3 months | 2 | 1 | 1 |
| 3 – 6 months | 2 | - | 2 |
| 6 – 12 months | 2 | 1 | 1 |
| More than 12 months | 29 | 32 | (3) |
| Total | 35 | 34 | 1 |
| Less the allowance for doubtful accounts | (27) | (2) | (25) |
| Total accounts receivable – related parties, net | 8 | 32 | (24) |

The Group has net accounts receivable from related parties stands at Baht 8 million, decrease by Baht 24 million from the previous year, due to an increase in the allowance for doubtful account.

Unit : Million Baht

| Aging of outstanding debts counting from the due date for payback | Accounts receivable – unrelate parties | | Increase (Decrease) |
|---|--|------|---------------------|
| | 2016 | 2015 | |
| Not yet due | 276 | 202 | 74 |
| Overdue | | | |
| No more than 3 months | 118 | 167 | (49) |
| 3 – 6 months | 13 | 19 | (6) |
| 6 – 12 months | 22 | 49 | (27) |
| More than 12 months | 52 | 56 | (4) |
| Total | 481 | 493 | (12) |
| Less the allowance for doubtful accounts | (51) | (51) | - |
| Total accounts receivable – unrelated parties, net | 430 | 442 | (12) |

The Group has net accounts receivable from trade receivables unrelateel parties totaling Baht 430 million, a decrease by Baht 12 million from the previous year, or 2.71%, mostly from a reduction of those accounts no more than 3 months overdue by Baht 49 million due to effective credit control. Furthermore, the account receivable for not yet due was increased due to the recovery on sale in the fourth quarter.

- Inventories

Unit : Million Baht

| Inventories | 2016 | 2015 | Increase (Decrease) |
|--|-------|-------|---------------------|
| Finished products | 1,277 | 1,328 | (51) |
| Work-in-progress | 350 | 204 | 146 |
| Raw materials | 536 | 537 | 0 |
| Plant materials | 13 | 14 | (1) |
| Goods in-transit | 1 | 3 | (3) |
| Total | 2,177 | 2,087 | 90 |
| Less the listings of cost reduction adjustment for net capital | (202) | (233) | 31 |
| Inventories – net | 1,975 | 1,853 | 122 |

As of December 31, 2016 the Group and its subsidiaries had inventories of Baht 2,177 million, which increased from the 2015 year-end figure by Baht 90 million, an increase in work-in-progress, because of the increase in orders from customers for use in production on the fourth quarter.

For the reduction of costs to a net realizable value to be received, management has already taken into consideration the allowance for diminution in value of inventories as sufficient and appropriate to the policy of the company.

4) Liquidity and Capital Adequacy of the Group

4.1 Sources and Uses of Funds

- Cash Flow Components

The Group's net cash flow from its operations decreased from Baht 1 million to Baht (112) million due to a loss from operation and increase of inventory as well as an increase in interest expenses.

Cash flow from investing activities decreased from Baht (91) million to Baht (78) million due to restricted bank desepite and purchase of buildings and plant equipment. See Section 4.2 for further details of capital expenditure.

Cash flow from financing activities increased from Baht 129 million to Baht 222 million due to the increase of short-term loans to support the sales growth.

From operating, investing and financing activities, the Group had an increase by Baht 97 million net cash for the year 2016, and when combined with the Baht 358 million cash at beginning of period, forms a total of Baht 455 million in cash at the end of the period.

The table compares the statement of cash flows for the year 2016 and 2015

Unit : Million Baht

| Statement of Cash Flows | Dec 31, 2016 | Dec 31, 2015 |
|--|--------------|--------------|
| Cash flows from (used in) operating activities | (112) | 1 |
| Cash flows from (used in) investing activities | (78) | (91) |
| Cash flows from (used in) financing activities | 222 | 129 |
| Translation adjustment | 65 | (23) |
| Net cash flows | 97 | 16 |
| Cash at the beginning of the year | 358 | 342 |
| Cash at the end of the year | 455 | 358 |

• Liabilities

The Group's liabilities totaled Baht 2,536 million, up Baht 458 million from the previous year, and current liabilities increased by Baht 304 million, mainly due to the increase of bill of exchange which amounted to Baht 178 million and Trade and other payables amounted to Baht 163 million, resulting in a debt-to-equity (D/E) ratio that was 1.15 times while the previous year's was 0.82 times; however, it can be concluded that the Group still continues to have a strong financial structure.

• Shareholder's equity

The Group's shareholders' equity decreased from Baht 2,533 million to Baht 2,204 million due to a decrease in retained earnings.

4.2 Capital expenditure

The Group invested a total of Baht 53 million which is divided into two types of investment, as follows:

1) Approximately Baht 23 million was invested in the production base, to improve the plant facilities of Pranda Jewelry (PCL) and Pranda Vietnam, Co., Ltd, as well as the replacement of machinery and equipment.

2) Approximately Baht 30 million was invested in distribution and retail sales, including 2.1) Prima Gold International, Co., Ltd, 2.2) Pranda North America, Inc., 2.3) H.Gringoire s.a.r.l., 2.4) Pranda & Kroll, 2.5) Pranda Jewelry Pvt. Ltd. And 2.6) PT Pranda Marketing Indonesia for customer service and thorough distribution coverage.

4.3 The ability to service debt and to comply with the terms of the loan

As of December 31, 2016, the Group has failed to maintain certain financial ratios, more specifically the DSCR Ratio as specified in the agreement (no less than 1.25 times), because the company's operation was loss in 2016. Therefore the Group sent a letter to the bank requesting a waiver of the DSCR conditions as covenanted in the loan agreements. Currently the Company is in the process of obtaining an approval letter for the waiver from the financial institution..

5) Factors or events that could affect financial position or operations in the future

Foreign Exchange Rates

If Thai Baht against US Dollar, Euro and Pound Sterling continues strong (weak) it will effect a decrease (increase) on the Group's sales volume and a loss (gain) on exchange rates which will significantly affect net income.

Cost of Raw Materials

Gold and silver bullion are raw materials which impact the cost of goods in significant proportion. If gold and silver prices show high (low) volatility or the prices are adjusted up (down) rapidly, it will result in a delay (increase) in purchase orders.

Liquidation of the Subsidiary

The subsidiary Pranda Singapore Pte. Limited, a 100%-held subsidiary of the Company, has ceased operation since inform the Stock Exchange of Thailand. In June 2016, the subsidiary was liquidated. The Company recorded loss from the liquidation of this subsidiary amounting to Baht 30 million and reversal of impairment loss on investments in subsidiaries of Baht 37 million in the separate income statement, and recorded gain on liquidation of subsidiary company of Baht 12 million in the consolidated income statement.

The subsidiary PDU Co., Ltd. was restructuring the business, effective on 15 July 2016 by Pranda UK Ltd., a 100%-held subsidiary of the Company, will receive the transfer of all of business and employees of PDU Co., Ltd., (a 100%-held subsidiary of Pranda UK Ltd.). Thereafter, PDU Co., Ltd. will be a dormant company.

The subsidiary KSV Brand GmbH, a 100%-held subsidiary of Pranda & Kroll GmbH & Co., KG, was liquidated with effective date on 1 October 2016.

This subsidiary has ceased its operation and is not a significant segment of the Group and there is thus no significant impact on the consolidated financial statements

| Financial Ratios | | For the 12-month period ending December 31 | | | |
|---|---------|--|-----------------|-----------------|-----------------|
| | | Dec 31, 2016 | Dec 31, 2015 | Dec 31, 2014 | Dec 31, 2013 |
| Liquidity ratio | | | | | |
| Current Ratio ¹ | (times) | 1.36 | 1.50 | 1.980 | 2.29 |
| Quick Ratio ² | (times) | 0.41 | 0.45 | 0.64 | 0.77 |
| Cash Flow Ratio ³ | (times) | (0.06) | 0.0 | 0.04 | (0.14) |
| Accounts Receivable Turnover Ratio ⁴ | (times) | 5.43 | 5.13 | 4.84 | 4.71 |
| Average Collection Period ⁵ | (days) | 66 | 70.0 | 74 | 76 |
| Inventory Turnover Ratio ⁶ | (times) | 1.71 | 1.64 | 1.89 | 2.29 |
| Average Sale Period ⁷ | (days) | 210 | 220 | 191 | 158 |
| Creditors Turnover Ratio ⁸ | (times) | 3.85 | 4.49 | 5.01 | 3.90 |
| Repayment Period ⁹ | (days) | 93 | 80 | 72 | 92 |
| Cash Cycle ¹⁰ | (days) | 183 | 210 | 193 | 142 |
| Profitability ratio | | | | | |
| Gross Profit Margin ¹¹ | (%) | 27.77 | 30.01 | 30.39 | 28.44 |
| Operating Margin ¹² | (%) | (8.21) | (4.22) | (0.22) | 0.68 |
| Other Margin ¹³ | (%) | 2.51 | 2.02 | 1.37 | 0.93 |
| Cash to Profitability ¹⁴ | (%) | 48.33 | (0.70) | (821.23) | (764.56) |
| Net Profit Margin ¹⁵ | (%) | (9.72) | (1.91) | 4.36 | 4.36 |
| Return on Equity ¹⁶ | (%) | (11.23) | (2.02) | 5.22 | 5.92 |
| Efficiency ratio | | | | | |
| Return on Assets ¹⁷ | (%) | (6.06) | (1.21) | 3.19 | 3.62 |
| Return on Fixed Assets ¹⁸ | (%) | (10.99) | 2.01 | 14.31 | 18.66 |
| Asset Turnover ¹⁹ | (times) | 0.62 | 0.63 | 0.73 | 0.83 |
| Financial policy ratio | | | | | |
| Liabilities to Shareholders' Equity Ratio ²⁰ | (times) | 1.15 | 0.82 | 0.69 | 0.71 |
| Interest Coverage Ratio ²¹ | (times) | (0.46) | 1.29 | 1.96 | (1.92) |
| Debt Service Coverage Ratio (cash basis) ²² | (times) | (0.57) | (0.01) | 0.12 | (0.35) |
| Dividend Payout Ratio ²³ | (%) | (1,518.41) | 91.62 | 55.86 | 92.54 |

Notes:

- ¹ Current ratio = Current Assets / Current Liabilities
- ² Quick Ratio = (Cash and Bank Deposits + Marketable Securities + Accounts Receivables and Receivables) / Current Liabilities.
- ³ Cash Flow Ratio = Cash Flow from Operating Activities / Average Current Liabilities
- ⁴ Accounts Receivable Turnover Ratio = Net Sales / (Accounts Receivable before the Loss of Doubtful Accounts + Receivables) (Average)
- ⁵ Average Collection Period = 360 / Accounts Receivable Turnover Ratio

- ⁶ Inventory Turnover Ratio = Cost of Sales / Inventory – net (Average)
 *Only the finished product is taken into account; work-in-progress, goods in-transit & raw materials are not included.
- ⁷ Average Sale Period = 360 / Inventory Turnover
- ⁸ Creditors Turnover Ratio = Cost of Buying or Selling / (Creditors + Notes Payable) (Average)
- ⁹ Repayment Period = 360 / Creditors Turnover Ratio
- ¹⁰ Cash Cycle = Average Debt Collection Period + Average Sales Duration - Repayment Period
- ¹¹ Gross Profit Margin = Gross Profit / Net Sales
- ¹² Operating Margin = Profit from Operations* / Net Sales
- ¹³ Other Margin = Non-Operating Profit / Total Revenue
- ¹⁴ Cash to Profitability = Cash Flow from Operations / Profit from Operations*
- ¹⁵ Net Profit Margin = Net Income / Total Revenues
- ¹⁶ Return on Equity = Net Income / Equity Shares (Average)
- ¹⁷ Return on Assets = Net Income / Total Assets (Average)
- ¹⁸ Return on Fixed Assets = (Net Income + Depreciation) / Net Fixed Assets (Average)
- ¹⁹ Asset Turnover = Total Income / Total Assets (Average)
- ²⁰ Liabilities to Shareholders' Equity Ratio = Total Liabilities / Equity Shares
- ²¹ Interest Coverage Ratio = Cash Flow from Operations + Interest Expense from Operations + Tax / Interest Expenses from Operations and Investments
- ²² Debt Service Coverage Ratio (cash basis) = Cash Flow from Operations / (Repayment of Debt + Investment + Purchase of assets + Dividends)
- ²³ Dividend Payout Ratio = Dividends / Profits
- * Profit from Operations (Exclude gain/loss on Exchange rate, other income and other expense.)

Report of the Board of Directors' Responsibilities to Financial Report

The Board of Directors is responsible for the financial statements of Pranda Jewelry Public Co., Ltd. (PCL) and the consolidated financial statements of the Company and its subsidiaries, including the financial information presented in the annual report; the aforesaid financial statements are prepared in accordance with the general accepted accounting standard, under the Accounting Act of 1999, and according to the regulations of the Securities and Exchange Commission, preparing and presenting the financial reports under the Securities Exchange Act of 1991. The Board has considered and chosen to apply the appropriate accounting practices and consistently held to them, providing adequate disclosure of important information in relation to remarks made on the financial statement in which the auditor reviewed and audited the financial statements and commented on the audit report without providing sufficient reason or explanation.

The Board of Directors takes responsibility for corporate governance, and has also provided and maintained a risk management system, a system of internal controls which is appropriate and effective, in order to create a reasoned sense of confidence that the accounting information provided is accurate, thorough and sufficient to safeguard the property as well as to significantly prevent fraud or any undue operation. The Board of Directors has authorized the Audit Committee, composed of independent officials, to take the role of reviewing the accounting policies and quality of the financial reporting, and to review the system of corporate governance and internal controls, auditing for efficiency and effectiveness as well as examining the disclosure of related party transactions, of which the opinions of the Audit Committee have already been presented in this annual report.

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries have been examined by the Company's auditor which is Ernst & Young (EY) Corporate Services Limited, during which the Board of Directors of the Company has provided supporting information and various documents to enable the auditor to review and comment in accordance with auditing standards. The comments of the auditor have been stated in the auditor's report, which is also displayed in the annual report.

The Board of Directors is of the opinion that the system of internal controls and the internal audit of the Company creates a well-founded sense of confidence in the financial statements of the Company and its subsidiaries for the year ending on December 31, 2016, and that it has displayed the financial position, performance results, and cash flow properly, as is appropriate in terms of essential information, and according to the accepted standards of financial reporting.



Mr. Prida Tiasuwan
Chairman

Independent Auditor's Report

To the Shareholders of Pranda Jewelry Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Pranda Jewelry 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 Pranda Jewelry 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 Pranda Jewelry Public Company Limited and its subsidiaries and of Pranda Jewelry 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

Revenue from sales of goods is one of the Group's significant accounts because the amounts of revenue recorded would directly affect the Group's profit or loss for the year. Moreover, the Group is principally engaged in production, distribution and retail of jewelry, the Group has a large number of customers with a variety of different commercial terms. There is therefore a risk with respect to the amount and timing of revenue recognition.

I have examined the Group's revenue recognition by assessing and testing the Company and its subsidiaries' internal controls with respect to revenue cycle. On a sampling basis, I also examined supporting documents for sales transactions occurring during the year and near the end of the accounting period. In addition, I reviewed credit notes issued by the Company and its subsidiaries to their customers after the period-end and performed analytical review procedures on the sales account to detect possible irregularities in sales transactions throughout the period.

Provision for diminution in value of inventory

Estimating the net realisable value of inventory, as discussed in the Note 9 to the financial statements, is an area of significant management judgement, particularly with regard to the estimation of provision for diminution in the value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. There is therefore a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the Company and its subsidiaries' internal controls relevant to the determination of provision for diminution in the value of inventory. I assessed the method and the assumption applied by management in determining such provision by gaining an understanding of the basis applied in determining the provision for diminution in value of inventory, and reviewing the consistency of the application of that basis. In addition, I compared the data on inventory turnover and inventory movement to identify product lines with indicators of lower than normal inventory turnover. I also compared details of net amount that an entity expects to realise from the sale of inventory after the date of the financial statements with the cost of inventory for each product line.

Allowance for doubtful accounts for trade and other receivables

In determining an allowance for doubtful accounts for trade and other receivables as discussed in Note 8 to the financial statements, is an area of significant management judgement to make the estimated losses that may be incurred in collection of receivables. There is therefore a risk with respect to the amount of allowance for doubtful accounts for trade and other receivables.

I assessed and tested the Company and its subsidiaries' internal controls relevant to the determination of allowance for doubtful accounts. I assessed the method and the assumption applied by management in determining such allowance by gaining an understanding of the basis applied in determining the allowance and reviewing the analysis of debt aging. I considered the past collection history, credit term, collection of receivables after the date of the financial statements, and receivables subject to dispute or litigation by the Company and its subsidiaries. I also tested the calculation of the allowance.

Compliance with covenants stipulated in loan agreements

As at 31 December 2016, the Group had long-term loans from financial institutions totaling Baht 777 million (31% of total liabilities) (Separate financial statements: Baht 581 million (30% of total liabilities)) as discussed in Note 22 to the financial statements. Under the loan agreements, the Group needs to comply with certain covenants. If the Group is unable to comply with those covenants, it may result in the loans being called by the lenders, and the reclassification of the liabilities from non-current liabilities to current liabilities, impacting on the going concern of the Company and its subsidiaries.

I read the loan agreements and gained an understanding of and assessed the process by which compliance with the covenants specified in the contracts is monitored by management. I also examined documentation related to compliance with covenants, including testing the financial ratio calculations, and whether they complied with the covenants in the loan agreements. In addition, I reviewed the disclosures made in the notes to the financial statements

Impairment loss on investments in subsidiaries

As discussed in Note 11 to the financial statements, the separate financial statements as at 31 December 2016, the Company had net investments in subsidiaries amounting to Baht 842 million (17% of total assets). In determining the impairment loss on investments in subsidiaries, the management had to exercise significant judgement with respect to the projections of future operating performance, and determination of an appropriate discount rate and key assumptions. There is therefore a risk with respect to the amount of allowance for impairment loss on investments in subsidiaries.

I gained an understanding of and testing the key assumptions applied by the management in preparing estimates of the future cash flows expected to be generated from the investments in subsidiaries and the discount rate applied, making enquiry of responsible executives and comparing details with sources of information about the Group and the industry. I also tested the calculation of the recoverable amount of the investments in subsidiaries based on the above information and assumptions.

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 Miss Siraporn Ouuanunkun.



Siraporn Ouuanunkun
Certified Public Accountant (Thailand) No. 3844

EY Office Limited
Bangkok: 27 February 2017

Financial Statements

Pranda Jewelry Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|---------------|-------------------------------|---------------|
| | Note | 2016 | 2015 | 2016 | 2015 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 455,365,385 | 358,218,385 | 306,195,458 | 194,520,660 |
| Current investments - deposits with financial institutions | | 1,545,856 | 5,066,529 | - | - |
| Trade and other receivables | 8 | 463,678,707 | 513,502,173 | 940,247,092 | 1,002,627,494 |
| Short-term loans to related parties | 6 | 26,000,000 | 21,000,000 | 46,910,973 | 6,625,257 |
| Current portion of long-term loans to related parties | 6 | - | - | 68,913,724 | 34,806,437 |
| Inventories | 9 | 1,974,812,012 | 1,853,098,285 | 960,086,294 | 745,974,346 |
| Other current assets | | 50,317,321 | 68,331,467 | 17,753,413 | 24,346,883 |
| Total current assets | | 2,971,719,281 | 2,819,216,839 | 2,340,106,954 | 2,008,901,077 |
| Non-current assets | | | | | |
| Restricted bank deposits | 10 | 33,723,099 | 9,014,331 | 25,000,000 | - |
| Investments in subsidiaries | 11 | - | - | 842,083,385 | 878,083,220 |
| Investment in associated company | 12 | 7,503,543 | 9,500,518 | - | - |
| Other long-term investments | 14 | 76,616,339 | 113,989,764 | 75,476,219 | 112,849,644 |
| Other receivables | 13 | 31,776,084 | 32,011,506 | 31,776,084 | 32,011,506 |
| Amounts due from related parties | 6 | 10,778,988 | - | 22,358,008 | 39,381,152 |
| Long-term loans to related parties | 6 | - | - | 295,271,667 | 194,876,585 |
| Investment properties | 15 | 680,850,793 | 687,337,158 | 667,980,796 | 676,365,343 |
| Property, plant and equipment | 16 | 747,323,357 | 780,945,256 | 611,920,976 | 644,192,740 |
| Leasehold rights | 17 | 38,088,849 | 23,137,276 | - | - |
| Other intangible assets | 18 | 33,553,786 | 33,158,136 | 25,355,496 | 22,447,021 |
| Deferred tax assets | 27 | 84,479,750 | 82,595,732 | 73,873,651 | 73,870,273 |
| Other non-current assets | | 24,385,303 | 20,502,599 | 1,927,122 | 926,870 |
| Total non-current assets | | 1,769,079,891 | 1,792,192,276 | 2,673,023,404 | 2,675,004,354 |
| Total assets | | 4,740,799,172 | 4,611,409,115 | 5,013,130,358 | 4,683,905,431 |

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

Pranda Jewelry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

| | | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|-------------|--|----------------------|--------------------------------------|----------------------|
| | <u>Note</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | 19 | 439,316,549 | 423,928,567 | 340,000,000 | 181,794,983 |
| Bills of exchange | 20 | 356,442,277 | 178,559,215 | 307,286,300 | 178,559,215 |
| Trade and other payables | 21 | 708,230,122 | 545,087,772 | 518,767,730 | 333,441,844 |
| Short-term loan from related party | 6 | 639,833 | 689,000 | - | - |
| Current portion of long-term loans | 22 | 614,342,186 | 678,441,977 | 580,692,857 | 673,978,572 |
| Income tax payable | | 3,634,853 | 6,128,835 | - | - |
| Other current liabilities | | 59,391,606 | 44,997,263 | 22,139,449 | 9,810,862 |
| Total current liabilities | | 2,181,997,426 | 1,877,832,629 | 1,768,886,336 | 1,377,585,476 |
| Non-current liabilities | | | | | |
| Long-term loans, net of current portion | 22 | 162,267,204 | 15,421,508 | - | - |
| Provision for long-term employee benefits | 23 | 190,847,830 | 183,901,261 | 173,138,498 | 153,255,379 |
| Other non-current liabilities | | 1,301,946 | 1,092,118 | - | - |
| Total non-current liabilities | | 354,416,980 | 200,414,887 | 173,138,498 | 153,255,379 |
| Total liabilities | | 2,536,414,406 | 2,078,247,516 | 1,942,024,834 | 1,530,840,855 |

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

Pranda Jewelry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|---|-------------|--|----------------------|--------------------------------------|----------------------|
| | Note | 2016 | 2015 | 2016 | 2015 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 409,529,000 ordinary shares of Baht 1 each | | <u>409,529,000</u> | <u>409,529,000</u> | <u>409,529,000</u> | <u>409,529,000</u> |
| Issued and fully paid up | | | | | |
| 409,529,000 ordinary shares of Baht 1 each | | 409,529,000 | 409,529,000 | 409,529,000 | 409,529,000 |
| Share premium | | 786,855,043 | 786,855,043 | 786,855,043 | 786,855,043 |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | 24 | 52,000,000 | 41,000,000 | 41,000,000 | 41,000,000 |
| Appropriated - treasury shares reserve | 25 | 49,414,854 | 20,130,875 | 49,414,854 | 20,130,875 |
| Unappropriated | | 1,168,911,148 | 1,507,157,628 | 1,879,537,010 | 1,924,085,704 |
| Treasury shares | 25 | (49,414,854) | (20,130,875) | (49,414,854) | (20,130,875) |
| Other components of shareholders' equity | | <u>(47,061,521)</u> | <u>(70,476,350)</u> | <u>(45,815,529)</u> | <u>(8,405,171)</u> |
| Equity attributable to owners of the Company | | 2,370,233,670 | 2,674,065,321 | 3,071,105,524 | 3,153,064,576 |
| Non-controlling interests of the subsidiaries | | <u>(165,848,904)</u> | <u>(140,903,722)</u> | - | - |
| Total shareholders' equity | | <u>2,204,384,766</u> | <u>2,533,161,599</u> | <u>3,071,105,524</u> | <u>3,153,064,576</u> |
| Total liabilities and shareholders' equity | | <u>4,740,799,172</u> | <u>4,611,409,115</u> | <u>5,013,130,358</u> | <u>4,683,905,431</u> |

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

Pranda Jewelry Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2016

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|--------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2016 | 2015 | 2016 | 2015 |
| Revenues | | | | | |
| Sales | | 2,831,440,512 | 2,820,763,257 | 2,161,637,262 | 1,861,463,030 |
| Other income | | | | | |
| Interest income | | 4,411,627 | 3,876,374 | 4,300,238 | 22,824,712 |
| Gain on exchange | | - | 53,479,922 | - | 63,512,531 |
| Dividend income | 11, 12 | - | - | 53,815,762 | - |
| Gain on liquidation of subsidiary company | 11 | 12,123,006 | - | - | - |
| Others | | 66,975,934 | 45,878,797 | 81,877,365 | 83,375,365 |
| Total revenues | | 2,914,951,079 | 2,923,998,350 | 2,301,630,627 | 2,031,175,638 |
| Expenses | | | | | |
| Cost of sales | | 2,045,158,302 | 1,974,251,057 | 1,762,884,845 | 1,575,395,584 |
| Selling expenses | | 458,383,070 | 447,262,747 | 82,209,198 | 60,828,219 |
| Administrative expenses | | 560,294,759 | 518,229,537 | 295,479,075 | 288,391,597 |
| Other expenses | | | | | |
| Loss on exchange | | 90,023,006 | - | 95,373,439 | - |
| Loss on liquidation of subsidiary company | 11 | - | - | 30,083,766 | - |
| Reversal impairment loss on investments in subsidiaries | 11 | - | - | (17,681,416) | - |
| Total expenses | | 3,153,859,137 | 2,939,743,341 | 2,248,348,907 | 1,924,615,400 |
| Profit (loss) before share of profit from investment in associated company, finance cost and income tax expenses | | (238,908,058) | (15,744,991) | 53,281,720 | 106,560,238 |
| Share of profit from investment in associated company | 12.2 | 1,818,802 | 9,268,029 | - | - |
| Profit (loss) before finance cost and income tax expenses | | (237,089,256) | (6,476,962) | 53,281,720 | 106,560,238 |
| Finance cost | | (75,999,873) | (64,147,670) | (56,135,227) | (47,972,547) |
| Profit (loss) before income tax expenses | | (313,089,129) | (70,624,632) | (2,853,507) | 58,587,691 |
| Tax income (expenses) | 27 | (1,603,991) | (17,913,443) | 1,532,408 | 8,462,902 |
| Profit (loss) for the year | | (314,693,120) | (88,538,075) | (1,321,099) | 67,050,593 |
| Profit (loss) attributable to: | | | | | |
| Equity holders of the Company (loss) | | (283,254,749) | (55,783,822) | (1,321,099) | 67,050,593 |
| Non-controlling interests of the subsidiaries (loss) | | (31,438,371) | (32,754,253) | | |
| | | <u>(314,693,120)</u> | <u>(88,538,075)</u> | | |
| Earnings per share | 29 | | | | |
| Basic earnings per share | | | | | |
| Profit (loss) attributable to equity holders of the Company | | (0.7083) | (0.1363) | (0.0033) | 0.1639 |

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

Pranda Jewelry Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

| Note | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------------------|-------------------------------|---------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Profit (loss) for the year | (314,693,120) | (88,538,075) | (1,321,099) | 67,050,593 |
| 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 | 62,472,287 | (17,958,646) | - | - |
| Loss on change in value of available-for-sale investments | 14 (37,410,358) | (8,405,171) | (37,410,358) | (8,405,171) |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | 25,061,929 | (26,363,817) | (37,410,358) | (8,405,171) |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Actuarial gains (loss) | 23 6,681,647 | (23,036,663) | 7,645,149 | (19,274,670) |
| Less: Income tax effect | 27 (1,388,401) | 4,035,163 | (1,529,030) | 3,854,934 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | 5,293,246 | (19,001,500) | 6,116,119 | (15,419,736) |
| Other comprehensive income for the year | 30,355,175 | (45,365,317) | (31,294,239) | (23,824,907) |
| Total comprehensive income for the year | (284,337,945) | (133,903,392) | (32,615,338) | 43,225,686 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company (loss) | (254,487,922) | (97,648,597) | (32,615,338) | 43,225,686 |
| Non-controlling interests of the subsidiaries (loss) | (29,850,023) | (36,254,795) | - | - |
| | (284,337,945) | (133,903,392) | (32,615,338) | 43,225,686 |

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

Pranda Jewelry Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2016

(Unit: Baht)

| Consolidated financial statements | | | | | | | | | | | | | |
|---|----------------------------------|---------------|-------------------|--|----------------|-----------------|---|--|---|--|--|--|----------------------------|
| Equity attributable to owners of the Company | | | | | | | | | | | | | |
| | Retained earnings | | | Other components of shareholders' equity | | | | | | | | | |
| | Issued and paid-up share capital | Share premium | Appropriated | | Unappropriated | Treasury shares | Other comprehensive income | | | | | | |
| | | | Statutory reserve | Treasury shares reserve | | | Exchange differences on translation of financial statements in foreign currency | Deficit on change in value of investments available-for-sale | Deficit from change in shareholding of subsidiary | Total other components of shareholders' equity | Total equity attributable to owners of the Company | Equity attributable to non-controlling interests of the subsidiaries | Total shareholders' equity |
| Balance as at 1 January 2015 | 409,529,000 | 786,855,043 | 41,000,000 | - | 1,663,393,307 | - | 10,923,925 | - | (58,427,507) | (47,503,582) | 2,853,273,768 | (132,141,428) | 2,721,132,340 |
| Loss for the year | - | - | - | - | (55,783,822) | - | - | - | - | - | (55,783,822) | (32,754,253) | (88,538,075) |
| Other comprehensive income for the year | - | - | - | - | (18,892,007) | - | (14,567,597) | (8,405,171) | - | (22,972,768) | (41,864,775) | (3,500,542) | (45,365,317) |
| Total comprehensive income for the year | - | - | - | - | (74,675,829) | - | (14,567,597) | (8,405,171) | - | (22,972,768) | (97,648,597) | (36,254,795) | (133,903,392) |
| Treasury shares (Note 25) | - | - | - | - | - | (20,130,875) | - | - | - | - | (20,130,875) | - | (20,130,875) |
| Transferred to treasury shares reserve (Note 25) | - | - | - | 20,130,875 | - | - | - | - | - | - | - | - | - |
| Dividend paid (Note 32) | - | - | - | - | (61,428,975) | - | - | - | - | - | (61,428,975) | - | (61,428,975) |
| Increase in non-controlling interests of the subsidiaries | - | - | - | - | - | - | - | - | - | - | - | 27,492,501 | 27,492,501 |
| Balance as at 31 December 2015 | 409,529,000 | 786,855,043 | 41,000,000 | 20,130,875 | 1,507,157,628 | (20,130,875) | (3,643,672) | (8,405,171) | (58,427,507) | (70,476,350) | 2,674,065,321 | (140,903,722) | 2,533,161,599 |
| Balance as at 1 January 2016 | 409,529,000 | 786,855,043 | 41,000,000 | 20,130,875 | 1,507,157,628 | (20,130,875) | (3,643,672) | (8,405,171) | (58,427,507) | (70,476,350) | 2,674,065,321 | (140,903,722) | 2,533,161,599 |
| Loss for the year | - | - | - | - | (283,254,749) | - | - | - | - | - | (283,254,749) | (31,438,371) | (314,693,120) |
| Other comprehensive income for the year | - | - | - | - | 5,351,998 | - | 60,825,187 | (37,410,358) | - | 23,414,829 | 28,766,827 | 1,588,348 | 30,355,175 |
| Total comprehensive income for the year | - | - | - | - | (277,902,751) | - | 60,825,187 | (37,410,358) | - | 23,414,829 | (254,487,922) | (29,850,023) | (284,337,945) |
| Treasury shares (Note 25) | - | - | - | - | - | (29,283,979) | - | - | - | - | (29,283,979) | - | (29,283,979) |
| Transferred to treasury shares reserve (Note 25) | - | - | - | 29,283,979 | - | - | - | - | - | - | - | - | - |
| Transferred to statutory reserve | - | - | 11,000,000 | - | (11,000,000) | - | - | - | - | - | (50,759,750) | - | - |
| Dividend paid (Note 32) | - | - | - | - | (20,059,750) | - | - | - | - | - | (20,059,750) | - | (20,059,750) |
| Increase in non-controlling interests of the subsidiaries | - | - | - | - | - | - | - | - | - | - | - | 4,904,841 | 4,904,841 |
| Balance as at 31 December 2016 | 409,529,000 | 786,855,043 | 52,000,000 | 49,414,854 | 1,168,911,148 | (49,414,854) | 57,181,515 | (45,815,529) | (58,427,507) | (47,061,521) | 2,370,233,670 | (165,848,904) | 2,204,384,766 |

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

Pranda Jewelry Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2016

| | Separate financial statements | | | | | | | | | | (Unit: Baht) | | |
|--|-------------------------------------|---------------|-------------------|------------|----------------------------|-----------------|-----------------|----------------|-----------------|---|--------------|--|----------------------------|
| | Issued and paid-up share capital | Share premium | Retained earnings | | | | Treasury shares | Unappropriated | Treasury shares | Deficit on change in value of available-for-sale investments | | Total other components of shareholders' equity | Total shareholders' equity |
| | | | Appropriated | | Treasury shares reserve | Treasury shares | | | | | | | |
| | | | Statutory reserve | | | | | | | | | | |
| Balance as at 1 January 2015 | 409,529,000 | 786,855,043 | 41,000,000 | - | - | 1,954,014,697 | - | - | - | - | - | 3,191,398,740 | |
| Profit for the year | - | - | - | - | - | 67,050,593 | - | - | - | - | - | 67,050,593 | |
| Other comprehensive income for the year | - | - | - | - | - | (15,419,736) | - | - | (8,405,171) | (8,405,171) | - | (23,824,907) | |
| Total comprehensive income for the year | - | - | - | - | - | 51,630,857 | - | - | (8,405,171) | (8,405,171) | - | 43,225,686 | |
| Treasury shares (Note 25) | - | - | - | - | - | - | (20,130,875) | (20,130,875) | - | - | - | (20,130,875) | |
| Transferred to treasury shares reserve (Note 25) | - | - | - | - | 20,130,875 | (20,130,875) | - | - | - | - | - | - | |
| Dividend paid (Note 32) | - | - | - | - | - | (61,428,975) | - | - | - | - | - | (61,428,975) | |
| Balance as at 31 December 2015 | 409,529,000 | 786,855,043 | 41,000,000 | 20,130,875 | 20,130,875 | 1,924,085,704 | (20,130,875) | (20,130,875) | (8,405,171) | (8,405,171) | - | 3,153,064,576 | |
| Balance as at 1 January 2016 | 409,529,000 | 786,855,043 | 41,000,000 | 20,130,875 | 20,130,875 | 1,924,085,704 | (20,130,875) | (20,130,875) | (8,405,171) | (8,405,171) | - | 3,153,064,576 | |
| Loss for the year | - | - | - | - | - | (1,321,099) | - | - | - | - | - | (1,321,099) | |
| Other comprehensive income for the year | - | - | - | - | - | 6,116,119 | - | - | (37,410,358) | (37,410,358) | - | (31,294,239) | |
| Total comprehensive income for the year | - | - | - | - | - | 4,795,020 | - | - | (37,410,358) | (37,410,358) | - | (32,615,338) | |
| Treasury shares (Note 25) | - | - | - | - | - | - | (29,283,979) | (29,283,979) | - | - | - | (29,283,979) | |
| Transferred to treasury shares reserve (Note 25) | - | - | - | - | 29,283,979 | (29,283,979) | - | - | - | - | - | - | |
| Dividend paid (Note 32) | - | - | - | - | - | (20,059,735) | - | - | - | - | - | (20,059,735) | |
| Balance as at 31 December 2016 | 409,529,000 | 786,855,043 | 41,000,000 | 49,414,854 | 49,414,854 | 1,879,537,010 | (49,414,854) | (49,414,854) | (45,815,529) | (45,815,529) | - | 3,071,105,524 | |

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

Pranda Jewelry Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------|--------------------------------------|-------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Cash flows from operating activities | | | | |
| Profit (loss) before tax | (313,089,129) | (70,624,632) | (2,853,507) | 58,587,691 |
| Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation and amortisation | 87,542,319 | 91,603,563 | 57,647,659 | 59,805,404 |
| Amortisation of leasehold rights | 2,484,400 | 2,484,399 | - | - |
| Write-off equipment and intangible assets | 7,383,675 | 1,642,512 | 6,454,055 | 167,440 |
| Amortisation of discounted value of government bond | (36,933) | (36,934) | (36,933) | (36,934) |
| Doubtful accounts (reversal) | 27,122,453 | (7,867,968) | 13,663,880 | 37,520,674 |
| Write-off bad debts | 6,308,643 | 9,591,266 | 693,008 | 911,169 |
| Write-off other assets | 2,476,702 | 2,196,202 | 2,476,702 | 2,196,202 |
| Reduce cost to net realisable value of inventories (reversal) | (31,323,923) | 3,229,801 | (10,288,000) | 5,084,000 |
| Dividend income | - | - | (53,815,762) | - |
| Gain on sales of machinery and equipment | (13,840,821) | (8,326,575) | (13,756,412) | (7,286,584) |
| Share of profit from investment in associated company | (1,818,802) | (9,268,029) | - | - |
| Long-term employee benefits expenses | 19,976,455 | 16,033,708 | 21,754,945 | 12,751,268 |
| Loss (gain) on liquidation of subsidiary company | (12,123,006) | - | 30,083,766 | - |
| Reversal impairment loss on investments in subsidiaries | - | - | (17,681,416) | - |
| Unrealised loss (gain) on exchange | 9,694,013 | 15,699,234 | 100,039,579 | (41,963,579) |
| Amortisation of deferred financial service fee of long-term loans | 262,316 | 28,571 | 114,285 | 28,571 |
| Interest income | (4,411,627) | (3,876,374) | (4,300,238) | (22,824,712) |
| Interest expenses | 69,853,822 | 56,394,473 | 55,179,751 | 43,607,230 |
| Profit (loss) from operating activities before changes in operating assets and liabilities | (143,539,443) | 98,903,217 | 185,375,362 | 148,547,840 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 3,911,494 | 27,421,052 | (156,718,720) | (36,530,524) |
| Inventories | (90,389,804) | (10,875,886) | (203,823,948) | 11,566,342 |
| Other current assets | 10,848,913 | (7,406,745) | 7,791,962 | (5,364,152) |
| Other non-current assets | (4,100,851) | (3,007,946) | (1,218,399) | (243,425) |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 168,273,559 | (11,491,237) | 201,173,539 | 17,788,163 |
| Other current liabilities | 13,033,950 | (11,502,484) | 2,797,722 | (2,283,685) |
| Provision for long-term employee benefits | (6,348,239) | (7,488,949) | (6,253,466) | (5,350,738) |
| Other non-current liabilities | 209,828 | 28,552 | - | - |
| Cash flows from (used in) operating activities | (48,100,593) | 74,579,574 | 29,124,052 | 128,129,821 |
| Cash paid for interest expenses | (61,735,246) | (54,883,180) | (47,622,844) | (43,428,233) |
| Cash paid for corporate income tax | (9,667,895) | (18,866,194) | (3,457,047) | (2,258,555) |
| Cash refund from corporate income tax | 7,188,638 | - | - | - |
| Net cash flows from (used in) operating activities | (112,315,096) | 830,200 | (21,955,839) | 82,443,033 |

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

Pranda Jewelry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|---------------------|--------------------------------------|---------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Cash flows from investing activities | | | | |
| Decrease in current investments - deposits at financial institutions | 3,390,574 | 3,753,289 | - | - |
| Increase in restricted bank deposits | (24,578,669) | (233,330) | (25,000,000) | - |
| Cash receipt from dividend income | 3,815,777 | - | 53,815,762 | - |
| Decrease (increase) in short-term loans to related parties | (5,000,000) | 2,000,000 | (42,498,546) | (6,590,800) |
| Increase in long-term loans to related parties | - | - | - | (3,491,728) |
| Decrease in advances for investment | - | - | - | 5,308,824 |
| Cash receipt from liquidation of subsidiary company | - | - | 1,223 | - |
| Payments for investments in subsidiaries | - | - | - | (4,054,200) |
| Acquisition of property, plant and equipment | (53,048,751) | (104,739,672) | (23,275,881) | (86,404,295) |
| Acquisition of other intangible assets | (7,022,340) | (5,791,955) | (5,590,744) | (4,517,483) |
| Increase in leasehold rights | (17,435,973) | - | - | - |
| Proceeds from sales of machinery and equipment | 16,484,424 | 9,973,330 | 16,269,159 | 9,939,382 |
| Cash receipt from receivables from sales of investment in associated company | 1,768,191 | - | 1,768,191 | - |
| Cash receipt from interest income | 4,026,698 | 3,751,427 | 22,168,675 | 4,655,058 |
| Net cash flows used in investing activities | (77,600,069) | (91,286,911) | (2,342,161) | (85,155,242) |
| Cash flows from financing activities | | | | |
| Increase in bank overdrafts and short-term loans from financial institutions | 15,387,982 | 64,815,282 | 158,205,017 | - |
| Increase in bills of exchange | 168,992,254 | 28,354,568 | 120,511,495 | 28,354,568 |
| Increase (decrease) in short-term loans from related parties | (49,167) | 61,500 | - | - |
| Cash receipt for long-term loans | 200,000,000 | 190,000,000 | - | 190,000,000 |
| Repayment of long-term loans | (115,764,411) | (88,033,005) | (93,400,000) | (80,200,000) |
| Dividend paid | (20,059,750) | (61,428,975) | (20,059,735) | (61,428,975) |
| Cash paid for financial service fee of long-term loans | (1,752,000) | (800,000) | - | (800,000) |
| Proceeds from increase in investments in subsidiary by non-controlling interests of the subsidiary | 4,843,921 | 16,238,043 | - | - |
| Acquisition of treasury shares | (29,283,979) | (20,130,875) | (29,283,979) | (20,130,875) |
| Cash receipt from non-controlling interests of the subsidiary | 60,919 | 4,458 | - | - |
| Net cash flows from financing activities | 222,375,769 | 129,080,996 | 135,972,798 | 55,794,718 |
| Increase (decrease) in translation adjustment | 64,686,396 | (22,794,403) | - | - |
| Net increase in cash and cash equivalents | 97,147,000 | 15,829,882 | 111,674,798 | 53,082,509 |
| Cash and cash equivalents at beginning of year | 358,218,385 | 342,388,503 | 194,520,660 | 141,438,151 |
| Cash and cash equivalents at end of year | 455,365,385 | 358,218,385 | 306,195,458 | 194,520,660 |

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

Pranda Jewelry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------|--------------------------------------|-------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Supplemental cash flow information | | | | |
| Non-cash transactions | | | | |
| Conversion of related party trade and other receivable of subsidiaries to long-term loans to subsidiaries | - | - | 409,964,718 | - |
| Capital repayment by the subsidiary by offsetting with other payables due to subsidiary | - | - | 16,227,832 | - |
| Conversion of investment in convertible debentures issued by subsidiary to investments in subsidiaries | - | - | - | 39,764,700 |
| Conversion of related party trade payable of subsidiary to called-up capital by non-controlling interests of the subsidiary | - | 11,250,000 | - | - |
| Conversion of other receivables to other long-term investments | - | 97,979,100 | - | 97,979,100 |

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

Pranda Jewelry Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2016

1. General information

Pranda Jewelry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of jewelry. The registered office of the Company is at 28 Soi Bangna-Trad 28, Bangna Subdistrict, Bangna District, Bangkok. The Company has factories located in Bangkok and Nakhonratchasima.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting 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 Pranda Jewelry Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|-----------------------------------|---|--------------------------|----------------------------|-------------|
| | | | <u>2016</u> | <u>2015</u> |
| | | | Percent | Percent |
| <u>Held by the Company</u> | | | | |
| Primagold International Co., Ltd. | Distribution of jewelry | Thailand | 100 | 100 |
| Crystalline Co., Ltd. | Manufacture and distribution of jewelry | Thailand | 96 | 96 |
| Pranda Lodging Co., Ltd. | Dormitory rental | Thailand | 83 | 83 |
| Pranda North America, Inc. | Distribution of jewelry | U.S.A. | 100 | 100 |
| H.GRINGOIRE s.a.r.l. | Distribution of jewelry | France | 100 | 100 |
| Pranda UK Ltd. | Distribution of jewelry | United Kingdom | 100 | 100 |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|---|--------------------------|----------------------------|------------------------|
| | | | <u>2016</u> Percent | <u>2015</u> Percent |
| Pranda Singapore Pte. Limited | Holding company | Singapore | - | 100 |
| Pranda Vietnam Co., Ltd. | Manufacture and distribution of jewelry | Vietnam | 100 | 100 |
| Pranda & Kroll GmbH & Co. KG | Distribution of jewelry | Germany | 75 | 75 |
| Pranda Jewelry Private Limited | Distribution of jewelry | India | 51 | 51 |
| Pranda Trading (Shenzhen) Limited | Ceased its operation in 2015 and in the process dissolution | China | 100 | 100 |
| Guangzhou Pangda Zhubao Shoushi Youxian Gongsi | Ceased its operation in 2013 and in the process dissolution | China | 100 | 100 |
| <u>Held by the subsidiaries</u> | | | | |
| Pranda Acceptance Sdn. Bhd. (Held by Pranda Singapore Pte. Limited) | Ceased its operation in 2000 | Malaysia | - | 100 |
| KSV Brand GmbH (Held by Pranda & Kroll GmbH & Co. KG) | Ceased its operation in 2013 and in the process dissolution | Germany | 75 | 75 |
| PDU (UK) Limited (Held by Pranda UK Limited) | Ceased its operation in 2016 | United Kingdom | 100 | 100 |
| <u>Controlled by the subsidiary</u> | | | | |
| PT Pranda Marketing Indonesia (controlled and had equity interest of 55 percent by Primagold International Co., Ltd.) | Retail jewelry | Indonesia | 55 | 55 |

On 31 March 2013, Primagold International Co., Ltd. entered into an agreement with the shareholders of PT Pranda Marketing Indonesia, assigning control over the financial and operating policies of PT Pranda Marketing Indonesia to Primagold International Co., Ltd., through the majority of the Board of Directors of that company including voting power and granting an equity interest of 55 percent in this company, effective from 31 March 2013. However, the subsidiary is not a shareholder and without transferring any consideration to the shareholders of PT Pranda Marketing Indonesia but has power to control and owns more than half of the voting power. Therefore, the Company considered this company as the subsidiary of the group.

In June 2016, Pranda Singapore Pte. Limited, a subsidiary company, was liquidated as described in Note 11 to the 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, on the date 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.
 - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associated company 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 and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

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

This standard will not have any significant impact on the Company 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 allowances.

Rental and service income

Rental income is recognised based on an accrual basis on straight-line basis over the lease term. Service revenue is recognised when services have been rendered taking into account the stage of completion.

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 cost under the weighted average method and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials and factory supplies 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 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) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associated company are accounted for in the separate financial statements using the cost method.
- e) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the period.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Plant 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 a straight-line basis over the following estimated useful lives:

| | |
|--|--------------------------------|
| Land improvements | 20 years |
| Buildings and building improvements | 10 - 40 years |
| Leasehold improvements | period of lease (2 - 40 years) |
| Machinery and equipment | 3 - 13 years |
| Furniture, fixtures and office equipment | 2 - 20 years |
| Motor vehicles | 2 - 6 years |

Depreciation is included in determining income.

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

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.

4.8 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the period of the lease. Amortisation is included in determining income.

4.9 Business combination

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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. An impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.11 Intangible assets

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.

Intangible assets with finite useful lives are computer software which have finite useful lives of 2 - 10 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.

4.12 Related party transactions

Related parties comprise individuals or that enterprises 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, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.13 Long-term leases

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 assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or 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.

4.14 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.

Gains and losses on exchange are included in determining income.

4.15 Impairment of assets

At the end of each reporting period, the Company 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 profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.16 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 subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law of each country. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and local subsidiaries provide other long-term employee benefit plan.

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

4.17 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.

4.18 Income tax

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

Current tax

Current income tax of the Company and its subsidiaries (in Thailand) 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.

Income tax of overseas subsidiaries are provided in accordance with tax legislation and tax rates mandated by the tax laws of those countries.

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.

4.19 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 judgements and estimates

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

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.

Allowance for diminution in value of inventory

The determination of allowances for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realisable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs to complete the sales; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based on the approximate aging of each type of inventory.

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 when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans and other long-term employee benefits

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

Tax assessment by the Revenue Department and litigation

The Company has contingent liabilities as a result of tax assessment by the Revenue Department. The Subsidiary has contingent liabilities as a result of litigation. The management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

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.

Impairment of investments in subsidiaries

Impairment testing on investments in subsidiaries requires management to make estimates of the cash flows to be generated by the subsidiaries and to determine an appropriate discount rate to calculate the present value of those cash flows.

6. 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 based agreed upon between the Company and those related parties.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | | Transfer pricing policy |
|---|--------------------------------------|------|----------------------------------|-------|---|
| | 2016 | 2015 | 2016 | 2015 | |
| <u>Transactions with subsidiaries</u> | | | | | |
| (eliminated from the consolidated financial statements) | | | | | |
| Sales of goods | - | - | 894 | 1,068 | Normal business price close to those charged to other customers |
| Purchases of goods and raw materials | - | - | 235 | 203 | With reference to market price |
| Loan interest income | - | - | 2 | 20 | Per loan agreement |
| Interest income on overdue payment | - | - | - | 1 | Interest rate at 7.5 percent per annum |
| Guarantee fee income | - | - | 3 | 4 | At 1 percent per annum |
| Service income | - | - | 32 | 41 | Agreed between the parties |
| Management fee income | - | - | 14 | 12 | Agreed between the parties |
| Service expenses | - | - | 5 | 4 | Agreed between the parties |
| Commission payments | - | - | 5 | 2 | Agreed between the parties |
| Purchases of machines and equipment | - | - | 5 | - | Agreed between the parties |
| Dividend income | - | - | 50 | - | Announce rate |
| <u>Transactions with associated company</u> | | | | | |
| Purchases of raw materials | 284 | 157 | 284 | 157 | With reference to market price |
| Service income | 1 | - | 1 | - | Agreed between the parties |
| Dividend income | - | - | 4 | - | Announce rate |
| <u>Transactions with related companies</u> | | | | | |
| Sales of goods | 9 | 7 | 7 | 5 | Normal business price close to those charged to other customers |
| Purchase of goods | 67 | 56 | 2 | 3 | With reference to market price |
| Loan interest income | 2 | 1 | - | - | Per loan agreement |
| Service income | 1 | 1 | 1 | 1 | Agreed between the parties |
| Service expenses | 2 | 3 | - | - | Agreed between the parties |

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

| | Consolidated financial statements | | (Unit: Million Baht) Separate financial statements | |
|--|--------------------------------------|------|--|-------|
| | | | | |
| | 2016 | 2015 | 2016 | 2015 |
| <u>Trade accounts receivable - related parties (Note 8)</u> | | | | |
| Subsidiaries | - | - | 720 | 1,003 |
| Related companies (related by common directors) | 35 | 34 | 34 | 33 |
| Total | 35 | 34 | 754 | 1,036 |
| Less: Allowance for doubtful accounts | (28) | (2) | (76) | (263) |
| Total trade accounts receivable - related parties, net | 7 | 32 | 678 | 773 |
| <u>Other receivables - related parties (Note 8)</u> | | | | |
| Subsidiaries | - | - | 227 | 230 |
| Related companies (related by common directors) | 3 | 2 | 2 | 2 |
| Subsidiary and related company's directors | 9 | 23 | 4 | 16 |
| Total | 12 | 25 | 233 | 248 |
| Less: Allowance for doubtful accounts | - | - | (173) | (181) |
| Total other receivables - related parties, net | 12 | 25 | 60 | 67 |
| <u>Accrued interest income - related parties (Note 8)</u> | | | | |
| Subsidiaries | - | - | 19 | 49 |
| Less: Allowance for doubtful accounts | - | - | (17) | - |
| Total accrued interest income - related parties, net | - | - | 2 | 49 |
| <u>Amounts due from related parties</u> | | | | |
| Subsidiary | - | - | 15 | 52 |
| Subsidiary and related company's directors | 11 | - | 11 | - |
| Total | 11 | - | 26 | 52 |
| Less: Allowance for doubtful accounts | - | - | (4) | (13) |
| Total amounts due from related parties, net | 11 | - | 22 | 39 |
| <u>Trade and other payables - related parties (Note 21)</u> | | | | |
| Subsidiaries | - | - | 45 | 32 |
| Related companies (related by common directors) | 33 | 16 | - | - |
| Total trade and other payables - related parties | 33 | 16 | 45 | 32 |

During the year 2016, the Company has recorded allowance for doubtful accounts for its trade and other receivables - related parties in the income statement for the year 2016, a total of Baht 4 million (2015: Baht 43 million).

Loans to related parties

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

| | (Unit: Million Baht) | | | |
|---|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| <u>Short-term loans to related parties</u> | | | | |
| Subsidiaries | - | - | 47 | 7 |
| Related companies (related by common directors) | 26 | 21 | - | - |
| Total short-term loans to related parties | <u>26</u> | <u>21</u> | <u>47</u> | <u>7</u> |
| <u>Long-term loans to related parties</u> | | | | |
| <u>Subsidiaries</u> | | | | |
| Long-term loans | - | - | 554 | 230 |
| Less: Current portion | - | - | (69) | (35) |
| Long-term loans, net of current portion | - | - | 485 | 195 |
| Less: Allowance for doubtful accounts | - | - | (190) | - |
| Total long-term loans to related parties, net | <u>-</u> | <u>-</u> | <u>295</u> | <u>195</u> |

During the year 2016, movements of loans to related parties were as follow:

| | | (Unit: Million Baht) | | | |
|----------------------------|---|-----------------------------------|----------|----------|-------------|
| | | Consolidated financial statements | | | |
| Short-term loans | Related by | Balance | | | Balance |
| | | as at | Increase | Decrease | as at |
| | | 31 December | during | during | 31 December |
| | | 2015 | the year | the year | 2016 |
| A-List Corporate Co., Ltd. | The Director related to the Company's director | 18 | 5 | - | 23 |
| Supree Holding Co., Ltd. | Shareholders related to the Company's director | 3 | - | - | 3 |
| Total short-term loans | | <u>21</u> | <u>5</u> | <u>-</u> | <u>26</u> |

(Unit: Million Baht)

| | | Separate financial statements | | | | |
|------------------------------|------------|-------------------------------|----------|----------|------------|-------------|
| Short-term loans | Related by | Balance | | | Unrealised | Balance |
| | | as at | Increase | Decrease | loss on | as at |
| | | 31 December | during | during | exchange | 31 December |
| | | 2015 | the year | the year | rate | 2016 |
| Pranda & Kroll GmbH & Co. KG | Subsidiary | 7 | 13 | - | (1) | 19 |
| H. GRINGOIRE s.a.r.l | Subsidiary | - | 29 | - | (1) | 28 |
| Total short-term loans | | 7 | 42 | - | (2) | 47 |

(Unit: Million Baht)

| | | Separate financial statements | | | | |
|------------------------------|------------|-------------------------------|----------|----------|------------|-------------|
| Long-term loans | Related by | Balance | | | Unrealised | Balance |
| | | as at | Increase | Decrease | loss on | as at |
| | | 31 December | during | during | exchange | 31 December |
| | | 2015 | the year | the year | rate | 2016 |
| Pranda & Kroll GmbH & Co. KG | Subsidiary | 27 | - | - | (1) | 26 |
| Pranda UK Ltd. | Subsidiary | 203 | 206 | - | (71) | 338 |
| H. GRINGOIRE s.a.r.l | Subsidiary | - | 204 | - | (14) | 190 |
| Total long-term loans | | 230 | 410 | - | (86) | 554 |

Short-term loans to related parties

Consolidated financial statements

As at 31 December 2016, a local subsidiary (Pranda Lodging Co., Ltd.) granted short-term loans of Baht 23 million (2015: Baht 18 million), to a related company, A-List Corporate Co., Ltd., and these loans are subject to interest at the rate of 7 percent per annum, secured by the director of this related company and repayable on demand. In addition, the subsidiary granted short-term loan of Baht 3 million (2015: Baht 3 million), to a related company, Supree Holding Co., Ltd, and this loan is subject to interest at the rate of 7 percent per annum, unsecured and repayable on demand.

Separate financial statements

Short-term loans to subsidiaries

As at 31 December 2016, the Company granted a short-term loan to a subsidiary, Pranda & Kroll GmbH & Co. KG, of EUR 0.5 million or approximately Baht 19 million. (2015: EUR 0.2 million or approximately Baht 7 million) This loan is subject to interest at a rate of 7.5 percent per annum. This loan is unsecured and principal and interest are payable within 2017.

As at 31 December 2016, the Company granted a short-term loan of EUR 0.7 million or approximately Baht 28 million, to its subsidiary, H.GRINGOIRE s.a.r.l.. This loan carries interest at 7.5 percent per annum and unsecured. Principal and interest are repayable within 2017.

Long-term loans to related parties

Consolidated financial statements

As at 31 December 2016, a local subsidiary granted a long-term loan of USD 2 million, or approximately Baht 71 million (2015: USD 2 million or approximately Baht 72 million), to PT Pranda Marketing Indonesia, a subsidiary company. The loan is subject to interest at the rate of 7.5 percent per annum, has a term of 10 years (maturity in 2021 and 2025), and is secured by the pledge of some shares of this company.

The loan agreement grants the subsidiary the option to have PT Pranda Marketing Indonesia, makes loan repayment in cash, or to convert part or all of the unpaid loan to the newly issued shares of the company, provided these do not exceed up to 55 percent of total shares. The conversion ratio is set at the par value of that company's shares.

Separate financial statements

In June 2016, a meeting of the Company's Board of Directors passed a resolution to convert the Company's trade accounts receivable and other receivables related to its two overseas subsidiaries, which are Pranda UK Ltd. and H.GRINGOIRE s.a.r.l., a total of approximately Baht 410 million, to a long-term loan to Pranda UK Ltd. of GBP 3.9 million, or approximately Baht 206 million, and long-term loans to H.GRINGOIRE s.a.r.l. of EUR 4.9 million and USD 0.2 million, or a total of approximately Baht 204 million. These loans carry interest at 7.5 percent per annum, have terms of 10 years and are unsecured.

In addition, the long-term loan of GBP 3.8 million (2015: GBP 3.8 million), was granted to a subsidiary, Pranda UK Ltd., is repayable within 6 years, by quarterly from March 2016 to December 2020. The loan is unsecured and interest is payable quarterly at a rate of 7.5 percent per annum. During the year 2015 to 2016, this subsidiary has not yet paid loan principal of GBP 0.4 million, or approximately Baht 17 million, payable in accordance with the agreement, since the subsidiary has requested that the principal payment be rescheduled. The management is currently amending the long-term loan agreement.

The long-term loan of EUR 0.7 million (2015: EUR 0.7 million), granted to a subsidiary, Pranda & Kroll GmbH & Co. KG, is unsecured and repayable quarterly within 3 years, from March 2015 to April 2018. Interest is payable quarterly at a rate of 7.5 percent per annum. During the year 2015 to 2016, this subsidiary has not yet paid the loan principal of EUR 0.3 million, or approximately Baht 13 million, payable in accordance with the agreement, since the subsidiary has requested that the principal payment be rescheduled. The management is currently amending the long-term loan agreement.

Loan from related party

As at 31 December 2016 and 2015, the balance of short-term loan from related party are as follows:

| | (Unit: Million Baht) | | | |
|--|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| <u>Short-term loan from related party</u> | | | | |
| Subsidiary's director | <u>1</u> | <u>1</u> | <u>-</u> | <u>-</u> |

Pranda Jewelry Private Limited, its subsidiary, had short-term loan amounting to Indian Rupee 1 million (or equivalent to Baht 1 million) from its director. This loan is unsecured and has no interest charge.

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: Million Baht) | | | |
|------------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Short-term employee benefits | 80 | 75 | 43 | 35 |
| Post-employment benefits | - | 3 | - | 3 |
| Other long-term benefits | 1 | 2 | - | - |
| Total | <u>81</u> | <u>80</u> | <u>43</u> | <u>38</u> |

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 33.3.1 to the financial statements.

7. Cash and cash equivalents

| | (Unit: Thousand Baht) | | | |
|-----------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Cash | 2,821 | 3,550 | 577 | 559 |
| Bank deposits | 452,544 | 279,613 | 305,618 | 118,907 |
| Fixed deposit receipt | - | 75,055 | - | 75,055 |
| Total | <u>455,365</u> | <u>358,218</u> | <u>306,195</u> | <u>194,521</u> |

As at 31 December 2016, bank deposits carried interests between 0.04 to 0.85 percent per annum (2015: between 0.13 to 2.50 percent per annum).

8. Trade and other receivables

| | (Unit: Thousand Baht) | | | |
|--|--------------------------------------|-------------|----------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| <u>Trade accounts receivable - related parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | - | 52 | 80,419 | 123,467 |
| Past due | | | | |
| Up to 3 months | 1,943 | 1,124 | 87,804 | 165,466 |
| 3 - 6 months | 1,934 | 183 | 132,304 | 40,313 |
| 6 - 12 months | 1,870 | 927 | 98,534 | 69,097 |
| Over 12 months | 29,577 | 32,258 | 354,815 | 637,589 |
| Total | 35,324 | 34,544 | 753,876 | 1,035,932 |
| Less: Allowance for doubtful debts | (27,718) | (2,432) | (76,268) | (262,766) |
| Total trade accounts receivable - related parties, net (Note 6) | 7,606 | 32,112 | 677,608 | 773,166 |
| <u>Trade accounts receivable - unrelated parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 276,869 | 202,085 | 151,687 | 50,643 |
| Past due | | | | |
| Up to 3 months | 117,902 | 167,010 | 41,822 | 41,882 |
| 3 - 6 months | 12,752 | 18,584 | 3,083 | 1,880 |
| 6 - 12 months | 21,753 | 48,892 | 2,520 | 22,544 |
| Over 12 months | 51,716 | 56,282 | 34,975 | 21,709 |
| Total | 480,992 | 492,853 | 234,087 | 138,658 |
| Less: Allowance for doubtful debts | (51,452) | (50,950) | (34,975) | (25,627) |
| Total trade accounts receivable - unrelated parties, net | 429,540 | 441,903 | 199,122 | 113,031 |
| Total trade accounts receivable, net | 437,146 | 474,015 | 876,720 | 886,197 |
| <u>Other receivables</u> | | | | |
| Other receivables - related parties (Note 6) | 11,863 | 24,939 | 233,237 | 247,461 |
| Other receivables - unrelated parties | 14,906 | 15,226 | 811 | 441 |
| Accrued interest income - related parties (Note 6) | - | - | 19,261 | 48,924 |
| Accrued interest income | 1,863 | 1,478 | 1,797 | 1,356 |
| Accrued income | 1,906 | 340 | - | - |
| Total | 30,538 | 41,983 | 255,106 | 298,182 |
| Less: Allowance for doubtful debts | (4,005) | (2,496) | (191,579) | (181,751) |
| Total other receivables, net | 26,533 | 39,487 | 63,527 | 116,431 |
| Total trade and other receivables, net | 463,679 | 513,502 | 940,247 | 1,002,628 |

9. Inventories

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | |
|-----------------------------------|-----------|-----------|--|-----------|-------------------|-----------|
| | Cost | | Reduce cost to net realisable value | | Inventories - net | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | | | | | | |
| Finished goods | 1,276,778 | 1,328,036 | (99,291) | (116,074) | 1,177,487 | 1,211,962 |
| Work in process | 350,037 | 204,405 | - | - | 350,037 | 204,405 |
| Raw materials | 536,273 | 536,670 | (102,828) | (117,369) | 433,445 | 419,301 |
| Factory supplies | 13,163 | 14,103 | - | - | 13,163 | 14,103 |
| Goods in transit | 680 | 3,327 | - | - | 680 | 3,327 |
| Total | 2,176,931 | 2,086,541 | (202,119) | (233,443) | 1,974,812 | 1,853,098 |

(Unit: Thousand Baht)

| Separate financial statements | | | | | | |
|-------------------------------|-----------|---------|--|-----------|-------------------|---------|
| | Cost | | Reduce cost to net realisable value | | Inventories - net | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | | | | | | |
| Finished goods | 266,886 | 242,087 | (61,941) | (62,151) | 204,945 | 179,936 |
| Work in process | 342,251 | 194,874 | - | - | 342,251 | 194,874 |
| Raw materials | 504,099 | 472,726 | (100,301) | (110,378) | 403,798 | 362,348 |
| Factory supplies | 8,412 | 8,799 | - | - | 8,412 | 8,799 |
| Goods in transit | 680 | 17 | - | - | 680 | 17 |
| Total | 1,122,328 | 918,503 | (162,242) | (172,529) | 960,086 | 745,974 |

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 2 million (2015: Baht 11 million) (The Company only: Baht 7 million 2015: Baht 7 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 33 million (The Company only: Baht 17 million and 2015: Baht 2 million), and reduced the amount of inventories recognised as expenses during the year.

10. Restricted bank deposits

The outstanding balances represented the Company's deposits with bank pledged to secure the credit facilities, and the subsidiaries' deposits with banks, pledged to secure the credit facilities for forward exchange contracts and bank overdraft, and the letters of guarantee issued by banks on behalf of subsidiaries for electricity use.

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

| Company's name | Paid-up capital | | Currency | Shareholding percentage | | Cost | |
|--|-----------------|-------|----------------------|-------------------------|-------------------|-----------|-----------|
| | 2016 | 2015 | | 2016 (Percent) | 2015 (Percent) | 2016 | 2015 |
| Pranda North America, Inc. | 2 | 2 | Thousand USD | 100 | 100 | 120,283 | 120,283 |
| H.GRINGOIRE s.a.r.l. | 5 | 5 | Million EUR | 100 | 100 | 344,423 | 344,423 |
| Pranda UK Ltd. | 0.5 | 0.5 | Million GBP | 100 | 100 | 28,973 | 28,973 |
| Pranda Vietnam Co., Ltd. | 1.5 | 1.5 | Million USD | 100 | 100 | 48,180 | 48,180 |
| Pranda Singapore Pte. Limited | - | 3 | Million SGD | - | 100 | - | 53,681 |
| Primagold International Co., Ltd. | 200 | 200 | Million Baht | 100 | 100 | 200,000 | 200,000 |
| Crystalline Co., Ltd. | 100 | 100 | Million Baht | 96 | 96 | 96,000 | 96,000 |
| Pranda Lodging Co., Ltd. | 50 | 50 | Million Baht | 83 | 83 | 41,125 | 41,125 |
| Guangzhou Pangda Zhubao Shoushi Youxian Gongsi | 3.35 | 3.35 | Million USD | 100 | 100 | 112,523 | 112,523 |
| Pranda & Kroll GmbH & Co. KG | 14.96 | 14.96 | Million EUR | 75 | 75 | 573,303 | 573,303 |
| Pranda Jewelry Private Limited | 150 | 150 | Million Indian Rupee | 51 | 51 | 44,255 | 44,255 |
| Pranda Trading (Shenzhen) Limited | 0.55 | 0.55 | Million USD | 100 | 100 | 17,437 | 17,437 |
| Total | | | | | | 1,626,502 | 1,680,183 |
| Less: Allowance for impairment of investments | | | | | | (784,419) | (802,100) |
| Investments in subsidiaries, net | | | | | | 842,083 | 878,083 |

During the current year, the Company received dividend income amounting to Baht 50 million from the subsidiary, Primagold International Co., Ltd.

During the current year, the Company recorded the reversal of impairment loss on investments in subsidiaries of Baht 18 million in the income statement.

Year 2016

Subsidiary - Pranda Singapore Pte. Limited

On 23 February 2016, a meeting of the Company's Board of Directors passed a resolution to dissolve a subsidiary, Pranda Singapore Pte. Limited, on 23 February 2016. This subsidiary is not a significant segment of the Group and there is thus no significant impact on the consolidated financial statements.

In March 2016, the subsidiary returned SGD 0.9 million of its share capital, making payment in cash and by offsetting with other receivables (balances that the Company owed to this subsidiary). As a result, investment in this subsidiary decreased by Baht 16 million. Subsequently in June 2016, the subsidiary was liquidated. The Company recorded loss from the liquidation of this subsidiary amounting to Baht 30 million and reversal of impairment loss on investments in subsidiaries of Baht 37 million in the separate income statement, and recorded gain on liquidation of subsidiary company of Baht 12 million in the consolidated income statement.

Subsidiary - Pranda UK Ltd.

On 14 July 2016, a meeting of the Company's Board of Directors passed a resolution to approve the subsidiaries' business restructuring, effective on 15 July 2016. Under the restructuring, Pranda UK Ltd., a 100%-held subsidiary of the Company, will receive the transfer of all of business and employees of PDU Co., Ltd., (a 100%-held subsidiary of Pranda UK Ltd.). Thereafter, PDU Co., Ltd. will be a dormant company. The transaction should not have any affect to the consolidated financial statements of the Company.

Subsidiary - KSV Brand GmbH (held by Pranda & Kroll GmbH & Co., KG)

On 20 September 2016, a meeting of the Company's Board of Directors passed a resolution to dissolve a subsidiary, KSV Brand GmbH (a 100%-held subsidiary of Pranda & Kroll GmbH & Co., KG), with the effective date on 1 October 2016. This subsidiary has ceased its operation and is not a significant segment of the Group and there is thus no significant impact on the consolidated financial statements.

Year 2015

Subsidiary - PT Pranda Marketing Indonesia (controlled by Primagold International Co., Ltd.)

During the first-quarter of 2015, the Annual General Shareholder's Meeting of PT Pranda Marketing Indonesia passed the following resolutions:

- 1) To approve an increase in its registered share capital from 4 thousand million Indonesian Rupiah (4,000 ordinary shares of 1 million Indonesian Rupiah each) or approximately of Baht 12 million to 20 thousand million Indonesian Rupiah (20,000 ordinary shares of 1 million Indonesian Rupiah each) or approximately of Baht 50 million.
- 2) To approve an increase in its paid-up capital from 1 thousand million Indonesian Rupiah, or approximately of Baht 3 million to 10 thousand million Indonesian Rupiah, or approximately Baht 25 million.

The increase in paid-in capital was made by means of cash payment of 4.5 thousand million Indonesian Rupiah, or approximately of Baht 11 million, and the conversion to equity of trade accounts payable of 4.5 thousand million Indonesian Rupiah, or approximately of Baht 11 million.

After the increase in share capital, the Group still has control over the subsidiary and has an equity interest of 55 percent.

Subsidiary - Pranda Trading (Shenzhen) Limited

On 8 July 2015, a meeting of the Company's Board of Directors passed a resolution to dissolve a subsidiary, Pranda Trading (Shenzhen) Limited, on 8 July 2015. At present, the subsidiary is in the process of dissolution. This subsidiary is not a significant segment of the Group, therefore, there is no significant impact on the consolidated financial statements. As at 31 December 2015, the Company has made full allowance for impairment loss on investment in this subsidiary totaling of Baht 17 million.

Subsidiary - Pranda Jewelry Private Limited

On 16 December 2015, the Extraordinary Shareholder's Meeting of Pranda Jewelry Private Limited (a subsidiary established in India) passed a resolution to increase its registered share capital from 1 million Indian rupees (100,000 ordinary shares at the par value of Indian rupee 10 each) to 150 million Indian rupees (15,000,000 ordinary shares with a par value 10 Indian rupee each). The subsidiary registered the increase in its registered share capital on 31 December 2016. The Company paid 76 million Indian rupees or approximately Baht 44 million for the additional capital in the form of cash payment of 7 million Indian rupees, or approximately Baht 4 million, and the conversion of convertible debentures issued by the subsidiary of 69 million Indian rupees or approximately Baht 40 million. After the increase in share capital, the Company's shareholding in this subsidiary remains 51 percent.

The non-controlling interest of this subsidiary paid for the additional capital by means of cash payment totaling 10 million Indian rupees or approximately Baht 5 million, and there are outstanding shares receivables of 63 million Indian rupees or approximately Baht 33 million. Payments for such share receivables are to be made annually until the year 2019 in accordance with the subsidiary's shareholders agreement.

11.2 Details of investments in subsidiaries that have material non-controlling interests

| Company's name | Proportion of | | (Unit: Million Baht) | | | |
|------------------------------|---------------------------|-------------|---------------------------|-------------|---------------------------|-------------|
| | equity interest held by | | Accumulated balance of | | Profit/loss allocated to | |
| | non-controlling interests | | non-controlling interests | | non-controlling interests | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | (%) | (%) | | | | |
| Pranda & Kroll GmbH & Co. KG | 25 | 25 | (127) | (115) | (13) | (14) |

11.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

| | (Unit: Million Baht) | |
|-------------------------|------------------------------|-------------|
| | Pranda & Kroll GmbH & Co. KG | |
| | <u>2016</u> | <u>2015</u> |
| Current assets | 63 | 77 |
| Non-current assets | 1 | 2 |
| Current liabilities | 217 | 169 |
| Non-current liabilities | 4 | 28 |

Summarised information about comprehensive income

| | (Unit: Million Baht) | |
|----------------------------|--------------------------------|-------------|
| | For the year ended 31 December | |
| | Pranda & Kroll GmbH & Co. KG | |
| | <u>2016</u> | <u>2015</u> |
| Revenue | 62 | 49 |
| Loss | (46) | (51) |
| Other comprehensive income | - | (1) |
| Total comprehensive income | (46) | (52) |

Summarised information about cash flow

| | (Unit: Million Baht) | |
|--|--------------------------------|-------------|
| | For the year ended 31 December | |
| | Pranda & Kroll GmbH & Co. KG | |
| | <u>2016</u> | <u>2015</u> |
| Cash flow from (used in) operating activities | (14.9) | 2.5 |
| Cash flow from investing activities | 13.6 | - |
| Cash flow from financing activities | - | 0.4 |
| Net increase (decrease) in cash and cash equivalents | <u>(1.3)</u> | <u>2.9</u> |

12. Investments in associated company

12.1 Details of associated company:

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Consolidated financial statements | | | |
|---|--|--------------------------|-----------------------------------|-------------|----------------------------------|--------------|
| | | | Shareholding Percentage | | Investment value - equity method | |
| | | | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | | | (Percent) | (Percent) | | |
| KZ-Pranda Co., Ltd. | Import and distribution of raw materials - precious metals | Thailand | | | | |
| - Cost | | | 40 | 40 | 3,600 | 3,600 |
| - Accumulated share of profit | | | | | 3,904 | 5,900 |
| Total carrying amounts based on equity method | | | | | <u>7,504</u> | <u>9,500</u> |

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Separate financial statements | | | | | | | |
|---------------------|--|--------------------------|-------------------------------|-------------|-------------|-------------|--|-------------|---|-------------|
| | | | Shareholding percentage | | Cost | | Allowance for impairment of investment | | Carrying amounts based on cost method - net | |
| | | | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| | | | (Percent) | (Percent) | | | | | | |
| KZ-Pranda Co., Ltd. | Import and distribution of raw materials - precious metals | Thailand | 40 | 40 | 3,600 | 3,600 | (3,600) | (3,600) | - | - |

12.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of profit from investment in associated company in the consolidated financial statements and dividend income in the separate financial statement as follows:

(Unit: Thousand Baht)

| Company's name | Consolidated financial statements | | Separate financial statements | |
|---------------------|---|-------------|-----------------------------------|-------------|
| | Share of profit from investment in associated company during the year | | Dividend received during the year | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| KZ-Pranda Co., Ltd. | 1,819 | 9,268 | 3,816 | - |

12.3 Financial information of associated company

Financial information of the associated company is summarised below.

(Unit: Million Baht)

| Company's name | Paid-up capital | | Currency | Total assets | | Total liabilities | | Total revenues | | Profit for | |
|---------------------|-----------------|-------------|--------------|--------------|-------------|-------------------|-------------|----------------|-------------|-------------|-------------|
| | as at | | | as at | | as at | | for the years | | the years | |
| | 31 December | | | 31 December | | 31 December | | ended | | ended | |
| | <u>2016</u> | <u>2015</u> | | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| KZ-Pranda Co., Ltd. | 9 | 9 | Million Baht | 148 | 92 | 129 | 68 | 2,572 | 2,116 | 5 | 24 |

An associated company filed a lawsuit against a customer and a financial institution providing a debt guarantee under a purchase and sale agreement, claiming compensation of approximately Baht 51 million plus interest at the rate of 7 percent per annum, counting from the date that on which the lawsuit was lodged (year 2009). During the year 2015, the Supreme Court ruled in favor of the associated company. Consequently, the associated company received principal plus interest totaling Baht 79 million in 2015, and recorded the interest income received as a result of this lawsuit, amounting to Baht 28 million in the income statement for the year 2015.

13. Other receivables

In 2014, the Company received the settlement from an overseas trade debtor in the form of promissory notes totaling USD 4.55 million, that were issued by two overseas companies, in accordance with the settlement agreement. These promissory notes are repayable in five years (maturity in April 2019), with no interest.

Subsequently, in April 2015, the Company agreed to convert a promissory note of USD 3 million issued by an overseas company into investment in that company amounting to USD 3 million or approximately Baht 98 million, in the form of 333,334 ordinary shares with a value of USD 9 each as described in Note 14 to the financial statements.

The outstanding balances as at 31 December 2016 and 2015 are presented below.

(Unit: Thousand Baht)

| | Consolidated / Separate financial statements | |
|---------------------------------|---|---------------|
| | <u>2016</u> | <u>2015</u> |
| Promissory notes | 55,451 | 55,862 |
| Less: Allowance for devaluation | (23,675) | (23,850) |
| Other receivables, net | <u>31,776</u> | <u>32,012</u> |

14. Other long-term investments

Other long-term investments as at 31 December 2016 and 2015 are summarised below:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|------------|-------------------------|------------|
| | 2016 | | 2015 | |
| | Cost/ Amortised cost | Fair value | Cost/ Amortised cost | Fair value |
| Available-for-sale securities | | | | |
| Overseas marketable equity securities | 97,979 | 52,163 | 97,979 | 89,574 |
| Less: Deficit on changes in value of investments in securities available for sales | (45,816) | | (8,405) | |
| | 52,163 | | 89,574 | |
| Held-to-maturity debt securities | | | | |
| Government bonds | 9,963 | | 9,926 | |
| Other investments | | | | |
| Overseas non-marketable equity securities | 14,490 | | 14,490 | |
| Total other long-term investments | 76,616 | | 113,990 | |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|--|-------------------------------|------------|-------------------------|------------|
| | 2016 | | 2015 | |
| | Cost/ Amortised cost | Fair value | Cost/ Amortised cost | Fair value |
| Available-for-sale securities | | | | |
| Overseas marketable equity securities | 97,979 | 52,163 | 97,979 | 89,574 |
| Less: Deficit on changes in value of investments in securities available for sales | (45,816) | | (8,405) | |
| | 52,163 | | 89,574 | |
| Held-to-maturity debt securities | | | | |
| Government bonds | 9,963 | | 9,926 | |
| Other investments | | | | |
| Overseas non-marketable equity securities | 13,350 | | 13,350 | |
| Total other long-term investments | 75,476 | | 112,850 | |

15. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

| | Consolidated financial statements | | | Separate financial statements | | |
|---------------------------------------|-----------------------------------|----------------------------------|----------------|---------------------------------|----------------------------------|----------------|
| | Land held for development | Land and building for rent | Total | Land held for development | Land and building for rent | Total |
| <u>31 December 2016:</u> | | | | | | |
| Cost | 667,381 | 67,498 | 734,879 | 667,381 | 9,476 | 676,857 |
| <u>Less:</u> Accumulated depreciation | - | (54,028) | (54,028) | - | (8,876) | (8,876) |
| Net book value | <u>667,381</u> | <u>13,470</u> | <u>680,851</u> | <u>667,381</u> | <u>600</u> | <u>667,981</u> |
| <u>31 December 2015:</u> | | | | | | |
| Cost | 667,381 | 66,852 | 734,233 | 667,381 | 20,245 | 687,626 |
| <u>Less:</u> Accumulated depreciation | - | (46,896) | (46,896) | - | (11,261) | (11,261) |
| Net book value | <u>667,381</u> | <u>19,956</u> | <u>687,337</u> | <u>667,381</u> | <u>8,984</u> | <u>676,365</u> |

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|----------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Net book value at beginning of year | 687,337 | 689,262 | 676,365 | 676,992 |
| Transfer to property, plant and equipment-net book value as at transfer date | (5,444) | - | (8,298) | - |
| Depreciation | (1,042) | (1,925) | (86) | (627) |
| Net book value at end of year | <u>680,851</u> | <u>687,337</u> | <u>667,981</u> | <u>676,365</u> |

The fair value of the investment properties stated below:

| | (Unit: Thousand Baht) | | | |
|----------------------------|-----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Land held for development | 823,500 | 823,500 | 823,500 | 823,500 |
| Land and building for rent | 54,240 | 62,790 | 6,660 | 142,730 |

The fair values of the land held for development, land and building for rent have been determined based on valuations performed by an accredited independent valuer using the market approach.

The Company and its subsidiaries have mortgaged their investment properties with a total net book value as at 31 December 2016, amounting to approximately Baht 667 million (2015: Baht 673 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 667 million, 2015: Baht 676 million).

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | | | | |
|-------------------------------------|--------|-------------------|-------------------------------------|------------------------|-------------------------|--|----------------|--|-----------|
| | | Land improvements | Buildings and building improvements | Leasehold improvements | Machinery and equipment | Furniture, Fixtures and office equipment | Motor vehicles | Assets under installation and under construction | Total |
| Cost: | | | | | | | | | |
| 1 January 2015 | 95,679 | 15,489 | 490,137 | 34,584 | 233,485 | 520,465 | 31,380 | 294,902 | 1,716,121 |
| Additions | - | 70 | 10,373 | 399 | 2,293 | 20,980 | 5,687 | 64,715 | 104,517 |
| Disposals | (432) | - | (5,963) | - | (829) | (13,939) | (2,002) | (172) | (23,337) |
| Transfers | - | - | 294,967 | - | 511 | 29,470 | - | (324,948) | - |
| Translation adjustment | - | - | 5,985 | 747 | 1,183 | 3,518 | 271 | 412 | 12,116 |
| 31 December 2015 | 95,247 | 15,559 | 795,499 | 35,730 | 236,643 | 560,494 | 35,336 | 34,909 | 1,809,417 |
| Additions | - | - | 3,859 | 8,960 | 10,408 | 23,897 | 970 | 4,955 | 53,049 |
| Disposals | (578) | - | (8,000) | - | (195) | (20,910) | (920) | - | (30,603) |
| Transfers | - | 1,027 | 32,859 | - | 303 | 4,994 | - | (39,183) | - |
| Transfer from investment properties | - | - | (646) | - | - | - | - | - | (646) |
| Translation adjustment | - | - | (1,015) | (547) | (1,205) | (3,185) | (124) | (139) | (6,215) |
| 31 December 2016 | 94,669 | 16,586 | 822,556 | 44,143 | 245,954 | 565,290 | 35,262 | 542 | 1,825,002 |

16. Property, plant and equipment (continued)

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | | |
|---|-----------------------------------|-------------------|-------------------------------------|------------------------|-------------------------|--|--|
| | Land | Land improvements | Buildings and building improvements | Leasehold improvements | Machinery and equipment | Furniture, fixtures and office equipment | Assets under installation and under construction |
| Accumulated depreciation: | | | | | | | Total |
| 1 January 2015 | - | 7,622 | 318,863 | 26,787 | 194,633 | 369,309 | 26,927 |
| Depreciation for the year | - | 515 | 21,482 | 1,157 | 15,845 | 42,816 | 3,285 |
| Depreciation on disposals | - | - | (4,102) | - | (829) | (13,310) | (1,928) |
| Translation adjustment | - | - | 3,175 | 477 | 1,037 | 2,664 | 214 |
| 31 December 2015 | - | 8,137 | 339,418 | 28,421 | 210,686 | 401,479 | 28,498 |
| Depreciation for the year | - | 474 | 23,570 | 1,523 | 12,460 | 41,299 | 2,705 |
| Depreciation on disposals | - | - | (6,068) | - | (196) | (14,700) | (903) |
| Accumulated depreciation transferred from investment properties | - | - | (6,090) | - | - | - | - |
| Translation adjustment | - | - | (225) | (406) | (1,180) | (2,944) | (112) |
| 31 December 2016 | - | 8,611 | 350,605 | 29,538 | 221,770 | 425,134 | 30,188 |
| Allowance for impairment loss: | | | | | | | |
| 31 December 2015 | - | - | - | - | - | 11,833 | - |
| 31 December 2016 | - | - | - | - | - | 11,833 | - |
| Net book value: | | | | | | | |
| 31 December 2015 | 95,247 | 7,422 | 456,081 | 7,309 | 25,957 | 147,182 | 34,909 |
| 31 December 2016 | 94,669 | 7,975 | 471,951 | 14,605 | 24,184 | 128,323 | 542 |
| Depreciation for the year | | | | | | | |
| 2015 (Baht 35 million included in manufacturing cost, and the balance in selling and administrative expenses) | | | | | | | 85,100 |
| 2016 (Baht 31 million included in manufacturing cost, and the balance in selling and administrative expenses) | | | | | | | 82,031 |

16. **Property, plant and equipment (continued)**

(Unit: Thousand Baht)

| Separate financial statements | | | | | | | | |
|---|--------|-------------------|-------------------------------------|-------------------------|--|----------------|--|-----------|
| | Land | Land improvements | Buildings and building improvements | Machinery and equipment | Furniture, fixtures and office equipment | Motor vehicles | Assets under installation and under construction | Total |
| Cost: | | | | | | | | |
| 1 January 2015 | 88,570 | 15,490 | 370,015 | 213,612 | 320,439 | 19,813 | 288,037 | 1,315,976 |
| Additions | - | 70 | 10,373 | 2,275 | 6,205 | 5,064 | 62,194 | 86,181 |
| Disposals | (432) | - | (5,963) | (814) | (7,033) | (1,259) | (172) | (15,673) |
| Transfers | - | - | 294,967 | 511 | 27,044 | - | (322,522) | - |
| 31 December 2015 | 88,138 | 15,560 | 669,392 | 215,584 | 346,655 | 23,618 | 27,537 | 1,386,484 |
| Additions | - | - | 26 | 13,154 | 4,505 | 1,040 | 4,551 | 23,276 |
| Disposals | (578) | - | (8,000) | (167) | (13,519) | (919) | - | (23,183) |
| Transfers | - | 1,027 | 27,434 | 303 | 3,186 | - | (31,950) | - |
| Transfers from investment properties | 7,109 | - | 3,661 | - | - | - | - | 10,770 |
| 31 December 2016 | 94,669 | 16,587 | 692,513 | 228,874 | 340,827 | 23,739 | 138 | 1,397,347 |
| Accumulated depreciation: | | | | | | | | |
| 1 January 2015 | - | 7,622 | 266,072 | 176,952 | 217,879 | 17,301 | - | 685,826 |
| Depreciation for the year | - | 515 | 17,329 | 15,260 | 22,393 | 1,987 | - | 57,484 |
| Depreciation on disposals | - | - | (4,102) | (814) | (6,677) | (1,259) | - | (12,852) |
| 31 December 2015 | - | 8,137 | 279,299 | 191,398 | 233,595 | 18,029 | - | 730,458 |
| Depreciation for the year | - | 474 | 19,535 | 12,246 | 22,259 | 1,655 | - | 56,169 |
| Depreciation on disposals | - | - | (6,068) | (167) | (8,351) | (919) | - | (15,505) |
| Accumulated depreciation transferred from investment properties | - | - | 2,471 | - | - | - | - | 2,471 |
| 31 December 2016 | - | 8,611 | 295,237 | 203,477 | 247,503 | 18,765 | - | 773,593 |

16. Property, plant and equipment (continued)

(Unit: Thousand Baht)

| | Separate financial statements | | | | | |
|---|-------------------------------|-------------------|-------------------------------------|-------------------------|--|--|
| | Land | Land improvements | Buildings and building improvements | Machinery and equipment | Furniture, fixtures and office equipment | Motor vehicles |
| | | | | | | Assets under installation and under construction |
| | | | | | | Total |
| Allowance for impairment loss: | | | | | | |
| 31 December 2015 | - | - | - | - | 11,833 | - |
| 31 December 2016 | - | - | - | - | 11,833 | - |
| Net book value: | | | | | | |
| 31 December 2015 | 88,138 | 7,423 | 390,093 | 24,186 | 101,227 | 27,537 |
| 31 December 2016 | 94,669 | 7,976 | 397,276 | 25,397 | 81,491 | 138 |
| Depreciation for the year | | | | | | |
| 2015 (Baht 32 million included in manufacturing cost, and the balance in selling and administrative expenses) | | | | | | 57,484 |
| 2016 (Baht 28 million included in manufacturing cost, and the balance in selling and administrative expenses) | | | | | | 56,169 |

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 845 million (2015: Baht 789 million) (The Company only: Baht 638 million, 2015: Baht 576 million).

The Company and its subsidiaries have mortgaged their property, plant and equipment with a total net book value as at 31 December 2016 amounting to approximately Baht 436 million (2015: Baht 463 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 377 million, 2015: Baht 391 million).

17. Leasehold rights

As at 31 December 2015, a local subsidiary company has mortgaged leasehold rights with a total net book value of approximately Baht 9 million as collateral for credit facilities received from commercial banks. In the third-quarter of 2016, the subsidiary made early repayment of a loan granted by commercial bank in full and the collateral was redeemed within 2016.

18. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

| | Consolidated financial statements | | | Separate financial statements | | |
|----------------------------------|-----------------------------------|-------------|---------|-------------------------------|-------------|---------|
| | Computer software | Brand names | Total | Computer software | Brand names | Total |
| Cost: | | | | | | |
| As at 1 January 2015 | 63,733 | 3,402 | 67,135 | 31,497 | 3,402 | 34,899 |
| Additions | 5,792 | - | 5,792 | 4,518 | - | 4,518 |
| Disposals | (1,358) | - | (1,358) | - | - | - |
| Translation adjustment | 822 | - | 822 | - | - | - |
| As at 31 December 2015 | 68,989 | 3,402 | 72,391 | 36,015 | 3,402 | 39,417 |
| Additions | 7,022 | - | 7,022 | 5,591 | - | 5,591 |
| Disposals | (1,295) | - | (1,295) | (1,290) | - | (1,290) |
| Translation adjustment | (3,793) | - | (3,793) | - | - | - |
| As at 31 December 2016 | 70,923 | 3,402 | 74,325 | 40,316 | 3,402 | 43,718 |
| Accumulated amortisation: | | | | | | |
| As at 1 January 2015 | 35,354 | - | 35,354 | 15,276 | - | 15,276 |
| Amortisation during the year | 4,578 | - | 4,578 | 1,694 | - | 1,694 |
| Amortisation on disposals | (1,199) | - | (1,199) | - | - | - |
| Translation adjustment | 500 | - | 500 | - | - | - |
| As at 31 December 2015 | 39,233 | - | 39,233 | 16,970 | - | 16,970 |
| Amortisation during the year | 4,469 | - | 4,469 | 1,393 | - | 1,393 |
| Amortisation on disposals | (4) | - | (4) | - | - | - |
| Translation adjustment | (2,927) | - | (2,927) | - | - | - |
| As at 31 December 2016 | 40,771 | - | 40,771 | 18,363 | - | 18,363 |
| Net book value: | | | | | | |
| 31 December 2015 | 29,756 | 3,402 | 33,158 | 19,045 | 3,402 | 22,447 |
| 31 December 2016 | 30,152 | 3,402 | 33,554 | 21,953 | 3,402 | 25,355 |

19. Bank overdrafts and short-term loans from financial institutions

| | (Unit: Thousand Baht) | | | | | |
|------------------------|-----------------------|--------------|----------------------|----------------|----------------------|----------------|
| | Interest rate | | Consolidated | | Separate | |
| | (percent per annum) | | financial statements | | financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Bank overdrafts | 3.70, 9.50 | 4.65, 9.45 | 2,317 | 1,650 | - | - |
| Short-term loans from | | 2.76 - 3.60, | | | | |
| financial institutions | 2.90 - 3.85 | 12.75 | 437,000 | 422,279 | 340,000 | 181,795 |
| Total | | | <u>439,317</u> | <u>423,929</u> | <u>340,000</u> | <u>181,795</u> |

Bank overdrafts and some part of short-term loans from financial institutions of the Company are secured by the mortgage of the Company's land with structures thereon, investment properties, and by the guarantee of the Company's directors.

Bank overdrafts and short-term loans from financial institutions of a local subsidiary company are guaranteed by the Company.

Bank overdrafts of a local subsidiary company are secured by fixed deposits pledged with the bank.

Short-term loan from financial institutions of an overseas subsidiary is guaranteed by the assets of the subsidiary's director.

20. Bills of exchange

| | (Unit: Thousand Baht) | | | |
|-------------------|-----------------------|----------------|----------------------|----------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Bills of exchange | <u>356,442</u> | <u>178,559</u> | <u>307,286</u> | <u>178,559</u> |

Bills of exchange of the Company are subject to interest at rates of 4.60 percent to 6.75 percent per annum (2015: 3.85 percent to 3.90 percent per annum) and mature during February to June 2017. Bills of exchange are secured by the guarantee of the Company's director.

In January 2017 and up to 27 February 2017, the Company redeemed bills of exchange amounting to Baht 30 million.

Bills of exchange of a subsidiary company are subject to interest rate at 4.30 percent per annum and mature in May 2017. There are no collateral on the bills of exchange.

21. Trade and other payables

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|----------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Trade and other payables - related parties (Note 6) | 33,348 | 15,764 | 45,376 | 32,497 |
| Trade payables - unrelated parties | 587,595 | 424,877 | 435,103 | 257,837 |
| Other payables - unrelated parties | 28,939 | 65,261 | 13,920 | 21,421 |
| Accrued expenses | 58,348 | 39,186 | 24,369 | 21,687 |
| Total trade and other payables | <u>708,230</u> | <u>545,088</u> | <u>518,768</u> | <u>333,442</u> |

22. Long-term loans

(Unit: Thousand Baht)

| Loan | Interest rate (percent per annum) | Repayment schedule | Consolidated | | Separate | |
|--|--------------------------------------|--|----------------------|------------------|----------------------|------------------|
| | | | financial statements | | financial statements | |
| | | | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| 1 | MLR - 1.00 | Quarterly installment as from April 2016 to July 2022 | 386,800 | 400,000 | 386,800 | 400,000 |
| 2 | MLR - 0.50 (2015: MLR - 1.00) | Quarterly installment as from November 2012 to February 2019 | 109,600 | 154,400 | 109,600 | 154,400 |
| 3 | MLR - 0.50 (2015: MLR - 1.00) | Quarterly installment as from October 2013 to October 2017 | 84,950 | 120,350 | 84,950 | 120,350 |
| 4 | MLR - 1.25 | Monthly installment as from July 2016 to June 2022 | 183,320 | - | - | - |
| 5 | 13.50 | Monthly installment as from September 2013 to August 2028 (Indian Rupee loan) | 14,201 | 15,000 | - | - |
| 6 | MLR | Monthly installment as from January 2007 to December 2017 | - | 1,813 | - | - |
| 7 | MLR | Monthly installment as from October 2009 to June 2016 | - | 3,072 | - | - |
| Total | | | <u>778,871</u> | <u>694,635</u> | <u>581,350</u> | <u>674,750</u> |
| Less: Deferred financial service fee | | | <u>(2,262)</u> | <u>(771)</u> | <u>(657)</u> | <u>(771)</u> |
| Total loans, net | | | <u>776,609</u> | <u>693,864</u> | <u>580,693</u> | <u>673,979</u> |
| Less: Current portion of long-term loans | | | <u>(614,342)</u> | <u>(678,442)</u> | <u>(580,693)</u> | <u>(673,979)</u> |
| Long-term loans, net of current portion | | | <u>162,267</u> | <u>15,422</u> | <u>-</u> | <u>-</u> |

The long-term loans of the Company are secured by the mortgage of land with structures, and investment properties, and by fixed deposits pledged with the bank and the guarantee of the Company's directors. The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio and debt service coverage ratio (DSCR) prescribed in the agreements.

Since 31 December 2015, the Company was unable to maintain a debt service coverage ratio in accordance with the agreements. As a result, the lender has the right to call the loans on demand and the Company has classified the full balance as current portion of long-term loans. Subsequently in May 2016, the Company obtained a letter granting a waiver for some conditions as at 31 December 2015 from the lender.

However, as at 31 December 2016, the Company was unable to maintain a debt service coverage ratio in accordance with the agreements. As a result, the lender has the right to call the loans on demand and the Company has classified the full balance as current portion, the Company is currently asking for a letter granting a waiver for some conditions from the lender.

In 2016, a local subsidiary entered into a long-term loan agreement with the local bank for credit facilities of Baht 200 million, with a term of 6 years. Loan is subject to interest rate at MLR - 1.25 percent per annum. Principal and interest is repayable monthly. At present, the subsidiary withdrew such long-term loan of Baht 200 million.

Long-term loans of this local subsidiary company were granted by local commercial banks. Such loans are secured by the mortgage of its office condominium units, and by the guarantees of the Company and directors of the subsidiary. The loan agreements contain covenants as specified in the agreements that, among other things, require the subsidiary to maintain certain debt to equity according to the agreements. During the current year, the subsidiary made early repayment of a loan granted by a commercial bank of Baht 1 million.

Long-term loan of overseas subsidiary company, Pranda Jewelry Private Limited, was granted by an Indian financial institution. Such loan is secured by the mortgage of a building of this subsidiary.

23. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | |
|---|-----------------------------------|----------------|------------------------|--------------|----------------|----------------|
| | Post-employment | | Other long-term | | Total | |
| | benefits from | | employee benefits plan | | | |
| | employee's retirement | | employee benefits plan | | | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Defined benefit obligation at beginning of year | 177,309 | 144,914 | 6,592 | 7,406 | 183,901 | 152,320 |
| Included in statement of income: | | | | | | |
| Current service cost | 7,750 | 9,179 | 1,213 | 935 | 8,963 | 10,114 |
| Past service cost | (512) | - | 6,398 | - | 5,886 | - |
| Interest cost | 3,976 | 5,261 | 297 | 227 | 4,273 | 5,488 |
| Actuarial (gain) loss arising from | | | | | | |
| Financial assumptions changes | - | - | 501 | 431 | 501 | 431 |
| Experience adjustments | - | - | 354 | - | 354 | - |
| Included in other comprehensive income: | | | | | | |
| Actuarial (gain) loss arising from | | | | | | |
| Financial assumptions changes | (374) | 23,037 | - | - | (374) | 23,037 |
| Experience adjustments | (6,308) | - | - | - | (6,308) | - |
| Benefits paid during the year | (4,147) | (5,082) | (2,201) | (2,407) | (6,348) | (7,489) |
| Provision for long-term employee benefits at end of year | <u>177,694</u> | <u>177,309</u> | <u>13,154</u> | <u>6,592</u> | <u>190,848</u> | <u>183,901</u> |

(Unit: Thousand Baht)

| Separate financial statements | | | | | | |
|---|-----------------------|----------------|------------------------|--------------|----------------|----------------|
| | Post-employment | | Other long-term | | Total | |
| | benefits from | | employee benefits plan | | | |
| | employee's retirement | | employee's retirement | | | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Defined benefit obligation at beginning of year | 148,032 | 120,433 | 5,223 | 6,147 | 153,255 | 126,580 |
| Included in statement of income: | | | | | | |
| Current service cost | 9,118 | 7,026 | 990 | 678 | 10,108 | 7,704 |
| Past service cost | - | - | 5,375 | - | 5,375 | - |
| Interest cost | 3,628 | 4,490 | 277 | 193 | 3,905 | 4,683 |
| Transferred employee from its subsidiary | 12,027 | - | 1,663 | - | 13,690 | - |
| Actuarial (gain) loss arising from | | | | | | |
| Financial assumptions changes | - | - | 438 | 364 | 438 | 364 |
| Experience adjustments | - | - | 266 | - | 266 | - |
| Included in other comprehensive income: | | | | | | |
| Actuarial (gain) loss arising from | | | | | | |
| Financial assumptions changes | (251) | 19,275 | - | - | (251) | 19,275 |
| Experience adjustments | (7,394) | - | - | - | (7,394) | - |
| Benefits paid during the year | (4,147) | (3,192) | (2,107) | (2,159) | (6,254) | (5,351) |
| Provision for long-term employee benefits at end of year | <u>161,013</u> | <u>148,032</u> | <u>12,125</u> | <u>5,223</u> | <u>173,138</u> | <u>153,255</u> |

Long-term employee benefit expenses included in the statements of income consist of the following:

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | |
|---|-----------------------|---------------|------------------------|--------------|---------------|---------------|
| | Post-employment | | Other long-term | | Total | |
| | benefits from | | employee benefits plan | | | |
| | employee's retirement | | employee's retirement | | | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Cost of sales | 6,791 | 7,822 | 981 | 826 | 7,772 | 8,648 |
| Selling and administrative expenses | 4,935 | 6,618 | 529 | 767 | 5,464 | 7,385 |
| Total expense recognised in statement of income | <u>11,726</u> | <u>14,440</u> | <u>1,510</u> | <u>1,593</u> | <u>13,236</u> | <u>16,033</u> |

(Unit: Thousand Baht)

| | Separate financial statements | | | | | |
|---|-------------------------------|--------|------------------------|-------|--------|--------|
| | Post-employment | | Other long-term | | Total | |
| | benefits from | | employee benefits plan | | | |
| | employee's retirement | | employee benefits plan | | | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Cost of sales | 6,791 | 6,854 | 981 | 733 | 7,772 | 7,587 |
| Selling and administrative expenses | 5,955 | 4,662 | 286 | 502 | 6,241 | 5,164 |
| Total expense recognised in statement of income | 12,746 | 11,516 | 1,267 | 1,235 | 14,013 | 12,751 |

The Company and its subsidiaries expect to pay Baht 9 million of long-term employee benefits during the next year (Separate financial statements: Baht 9 million) (2015: Baht 14 million, separate financial statements: Baht 12 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 10 - 17 years (Separate financial statements: 10 years) (2015: 9 - 10 years, separate financial statements: 10 years).

Key actuarial assumptions used for the valuation are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|-----------------------------------|---------------------|-------------------------------|---------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (Percent per annum) | (Percent per annum) | (Percent per annum) | (Percent per annum) |
| Discount rate | 1.6 - 8.75 | 1.6 - 9.0 | 2.5 | 2.5 |
| Future salary increase rate | 0.5 - 10.0 | 0.5 - 10.0 | 5.0 | 5.0 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation under post-employment benefits from employee's retirement as at 31 December 2016 are summarised below:

| | (Unit: million Baht) | | | |
|----------------------|-----------------------------------|-------------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | Increase 0.5 - 1% | Decrease 0.5 - 1% | Increase 0.5% | Decrease 0.5% |
| | | | | |
| Discount rate | (8) | 9 | (7) | 7 |
| | Increase 1% | Decrease 1% | Increase 1% | Decrease 1% |
| Salary increase rate | 19 | (17) | 16 | (14) |

24. Statutory reserve

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

25. Treasury shares/ appropriated retained earnings for treasury shares reserve

On 14 October 2015, the Board of Directors of the Company approved a program with a budget of up to Baht 50 million, to repurchase no more than 10,600,000 shares (par value of Baht 1 each), which accounts for not more than 2.59 percent of the total number of shares in issue, for financial management purposes. The shares are to be repurchased on the Stock Exchange of Thailand from 28 October 2015 to 27 April 2016. The share resale period is determined after 6 months from the completion date of share repurchase but no later than 3 years. The Company has purchased of treasury shares since 28 October 2015.

As at 31 December 2015, the Company has purchased back 4,091,400 shares, a total of Baht 20 million. Until 27 April 2016, the end of the share repurchase period, treasury shares have been purchased back by the Company was 10,581,800 shares (par value of Baht 1 each), or 2.58 percent of total number of shares in issue, a total of Baht 49 million and the Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to Baht 49 million.

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission, dated 14 February 2005, concerning the acquisition of treasury shares, a public limited company may buy back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduces its paid up share capital by an amount equal to the value of the treasury shares which it could not sell.

26. Expenses by nature

Significant expenses classified by nature are as follows:

| | | | (Unit: Thousand Baht) | |
|--|----------------------|-------------|-----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Salaries and wages and other employee benefits | 994,949 | 979,149 | 681,481 | 612,683 |
| Depreciation and amortisation | 90,026 | 94,088 | 57,648 | 59,805 |
| Raw materials and consumables used and purchase | | | | |
| of finished goods | 1,405,268 | 1,244,843 | 1,313,370 | 1,068,025 |
| Changes in inventories of finished goods and work | | | | |
| in process | (94,374) | (30,551) | (172,176) | (11,806) |
| Decrease of inventory to net realisable value (reversal) | (31,324) | 3,230 | (10,288) | 5,084 |
| Doubtful accounts (reversal) | 27,122 | (7,868) | 13,664 | 37,521 |
| Commission and sales promotion expenses | 89,358 | 86,547 | 16,586 | 11,682 |
| Rental expenses from operating lease agreements | 73,369 | 67,561 | 285 | 396 |

27. Income tax

Tax expenses (income) for the years ended 31 December 2016 and 2015 are made up as follows:

| | | | (Unit: Thousand Baht) | |
|--|----------------------|---------------|-----------------------|----------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Current income tax: | | | | |
| Current income tax charge for the year | 4,874 | 1,541 | - | - |
| Adjustment in respect of income tax of previous year | 2 | (104) | - | - |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary | | | | |
| differences | (3,272) | 16,476 | (1,532) | (8,463) |
| Tax expense (income) reported in the statements | | | | |
| of income | <u>1,604</u> | <u>17,913</u> | <u>(1,532)</u> | <u>(8,463)</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 | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Deferred tax relating to actuarial gains (loss) | <u>1,388</u> | <u>(4,035)</u> | <u>1,529</u> | <u>(3,855)</u> |

The reconciliation between accounting profit (loss) and income tax expenses is shown below:

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|-----------------|----------------------|-----------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Accounting profit (loss) before tax | <u>(313,089)</u> | <u>(70,625)</u> | <u>(2,854)</u> | <u>58,588</u> |
| Applicable tax rate | 15% - 40% | 15% - 40% | 20% | 20% |
| Accounting profit (loss) before tax multiplied by income tax rate | (91,866) | (32,298) | (571) | 11,718 |
| Adjustment in respect of current income tax of previous year | 2 | (104) | - | - |
| Deferred tax assets which were not recognised during the year | 106,117 | 58,799 | 10,951 | 7,023 |
| Decrease in deferred tax assets | - | 17,884 | - | - |
| Effects of changes in the tax rate | (597) | - | - | - |
| Effect of elimination entries on the consolidated financial statements | (10,663) | (932) | - | - |
| Effects of: | | | | |
| Promotional privileges (Note 28) | - | (26,824) | - | (28,571) |
| Non-deductible expenses | 1,220 | 2,256 | 900 | 2,040 |
| Additional expense deductions allowed | (2,571) | (1,082) | (2,074) | (957) |
| Exemption of dividend income | - | - | (10,763) | - |
| Others | (38) | 214 | 25 | 284 |
| Total | <u>(1,389)</u> | <u>(25,436)</u> | <u>(11,912)</u> | <u>(27,204)</u> |
| Tax expenses (income) reported in the statements of income | <u>1,604</u> | <u>17,913</u> | <u>(1,532)</u> | <u>(8,463)</u> |

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

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|--|-----------------------------------|---------------|
| | <u>2016</u> | <u>2015</u> |
| Deferred tax assets | | |
| Allowance for doubtful accounts | 1,054 | 1,054 |
| Reduce cost of inventories to net realisable value | 1,000 | 1,500 |
| Provision for long-term employee benefits | 36,999 | 32,705 |
| Difference between tax and accounting of revenue recognition | 681 | 1,022 |
| Unused tax loss | 15,547 | 19,815 |
| Unrealised profit from inter-sales transactions | 6,560 | 3,833 |
| Allowance for impairment of investments in subsidiaries | 22,505 | 22,505 |
| Others | 586 | 316 |
| Total | 84,932 | 82,750 |
| Deferred tax liabilities | | |
| Deferred financial service fee | 452 | 154 |
| Total deferred tax assets, net | 84,480 | 82,596 |

(Unit: Thousand Baht)

| | Separate financial statements | |
|---|-------------------------------|---------------|
| | <u>2016</u> | <u>2015</u> |
| Deferred tax assets | | |
| Allowance for doubtful accounts | 1,053 | 1,053 |
| Provision for long-term employee benefits | 34,628 | 30,651 |
| Unused tax loss | 15,547 | 19,815 |
| Allowance for impairment of investments in subsidiaries | 22,505 | 22,505 |
| Others | 272 | - |
| Total | 74,005 | 74,024 |
| Deferred tax liabilities | | |
| Deferred financial service fee | 131 | 154 |
| Total deferred tax assets, net | 73,874 | 73,870 |

As at 31 December 2016, the Company has deductible temporary differences and unused tax losses totaling Baht 1,480 million (2015: Baht 1,378 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

As at 31 December 2016, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 1,664 million (2015: Baht 1,699 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The Company and its subsidiaries had the unused tax losses amounting to Baht 306 million (the Company only: Baht 48 million) which will expire by 2021.

28. Promotional privileges

28.1 The Company has received promotional privileges from the Board of Investment for the manufacture of jewelry for its factory located in Suranaree Industries Estate Zone in Nakorn Rachasima province, pursuant to the promotion certificate No. 1616(2)/2553 issued on 14 June 2010. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on income derived from the promoted operations for a period of 8 years from the date the promoted operations commenced generating revenues (4 January 2011) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

The Company's operating revenues for the years ended 31 December 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

| | (Unit: Thousand Baht) | | | | | |
|----------------|-----------------------|----------------|-------------------------|------------------|------------------|------------------|
| | Promoted operations | | Non-promoted operations | | Total | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Sales | | | | | | |
| Domestic sales | 42,386 | 12,868 | 757,450 | 495,003 | 799,836 | 507,871 |
| Export sales | 467,607 | 646,270 | 894,194 | 707,322 | 1,361,801 | 1,353,592 |
| Total sales | <u>509,993</u> | <u>659,138</u> | <u>1,651,644</u> | <u>1,202,325</u> | <u>2,161,637</u> | <u>1,861,463</u> |

28.2 A subsidiary company (Pranda Vietnam Company Limited) was granted tax privileges by the Government of Vietnam for the manufacture of gold and silver jewelry. Subject to certain imposed conditions, the privileges include a reduction of corporate income tax from 20% to 15% (2015: reduction of corporate income tax from 22% to 15%) on income derived from the promoted operations for a period of 40 years from the date the promoted operations commenced generating revenues.

29. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) 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 which are net from treasury shares holding by the Company as discussed in Notes 25.

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

| | For the year ended 31 December | | | |
|---|--------------------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Basic earnings per share | | | | |
| Profit (loss) attributable to equity holders of the Company (Thousand Baht) | (283,255) | (55,784) | (1,321) | 67,051 |
| Weighted average number of ordinary shares (Thousand shares) | 399,907 | 409,151 | 399,907 | 409,151 |
| Earnings (loss) per share (Baht per share) | (0.7083) | (0.1363) | (0.0033) | 0.1639 |

30. 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 operation decision maker has been identified as Board of Executive Directors.

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

- 1) Production of jewelry
- 2) Distribution of jewelry
- 3) Retail jewelry

Other segments are dormitory rental in Thailand, investment and dormant companies.

The Company and its subsidiaries are organised into business units based on its business activities. During the current year, the Company and its subsidiaries have not changed the organisation of their reportable segments, except for its subsidiary, Crystaine Co., Ltd. has discontinued its production segment and transferred the production segment to the Company. Therefore, there is no significant impact on the consolidated financial statements. In addition, Pranda Singapore Pte. Limited was dissolved and liquidated, and the Company did not present the discontinued operations of Pranda Singapore Pte. Limited since it is not a significant line of business and its operations are not material to the consolidated financial statement.

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

Inter-segment revenues are eliminated on consolidation.

Geographic information

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

| | (Unit: Thousand Baht) | |
|--|-----------------------|------------------|
| | Consolidated | |
| | financial statements | |
| | <u>2016</u> | <u>2015</u> |
| Revenue from external customers | | |
| Thailand | 1,146,778 | 1,070,018 |
| United States of America | 535,485 | 857,517 |
| Germany | 265,581 | 249,852 |
| Others | 883,597 | 643,376 |
| Total | <u>2,831,441</u> | <u>2,820,763</u> |

| | (Unit: Thousand Baht) | |
|---|-----------------------|------------------|
| | Consolidated | |
| | financial statements | |
| | <u>2016</u> | <u>2015</u> |
| Non-current assets | | |
| (other than financial instruments and deferred tax assets) | | |
| Thailand | 1,567,005 | 1,620,713 |
| Others | 117,595 | 88,884 |
| Total | <u>1,684,600</u> | <u>1,709,597</u> |

Major customers

For the year 2016, the Group has revenue from one major customers in totaling amount of Baht 281 million, arising from sales by the distribution segment (2015: Baht 792 million derived from two major customers, arising from sales by the production and distribution segments).

31. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly, at the rate of 3 to 5 percent of basic salary. The fund, which is managed by TMB Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2016, the Company contributed Baht 13 million to the fund (2015: Baht 10 million).

32. Dividends

| Dividends | Approved by | Total dividends (Thousand Baht) | Dividend per share (Baht per share) |
|-------------------------|--|------------------------------------|---|
| Find dividends for 2014 | Annual General Meeting of the shareholders on 21 April 2015 | 61,429 | 0.15 |
| Find dividends for 2015 | Annual General Meeting of the shareholders on 20 April 2016 | 20,060 | 0.05 |

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2016, the Company had capital commitments totaling of approximately Baht 3 million (2015: Baht 10 million), relating to acquisition of computer software, building construction and building improvements.

33.2 Operating lease commitments

The Company and its subsidiaries have entered into several operating lease and service agreements in respect of the lease of office building space, factories, department store space, motor vehicles, and equipment. The terms of the agreements are generally between 1 and 30 years.

Future minimum lease payments required under these operating leases contracts were as follows:

| | (Unit: Million Baht) | | | |
|-----------------------------|--------------------------------------|-------------|----------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | As at 31 December | | As at 31 December | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Payable: | | | | |
| In up to 1 year | 50 | 38 | - | - |
| In over 1 and up to 5 years | 42 | 56 | - | - |
| In over 5 years | 11 | 13 | - | - |

33.3 Guarantees

33.3.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 31 December 2016, there were outstanding guarantees of Baht 564 million and USD 11 million (2015: Baht 575 million and USD 11 million), totaling of Baht 961 million (2015: Baht 975 million).

33.3.2 As at 31 December 2016, there was outstanding bank guarantee of Baht 21 million (2015: Baht 21 million) has been issued by a bank to meet obligations of the Company to the Revenue Department as described in Note 33.5.1 to the financial statements.

33.3.3 As at 31 December 2016, there were outstanding bank guarantees of Baht 0.9 million (2015: Baht 2 million) issued by banks on behalf of the Company and its subsidiaries to guarantee purchase of goods, electricity use, among others. (The Company only: Baht 0.7 million (2015: Baht 0.4 million)).

33.3.4 As at 31 December 2016, the Company and its subsidiaries have outstanding standby-letters of credit of USD 16 million, or approximately Baht 561 million (2015: USD 12 million or totaling Baht 432 million)) (The Company only: USD 11 million, totaling Baht 400 million (2015: USD 7.5 million or approximately Baht 270 million)).

33.4 Long-term service commitments

An overseas subsidiary company has entered into a license agreement with an overseas company for the use of a trademark. Under the conditions of the license agreement, the subsidiary is to pay a monthly license fee as stipulated in the agreement. The agreement period has started from December 2015 to November 2017. The fees for the current year amounting to Baht 1 million (2015: Baht 2 million) were recognised as expenses.

33.5 Litigations

33.5.1 Tax assessment by the Revenue Department

In 2012, the Company received a corporate income tax assessment letter from the Revenue Department covering the years 2004 - 2006 and 2008 - 2010, assessing tax totaling approximately Baht 18 million (including surcharges). However, the Company submitted a letter of appeal to the Tax Appeal Committee seeking to have the assessment revoked. In November 2014, the Tax Appeal Committee rejected the Company's appeal to revoke this assessment by the official, and ordered the Company to pay the tax and surcharges to the Revenue Department. The Company, therefore petitioned the Central Tax Court to revoke this tax assessment on 25 December 2014 and provided a bank guarantee of approximately Baht 21 million (2015: Baht 21 million) issued by a bank on behalf of the Company to the Revenue Department in relation to the tax assessment.

Later, on 9 December 2015, the Central Tax Court announced its judgement in the Company's favour, revoking all of the assessment made by the Revenue Department and the Tax Appeal Committee's decision. On 7 March 2016, the Revenue Department submitted an appeal to the Supreme Court, Department of Taxation, and on 8 April 2016, the Company submitted a response to the appeal to the Supreme Court. The appeal is currently under the consideration of the Supreme Court.

The management of the Company believes that the Company will have no corporate income tax obligations as a result of this assessment by the Revenue Department, and no significant losses will be incurred. Therefore, the Company has not recorded any provision for this tax assessment.

33.5.2 Litigation of an overseas subsidiary

In December 2015, an overseas subsidiary company in France was jointly sued for infringement of models and unfair competition by two companies incorporated in Switzerland, claiming compensation of EUR 1.02 million, or approximately Baht 40 million. At present, the lawsuit is under consideration by the Court in France. The management and lawyer of the subsidiary company believe that no significant losses will be incurred. Moreover, since the result of the lawsuit is not yet known, the subsidiary has not recorded any provision for the contingent liabilities arising from this case in its accounts.

34. Fair value hierarchy

As at 31 December 2016 and 2015, 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 Financial Statements | | | |
| As at 31 December 2016 | | | |
| | Level 1 | Level 2 | Total |
| Assets measured at fair value | | | |
| Held for trade investments | | | |
| Equity instruments | 52 | - | 52 |
| Assets for which fair value are disclosed | | | |
| Investment property | - | 878 | 878 |

| (Unit: Million Baht) | | | |
|--|---------|---------|------------|
| Separate Financial Statements | | | |
| As at 31 December 2015 | | | |
| | Level 1 | Level 2 | Total |
| Assets measured at fair value | | | |
| Held for trade investments | | | |
| Equity instruments | 90 | - | 90 |
| Assets for which fair value are disclosed | | | |
| Investment property | - | 886 | 886 |

| (Unit: Million Baht) | | | |
|--|---------|---------|------------|
| Consolidated Financial Statements | | | |
| As at 31 December 2016 | | | |
| | Level 1 | Level 2 | Total |
| Assets measured at fair value | | | |
| Held for trade investments | | | |
| Equity instruments | 52 | - | 52 |
| Assets for which fair value are disclosed | | | |
| Investment property | - | 830 | 830 |

| (Unit: Million Baht) | | | |
|--|---------|---------|------------|
| Separate Financial Statements | | | |
| As at 31 December 2015 | | | |
| | Level 1 | Level 2 | Total |
| Assets measured at fair value | | | |
| Held for trade investments | | | |
| Equity instruments | 90 | - | 90 |
| Assets for which fair value are disclosed | | | |
| Investment property | - | 966 | 966 |

35. Financial instruments

35.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, investments, and short-term and long-term loans. 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 and other receivables and loans. The Company and its subsidiaries manage 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 concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to bank deposits, investments, loans to related parties, trade and other payables, bank overdrafts, short-term loans and long-term loans which are subject to interest. Most of the financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2016

| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Interest rate (% per annum) |
|---|----------------------|--------------|-----------------|---------------------------|-------------------------|--------------|--------------------------------|
| | Within 1 year | 1-5 years | Over 5 years | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | - | - | - | 315 | 140 | 455 | 0.04 - 0.85 |
| Current investments - deposits with financial institutions | 2 | - | - | - | - | 2 | 1.15 - 1.80 |
| Trade and other receivables | 4 | - | - | - | 460 | 464 | 8.00 |
| Short-term loans to related parties | 26 | - | - | - | - | 26 | 7.00 |
| Restricted bank deposits | 34 | - | - | - | - | 34 | 0.55 - 1.80 |
| Other long-term investments | - | 10 | - | - | 67 | 77 | 2.80 |
| Other receivables | - | - | - | - | 32 | 32 | - |
| Total | 66 | 10 | - | 315 | 699 | 1,090 | |
| Financial liabilities | | | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 439 | - | - | - | - | 439 | 2.90 - 9.50 |
| Bill of exchange | 356 | - | - | - | - | 365 | 4.30 - 6.75 |
| Trade and other payables | 133 | - | - | - | 575 | 708 | 2.20 |
| Short-term loan from related party | - | - | - | - | 1 | 1 | - |
| Long-term loans | 1 | 2 | 11 | 762 | - | 776 | (1) |
| Total | 929 | 2 | 11 | 762 | 576 | 2,280 | |

(1) MLR - 0.5, MLR - 1, MLR - 1.25, 13.25

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2015

| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Interest rate (% per annum) |
|---|----------------------|--------------|-----------------|---------------------------|-------------------------|--------------|--------------------------------|
| | Within 1 year | 1-5 years | Over 5 years | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 80 | - | - | 106 | 172 | 358 | 0.05 - 1.25 |
| Current investments - deposits with financial institutions | 4 | - | - | - | 1 | 5 | 2.90 |
| Trade and other receivables | 11 | - | - | - | 503 | 514 | 8.00 |
| Short-term loans to related parties | 21 | - | - | - | - | 21 | 7.00 |
| Restricted bank deposits | 4 | - | - | 5 | - | 9 | 0.75 - 2.00 |
| Other long-term investments | - | 10 | - | - | 104 | 114 | 2.80 |
| Other receivables | - | - | - | - | 32 | 32 | - |
| Total | 120 | 10 | - | 111 | 812 | 1,053 | |

Financial liabilities

Bank overdrafts and short-term loans

| | | | | | | | |
|------------------------------------|------------|----------|-----------|------------|------------|--------------|--------------|
| from financial institutions | 424 | - | - | - | - | 424 | 2.75 - 12.75 |
| Bill of exchange | 179 | - | - | - | - | 179 | 3.85 - 3.90 |
| Trade and other payables | 124 | - | - | - | 421 | 545 | 2.25 - 2.30 |
| Short-term loan from related party | - | - | - | - | 1 | 1 | - |
| Long-term loans | - | 2 | 13 | 678 | - | 693 | (1) |
| Total | 727 | 2 | 13 | 678 | 422 | 1,842 | |

(1) MLR, MLR - 0.5, MLR - 1, 13.5

(Unit: Million Baht)

Separate financial statements as at 31 December 2016

| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Interest rate (% per annum) |
|--------------------------------------|----------------------|--------------|-----------------|---------------------------|-------------------------|--------------|--------------------------------|
| | Within 1 year | 1-5 years | Over 5 years | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | - | - | - | 275 | 31 | 306 | 0.125 - 0.85 |
| Trade and other receivables | - | - | - | - | 940 | 940 | - |
| Amounts due from related parties | - | - | - | - | 22 | 22 | - |
| Short-term loans to related parties | 47 | - | - | - | - | 47 | 7.50 |
| Long-term loans to related parties | 69 | 295 | - | - | - | 364 | 7.50 |
| Restricted bank deposits | 25 | - | - | - | - | 25 | 1.30 |
| Other long-term investments | - | 10 | - | - | 65 | 75 | 2.80 |
| Other receivables | - | - | - | - | 32 | 32 | - |
| Total | 141 | 305 | - | 275 | 1,090 | 1,811 | |
| Financial liabilities | | | | | | | |
| Bank overdrafts and short-term loans | | | | | | | |
| from financial institutions | 340 | - | - | - | - | 340 | 3.10 - 3.85 |
| Bill of exchange | 307 | - | - | - | - | 307 | 4.60 - 6.75 |
| Trade and other payables | 6 | - | - | - | 512 | 518 | 2.20 |
| Long-term loans | - | - | - | 581 | - | 581 | MLR - 0.5, MLR - 1 |
| Total | 653 | - | - | 581 | 512 | 1,746 | |

(Unit: Million Baht)

Separate financial statements as at 31 December 2015

| | Fixed interest rates | | | | | Total | Interest rate (% per annum) |
|--------------------------------------|----------------------|------------|----------|---------------|--------------|--------------|--------------------------------|
| | Within | 1-5 | Over | Floating | Non-interest | | |
| | 1 year | years | 5 years | interest rate | bearing | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 80 | - | - | 71 | 43 | 194 | 0.125 - 0.5, 1.25 |
| Trade and other receivables | - | - | - | - | 1,003 | 1,003 | - |
| Amounts due from related parties | - | - | - | - | 39 | 39 | - |
| Long-term loans to related parties | 35 | 195 | - | - | - | 230 | 7.50 |
| Other long-term investments | - | 10 | - | - | 102 | 112 | 2.80 |
| Other receivables | - | - | - | - | 32 | 32 | - |
| Total | 115 | 205 | - | 71 | 1,219 | 1,610 | |
| Financial liabilities | | | | | | | |
| Bank overdrafts and short-term loans | | | | | | | |
| from financial institutions | 182 | - | - | - | - | 182 | 3.10 - 3.60 |
| Bill of exchange | 179 | - | - | - | - | 179 | 3.85 - 3.90 |
| Trade and other payables | - | - | - | - | 333 | 333 | 2.30 - 3.40 |
| Long-term loans | - | - | - | 675 | - | 675 | MLR - 0.5, MLR-1 |
| Total | 361 | - | - | 675 | 333 | 1,369 | |

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

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

(Unit: Million)

| Foreign currencies | Consolidated financial statements | | | | Separate financial statements | | | | Average exchange rate | |
|--------------------|-----------------------------------|------|-----------------------|------|-------------------------------|------|-----------------------|------|------------------------------------|--------|
| | Financial assets | | Financial liabilities | | Financial assets | | Financial liabilities | | as at 31 December | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | | | | | | | | | (Baht per 1 foreign currency unit) | |
| US dollar | 9 | 11 | 13 | 12 | 32 | 29 | 10 | 6 | 35.78 | 36.04 |
| Euro | - | - | - | - | 10 | 9 | - | - | 37.71 | 39.39 |
| Pound Sterling | - | - | - | - | 9 | 8 | - | - | 43.96 | 53.43 |
| Singapore Dollar | - | - | - | - | - | - | - | 1 | 24.76 | 25.48 |
| Vietnam Dong | - | - | - | - | - | - | - | 1 | 0.0016 | 0.0016 |

Foreign exchange contracts outstanding are summarised below.

Consolidated financial statements as at 31 December 2016

| Foreign currencies | Amount | Contractual exchange rate | Contractual maturity date |
|------------------------------------|-----------|----------------------------------|---------------------------|
| <u>Forward contracts to "Sell"</u> | | | |
| US dollar | 6,433,547 | 34.84 - 36.00 Baht per US dollar | January - June 2017 |
| Euro | 40,515 | 39.28 Baht per Euro | May 2017 |
| <u>Forward contracts to "Buy"</u> | | | |
| US dollar | 67,209 | 35.06 Baht per US dollar | May 2017 |
| US dollar | 200,000 | 0.93 Euro per US dollar | January 2017 |

Consolidated financial statements as at 31 December 2015

| Foreign currencies | Amount | Contractual exchange rate | Contractual maturity date |
|------------------------------------|-----------|----------------------------------|---------------------------|
| <u>Forward contracts to "Sell"</u> | | | |
| US dollar | 3,660,319 | 35.98 - 36.81 Baht per US dollar | March - June 2016 |
| Euro | 18,915 | 39.85 Baht per Euro | June 2016 |
| <u>Forward contracts to "Buy"</u> | | | |
| US dollar | 243,384 | 0.94 - 0.96 Euro per US dollar | January - April 2016 |

Separate financial statements as at 31 December 2016

| Foreign currencies | Amount | Contractual exchange rate | Contractual maturity date |
|------------------------------------|-----------|----------------------------------|---------------------------|
| <u>Forward contracts to "Sell"</u> | | | |
| US dollar | 6,433,547 | 34.84 - 36.00 Baht per US dollar | January - June 2017 |
| Euro | 40,515 | 39.28 Baht per Euro | May 2017 |
| <u>Forward contracts to "Buy"</u> | | | |
| US dollar | 67,209 | 35.06 Baht per US dollar | May 2017 |

Separate financial statements as at 31 December 2015

| Foreign currencies | Amount | Contractual exchange rate | Contractual maturity date |
|------------------------------------|-----------|----------------------------------|---------------------------|
| <u>Forward contracts to "Sell"</u> | | | |
| US dollar | 3,660,319 | 35.98 - 36.81 Baht per US dollar | March - June 2016 |
| Euro | 18,915 | 39.85 Baht per Euro | June 2016 |

In addition, the Company and its subsidiaries are exposed to foreign exchange risk on their investments in overseas subsidiaries. These investments are currently not hedged by derivative financial instruments.

35.2 Fair values of financial instruments

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

36. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 1.15:1 (2015: 0.82:1) and the Company's debt-to-equity ratio was 0.63:1 (2015: 0.48:1).

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2017.

Director and Management Biography



1

1. Mr. Prida Tiasuwan

Board Chairman

- ▶ Member of the Board of Director since April 20, 2016
- ▶ Age 68 Years
- ▶ Shareholding in the company : 5.37%

Education

- ▶ Higher National Diploma in Business Studies - Thames Valley University, England
- ▶ Distinguished Senior Executive Program in Government and Business at Harvard University, U.S.A.

Training attended with regard to roles and responsibilities of corporate directors

- ▶ Director Accreditation Program (DAP), Class 37/2005 Thai Institute of Directors (IOD)

Work Experience

- ▶ Vice President of Thai Gem and Jewelry Traders Association for two times
- ▶ Director of Listed and Authorized Companies Association
- ▶ Director of Thailand-US Business Council
- ▶ Director of The Thai Chamber of Commerce for two times
- ▶ Board Chairman of Social Venture Network Asia (Thailand)
- ▶ Director and Vice Chairman of International Colored Stone Association (ICA)
- ▶ Commissioner Law Reform Commission of Thailand
 - Sub Committee Chairman of Low Reform on Fair Trade and Consumer Protection
- ▶ Director Assembly of Thailand Reform
- ▶ Director of Duang Prateep Foundation (DPF)
- ▶ Director of 14 tula Foundation

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non-listed businesses
 - Chairman of Board of Pranda Group, 6 companies
 - Director of Pranda Group, 5 companies
 - Director & Treasurer May 1992 Memorial Foundation



2

2. Mrs. Prapee Sorakraikitikul

Vice Chairman/ Finance & Risk Management Director/ Nomination and Remuneration Director

- ▶ Member of the Board of Directors since April 20, 2016
- ▶ Age 70 Years
- ▶ Shareholding in the company : 1.81%

Education

- ▶ B.S.C. Accounting Woodberry University Major Accounting, Los Angeles, California, U.S.A.

Training attended with regard to roles and responsibilities of corporate directors

- ▶ Director Certificate Program (DCP), Class 17/2002 Thai Institute of Directors (IOD)

Work Experience

- ▶ Director of the Thai Gold Card Importer & Exporter Association
- ▶ Director of the Thai Gem and Jewelry Business Traders Association
- ▶ Director of Businesswoman Committee of the Thai Chamber of Commerce
- ▶ Chairman, Sub Committee on Gems and Jewelry Business of the Thai Chamber of Commerce

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non-listed businesses
 - Chairman of Board of Pranda Group, 4 companies
 - Director of Pranda Group in 6 companies
 - Board of director of trade promotion of the Thai Chamber of Commerce
 - Gem and Jewelry Business Development Committee of Thailand (GCT) Ministry of Commerce of Thailand
 - Board of executive directors of The Gem and Jewelry Institute of Thailand (Public Organization)
 - Board of directors of Gem and Jewelry Promotion Foundation
 - Operation Director of Thai - Vietnam Business Council



3



4

3. Mrs. Sunanta Tiasuwan

Director/ Nomination and Remuneration Director

- ▶ Member of the Board of Directors since April 21, 2014
- ▶ Age 67 Years
- ▶ Shareholding in the company: 0.66%

Education

- ▶ Ordinary National Diploma in Business Studies from Westminster University, England

Training attended with regard to roles and responsibilities of corporate directors

- ▶ Director Certificate Program (DCP), Class 22/2002 Thai Institute of Directors (IOD)
- ▶ Top Executive Program, Capital Market Academy Class 11

Work Experience

- ▶ Vice president of the Listed Companies Association
- ▶ Director of the Listed Companies Association

Directorship

- ▶ Other listed companies
 - Independent Director and Audit Committee of Eastern Star Real Estate Public Company Limited
 - Chairman of Audit Committee of Asian Seafoods Coldstorage Public Company Limited
- ▶ Non-listed businesses
 - Chairman of Board of Pranda Group, 1 companies
 - Director of Pranda Group, 9 companies
 - Director of Bridge view Company Limited

4. Mr. Pramote Tiasuwan

Director/ Executive Director/

Managing Director (Manufacturing)/

Chair of Core Values & CSR Committee /

Finance & Risk Management Director/

Nomination and Remuneration Director

- ▶ Member of the Board of Directors since April 21, 2015
- ▶ Age 66 Years
- ▶ Shareholding in the company : 2.27%

Education

- ▶ Ordinary National Diploma in Technology (Mechanical Engineers) From Willesden College of Technology, London, England.

Training attended with regard to roles and responsibilities of corporate directors

- ▶ Courses by the Thai Institute of Directors (IOD)
 - Director Certificate Program (DCP), Class 46/2004
 - Director Accreditation Program (DAP), Class 16/2004
 - Finance for Non-Finance Program (FN), Class 12/2004

Work Experience

- ▶ Director of the Gem and Jewelry Industry Club of the Federation of Thai Industries

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non-listed businesses
 - Director of Pranda Group, 4 companies



5. Mrs. Pranee Khunprasert

**Director/Chairman of Group Executive Committee/
Managing Director (Marketing)/ Finance & Risk Management
Director/Nomination and Remuneration Director**

- ▶ Member of the Board of Directors since April 21, 2014
- ▶ Age 64 Years
- ▶ Shareholding in the company : 2.42%

Education

- ▶ Business Studies Course from Ealing Technical College, London, England

Training attended with regard to roles and responsibilities of corporate directors

- ▶ Director Accreditation Program (DAP), Class 26/2004 Thai Institute of Directors (IOD)

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non-listed businesses
 - Chairman of Board of Pranda Group, 1 company
 - Director of Pranda Group, 3 companies

6. Mrs. Panidda Tiasuwan

**Advisor to the Company's Board of Directors/
Nomination and Remuneration Director**

- ▶ Member of the Board of Directors since April 21, 2014
- ▶ Age 73 Years
- ▶ Shareholding in the company : 4.69%

Education

- ▶ Amatayanukul school and language study in England
- ▶ Mini Master of Management program from National institute of Development Administration (NIDA)

Training attended with regard to roles and responsibilities of corporate directors

- ▶ Director Accreditation Program (DAP), Class 25/2004 Thai Institute of Directors (IOD)

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non-listed businesses
 - Chairman of Board of Pranda Group, 1 company



7. Ms. Pittaya Tiasuwan

**Director/ Executive Director/
Deputy Managing Director (Manufacturing)/
Finance & Risk Management Director**

- ▶ Member of the Board of Directors since April 20, 2016
- ▶ Age 62 Years
- ▶ Shareholding in the company : 4.44%

Education

- ▶ Kilburn - Polytechnic - London, England City and Guilds of London Institute
- ▶ Training Course about Gemological Sciences at the Asian Institute of Gemological Sciences (AIGS)

Training attended with regard to roles and responsibilities of corporate directors

- ▶ Director Accreditation Program (DAP), Class 26/2004 Thai Institute of Directors (IOD)

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non-listed businesses
 - Director of Pranda Group, 2 company



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9

8. Mr. Verachai Tantikul

Independent Director/ Chair of Audit Committee/ Chair of Nomination and Remuneration Committee

- Member of the Board of Directors since April 21, 2015
- Age 74 Years
- Shareholding in the company : None

Education

- LL.M., the University of California, at Berkely, U.S.A.
- Barrister-at-law, Thai Bar Association
- LL.B (Hons), Thammasat University
- Certificate, National Defense College of Thailand. Class 37
- Senior Executive Development Program of the Office of the Civil Service Commission (OCSC), Course 1, Class 13

Training attended with regard to roles and responsibilities of corporate directors

- Certificate of Director Certification Program (DCP), Class 37/2003 Thai Institute of Directors (IOD)

Work Experience

- The National Legislative Assembly, Thailand.
- Director General, the Treasury Department, Ministry of Finance
- Director General, the Excise Department, Ministry of Finance
- Deputy Permanent Secretary, Ministry of Finance
- Inspectors - General, Ministry of Finance
- Deputy Director - General, the Revenue Department

Directorship

- Other listed companies - Tax Advisor of the Siam Commercial Bank Public Company Limited
- Non-listed businesses
 - Director of the SCB Life Assurance Public Company Limited
 - Legal Advisor of SCG Legal Company Limited
 - Director of the Petroleum Committee under the Petroleum Law

9. Mrs. Rawittha Pongnuchit

Independent Director/ Member of the Audit Committee

- Member of the Board of Directors since April 21, 2015
- Age 67 Years
- Shareholding in the company : None

Education

- LL.B. Ramkhamhaeng University
- M. Pol. Sc. Thammasat University

Training attended with regard to roles and responsibilities of corporate directors

- Director Certificate Program (DCP) Class 59/ 2005 Thai Institute of Directors (IOD)
- The Training Program for High Level Executive in Criminal Justice (Class 19)
- Top Executive Program in Justice Management (Class 3)
- Top Executive Program in Commerce and Trade (TEPCOT) Class 1
- Top Executive Program, Capital Market Academy (Class 3)
- Public Administration and Public Law Program, King Prajadhipok's Institute, Class 3

- National Defense College, The Joint State - Private Sector Course Class 15, Thailand National Defense College

Work Experience

- Inspector-General, Ministry of Finance
- Deputy Director-General, the Revenue Department
- Director of Bureau of Tax Appeals, the Revenue Department
- Lawyer 9 (Expert in protection and counter destroying of the tax system), Office of Tax Auditing, the Revenue Department
- Deputy Finance Ministry Spokesman
- The Revenue Department Spokesman
- Secretary to the Revenue department
- Subcommittee member, The Agreement Audit, Ministry of Transportation and Communication
- Clearing Director of Thai Asset Management Corporation
- Chairman of the Audit Committee / Director of KTB Law Co., Ltd.
- Advisor to the Finance Minister
- Member of the Doing Business of Alien Committee, the Department of Trade Development, the Ministry of Commerce
- Member and Chairman of the Audit Committee of Sukhumvit Assets Management Co., Ltd.
- Director, Member of the Audit Committee, and Chairman of the Selection and Remuneration Committee of Thai Petrochemical Industry Public Company Limited
- Director, Member of the Audit Committee, and Member of the Risk Management Committee of the Thai Credit Guarantee Corporation
- Director of Airport Authority of Thailand Public Company Limited
- Representative of the Ministry of Finance in the Committee of the Tourism Authority of Thailand (TAT), the Ministry of Tourism and Sport

Directorship

- Other Listed Companies
 - Independent Director and Chairman of the Audit Committee of Solartron Public Company Limited
 - Independent Director, Audit Committee and Chairman of the Sub-Committee on Law Committee of Synnex (Thailand) Public Company Limited
- Non-Listed Companies
 - Advisor of the Institute of Management Consultants Association of Thailand
 - Advisor of the Economics and Finance Academy
 - Vice President of the Revenue Officers Association
 - Director of the Fiscal Policy Research Institute Foundation (FPRI)
 - Director of the Capital Market Academy Alumni Association
 - Director of Class 1, Top Executive program in Commerce and Trade (TEPCOT)
 - Chairman of the Class 59 of the Director Certificate Program (DCP59)
 - Board of Chairman of Pootra Corporation Co., Ltd.
 - Board of Chairman of Chankham Residence Co., Ltd.
 - Independent Director, Chair of the Audit Committee of NamHeng Concrete (1992) Co., Ltd.



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11

10. Chamnong Watanagase

Independent Director/ Member of the Audit Committee

- ▶ Member of the Board of Directors since March 25, 2014
- ▶ Age: 65
- ▶ Shareholding in the company: 0.02%

Education

- ▶ B.Com. (1974), Chulalongkorn University
- ▶ MBA, University of Central Missouri, 1982
- ▶ Completed Ph.D. coursework in Political Science and Philosophy, Thammasat University, 2006 (Finished the PhD coursework and quit without pursuing the doctoral dissertation)
- ▶ Cert. of Proficiency in English (with Merit), National Institute of Development Administration, 1975

Training attended with regard to roles and responsibilities of corporate directors

- ▶ Director Certification Program (DCP) Class 5 (2001), Audit Committee Program, Class 1 (2002), DCP Refresher Course 2/2006, Chartered Director, Class 1 (2007) Thai Institute of Directors (IOD)
- ▶ The Capital Market Academy, Class 6
- ▶ Tactical Training in Hostage Rescues, US Marshal Service, Department of Justice, Baton Rouge, Louisiana, USA, 1990
- ▶ Marketing Coaching, Tack Training International, London, UK, 1991

Work Experience

- ▶ Chairman of the Audit Committee, Chairman of the Risk Management Committee, Indara Insurance, Plc. (2000-2012)
- ▶ President of the following joint ventured companies with the Siam Commercial Bank, Plc. (1994-1998)
 - Siam Commercial Link, Ltd.
 - Science Commercial Link, Ltd., with the National Science and Technology Development Agency (NSTDA) as 3rd partner
 - SCB Technology, a venture capital of the Siam Commercial Bank, Plc.
- ▶ Founding Manager, Business Advisory Center for SMEs, Kenan Institute Asia Foundation (funded by USAID) (1999-2000)
- ▶ Member of the Executive Committee, Thailand Science Park, the National Science and Technology Development Agency
- ▶ Advisor, the Technical Services Center, Mahidol University (1997)
- ▶ Audit Committee member, John Hancock Life Assurance, Plc. (2000-2006)
- ▶ Cultural Affairs staff, United States Information Agency, US Department of State, Washington, DC (1985-1991)
- ▶ Insurance instructor, School of Management Science, Prince of Songkla University, Haad Yai, Songkla (1980-1982)
- ▶ Manager, the Technical Service Center, Interlife Assurance, Ltd. (1977-1982)
- ▶ Adjunct professor of Linguistics and Philosophy, Graduate School of Humanities, Ram Khamhaeng University (2004-2013)
- ▶ Advisor (Director, 2011-2015) of Thai Investors Association)
- ▶ Director and past president, Rotary Club of Bangkok (chartered in 1927)

Directorship

- ▶ Other listed company
 - Chairman of the Audit Committee, member of the Investment Committee, LDC Dental, Plc. (2013-present)
- ▶ Non-listed institutes
 - Chairman of the Audit Committee, member of the Selection & Compensation Committee, Thai Cardif Life Assurance, Plc. (2007-2016)

11. Lt. Jg. Anan Panananda R.T.N.

Advisor to Board of Directors

- ▶ Member of the Advisor to Board of Director since March 25, 2015
- ▶ Age 81 Years
- ▶ Shareholding in the company : None

Education

- ▶ BS. In Civil Engineering, W.P.I., Massachusetts, U.S.A.
- ▶ Certificate in Special Course in project Analysis, U.N. Asian Institute for Economic Development and Planning
- ▶ Director Management Course, Organized by the Office of the Civil Service Commission, Class 10
- ▶ Senior Executive Development Program (Norborosor1) the Office of the Civil Service Commission, Class 6
- ▶ Certificate, the National Defense College, Class 34

Training attended with regard to roles and responsibilities of corporate directors

- ▶ Director Accreditation Program (DAP), Class 23/2004 Thai Institute of Directors (IOD)

Work Experience

- ▶ Deputy Director-General of Customs Department
- ▶ Director of the Sports Authority of Thailand
- ▶ Director of the Rubber Replanting Aid Fund
- ▶ Director of Mutual Fund Securities Public Company Limited
- ▶ Director of ACL Bank Public Company Limited
- ▶ Advisor of Deputy Finance Minister
- ▶ Advisor of Finance Minister
- ▶ Advisor of Deputy Prime Minister
- ▶ Director of the Thai-German Ceramic Industry Public Company Limited
- ▶ Advisor of A.J. Plus Public Company Limited.

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non-listed businesses
 - None -



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12. ASSoc. Prof. Sarita Bunnag

Advisor to Board of Directors

- ▶ Member of the Advisor to Board of Director since March 25, 2014
- ▶ Age 70 Years
- ▶ Shareholding in the company : None

Education

- ▶ B.A. (Accounting), Chulalongkorn University
- ▶ M.A. (Finance), Western New Mexico University, U.S.A.

Training attended with regard to roles and responsibilities of corporate directors

- ▶ Courses by the Thai Institute of Directors (IOD)
 - Director Certificate Program (DCP), Class 22/2002
 - Audit Committee Program (ACP), Class 1/2004
 - DCP Refresher Course , Class 1/2005
 - Monitoring the Quality of Financial Report (MFR), Class 5/2007
 - Monitoring the Internal Audit Function (MIA), Class 2/2008
- ▶ Seminar in "The internal control in Financial Reporting : Value Enhancement Strategy" by SET

Work Experience

- ▶ Associate Professor (Level 9), Faculty of Commerce & Accountancy, Chulalongkorn University
- ▶ Independent Director/ Audit Committee
 - ITV Public Company Limited
 - Asian Seafoods Cold Storage Public Company Limited
 - Islamic Bank of Thailand
 - Amanah Leasing Public Company Limited
- ▶ Advisor to Board of Directors of Islamic Bank of Thailand

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non-listed businesses
 - Advisor of Eco Energy Corporation Co., Ltd.

13. Mr. Decha Nuntanajaroenkul

Executive Director/ Deputy Managing Director (Marketing)/ Finance & Risk Management Director

- ▶ Age 57 Years
- ▶ Shareholding in the company : None

Education

- ▶ BBA in Marketing Management in Memphis State University, Tennessee, U.S.A.
- ▶ MBA in Marketing Memphis State University, Tennessee, U.S.A.



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Work Experience

- ▶ Marine Underwriter, New Hampshire Insurance, Bangkok Year 1981
- ▶ Visiting lecturer at Srinakharinwirot University, Sukhumvit, General Science Department, Materials Science (Gems and Jewelry) during 1996-1997
- ▶ Member of Thai-Russian Chamber of Commerce

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non-listed businesses
 - None -

14. Mr. Chatchai Teekaveerakit

Executive Director/ Corporate Values & CSR Committee/ Managing Director - Crystalline Co., Ltd

- ▶ Age 50 Years
- ▶ Shareholding in the company : None

Education

- ▶ BA. George Mason University, Vigeinia, U.S.A.
- ▶ MBA - South Eastern University, Washing Ton DC.

Work Experience

- ▶ Account Executive - Dentsu Young & Rubican
- ▶ Product Manager - Bristol Myer
- ▶ Marketing Manager - Kmcc

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non-listed businesses
 - Director of Pranda Group, 1 company



15. Mr. Chanat Sorakraikitikul
Executive Director/ Chair of Finance & Risk Management Committee

- ▶ Age 38 Years
- ▶ Shareholding in the company : 0.11%

Education

- ▶ Bachelor of Arts in Business Administration, Babson College, USA
- ▶ Master of Arts in Accounting, University of Virginia, USA
- ▶ Certificate of TLCA Executive Development Program, Class 6 (EDP 6), Thai Listed Companies Association
- ▶ Certificate of TLCA Leadership Development Program, Class 2 (LDP 2), International Institute for Management Development and Thai Listed Companies Association
- ▶ Certificate of Director Accreditation Program (DAP), Class 131/2016 Thai Institute of Directors (IOD)

Work Experience

- ▶ Vice President - Forever Living Products, Vietnam
- ▶ Senior Auditor - Ernst & Young, USA

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non-listed businesses
 - Director of Pranda Group, 3 company



16. Mr. Dusit Chongsutthanamane
Finance & Risk Management Director/ Corporate Secretary

- ▶ Age 45 Years
- ▶ Shareholding in the company : None

Education

- ▶ B.Eng. (Second Class Honor), Mahanakorn University of Technology
- ▶ MBA in Finance, Kasetsart University

Training attended with regard to roles and responsibilities of Company Secretary

- ▶ Company Secretary Program (CSP) 74/2016, Thailand Institute of Directors (IOD)

Work Experience

- ▶ Chairman of Audit Committee, DOD Biotech Company Limited
- ▶ Chairman of Executive Committee, Siri Assets Company Limited
- ▶ Chairman, Kin Author Company Limited
- ▶ Financial Advisor, FPM Consultant Company Limited
- ▶ Lecturer of "Certificate of Business Advisor", Kasetsart University
- ▶ Lecturer of "Certificate of Intelligent Investor", Kasetsart University
- ▶ Lecturer of "Concise Business Advisor", FPM Consultant Company Limited
- ▶ Lecturer of "Concise Intelligent Investor", FPM Consultant Company Limited

Directorship

- ▶ Other listed companies
 - None -
- ▶ Non - listed companies
 - Executive Director of Siri Assets Company Limited
 - Director of Kin Author Company Limited
 - Director, DOD Biotech Company Limited

Details of Directors and Executives

| The name of the Subsidiary Companies | The list of the Board of Directors | Subsidiary Companies | | | | | | | | | | Associated Companies | | Related Companies | | |
|--|--|----------------------|---------|--------|--------|---------|-----|--------|--------|--------|--------|-------------------------|---------|-------------------|-----------|---------|
| | | PRANDA | Country | | | Foreign | | | | | | | Country | Country | | Foreign |
| | | | *PMG | CTL | PLG | *PNA | HGG | PUK | PVN | PKL | PDI | PMI | | KZ-PRANDA | P.Holding | |
| 1. Mr. Prida | Tiasuwan | X | / | X + ⊕ | | / + // | X | / | X | ⊕ | X + ⊕ | | | X + ⊕ | / | X + ⊕ |
| 2. Mrs. Prapee | Sorakraikitikul | ▷ | | / + // | / + // | X + ⊕ | | X + // | / | | | | | X + // | / | |
| 3. Mrs. Sunanta | Tiasuwan | / | / + // | / + // | | / + // | // | / + // | / | X + // | / | // | | / + // | / | / + // |
| 4. Mr. Pramote | Tiasuwan | ◆ + / + // + □ | | / + // | / + // | | | | / + // | | | | | / | / | |
| 5. Mrs. Pranee | Khunprasert | ● + ○ + / | X + ⊕ | / + // | | | | | | // | // | // | | / | | // |
| 6. Mrs. Panidda | Tiasuwan | | | | X + ◇ | | | | | | | | | / | | |
| 7. Mr. Verachai | Tantikul | * + / | | | | | | | | | | | | | | |
| 8. Mrs. Rawitha | Pongnuchit | / | | | | | | | | | | | | | | |
| 9. Mr. Chamnong | Watanagase | / | | | | | | | | | | | | | | |
| 10. Ms. Pittaya | Tiasuwan | / + // | | | / + // | | // | | // | | // | | | / | | |
| 11. Mr. Decha | Nuntanajaroenkul | // | | | | // | ⊕ | ⊕ | // | | | | | | | |
| 12. Mr. Chartchai | Teekavirakij | // | | / + ◇ | | | | | ⊕ | | | | | | | |
| 13. Mr. Chanat | Sorakraikitikul | ○ + // + ■ | / + // | | | // | | | // | // | / + // | / + // | | / | | |
| 14. Ms. Rungnapa | Ngowngamratana | | / | | | | | | | | | | | | | |
| 15. Ms. Chonvicha | Loekvitunkul | | ◇ | | | | | | | | | | | | | |
| 16. Ms. Laniad | Panchareon | | // | | | | | | | | | | | | | |
| 17. Ms. Maureen | Kelley | | | | | / + ◇ | | | | | | | | | | |

Note : 1. X = Chairman ▷ = Vice Chairman / = Director // = Executive * = Chairman of Audit Committee ● = Chairman of Group executive Committee ○ = Chairman of Finance & Risk Management Committee

□ = Chairman of Core Values & CSR Committee ⊕ = Chairman of Executive Committee ◆ = Managing Director (Manufacturing) ⊕ = Managing Director (Marketing) ■ = Assistant Managing Director (Marketing)

◇ = Managing Director

2. Report only of directors of subsidiaries which contribute over 10% of total revenues including * PMG, PNA

PRANDA = Pranda Jewelry Pcl.
PMG = Primagold International Co., Ltd.
CTL = Crystalline Co., Ltd.
PLG = Pranda Lodging Co., Ltd.
PNA = Pranda North America, Inc.
HGG = H.Gringoire s.a.r.l.
PUK = Pranda UK Ltd.
PVN = Pranda Vietnam Co., Ltd.

PKL = Pranda & Kroll GmbH Co. KG
PDI = Pranda Jewelry Pvt Ltd.
PMI = PT Pranda Marketing Indonesia
KZ – PRANDA = KZ-Pranda Co., Ltd.
P.Holding = Pranda Holding Co., Ltd.
Forward Freeland = Forward Freeland Co., Ltd.
SCL = P.T. Sumberkreasi Ciptalogam



For additional information, please refer to
Annual Report Registration Statement (Form 56-1)
on www.sec.or.th or company official website
www.pranda.com.

For other inquiries, please contact Corporate Secretary Office.
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