

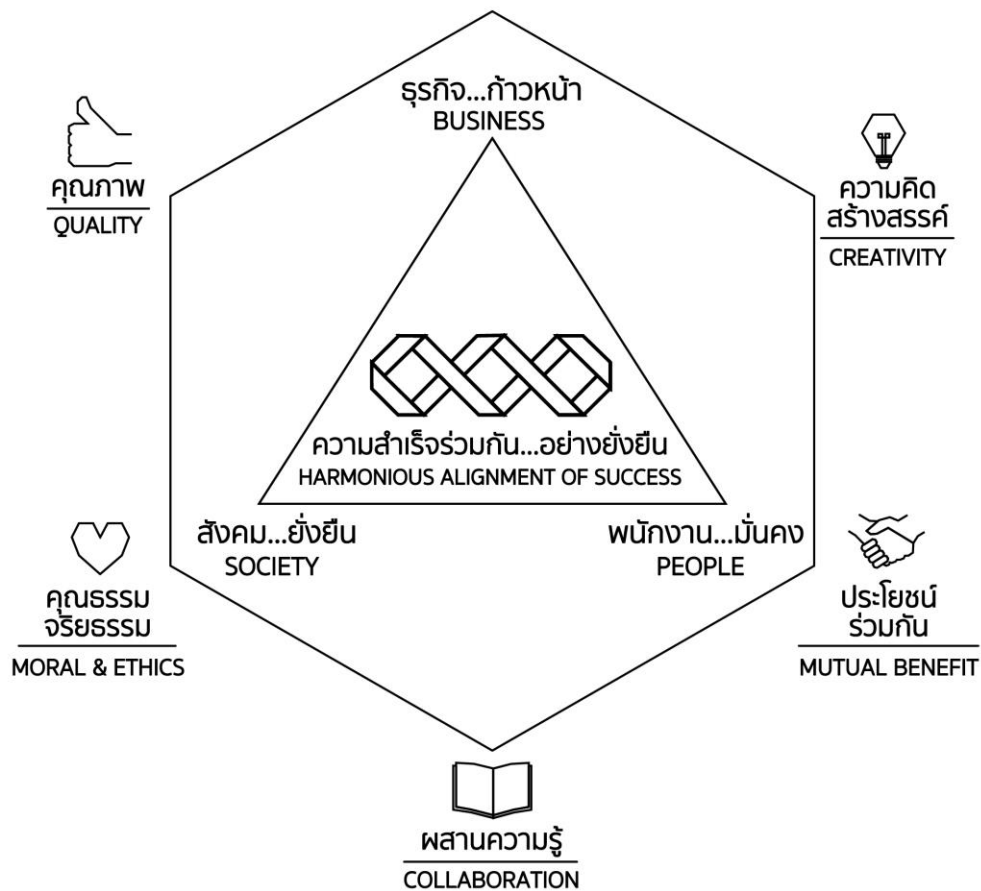


PREMIER ENTERPRISE PUBLIC COMPANY LIMITED

*ANNUAL REPORT 2016*

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**คุณภาพ | QUALITY**

“มุ่งมั่นพัฒนาคุณภาพในทุกด้าน”  
“To Assure Quality Improvement in All Aspects”

**ความคิดสร้างสรรค์ | CREATIVITY**

“ใช้แนวความคิดใหม่ๆ เพื่อการพัฒนาอย่างต่อเนื่องและยั่งยืน”  
“To Adopt New Ideas That Promote Sustainable Development”

**ประโยชน์ร่วมกัน | MUTUAL BENEFIT**

“ดำเนินธุรกิจในรูปแบบที่ได้ประโยชน์ร่วมกัน”  
“To Work for the Mutual Benefit of Our Staffs, Organization and Society”

**พสกานความรู้ | COLLABORATION**

“พสกานความรู้และความสามารถเพื่อร่วมคิดร่วมสร้าง”  
“To Promote Collaboration between Teams to Maximize Efficiency”

**คุณธรรม จริยธรรม | MORAL & ETHICS**

“ยึดหลักคุณธรรม จริยธรรม และวิถีไทยที่ดีงาม”  
“To Uphold Moral and Ethical Standards and the Beauty of the Thai Identity”

## SUMMARY OF FINANCIAL DATA

(Unit : Million Baht)

	2016	2015	2014
<b><u>FINANCIAL DATA</u></b>			
<b>Total Assets</b>	2,080.31	1,839.07	1,736.44
<b>Total Liabilities</b>	1,994.70	1,503.15	1,291.69
<b>Shareholders' Equity</b>	85.61	335.93	444.75
<b>Sale and Service Revenues</b>	664.30	591.25	539.55
<b>Total Revenue</b>	691.53	599.76	553.65
<b>Gross Profit</b>	171.91	168.96	158.44
<b>Net Profit (Loss)</b>	(262.42)	(154.85)	(81.43)
<b><u>FINANCIAL RATIO</u></b>			
<b>Gross Profit Margin (%)</b>	25.88 %	28.58 %	29.37 %
<b>Net Profit Margin (%)</b>	-37.95 %	-25.82 %	-14.71 %
<b>Return on Equity (%)</b>	-124.51 %	-39.67 %	-17.46 %
<b>Return on Asset (%)</b>	-9.90 %	-4.99 %	-1.23 %
<b>Earnings (Deficit) per Share ( Baht )</b>	-0.328	-0.194	-0.102
<b>Dividend per Share (Baht)</b>	-	-	-
<b>Book Value per Share (Baht)</b>	0.107	0.420	0.556



## Business Operation

### 1. Policy and Business Overview

Premier Enterprise Public Co., Ltd. is a company within the Premier Group of companies formerly named Premier Supplies Co., Ltd. The Company was incorporated in 1974 but later converted into a public limited company and was listed on the Stock Exchange of Thailand on 8 October 1993. Subsequently in 2000, the Company restructured its business into a holding company investing in different types of specialty finance businesses, most importantly the vehicle operating lease business and the insurance brokerage and consultancy business.

The Company has invested in 4 subsidiaries as follows:

- 1) Premier Inter Leasing Co., Ltd. provides vehicle-operating lease services complete with chauffeur, maintenance and other continuous services.
- 2) Premier Brokerage Co., Ltd. operates as a non-life insurance broker and provides advice and counsel on insurance to customers.
- 3) Premier Capital (2000) Co., Ltd. extends different types of commercial credit and leases computer equipment.
- 4) Premier LMS Co., Ltd. provides management services for assets, property debts and hire purchase debts to various financial institutions. At present, the Company is no longer expanding this business and is only managing outstanding accounts.

In the previous year the Company emphasizes on expanding its business in providing different type of car rental services to conduct operating lease which is a business that the Company operates through the subsidiaries which is Premier Inter Leasing Company Limited. The objectives is to support the increase in the expansion of customer base through new channels. Expanding target group including offering new services for customer to have more alternatives.

### Vision, Mission and Goals

In 2016, the Board has resolved to maintain our vision, mission and goals are the same as follows:

#### Vision

To be a Thai corporation has commitment to being leader business in car rental service, insurance broker to comprehensive ongoing to build a balance to sustainability business to employees and society.

#### Mission

- Provide quality services of international standard.
- To utilize innovation to enhance quality of life, society and the environment.
- To foster mutual prosperity of staff, the organization and society.
- To promote collaboration between specialized teams to maximize efficiency services.
- Operate under the principles of good governance and adhere to the principles of integrity and ethics in the Thai traditional way.

#### The Company's Goals

- Improve the creation of comprehensive services and create a clear distinction in the services.
- Emphasize on maintaining the existing customer base and adding value to the services for both existing and new customers for their maximum satisfaction.
- Emphasize on developing and promoting the personnel to have more knowledge and expertise, as well as developing management systems, in the provision of services in order to support the Company's future business expansion.
- Adjust the financial structure to be more suitable so that it may lead to a reduction in business costs.
- Improve asset management efficiency to be consistent with the economic trend.

## Significant Change and Development in the Period of 2014 – 2016

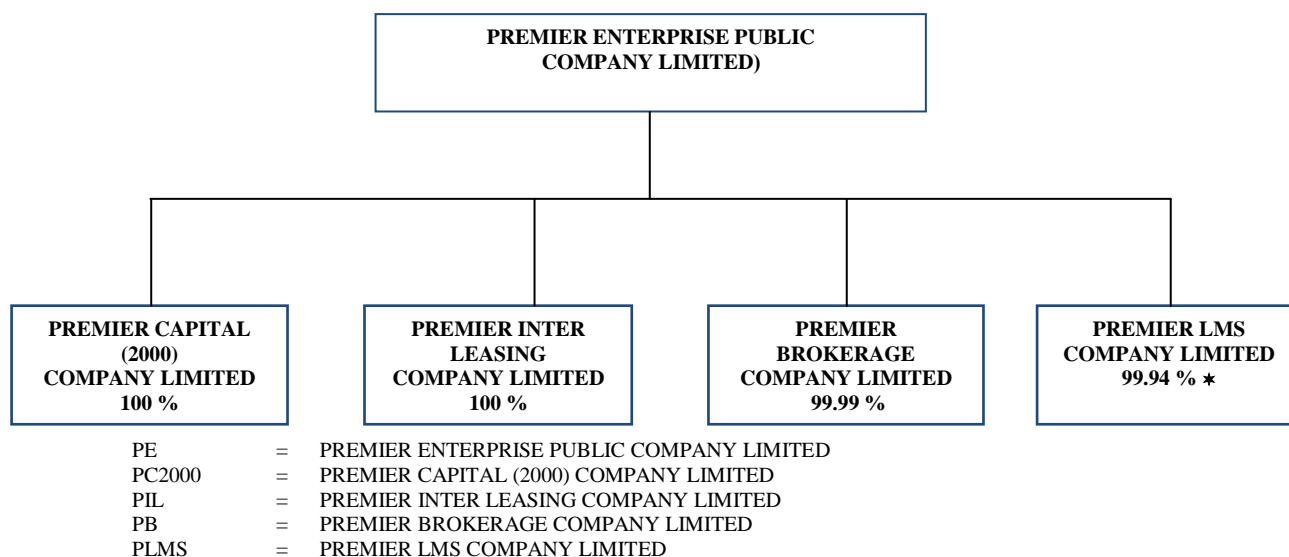
The Company has not significantly changed the shareholding, management or business engagement structure in the past three years.

- On 15 December 2016, the Company applied for renewal of the certification as the member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and it has been under consideration of the Committee of Thailand's Private Sector Collective Action Coalition Against Corruption.
- On 30 November 2016, the Supreme Court rendered judgment for the Company and Premier Infrastructure Company Limited to reimburse outstanding debt for taxes and duties in total amount of 251.7 million Baht. It has been the obligation of corporate income tax and VAT of PE-Patelan Joint Venture since the Company has been free from the partner of PE-Patelan Joint Venture since 2000, but the Supreme Court judged that the Company has still allowed Joint Venture to use its name as part of PE – Patelan Joint Venture. Therefore, they shall be mutually liable for debt of PE-Patelan Joint Venture, which has been the obligation of outstanding tax and duties without occurrence or cause from the Company's operation and without acquisition of any benefit by the Company from negligence of non-payment of outstanding tax and duties of PE-Patelan Joint Venture. The Company therefore will find action guideline for PE-Patelan Joint Venture to be directly responsible for payment of the outstanding tax and duties to Revenue Department accordingly.
- On 1 November 2016, the Company was evaluated from the survey on the business governance of the listed companies. The Company earned 80-89% of the average score level or very good level or 4 stars level for five consecutive years period from 2013 to 2016. The score level rated by the Company was in "Top Quartile" in the group of the companies with below 1,000 million Baht of Market Capitalization.
- The Company held Extraordinary General Meeting of Shareholders No.1/2016 on 23 September 2016 and approved the decrease of the registered capital of the Company by reducing the par value of share from 10 Baht per share to 0.50 Baht per share to compensate for the accumulated loss.
- The Board of Directors' meeting No. 3/2016 held on 23 September 2016 has resolved to restructure the business of the Company and its subsidiaries to increase management efficiency and restructuring of shareholding to be simple and easy for understanding as follows:
  - The Company purchased investment fund in the ordinary shares of Premier Inter Leasing Company Limited from Premier Capital (2000) at book value as at 30 June 2016 in the value of 288.87 million Baht.
  - The Company purchased investment fund in the ordinary shares of Premier Brokerage Company Limited from Premier Capital (2000) Company Limited at book value as at 30 June 2016 in the value of 10.86 million Baht.
  - The Company purchased all assets of Premier LMS Company Limited (PLMS) by merger in type of Entire Business Transter (EBT) which is the transfer of all businesses of Premier LMS Company Limited to Premier Enterprise Public Company Limited, and liquidation of Premier LMS Company Limited in the same calendar year. It will be granted for tax privilege from business transfer. The price of the transferred assets will be book value of the transferor in transferring date as at 31 August 2016.
  - Premier Capital (2000) Company Limited decreased registered capital from 230 million Baht to be 60 million Baht so that the number of capital will be consistent with the current business demand and refund of capital to the shareholders accordingly.
  - Premier LMS Company Limited registered for business winding-up.
- On 30 June 2016, the Company executed according to the decision of the Supreme Court, and recorded the transaction. Therefore, the Company had accumulated deficit for 7,414.0 million Baht which was high amount of money. The decrease in registered capital then was proposed for consideration by decrease in share value from Par at 10 Baht per share to be remained at 0.50 Baht per share for compensation of accumulated deficit. In addition, accumulated deficit of the Company also increased in the fundraising occasion and dividend payment occasion.
- On 20 June 2016, the Company was audited on quality for holding Annual General Meeting of Shareholders for 2016 from Thai Investors Association according to the task entrusted by the Office of the Securities and Exchange Commission (SEC). It was in

“excellent” criteria with full score of 100 scores. The Company has been 1 of 11 companies that earned full scores for 100 scores from total of 601 listed companies which participated in the Project for five consecutive years from 2012 to 2016.

- On 12 April 2016, the Company completed the revision of the registered capital as compliance with the judgment of the Supreme Court according to the judgment result of the Supreme Court under the essence that the Company shall revise the primary par value from 1 Baht to be 10 Baht, resulting in the Company’s registered capital to be 8,121,527,090 Baht with paid-up capital for 8,000,000,000 Baht which has been divided into 800,000,000 shares at share value of 10 Baht per share. There has been no change in the shareholder’s equity from the said compliance with the Supreme Court.
- On 7 October 2015, the Company was informed about the evaluation result of Sustainable Development Level on Anti-Corruption of the Listed Companies in 2013 to be rated at 5 Extended Level. It is the level indicating the policy that covers the capital of the consulting and brokerage business section or determination of business operation which is not related to all forms of corruption. The business partners and customers in business chain have been carried forward to implement policy and practical guideline which is not related to other corruption. In 2014, the Company was mutually evaluated from Thaipat Institute and Office of Securities and Exchange Commission on Anti-Corruption Progress Indicator to be in “Certified” Level 4.
- On 5 August 2015, the Supreme Court rendered the decision for reversal of judgment on the order of the Central Bankruptcy Court without consent on the proposal for revision of business rehabilitation plan. At present, the Company has been under execution according to the judgment of the Supreme Court.
- In 2014, the Company increased registered capital in Premier Inter Leasing Company Limited (the subsidiary) which has been held by the Company for 100% of shares via Premier Capital (2000) Company Limited which is a subsidiary by increase in capital for 120 million Baht to be registered capital for 320 million Baht.
- In 2014, Premier Inter Leasing Company Limited (the subsidiary) expanded the business in form of employee shuttle bus and student shuttle bus under consideration on the employee, student and passenger safety through the application of innovation on fully service management system and training of the personnel both being captain and monitor.
- In 2014, the Company was selected from Thaipat Institute in ESG100 rating for sustainable development business in outstanding business operation in environment, society and governance. The Company was 1 of 100 companies from 567 companies in Stock Exchange of Thailand.
- On 4 April 2014, the Company was certified as the member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) from Thai Institute of Directors.

**The shareholding structure as at 31 December 2016 is as follows:**



Remarks: \* During 2016, Premier LMS Co., Ltd. transferred all assets, liabilities, rights, duties and any other commitments to the Company in the form of “Entire Business Transfer”. Consequently, Premier LMS Co., Ltd. arranged for the close and liquidation which was completed on 6 December 2016.

**Relationship with the major shareholders**

- None -

**Nature of Business**

**REVENUE STRUCTURE OF THE COMPANY AND ITS SUBSIDIARIES**

The Company’s revenue is derived mainly from its vehicle leasing business with the vehicle operating lease provided by its subsidiary, Premier Inter Leasing Co., Ltd.

Product/Business Group	Operate d By	% Present Holding	2016 Revenue (Million Baht)	%	2015 Revenue (Million Baht)	%	2014 Revenue (Million Baht)	%
Commercial credit and rental service of computer hardware and accessories	PC2000	100.00	11.69	1.69	11.00	1.83	12.42	2.24
Vehicle operating lease	PIL <sup>/1</sup>	100.00	651.41	94.20	561.54	93.63	513.42	92.74
Non-Life insurance brokerage	PB <sup>/1</sup>	99.99	25.47	3.68	21.82	3.64	20.61	3.72
Loan management services	PLMS <sup>/1</sup> PE	99.94	0.84	0.12	2.43	0.41	1.10	0.20
Other service revenue			2.12	0.31	2.95	0.49	6.10	1.10
<b>Total Revenue</b>			<b>691.53</b>	<b>100.00</b>	<b>599.74</b>	<b>100.00</b>	<b>553.60</b>	<b>100.00</b>

Remarks: <sup>/1</sup> Investment made by Premier Capital (2000) Co., Ltd

**Characteristics of the Products or Services**

**Vehicle Operating Lease Business**

**(1) Characteristics of the Service**

This is the provision of vehicles to operators who are juristic persons, government agencies and state enterprises in the form of leasing that that is characterized as an operating lease, such as cars for executives, transport vehicles, private coaches for passengers, shuttle buses for students and other commercial vehicles, with lease terms of 3-5 years. The service includes the provision of services according to the long-term lease agreement and the provision of vehicle rental with chauffeur services. The Company has a variety of vehicles for lease, for instance passenger cars with an engine capacity of 1500cc or more, multi-purpose passenger vehicles, pick-up trucks, vans and buses.

The Company provides comprehensive services starting from analysis and proposal of lease terms that accommodates the customers' needs and their purpose of use to arrangement for fully comprehensive vehicle insurance, vehicle registration and payment of vehicle tax, provision of scheduled maintenance and repair services at specified distances and provision of replacement vehicle in the event of a breakdown or accident. The Company offers after sale services through a call center in the form of a one stop service customer care, including arranging vehicle maintenance, coordination, provision of advice on various matters, a team of professional mechanics and mobile repair trucks for convenience, speed and safety 24 hours a day.

## **(2) Marketing and Competition**

Leasing Business in Thailand is divided by entrepreneur characteristic into 2 main groups which are the group focusing on Financial Lease and Instalment Contract, and another group focusing on Operating Lease, Premier Inter Leasing Co., Ltd. is classified into Operating Lease Business Group and considered as one of leading leasing companies.

In the overview of Thailand's rental car market in 2016, Operating Lease was considered to be continually competitive in all types of vehicles, especially, in the group of pick-up car, which is in compliance with the expansion of agricultural, construction and transport sectors. From the study, the Company found that the growth of car number in 2016 was increased 15% when comparing to its growth in 2015, the maximum expansion ratio fell on pick-up car, small-sized passenger car and large-sized passenger car, respectively. The expansion has tended to be continuous in 2017 due to the government policy pushing and stimulating Thai Economy in many businesses, therefore, the demand of Operating Lease business market shall be the significant mechanism to reduce management cost, minimize difficulty in management and create maximum effectiveness in working.

Then, Premier Inter Leasing Co., Ltd.'s operation in 2016 had focused on the business expansion to various styles of standardized services continuously, including creation of value added services, using the development of innovation and technologies, management and analysis of usage data to be the development plan for users with more effectiveness as well as the expansion of non-passenger bus business such as Shuttle Bus for employees, Fixed Point Shuttle Bus, School Bus. In addition, the trainings were implemented to develop the quality of personnel in order to enhance higher service standard and differentiate in rental car business, personnel development was also proceeded such as standardized training program for drivers to develop professional driving skill in order to serve clients for utmost satisfaction.

Besides, the Company has also continuously developed marketing strategy by developing service works with quality and on standard, applying technologies in service works, for example, starting to use accident notification arrangement application system, School Bus's application system for parents or guardians to notify student's travelling status, development of repairing system together with official authorized car dealers to improve maintenance to be on standard and quickly all over the country, providing advice, consultancy, design as well as finding solutions of both management and usage to suit many types of clients' business operations, 24-hour service for car's broken down or accident. Also, the service of safe drive training has been provided to clients with the cooperation of partner organization. All are for building differentiation and utmost benefits for clients.

## **(3) Strategy of Competition**

Differentiation is considered as the Company's significant strategy, the operations are divided into many parts such as Creation of differentiation in services, creation of innovative unique, cooperation with companies in Premier Group or partner organizations to develop management technology, development of service styles, personnel development through intensive training courses for employees regularly, one-stop service from selection of car suitable for clients' needs to minor description such as registration, insurance, as well as the expansion of service center network covering all over the country with 24-hour service. The Company is ready to serve the car renting appropriate with clients' business operation such as long-term renting, daily renting and renting by trip. Also, there are a wide range of rental car types including personal car, pick-up car, wagon, truck and bus, the Company's drivers are regularly trained to enable them to serve clients professionally. Moreover, the Company also arranges the course of safe drive by professionals for interested clients in order to enable clients to use car with safety. The Company also has its own repairing center which clearly differentiates from competitors and builds up trustfulness in order to provide utmost benefits for clients, this shall support the Company's competitiveness to further sustain in the level of leading company in the business.

## **(4) Customers' Characteristics and Target Customer Groups**

The Company focuses on servicing primarily business operators, as well as government agencies and state enterprises. The 3 main customers groups at present are customers in the agro-industry business, the energy business and the Premier Group of companies, as well as large corporations with welfare projects that offer employee transportation benefits.

## **(5) Sales and Distribution Channels**

The Company offers its services directly to the customers. It has set up services centers nationwide to give customers easier access to the services. It has also set up the website <http://pil.premier.co.th> to service to the customers, both for renewing agreements and for consideration of additional products and services.

#### **(6) Products or Services Sourcing**

The Company acquires vehicles according to the needs of the customer from authorized dealers who have been officially appointed by the vehicle manufacturers. Therefore, the Company is able to acquire quality products with direct warranty from the vehicle manufacturers.

### **Insurance Brokerage and Consultancy Business**

This is the provision of services in procuring different types of insurance policies that provide appropriate coverage according to customers' requirement through selection of insurance companies that are solid and provide fair and quick claims settlement. This is also the provision of advice on insurance coverage essential to the risks for the customers to choose according to their needs and advice on making insurance claims to the customers who are business operators (juristic persons) and ordinary persons.

#### **(1) Characteristics of the Service**

The provision of advice regarding the different types of insurance coverage, which is appropriate and meet the needs of the customers, and the provision of services for settling claims with insurance companies. There are 5 types of insurance as follows:

- Motor insurance (voluntary and compulsory)
- Fire insurance
- Marine and transportation insurance
- Miscellaneous insurance
- Health insurance.

#### **(2) Market Condition and Competition**

Insurance Business in 9-month cycle (January – September 2016) had direct insurance premium, totally 153,642 Million Baht, increasing 1.3% when comparing to the same period of previous year, it was in line with the increasing number of insurance policies at 2% which was considered as the minimum growth in the past 10 years.

Competition tendency in insurance market has been continuously severe, causing from the increase of new selling channels such as selling through mobile application or convenient store, besides, maintaining client base to renew insurance policy and expand products are still important.

#### **(3) Competitive Strategy**

1) Focus on providing quality and efficient services, as well as professionalism, to the customers. This is done through further strengthening and development of knowledge and skills of the personnel in the provision of services, including foreign languages, in order to be prepared for the expansion of the ASEAN Economic Community (AEC) market.

2) Provide products that are in line with and appropriate for the needs of the target customer group.

3) Create key business alliances, build confidence, and find allies that are solid and stable in order to build customer confidence.

#### **(4) Customers' Characteristics and Target Customer Groups**

The company's target customer has 2 groups.

- 1) The Premier Group of companies
- 2) General customers

#### **(5) Sales and Distribution Channels**

There are 4 main distribution channels in reaching customers as follows:

- 1) Marketing officers of the Company
- 2) Introductions from other company (in the Premier's group)
- 3) Outside independent agents
- 4) The Company's website.

#### **(6) Products or Services Sourcing**

Company policy is to supply products that are essential to prevent the risk and benefits to customers. Coverage for disasters meet the needs of customers. This is done through the selection of an insurance company that has a solid financial credibility that is known in the industry for various insurance products. To ensure that its customers get fair compensation for damages. And customers use on-demand services that benefit most to the customer's required.



## **Risk Factors**

The risk management is the significant process that will contribute to the promotion of target and objective achievement ability, leading to value added creation to the organization, shareholders and stakeholders and sustainable growth ability.

### **Framework of Risk Management**

The significant element of risk management consists of objective, policy and will of continuous enterprise risk management, implementation, monitoring, review and improvement of risk management. The Company and its subsidiaries have applied the requirement, principle and guideline of COSO Enterprise Risk Management (COSO ERM) which is the universal standard for risk management in risk management and risk assessment based on the principle, procedure, and guideline, as well as the application of risk management framework based on ISO 31000 Standard.

The Company and its subsidiaries have appointed the Risk Management System for determining policy, strategy and criteria in analysis, measurement of risk level, and risk prioritization as well as analysis of risk that may occur from practice inconsistent with policy and strategy of Premier Enterprise Public Company Limited which was promulgated on 30 April 2013 through consideration from assessment on likelihood of risk occurrence and severity of risk circumstance impact to be the application standard for Risk Management Working Group which has been appointed from every work section of the organization to analyze, assess risk and prepare occurred risk control plan to be in the level acceptable by the Company as well as the determination for continuous review and follow-up in every quarter.

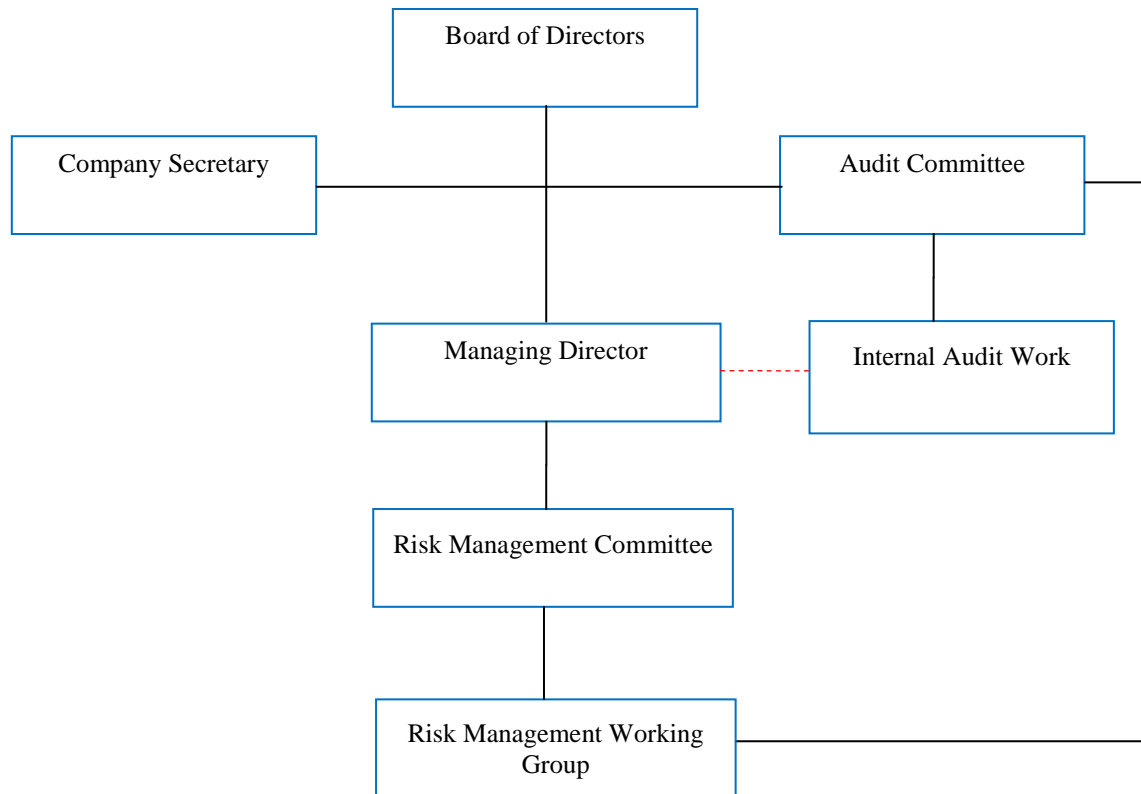
Moreover, the Company and its subsidiaries have announced Risk Management Policy and prepared manual of risk management to be disseminated for the employee's acknowledgement and used it as the manual of risk management operation. The said manual covers malfeasance and corruption. The Company has been certified for its status as the formal member of Thai Private Sector Collective Action Coalition Against Corruption on 4 April 2014.

The said risk management will contribute to the organization's ability to enhance operating efficiency and governance of trust building to the stakeholders, improve efficiency of management system and flexibility to effectively respond change and protect the Company's business and service.

### **Risk Management Structure**

The Company has specified the responsible persons in risk management consisting of 1 director of the Company and the top executive of its subsidiaries so that risk has been managed for maximum efficiency and effectiveness under governance of the Audit Committee with below duty and responsibility.

### Risk Management Structure



### Duty and Responsibility

#### The Board of Directors and the Audit Committee

perform promotion of emergence of internal risk management culture, determination of policy and strategy, governance on risk management, approval of Risk Appetite & Risk Tolerance level, determination of direction or guideline of risk management, provision of advice and execution to ensure that the executive has proper tools and processes of risk management, and review of compliance according to risk management process to ensure that the process is still suitably applicable.

#### Managing Director

To perform as the consultant of the Risk Management Committee in supporting, promoting risk management and governing risk management and internal control to be continuous process, reporting the significant risks to the Board of Directors for consideration, following up and commenting the organizational risk management.

#### The Risk Management Subcommittee has below duty.

- Determine, introduce and approve the framework and guideline of the Company's risk management consisting of risk management policy, risk management structure, acceptable risk and risk management process.
- Support, promote, develop and communicate risk management and internal control to the continuous process to be in line with the Company's objective and target and to be the corporate culture.



- Follow up, comment, and govern risk management to be in line with policy and manual of risk management, and present the Managing Director for consideration and approval.
- Hold Quarterly Overall Operation Review Meeting according to risk management system.
- Report important risk together with report the Managing Director of the Company and the Audit Committee for at least one a year.
- Risk Management Committee appoints Risk Management Working Group to perform risk management consisting of Chairman and number of working group as proper.

**Risk Management Working Group has the following duty.**

- Identify, assess and prepare risk management plan and internal control plan of each significant work unit according to guideline and policy of risk management of the Company.
- Promote, support and develop the operation according to risk management and internal control plans to be effective under enterprise linkage and integration.
- Assess, follow up the overall operation according to significant risk management and internal control plans in schedule.
- Hold the meeting to present the progress and report overall operation with risk management working group for consideration and operation at least once a quarter.

**Risk Management Process**

The Company has applied risk management system according to the principle of COSO ERM and framework of risk management according to ISO 31000 Standard as managerial guideline by the Risk Management Subcommittee which consists of the top management to analyze and anticipate the contingent circumstance or risk. The said guideline of the risk management is specified in proper or acceptable level under quarterly risk assessment, and the report is presented to the Audit Committee for in order to help the organization attain the desired objective and enable to respond the rapid changing business operating environment in time for solving the situation before the problem will be invasive problem, and also utilize from risk in exploitation of new business operation. Risk management plan was arranged into 4 levels which are

- 1) Risk Acceptance
- 2) Risk Management
- 3) Risk Avoidance
- 4) Risk Transfer

**Analysis and Determination of Type of Risk and Measure to Support Risk Abatement**

The Company has analyzed, determined and identified risks by classification of type and source of risk from risk assessment under consideration according to framework of risk management and internal and external factor trend. In 2016, the Company has defined risks possibly affected from the Company's business for 6 types as follows.

- 1) Business Environmental Risk
- 2) Financial Risk
- 3) Managerial/Operating Risk
- 4) Regulation Risk
- 5) Social Risk
- 6) Environmental Risk

## Rental Car Service Business

### 1) Strategic Risk:

#### - Rental Car Market's Marketing and Competition:

Thailand's economic growth of 2016 was slightly better than its growth of 2015, in Rental Car Service Business market, the growth ratio in 2016 was higher than the ratio in 2015. Demands of using rental cars from large entities in private and government sectors was increased, the Company's expansion ratio of rental car number was increased with the ratio of 15% from year 2015, resulting from the expansion of rental car business for Operating Lease, School Bus business, Non-passenger Bus and Shuttle Bus. However, the business expansion is still focusing on using quality service strategy rather than price strategy and the selection of clients preferring quality service to rental price.

The Company had faced risk of marketing and competition from the change of clients' policy on car usage and the increasing number of competitors in the market. Nevertheless, price competition still plays key role, such risk was coped by analyzing and evaluating the market, increasing potential clients emphasizing service more than price, building value added service, developing innovation and technology used in service and management as well as analyzing usage data to be the development plan for user with more effectiveness. Applying various technologies in service, for example, cooperating with partner companies to use the system of accident notification application, developing system of School Bus application named SPOT THE MOVE for parents or guardians in order to notify student's travelling status, developing repairing system together with official authorized car dealers to improve maintenance to be on standard and quickly all over the country, providing advice, consultancy, design as well as finding solutions of both management and usage to suit many types of clients' business operations, building good relationship with clients by regularly visiting and following up clients to reach their utmost satisfaction.

### 2) Financial Risk:

#### - Risk of settlement according to court's judgement:

Risk from Supreme Court judging joint-venture company to jointly compensate tax amounting 251.7 Million Baht with PE-Paet Lan Joint Venture due to using its own name as a part of Joint Venture.

However, the Company will proceed to force PE-Paet Lan Joint Venture who is directly responsible in outstanding taxes and duties and person(s) taking part to cause tax burden to the Company to pay outstanding taxes and duties to the Revenue Department.

#### - Risk on managing assets with expired rental contract:

In 2016, the Used Car market had been slightly increased, the Company had managed cars which were expired of rental contract by suitably categorizing cars with expired rental contract to extend rental contract or to be rental by other clients in long term or on monthly basis as well as quarterly reviewing used cars' value through analysis of database actually holding and used car's prices to make more precise analysis with the objective to adjust the accounting value of assets suitable for market condition when the car rental contract is due. Additionally, car selling has been proceeded through other channels apart from car auction market, for example, direct sale to car users (renters), selling through website. As a result, 87 extended contracts from 170 expired contracts, or about 51% was achieved, enabling the Company's income increasing 4,893,014.34 Baht per month from such management.

Since the risk of the loan rate from many financial institutions which may tend to be increased has affected the Company's financial cost to be increased, the credit lines from many institutions were sought as credit alternatives from minimum cost sources because the interest play the significant role in financial cost for management.

### 3) Management / Operation Risk

#### - Risk of successor and human development plan

In human management and development, many organizations shall face the trouble of personnel shortage in many levels caused by resignation or retirement, the loss of core employees affects the operation lack of effectiveness and reduces work's efficiency. The Company has maintained and attracted high potential personnel, managed manpower, developed and maintained skillful or highly capable operators, leveled jobs to be in line with job evaluation, developed internal knowledge management system to create good culture and atmosphere, developed continuous learning and working, supported and promoted training courses for executives and employees to be conformed with duties and responsibilities.

In 2016, the Company had developed manager-leveled personnel who are future successors under the excellency development project in the training program of MMM (Mini Master of Management Program) in order to prepare the replacement of retired employees, the program had been developed under the cooperation with NIDA (National Institute of Development Administration) with the objective to develop the selected successors, both going-to-be-retired employees and selected successors had studied together for knowledge and skill exchange.

- **Risk on labor shortage of Public Transport:**

Since the Company's service of passenger car with driver was expanded, drivers holding driver's license type Tor.2 which is for public transport were hired. The recruitment of such employees was implemented through many channels by cooperating with government sector, industrial estates and searching from "friend invites friend" project, the achievement was satisfied because there were many interested people and more employees were recruited from such project.

**4) Social Risk:**

In rental car business, the Company highly prioritizes the safety on the road, personnel who serves the driving are continuously and regularly provided the training of safe drive as well as their driving behavior is controlled and monitored through technology and the safety for road users is well managed such as applying GPS system, limiting driving speed of School Bus and Non-Passenger transport, campaigning the driving with the Company's clients by cooperating with government and private sectors such as Traffic Center (Thai Traffic Police), Don't Drive Drunk Foundation. Above and beyond, the Company's drivers will be always tested of alcohol level and blood pressure in order to ensure that the Company's service provides the utmost safety and reflects its social responsibilities.

**5) Environmental Risk:**

Under the Company's rental car service business operation, in order to ensure that the serving car is managed well without effect to environment, the Service Center's quality has been selected, controlled and assessed, all Company's cars will be maintained by standardized Service Centers certified by automobile manufacturers of every brands, the waste management system is also included such as engine oil, lubricating oils, resulting good combustion engine and none of black smoke.

**6) Regulatory Risk:**

Risk from the violation or failure to follow laws, regulations, standards or existing laws/regulations not suitable or retarding the working operation, since the Company's business is operated to serve many entities of government and private sectors, regulations related to its operation in contacting government agencies such as Department of Land Transport, Department of Revenue, etc., are emphasized and strictly followed, besides, laws relating good corporate governance is complied with transparency and verifiability, the "Anti-Corruption" policy is established as the practical way which executives and employees in every level will abide by.

In 2016, employees had been trained under the program related to corruption risk such as "Anti-Corruption in Practice" course, the procurement process of car purchase with the company's vendors had been added to be more cautious in order to prevent the risk of corruption which may be happened by the working operation.

**Non-Life Insurance Service Business**

**(1) Strategic Risk:**

- **Maintaining existing customer base**

In 2016, the growth of insurance market which has been reduced year by year was only 1.3% due to higher competition, causing the reduction of renewal insurance premium about 10-20% when comparing to premium of previous year. However, the Company could maintain the income of clients' renewal for more than 80%, it managed such risk by proposing new services to existing clients for keeping income per existing client. In 2017, the target of renewal income has been set at 80% of income amount in previous year.

- **Business expansion with new clients**

The severe competition of insurance business in previous year caused the Company having risk in increasing number of corporate clients. However, the Company's business had been planned to expand to the trading partners of companies in the group for more than many hundred companies by proposing products and services different from competitors. additional licenses are planned to apply, expecting to be completed within the 2<sup>nd</sup> quarter of 2017 to increase the effectiveness of competition and decrease risk of business expansion.

**(2) Management / Operation Risk:**

- **Risk on successor and human development plan**

In 2016, there were 2 people retired, one was employee and another was executive, an executive advisor was hired to replace a retired executive and the employment contract of a marketing manager was renewed. However, the Company's working structure was reorganized to promote the potential work to be a successor and 3 people in executive and operational levels will be hired to reduce risk of personnel shortage in the future within the 1<sup>st</sup> quarter of 2017. The personnel plan for next 3 years has been made, consisting of both recruiting additional personnel and training potential personnel.

- **Risk of co-working with brokers**

Since presently, the Company jointly works with brokers to expand insurance works, each broker has worked with the Company for more than 10 years but such work is not obliged by the contract. Then, within the 1<sup>st</sup> quarter of 2017, the contract with such brokers will be drafted for transparency and minimizing risk which brokers may cause damages.

## Name of Listed Company

### GENERAL INFORMATION

Premier Enterprise Public Company Limited	:	Company Registration Number 0107536001150
Type of Business	:	Holding company investing in the financial services business
Head Office	:	One Premier Corporate Park, Soi Premier2 Srinakarin Road, Nongbon Sub-district, Prawet District, Bangkok 10250
Telephone	:	0-2301-1550
Facsimile	:	0-2398-1188
Homepage	:	<a href="http://www.pe.premier.co.th">www.pe.premier.co.th</a>
Registered Capital	:	406,076,354.50 Baht
Number of Issued Shares	:	800,000,000.00 Shares

### Company Secretary

Telephone	:	0-2301-1569
Facsimile	:	0-2748-2063
e-mail	:	<a href="mailto:teerapol@pfc.premier.co.th">teerapol@pfc.premier.co.th</a>

### Investor Relation

Telephone	:	0-2301-1550
Facsimile	:	0-2398-1188
e-mail	:	<a href="mailto:ircontact@premier-pe.co.th">ircontact@premier-pe.co.th</a>

### OVER 10% OF SHARES HELD BY THE COMPANY

(1) Premier Inter Leasing Company Limited:		Company Registration Number 0105529047547
Head Office	:	One Premier Corporate Park, Soi Premier2 Srinakarin Road, Nongbon Sub-district, Prawet District, Bangkok 10250
Telephone	:	0-2301-1900
Facsimile	:	02-301-1927
Type of Business	:	Long-term corporate vehicle leasing (Operating Lease)
Registered Capital	:	320,000,000 Baht
Number of Issued Shares	:	64,000,000 Shares
Shares held by the Company -	:	63,999,998 Shares
(2) Premier Brokerage: Company Limited		Company Registration Number 0845527000059
Head Office	:	One Premier Corporate Park, Soi Premier2 Srinakarin Road, Nongbon Sub-district, Prawet District, Bangkok 10250
Telephone	:	0-2301-1274-1281
Facsimile	:	02-399-1055
Type of Business	:	Broker in insurance business
Registered Capital	:	7,000,000 Baht
Number of Issued Shares	:	70,000 Shares
Shares held by the Company -	:	69,994 Shares

(3) Premier LMS Company Limited	:	Company Registration Number 0105541011662
Head Office	:	One Premier Corporate Park, Soi Premier2 Srinakarin Road, Nongbon Sub-district, Prawet District, Bangkok 10250
Telephone	:	0-2301-1000
Facsimile	:	02-301-2098
Type of Business	:	Asset management service
Registered Capital	:	60,000,000 Baht
Number of Issued Shares	:	600,000 Shares
Shares held by the Company -	:	599,994 Shares

#### OTHER REFERENCES

##### 1) **Securities Registrar**

Thailand Securities Depository Company Limited  
The Stock Exchange of Thailand Building  
No. 93 Rachadapisek Road, Din Daeng Sub-district,  
Din Daeng District, Bangkok, 10400  
Telephone: 0-2009-9378-89 Facsimile: 0-2009-9476 Call Center: 0-2009-9999  
Website : <http://www.set.or.th/tsd>  
Email : TSDCallCenter@set.or.th

##### (2) **Debenture Holders' Representations**

- None –

##### (3) **Auditors**

Miss. Siraporn Ouaanunkun with CPA No 3844, or  
Mr. Narong Puntawong with CPA No.3315 , or  
Miss. Supanee Triyanantakul with CPA No. 4498

##### **EY Office Limited**

33<sup>rd</sup> Floor, Lake Rajada Office Complex  
193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 ey.com  
Telephone: 0-2264-0777 , 0-2661-9190  
Facsimile: 0-2264-0789-90 , 0-2661-9192

##### (4) **Financial Advisors**

- None -

##### (5) **Legal Advisors**

- None –

##### (6) **Consultant or Manager under Management Contact**

Business Management and Consulting Contract  
Premier Fission Capital Co., Ltd.  
No. 1 Premier Corporate Park, Soi Premier 2,  
Srinakarin Road, Nongbon Sub-district,  
Prawet District, Bangkok 10250  
Telephone : 0-2301-1000  
Facsimile : 0-2398-1188

## SHAREHOLDING STRUCTURE AND MANAGEMENT

### Shareholders

#### Top 10 Shareholders

(A) Details of the top 10 shareholders whose names are shown in the shareholders register as of 31 December 2016 are as follows:

Name	No. of Shares	Shareholding %
Mr.Taweechat Churangkul	196,000,000	24.50
Premier Marketing PCL.	160,591,707	20.07
Premier Fission Capital Co., Ltd.	45,839,574	5.73
Premier Planner Co., Ltd.	41,410,616	5.18
Premier Global Corporation Co., Ltd.	39,494,461	4.94
COMMERZBANK AG, SINGAPORE BRANCH	22,974,780	2.87
Mrs.Vimolthip Phongsathorn / Mr. Vichien Phongsathorn	14,116,235	1.76
Liquidation 3 Co., Ltd	14,056,022	1.76
Bangkok Bank PLC.	11,964,495	1.50
Mrs.Pusit Jittilaongwong	11,150,000	1.39
<b>Total</b>	<b>557,597,890</b>	<b>69.70</b>

Remarks: \* The shares held by Premier Planner Co., Ltd. are held on behalf and for the benefit of the Group

8 creditors (creditors of secured debts) according to the Company's rehabilitation plan.

(B) The number of shares owned by minor shareholders (free float) is equivalent to 36.79 per cent.

(C) Major shareholder groups with related persons participating in the management of the Company are as follows:

Name	Type of Business	Related Person
1. Premier Marketing Public Company Limited	Distributor and distribution agent of consumer goods and food products	Mr. Vichien Phongsathorn, Mrs. Duangthip Eamrunroj, Mrs. Nangnoi Bunyasaranand
2. Mrs. Vimolthip Phongsathorn		Spouse of Mr. Vichien Phongsathorn who is a director of the Company

2) The shareholding structure of the subsidiaries that operate the core business, Premier Enterprise Public Company Limited, as of 31 December 2016 are as follows:

#### Premier Capital (2000) Co., Ltd

Name	Number of Shares	Shareholding %
1. Premier Enterprise Public Company Limited	599,998	100.00
2. Mr. Vichien Phongsathorn	1	0.00
3. Ms. Tipchaya Phongsathorn	3	0.00
<b>Total</b>	<b>600,000</b>	<b>100.00</b>

#### Premier Inter Leasing Co., Ltd.

Name	Number of Shares	Shareholding %
1. Premier Enterprise Public Company Limited	63,999,998	100.00
2. Mr. Vichien Phongsathorn	1	0.00
3. Ms. Tipchaya Phongsathorn	1	0.00
<b>Total</b>	<b>64,000,000</b>	<b>100.00</b>

## Premier Brokerage Co., Ltd

Name	Number of Shares	Shareholding %
1. Premier Enterprise Public Company Limited	69,994	99.99
2. Mr. Vichien Phongsathorn	1	0.00
3. Ms. Tipchaya Phongsathorn	5	0.01
Total	<b>70,000</b>	<b>100.00</b>

- 3) Agreement between major Shareholders  
 - None -

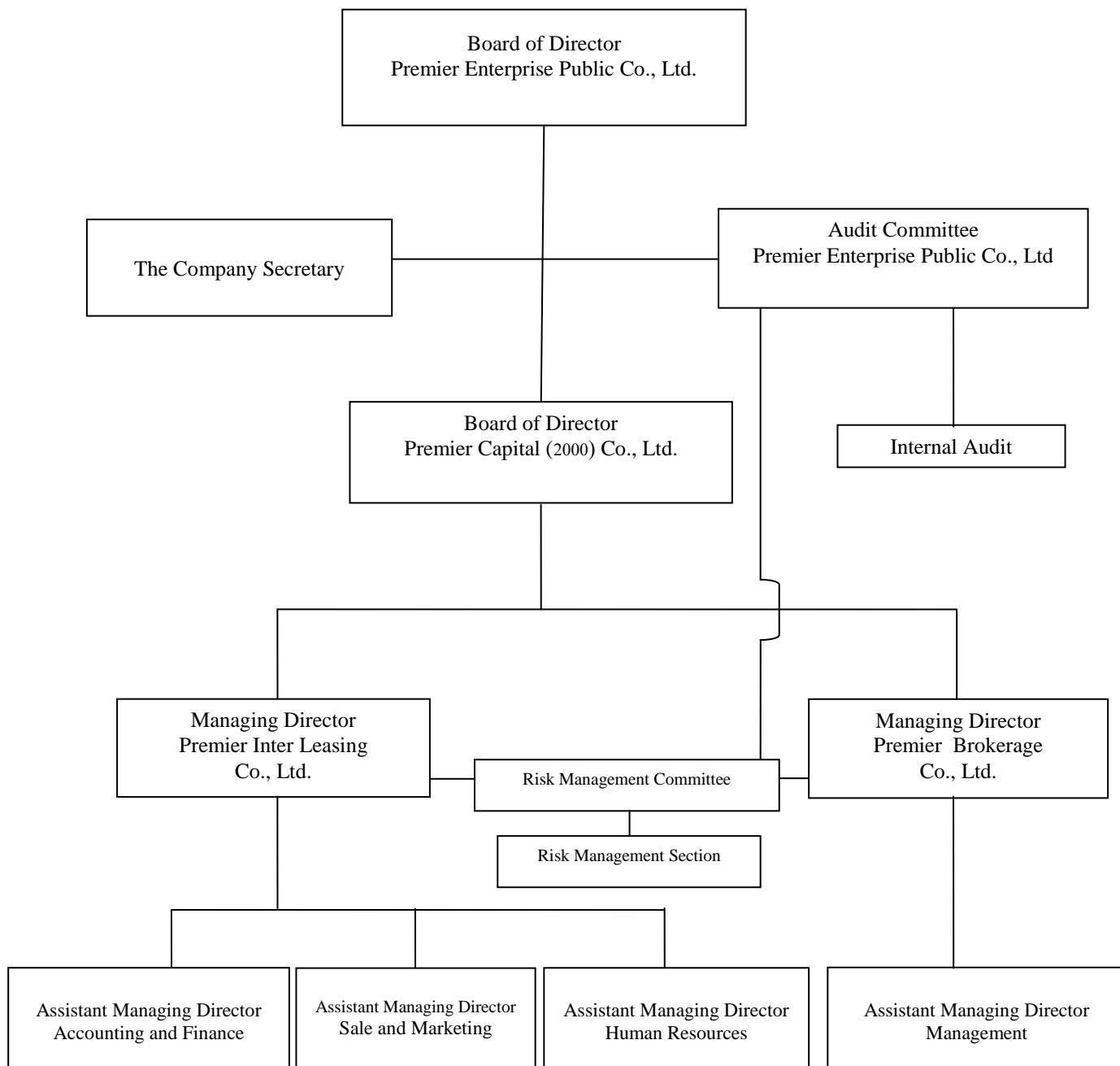
**Issuance of Other Securities**

- None -

**Dividend Payment Policy**

The Company has dividend payment policy based on its performance and cash flow. The Company's Board of Directors will propose dividend payment to shareholders' meeting for consideration on a yearly basis.

## Management Organization Structure





**As at 31 December 2016, the Board of Directors consisted of 9 directors as follows:**

Director's Name	Position	Attendance the Meeting/Total Number of Meetings (Times)				
		Board of Director	Audit Committee	Annual General Meeting	Meeting Working Risk	Extraordinary General Meeting
1. Mr. Vichien Phongsathorn	Chairman	5/5	-	1/1		1/1
2. Mrs. Duangthip Eamrunroj	Director	5/5	-	1/1		1/1
3. Mr. Kittisak Bencharit	Director	5/5	-	1/1		-
4. Mrs. Nangnoi Bunyasaranand	Director	5/5	-	1/1		1/1
5. Mr. Somchai Lertsuthirasmevong *	Director	4/5	-	1/1		1/1
6. Mrs. Walairat Pongjitt	Director	5/5	-	1/1		1/1
7. Mrs. Jitwatana Jaruwattaachai	Independent Director and Chairman of Audit Committee	5/5	4/4	1/1	1/1	1/1
8. Mrs. Suphasri Sutanadhan	Independent Director and Member of Audit Committee	5/5	4/4	1/1	1/1	1/1
9. Mr. Surapol Srangsomwong	Independent Director and Member of Audit Committee	5/5	4/4	1/1	1/1	1/1

Remark: Board of Directors Meeting Adjournment Due to the predefined mission.

Mr. Teerapol Juthapornpong, The Corporate Secretary, acts as Secretary of the Board of Directors and Secretary of the Audit Committee. The Profile of Mr. Teerapol Juthapornpong is presented in [Appendix 1](#).

#### **Authorized Directors**

Mr. Vichien Phongsathorn, Mrs. Duangthip Eamrunroj, Mr. Kittisak Bencharit, Mrs. Nangnoi Bunyasaranand, Mr. Somchai Lertsuthirasmevong and Mrs. Walairat Pongjitt, with any two of six directors signing jointly with the Company's seal affixed.

#### **Term of the Board of Directors**

At every Annual General Meeting of Shareholders, one-third of the directors must resign. If one-third is not a round number, the number closest thereto shall be the applicable number. The directors to vacate office within the first and second year following Company registration shall draw lots. In subsequent years, the directors serving the longest shall resign. The directors who vacate office are eligible for re-election by shareholders.

#### **Scope of Responsibilities of the Board of Directors**

1. Administer the corporate affairs in compliance with all relevant laws and regulations, the Company's objectives and Articles of Association, including the resolutions of the shareholders' meetings, except for issues where the approval of the shareholders' meeting is required prior to implementation, such as issues that by law requires the resolution of the shareholders' meeting, related transactions, acquisition or sale of substantial assets according to the criteria of the Stock Exchange of Thailand or as determined by other government agencies, etc.
2. Consider and approve major issues such as policies, strategies, plans and budgets, organization structure, authority of the management, corporate governance policies, vision, mission and other issues as prescribed by the Stock Exchange of Thailand or by law.
3. Supervise the management to act in accordance with the approved policies, strategies, plans and budgets.
4. Appoint a qualified person who does not possess the prohibited characteristics as specified in the Public Company Limited Act B.E. 2535 (1992), including any amendments thereof, and the securities and

exchange laws, as well as related notifications, rules and/or regulations, to replace a director who has vacated office by any reason other than retirement by rotation.

5. Approve the appointment of an Audit Committee, other sub-committees and Managing Director.
6. Install reliable accounting, financial reporting and financial audit systems, as well as oversee the establishment of efficient and effective internal control and internal audit systems.
7. Ensure that the Company has a comprehensive risk management system and process, with effective reporting and monitoring.
8. Report on the execution of the Board of Directors' responsibilities in the preparation of the financial statements, which is to be presented together with the report from the independent auditor in the annual report.
9. Responsible to the shareholders, both major and minor, about the Company's operations and ensure to manage based on policies and goals that will bring the most benefit to the shareholders within the framework of legal and ethical behavior, ensure operational transparency and the disclosure of sufficient and accurate information.
10. The following transactions can be undertaken only after approval from the shareholders' meeting has been granted. However, it is prescribed that in a transaction where a director or any other person may have a conflict of interest with the Company or its subsidiary (if any) the director is not eligible to vote on the transaction.
  - (a) Transactions that by law require the resolution of the Shareholders' Meeting.
  - (b) Transactions in which directors have an interest and are required by law or SET's requirements to be approved by the Shareholders' Meeting.
11. The Board of Directors may delegate one or more director(s) or any other person to carry out particular activities on behalf of the Board. However, this delegation excludes the authorization or sub-authorization of the director(s) or appointee(s) in the approval of transactions with potential conflict of interest with the Company or its subsidiary. Approval from the Shareholders' Meeting is required for related transactions and the acquisition or sales of substantial assets of the Company as stipulated by the requirement of the Capital Market Supervisory Board.

#### **Authorities and Responsibilities of Chairman**

Chairman has the authority and duty to manage the affairs of the Company as assigned by the Board of Directors, which includes the following matters and businesses:

- (1) Consider the policies, strategies, plans and budgets, structure of administration and scope of authorities of the Company for proposal to the Board of Directors for endorsement.
- (2) Supervise and monitor the Company's operations to be in accordance with the approved policies, strategies, plans and budgets.
- (3) Have the power to execute and approve all expenditures within the scope prescribed by the Company's authority manual.
- (4) Perform any other duties assigned by the Board of Directors and/or the Audit Committee.

#### **Management**

The Company has no employees since the Company operates an investment in a subsidiary and hired Premier Fission Capital Company Limited to work in accounting & finance and other supports. The Company has delegated authority and responsibility to the Managing Director for the implementation of policies, strategies and goals of the Company.

#### **Authorities and Responsibilities of the Managing Director**

The Managing Director has the authority and duty to carry out normal business practices of the Company as assigned by the Board of Directors, which includes the following transactions or activities:

1. Administer and/or manage the Company's daily activities.
2. Develop and propose policies, strategies, plans and budget, organization structure and management authority for approval by the Board of Directors.
3. Operate and manage the Company's businesses according to the approved policies, strategies, plans and budgets.
4. Have the power to execute and approve all expenditures within the scope prescribed by the Company's delegation of authority manual.
5. Develop the quality and effectiveness of the organization and personnel continuously.

6. Act as the Company's authorized person in effectively administering its businesses and affairs to achieve the intentions of its objectives, rules, policies, regulations, requirements, orders, resolution of the Shareholders' Meeting and/or resolution of the Board of Directors' meeting.
7. Monitor and maintain the corporate image.
8. Perform any other duty as assigned by the Board of Directors and/or Audit Committee.

However, the Managing Director's administrative power, including the delegation of such authority to other persons as deemed appropriate, excludes the administrative power or authorization that empowers the Managing Director or the appointee to approve any transaction in which he/she or related persons may have conflicts of interests with the Company or its subsidiary, or any other transaction not carrying out under normal business practice. The approval of such transactions must be proposed for consideration and approval from the Board of Directors' meeting and/or the shareholders' meeting as stipulated in the Articles of Association or by any relevant law.

The list of the executives of the subsidiaries that operates the core businesses : Premier Inter Leasing Co., Ltd and Premier Brokerage Co., Ltd. as at 31 December 2016 comprises 5 executives is as follows:

<b>Name</b>		<b>Position</b>	<b>Company</b>
Mr.Dej	Tulayadhan	Managing Director	PIL
Mr.Pairoch	Chantasilp	Assistant Managing Director Accounting and Finance	PIL
Mr.Chayawat	Putrasreni	Assistant Managing Director Sale and Marketing	PIL
Mr.Theerayuth	Bhanmeechao	Assistant Managing Director Human Resources	PIL
Mrs.Vilai	Thaeethongkam	Assistant Managing Director Management	PB

### **Company Secretary**

The Board of Directors appointed Mr. Teerapol Juthapornpong as the Company Secretary as from February 19, 2013 to be responsible for the shareholders' meetings, the Board of Directors' meetings and other Committees, as well as support the implementation of corporate governance to be in accordance with the good corporate governance standard. The Corporate Secretary must have the following qualifications and responsibilities:

### **Qualifications**

- 1) Must possess basic knowledge of the principles of laws and regulations of regulatory agencies related to the public limited companies laws and the securities and exchange laws.
- 2) Must have knowledge and understanding of the principles of good corporate governance and the good practices in corporate governance.
- 3) Must have knowledge in the various businesses of the Company and good communication skills, which are supplementary qualifications that assist the Company Secretary in efficiently carrying out his duties.

### **Roles and Responsibilities**

The main roles and responsibilities of the Company Secretary are to support the Board of Directors regarding regulatory requirements. The specific roles and responsibilities of the Company Secretary include the following duties:

- 1) Manage the meetings of the Board of Directors and related committees appointed by the Board and the shareholders' meeting in accordance with the laws, the Company's Articles of Association, the charter of each committee, and good practices.
- 2) Inform the related executives of the resolutions and policies of the Board of Directors and shareholders and monitor the implementation through the Managing Director of such resolutions and policies.
- 3) Provide advice and preliminary recommendations to the Board of Directors and the committees appointed by the Board on statutory matters, regulatory practices and desirable practices related to corporate governance.
- 4) Ensure that the Company Secretary's unit is the center for corporate data, such as the juristic person registration certificate, Memorandum of Association, Articles of Association, shareholder's register and licenses for various types of businesses.
- 5) Supervise the disclosure of information and reports under his responsibility to the regulatory agencies in accordance with the law, regulation and policy on the disclosure of information and news of the Company.

- 6) Contact and communicate with the general shareholders to inform them of their various rights.
- 7) Provide news and information to the directors on issues related to the business operations of the Company to support them in the execution of their duties.
- 8) Arrange for advice to be provided to the newly appointed directors.

### Remuneration of Directors and Executives

The Company has a policy to remunerate the directors and executives at a level that is appropriate with consideration of the Company's performance and by comparison with companies within the same industry, as well as the appropriateness to the duties and responsibilities of each director and executive. The remuneration for the directors is in the form of annual bonus and meeting allowance while the remuneration of the executives is in the form of salary, bonus and provident fund contribution.

#### (1) Monetary Remuneration

##### (a) Remuneration of Director

##### 1) Premier Enterprise Public Co., Ltd.

The Annual General Meeting of Shareholders for 2016 held on 20 April 2016 approved the remuneration of directors as follows:

Remuneration		2016
<b><u>Meeting Allowance of Board of Directors</u></b>		
- Chairman	(Baht/time)	19,500
- Director	(Baht/person/time)	15,000
<b><u>Meeting Allowance of Audit Committee</u></b>		
- Chairman of Audit Committee	(Baht/time)	19,500
- Audit Committee	(Baht/person/time)	15,000
<b><u>Annual Remuneration</u></b>		
- Chairman	(Baht/year)	250,000
- Chairman of Audit Committee	(Baht/year)	250,000
- Audit Committee	(Baht/person/year)	220,000
- Other Director	(Baht/person/year)	220,000
<b><u>Other</u></b>		-None-

In 2016, the Company paid the remuneration to the Board in form of meeting allowance and annual remuneration due to the amount of attendance the meeting and paid the remuneration to the Audit Committee in form of meeting allowance due to the amount of attendance the meeting as follows.

NAME	Meeting Allowance (baht)		Directors' Pension (baht)	Total Remuneration (baht)
	Director	Audit Committee		
1. Mr. Vichien Phongsathorn Chairman *	-	-	-	-
2. Mrs. Duanthip Eamrungsroj Director *	-	-	-	-
3. Mr. Kittisak Bancharit Director	75,000.00	-	220,000.00	295,000.00
4. Mrs. Nangnoi Bunyasaranand Director	75,000.00	-	220,000.00	295,000.00
5. Mr. Somchai Lertsuthirasmevong Director *	-	-	-	-

6. Mrs. Walairst Pongjitt * Director	-	-	-	-
7. Mrs. Jitwatana Jaruwattaachai Independent Director & Chairman of the Audit Committee	75,000.00	97,500.00	250,000.00	422,500.00
8. Mrs. Suphasri Sutanadhan Independent Director & Member of the Audit Committee	75,000.00	75,000.00	220,000.00	370,000.00
9. Mr. Surapol Srangsomwong Independent Director & Member of the Audit Committee	75,000.00	75,000.00	220,000.00	370,000.00
	<b>375,000.00</b>	<b>247,500.00</b>	<b>1,130,000.00</b>	<b>1,752,500.00</b>

Remark : \* Director do not receive any Directors' remuneration.

2) Subsidiaries : Premier Capital (2000) Company Limited, Premier Inter Leasing Company Limited, Premier Brokerage Company Limited and Premier LMS Company Limited

-None-

(b) Executives

1) Premier Enterprise Public Company Limited

-None-

2) Subsidiaries : Premier Capital (2000) Company Limited, Premier Inter Leasing Company Limited and Premier Brokerage Company Limited

In 2016, the Company paid remuneration in the form of salary and rewards (excluding cash incentives and return on sales which were the cost of sales) to 5 executives ,totaling 11.23 Million Baht

## (2) Other Remuneration (If Any)

1) Premier Enterprise Public Company Limited

-None-

2) Subsidiaries : Premier Capital (2000) Company Limited, Premier Inter Leasing Company Limited and Premier Brokerage Company Limited

The Subsidiaries have established a provident fund for its executives and employees with the contribution of the Subsidiaries being at the percentage of the salary based on the Subsidiaries. In 2016, the Subsidiaries made contributions to the provident for a total of 5 executives, totaling 0.77 Million Baht.

## (3) Employment of Management and Business Consultant

The Company and its subsidiaries have engaged Premier Fission Capital Co., Ltd. (PFC), a major shareholder of the Company, to provide management and administrative support services to the Company and its subsidiaries under a management and consultancy agreement. The scope of services provided by PFC includes management and policy planning, accounting and finance support, business development and investment, system and data, human resources development and public relations.

The purpose of outsourcing the management and administrative support functions is to centralize these functions within the Premier Group of companies. The expenses are shared by group companies according to the amount of services required by each company, which helps to reduce operating costs, as the companies do not have to recruit additional personnel for the provision of fully comprehensive support services.

The Company and its subsidiaries paid management fees to PFC on a monthly basis. PE paid 196,500 Baht per month, PIL paid 432,200 Baht per month, PC2000 paid 90,000 Baht per month and PB paid 117,900 Baht per month. PFC calculated the fees based on the distribution of costs and expenses of the group companies by taking many factors into consideration, namely, the revenue, asset and number of employees of each company.

Under the terms of the agreement, the Company shall be entitled to terminate the agreement before expiration if PFC fails to perform according to the objectives of the agreement. In such case, PFC shall have no right to demand service fee payable under the remaining term of the agreement or claim for any damage. On expiration of the initial term, the agreement shall be automatically renewed for additional periods of 1 year until it

is terminated. The agreement may be terminated by a written notice from either party not less than 90 days prior to the expiration of the current term of the agreement.

However, the agreement with PFC is considered a related transaction that may have conflict of interest. The Company must strictly adhere to its policy, measure and procedure for related transactions. In addition, if PFC proposes to amend the terms of the agreement or the basis for calculating the fees payable by the Company and its subsidiaries, the Company shall always present the proposed amendments to the Audit Committee for consideration and approval prior to entering into a new agreement.

## Personnel

The Company determined employee remuneration policies that are consistent with its operating results. The subsidiaries have a total of 317 employees. In 2016, the Company paid total remuneration of 124.62 million Baht to its employees, which included salary, overtime pay, cost of living allowance, rewards, financial support, social security contribution, provident fund contribution, and welfare etc.

Number of Employees and Remuneration in 2016	PE	PIL (Subsidiary)	PB (Subsidiary)	PC(2000) (Subsidiary)	PLMS (Subsidiary)	Total
Executives - Male (persons) - Female (persons)	-	7 5	- 1	-	-	7 6
Operation and support staff - Male (persons) - Female (persons)	-	212 82	4 6	-	-	216 88
<b>Total (persons)</b>	-	306	11	-	-	317
<b>Employee Remuneration (Million Baht)</b>	-	114.45	10.17	-	-	124.62

## Human Resource Development Policy

The Company has a policy for the continuous support and development of its employees at all levels and has prepared a guideline for human resource development in accordance with the plans and direction of growth of the business. Each job position and each duty of each individual person will be analyzed for competency that is necessary for the successful completion of tasks in order to assist in the setting of a development plan that is in line with the obligations of the duty, as well as to develop/prepare the readiness of the employees through preparation of a career path plan/succession plan. This is so that it corresponds with the Company's vision and values that emphasize the holistic approach by focusing on creating a balance between its business, its employees and society in line with the philosophy

"The Premier Business, The Premier People, The Premier Society" and the 5 core values of the Premier Group that the Company uses as a guideline in conducting its business, namely:

1. Produce products and services of quality.
2. Present innovative ideas and improve quality of life, society and the environment.
3. Conduct business in a style that fosters mutual benefit for the employees, the organization and society.
4. Integrate knowledge and abilities for collaboration in planning and building.
5. Adhere to the principles of integrity and ethics in the good Thai traditional way.

In order to prepare the readiness of human resources in response to the main policies of the Company, it is focused on the development of personnel at all levels in three main ways as follows:

### 1) Core Competency

The employees have been developed and moulded in their behaviours, beliefs and attitudes in a direction that is responsive/supportive in jointly achieving the corporate values of the Company that emphasize the holistic approach by focusing on creating a balance between its business, its employees and society in line with the philosophy “The Premier Business, The Premier People, The Premier Society” and the core values of the organization.

### 2) Managerial Competency

Skills and talent in management are a necessity and are important tools for employees at the supervisory and command levels, as well as the management level. The Company gives importance to this and has set guidelines for development that is in accordance with the present situation and that which will occur in the future. This is in order to provide the management with good enough tools in leading the organization and working team to achieve the Company’s philosophy, vision and core values.

### 3) Functional Competency

Each employee in each function will receive knowledge, skills and ability development that is consistent with the work responsibility. This is to allow them to perform their duties with maximum efficiency and to their fullest capacity in order to achieve effectiveness in working and with the same standards.

This year, the Company has started to prepare paths for career progression (career paths) in order to retain talented and good employees so that they remain with the organization and, additionally, allows the employees to progress along their own career paths. This is also to develop the knowledge and capabilities of employees at all levels to work to achieve the established goals in order to be competitive in the business.

Personnel development focused on the core values of the business in ways of Benefit-sharing among employee, business and society. Personnel management is as follows:

- **Personnel Competency Development** Schedule development and promotion of quality in knowledge, ability, service and safety for the employees regularly so that personnel with good qualifications and abilities in each aspect may have an opportunity to advance in their profession. In addition, emphasize on the systematic development of the 3 aspects (skill, attitude and technique) according to the human resource development plan (training roadmap), which covers and is consistent with the core competency of the organization. This is to provide the employees with specific knowledge and expertise in performing their work (technical skills) in order to be accepted and to build the confidence of the customers.

- **Adherence to the Principles of Integrity and Ethics** Promote and participate in supporting activities in the good traditional Thai way and activities that are beneficial to society and the environment, as well as abide by the anti-corruption policy.

In 2016, the Company and its Subsidiaries allocated a budget for human resource development (Soft Skills) of 689,897.95 Baht, approximately 0.65 percent of the total salary paid. The detail of training courses were, Details of training employees in the report. "Sustainability Annual Report.



## BOARD OF DIRECTORS

### Mr. Vichien Phongsathorn



Age 60 YEARS

Chairman

Authorized Director

Date of Appointment : 8 October 1993

#### Education

- Master's Degree of Business Administration, Rensselaer Polytechnic Institute, Troy, New York, U.S.A.
- Bachelor's Degree of Nuclear Engineering, Rensselaer Polytechnic Institute, Troy, New York, U.S.A.

**Training from Thai Institute of Directors (IOD) :** None

Percentage of Shareholding (%) : 2.23

Relationship with Company's Executive(s) : None

#### Experiences over the Past 5 Years

##### Other Listed Companies

- 1992 – Present Chairman, Premier Technology Public Company Limited
- 2007 – Present Chairman, Premier Marketing Public Company Limited

##### Other Non-Listed Companies

- 1988 – Present Chairman, Premier Brokerage Company Limited
- 1990 – Present Chairman, Premier Inter Leasing Company Limited
- 1993 – Present Chairman, Yuvabadhana Foundation
- 1998 – Present Chairman, Premier LMS Company Limited
- 2000 – Present Chairman, Premier Capital (2000) Company Limited
- 2004 – Present Director, Premier Fission Capital Company Limited
- 2011 – Present Vice Chairman, Enlive Foundation
- 2011 – Present Chairman, Khonthai Foundation
- 2014 – Present Director, Anti-Corruption Organization of Thailand
- Present Director, Companies in Premier Group of Companies
- Present President, Premier Group of Companies





**Mrs. Duangthip Eamrungrroj**

Age 61 YEARS

Authorized Director

Date of Appointment : 30 April 2001

**Education**

- Executive Master Degree in Consulting and Coaching for Change (CCC) INSEAD, France
- Master's Degree of Business Administration, Thammasat University
- Bachelor's Degree of Nuclear Engineering, Chulalongkorn University
- Diploma in Clinical Organizational Psychology, INSEAD, France

**Training from Thai Institute of Directors (IOD):**

- Director Accreditation Program (DAP) Course, Batch 22/2004
- Family Business Governance for Sustainability FBG 5/2016

Percentage of Shareholding (%) : 0.01

Relationship with Company's Executive(s) : None

**Experiences over the Past 5 Years**

**Other Listed Companies**

- 1992 – Present Director, Premier Technology Public Company Limited
- 2007 – Present Director, Premier Marketing Public Company Limited
- 2012 – Present Director, Premier Products Public Company Limited

**Other Non-Listed Companies**

- 1993 - Present Director, Treasurer Yuvabadhana Foundation
- 1998 – Present Director, Premier LMS Company Limited
- 1999 – Present Director, Premier Inter Leasing Company Limited
- 1999 – Present Director, Premier Brokerage Company Limited
- 2000 – Present Director, Premier Capital (2000) Company Limited
- 2004 – Present Director, Premier Fission Capital Company Limited
- 2010 – Present Director, Kor. Khon Co., Ltd.
- 2011 – Present Vice Chairman, Treasurer Khonthai Foundation
- 2011 – Present Director, Treasurer Enlive Foundation
- Present Director, Companies in Premier Group of Companies
- Present Group Corporate Director, Corporate Affairs, Premier Group of Companies



**Mr. Kittisak Bencharit**

Age 67 YEARS

Authorized Director

Date of Appointment: 26 April 2012

**Education**

- Bachelor's Degree of Economics and Business Administration, University of Wisconsin, U.S.A.

**Training from Thai Institute of Directors (IOD)**

- Director Accreditation Program (DAP) Course, Batch 70/2006
- Audit Committee Program (ACP) Course, Batch 32/2010
- Corporate Governance for Capital Market Intermediaries Exclusive Class (CGI) 2014
- Advanced Audit Committee Program (AACP) 19/2015

Percentage of Shareholding (%) : None

Relationship with Company's Executive(s) : None

**Experiences over the Past 5 Years**

**Other Listed Companies**

- 2009 – 2013 Independent Director and Audit Committee, ACL Securities Public Co., Ltd.
- 2009 – Present Independent Director and Audit Committee, Finansia Syrus Public Co., Ltd.
- 2013 – Present Independent Director and Audit Committee, Thonburi Medial Centre Public Co., Ltd.
- 2013 – Present Independent Director and Chairman Audit Committee, Exotic Food Public Co., Ltd.

**Other Non-Listed Companies**

- 1999 – Present Director, Premier Inter Leasing Company Limited
- 1999 – Present Director, Premier LMS Company Limited
- 2000 – Present Director, Premier Capital (2000) Company Limited
- 2000 – Present Managing Director, Premier Brokerage Company Limited
- 2009 – Present Advisor to President & Group CEO, Director, Premier Fission Capital Company Limited
- 2009 – Present Advisor to President & Group CEO, Premier Group of Companies



**Mrs. Nangnoi Bunyasaranand**

Age 71 YEARS

Authorized Director

Date of Appointment: 26 April 2012

**Education**

- Bachelor's Degree of Accounting, Chulalongkorn University
- Certificate - Dynamic Management, Syracuse University, New York, U.S.A.
- Senior Executive Program (SEP), SASIN

**Training from Thai Institute of Directors (IOD)**

- Director Accreditation Program (DAP) Course, Batch 67/2007
- Anti-Corruption for Executive Program (ACEP) Course, Batch 9/2014

Percentage of Shareholding (%) : None

Relationship with Company's Executive(s) : None

**Experiences over the Past 5 Years**

**Other Listed Companies**

- 2008 – Present Director, Premier Marketing Public Company Limited

**Other Non-Listed Companies**

- 2008 – 2010 Director and Advisor of Financial Services Business, Premier Group of Companies
- 2011 – 2012 Advisor to President & Group CEO, Premier Group of Companies



**Mr. Somchai Lertsuthirasmevong**

Age 60 YEARS

Managing Director and Authorized Director

Date of Appointment : 26 April 2012

**Education**

- Master's Degree of Business Administration, Tarleton State University, USA
- Bachelor's Degree of Economics, Chulalongkorn University

**Training from Thai Institute of Directors (IOD):**

- Directors Certification Program (DCP) Course, Batch 102/2012
- Anti-Corruption for Executive Program (ACEP) Course, Batch 9/2014

Percentage of Shareholding (%) : None

Relationship with Company's Executive(s) : None

**Experiences over the Past 5 Years**

**Other Listed Companies** : None

**Other Non-Listed Companies**

- |                  |                               |                                 |
|------------------|-------------------------------|---------------------------------|
| • 1998 - 2010    | Assistant Managing Director,  | Premier LMS Co., Ltd            |
| • 2010 - 2015    | Managing Director,            | Premier Inter Leasing Co., Ltd. |
| • 2015 - Present | Advisor to Managing Director, | Premier Inter Leasing Co., Ltd. |



**Mrs. Walairat Pongjitt**

Age 53 Years

Authorized Director

Date of Appointment : 23 April 2014

**Education**

- Master of Public Administration, National Institute of Development Administration (NIDA)
- Bachelor of Laws, Chulalongkorn University
- Bachelor of Business Administration (Banking and Finance), Ramkhamhaeng University

**Training from Thai Institute of Directors (IOD)**

- Training on Director Accreditation Program (DAP) Course, Class 106/2013
- Successful Formulation & Execution of Strategy (SFE) Course, Class 21/2014
- Director Certification Program (DCP) Course, Class 198/2014
- Anti-Corruption : The Practical Guide (ACPG) Course, Class 15/2014
- Anti-Corruption for Executive Program (ACEP) Course, Class 13/2014
- Strategic CFO in Capital Market Course, Class 2/2016

**Percentage of Shareholding**

: None

**Relationship with Company's Executive (s)**

: None

**Experiences over the Past 5 Years**

**Other Listed Companies**

- |                  |           |   |
|------------------|-----------|---|
| • 2012 – Present | Director, | Premier Products Public Company Limited   |
| • 2014 – Present | Director  | Premier Enterprise Public Company Limited |

**Other Non-Listed Companies**

- |                  |   |  |
|------------------|---|--|
| • 2009 – Present | Director,                                       | Premier Capital (2000) Company Limited   |
| • 2009 – Present | Director,                                       | Premier Inter Leasing Company Limited    |
| • 2009 – Present | Director,                                       | Premier Brokerage Company Limited        |
| • 2009 – Present | Director,                                       | Premier LMS Company Limited              |
| • 2009 – Present | Director,                                       | Premier Fission Capital Company Limited  |
| • 2009 – Present | Director,                                       | PM Food Company Limited                  |
| • 2009 – Present | Director,                                       | Premier Canning Industry Company Limited |
| • 2009 – Present | Director,                                       | Raya Heritage Company Limited            |
| • 2009 – Present | Director,                                       | Datapro Computer Systems Company Limited |
| • 2012 – Present | Director,                                       | Infinite Green Company Limited           |
| • 2014 – Present | Director,                                       | Green Net SE Company Limited             |
| • Present        | Senior Corporate Director, Corporate Affairs 3, | Premier Group of Companies               |



**Mrs. Jitwatana Jaruwattaachai**

Age 65 YEARS

Independent Director and Chairman of  
the Audit Committee

Date of Appointment : 11 May 2015

**Education**

- Master degree of Arts economic Law Faculty Chulalongkorn University
- Bachelor degree of Economics Chulalongkorn University

**Training from Thai Institute of Director (IOD)**

- Director Accreditation Program (DAP), Class 99/ 2012
- The UK Experience on Implementing the Enhanced Auditor Reporting Class 1/2559

Percentage of Shareholding (%) : None

Relationship with Company's Executive(s) : None

**Experiences over the Past 5 Years**

**Other Non-Listed Companies**

- Present Independent Director and Chairman of the Audit Committee,  
Loxley Wireless Public Company Limited
- 2012 - Present Independent Director and Audit Committee  
Peerapat Technology public Company Limited
- 2011 - Present Chair of Executive Board, Suvijhit Company Limited
- Present Director of Finance Chief Financial Officer (CFO)  
Consigo Enterprise Public Company Limited



**Mrs. Suphasri Sutanadhan**

Age 60 YEARS

Independent Director and Audit Committee

Date of Appointment : 11 May 2015

**Education**

- Mini M.B.A. Thammasat University
- Bachelor's degree of Administration Assumption University
- Certified Internal Audit of Institute of Internal Auditors (CIA No. 30833)

**Training from Thai Institute of Directors (IOD)**

- Director Company Secretary Program (CSP), Class 6/2004
- Director Effective Minute Taking (EMT), Class 1/2006
- Director Accreditation Program (DAP) Class 132/2559

**Percentage of Shareholding (%)** : None

**Relationship with Company's Executive(s)** : None

**Experiences over the Past 5 Years**

**Other Non-Listed Companies**

- 2004 - Present      Director of Finance and Accounting, Crown Seal Public Company Limited



**Mr. Surapol Srangsomwong**

Age 59 years

Independent Director and Chairman of  
the Audit Committee

Date of Appointment : 11 May 2015

**Education**

- Bachelor of Laws degree. Chulalongkorn University, Thai Barrister at law

**Training from Thai Institute of Director (IOD)**

- Director Accreditation Program (DAP) Class 132/2559

Percentage of Shareholding (%) : None

Relationship with Company's Executive(s) : None

**Experiences over the Past 5 Years**

**Other Non-Listed Companies**

- 2013 Managing Director, Herbert Smith Freehill (Thailand) Limited
- 2006 - 2013 Director, Herbert Smith Freehill (Thailand) Limited
- Present Consultant, Herbert Smith Freehill (Thailand) Limited
- Present Director, Gold Master Public Company Limited
- Present Arbitration Committee of the Thai Commercial Arbitration,  
Board of Trade of Thailand
- Present Committee of Lawyer Training Institute, Lawyers Council of Thailand



## LIST OF COMPANIES IN THE PREMIER GROUP OF COMPANIES

<b>PFC</b>	Premier Fission Capital Co., Ltd.	<b>PMC</b>	Premier Motors Co., Ltd.
<b>PE</b>	Premier Enterprise Public Co., Ltd.	<b>PRH</b>	Premier Resorts and Hotels Co., Ltd.
<b>PC2000</b>	Premier Capital (2000) Co., Ltd.	<b>RYH</b>	Raya Heritage Co., Ltd.
<b>PIL</b>	Premier Inter Leasing Co., Ltd.	<b>MS</b>	Moo Ban Seri Co., Ltd.
<b>PB</b>	Premier Brokerage Co., Ltd.	<b>SP</b>	Seri Premier Co., Ltd.
<b>PT</b>	Premier Technology Public Co., Ltd.	<b>PAC</b>	Premier Assets Co., Ltd.
<b>DCS</b>	Datapro Computer Systems Co., Ltd.	<b>PMB</b>	Premier Metrobus Co., Ltd.
<b>DCS Myanmar</b>	Datapro Computer Systems (Myanmar) Co., Ltd.	<b>PMN</b>	Premier Manufacturing Co., Ltd.
<b>PM</b>	Premier Marketing Public Co., Ltd.	<b>P-PET</b>	Premier Pet Products Co., Ltd.
<b>PMF</b>	P.M. Food Co., Ltd.	<b>SHR</b>	Sea Harrier Co., Ltd.
<b>PCI</b>	Premier Canning Industry Co., Ltd.	<b>PCE</b>	Premier CE Co., Ltd.
<b>PFP</b>	Premier Frozen Products Co., Ltd.	<b>IME</b>	Imperial Eagle Co., Ltd.
<b>PMSE</b>	PM SE Co., Ltd.	<b>SPH</b>	Seri Properties Holding Co., Ltd.
<b>GNSE</b>	Green Net SE Co., Ltd.	<b>PPlanner</b>	Premier Planner Co., Ltd.
<b>PPP</b>	Premier Products Public Co., Ltd.	<b>LPCE</b>	LPCE Co., Ltd.
<b>IGC</b>	Infinite Green Co., Ltd.	<b>SNE</b>	Senanee Co., Ltd.
<b>PPG</b>	PP Green Energy Co., Ltd.	<b>LQ5</b>	Liquidation 5 Co., Ltd.
<b>PHA</b>	Premier Home Appliance Co., Ltd.	<b>RKT</b>	Khon Thai Shop Ltd.



**Mr. Teerapol Juthapornpong**

Age 52 years

**Company Secretary**

Date of Appointment : 19 February 2013

**Education:**

- Bachelor Degree of Laws, Ramkhamhaeng University
- Barrister at Law, Institute of Legal Education of Thai Bar Association
- Graduate Diploma in Business Law, Thammasat University
- Master of Business Administration, Thammasat University

**Training from Thai Institute of Directors (IOD) :**

- Training on Company Secretary Program (CSP) Course, Batch 6/2014
- Driving Company Success with IT Governance (ITG) Batch 2/2559

**Percentage of Shareholding (%)** : None

**Relationship with Company's Executive (s)** : None

**Experiences over the Past 5 Years** :

- 1985 – 1992                      Legal Advisor, DKSH (Thailand) Limited
- 1992 – 2001                      Lawyer, PBS Law Limited
- 2001 – 2002                      Partner, Natee International Law Office Limited
- 2002 – Present                      Corporate Director, Legal and Company Secretary,  
Premier Group of Companies



**Mr. Akapun Nuanmuang**

Age 53 years

**Corporate Director, Internal Audit Office**

Date of Appointment : 30 August 2009

**Education Qualification:**

- Master Degree in General Management, Burapa University
- Mini MBA Degree in General Management, Chulalongkorn University
- Higher Diploma in Auditing (Accounting Examination) Chulalongkorn University
- Bachelor Degree in Business Administration, Programme (Accounting) Ramkhamhaeng University

**Education and Training:**

- Business Continuity Managing Disruption Related Risk in Compliance with ISO 31000
- Application of Risk Management International Standard ISO 31000:2009 and Risk Assessment Techniques IEC 31010:2009
- Integrated Risk Management ISO31000-2009 / COSO-ERM
- Anti-Corruption : The Practical Guide Course (ACPG), Batch 2/2013

**Experiences over the Past 5 Years :**

- 1995 - 2012                      Department Manager, Internal Audit Office,  
Premier Capital (2000) Company Limited  
Premier Enterprise Public Company Limited  
Premier LMS Company Limited  
Premier Global Capital Company Limited
- 2012 – Present                Corporate Director, Internal Audit Office,  
Premier Group of Companies

The Holding of the Board of Director and Management

As at 31 December 2016

Name	31-Dec-2015	%	31-Dec-2016	%	Increase	Decrease
	Number of share owned		Number of share owned			
Mr. Vichien Phongsathorn		0.00%	700,000	0.09%	700,000	-
Mrs. Vimolthip Phongsathorn (Spouse)	13,416,235	1.68%	13,416,235	1.68%	-	-
Mrs. Vimolthip Phongsathorn (Spouse) partnership with Khunying Malathip Osathanugrah	3,732,427	0.47%	3,732,427	0.47%	-	-
<b>Total</b>	17,148,662	2.14%	17,848,662	2.23%	700,000	-
Mrs. Duangthip Eamrunroj	55,440	0.01%	55,440	0.01%	-	-
Mr. Prasert Eamrunroj (Spouse)	-	0.00%	-	0.00%	-	-
Mr. Kittisak Bencharit	-	0.00%	-	0.00%	-	-
Mrs. Pensri Bencharit (Spouse)	-	0.00%	-	0.00%	-	-
Mrs. Jitwatana Jaruwattaachai	-	0.00%	-	0.00%	-	-
Mr. Prapandh Jaruwattaachai (Spouse)	200	0.00%	200	0.00%	-	-
Mr. Surapol Srangsomwong	-	0.00%	-	0.00%	-	-
Mrs. Aurairat Srangsomwong (Spouse)	-	0.00%	-	0.00%	-	-
Mrs. Suphasri Sutanadhan	300	0.00%	300	0.00%	-	-
Mr. Kiertiyos Komin (Spouse)	-	0.00%	-	0.00%	-	-
Mrs. Nangnoi Bunyasaranand	-	0.00%	-	0.00%	-	-
Mr. Boonserm Bunyasaranand (Spouse)	-	0.00%	-	0.00%	-	-
Mr. Sonchai Lertsuthirasmevong	-	0.00%	-	0.00%	-	-
Mrs. Sanitsuang Lertsuthirasmevong (Spouse)	-	0.00%	-	0.00%	-	-
Mrs. Walairat Pongjitt	60	0.00%	60	0.00%	-	-
Mr. Suwat Ponjit (Spouse)	-	0.00%	-	0.00%	-	-
Miss Monpatsorn Pongjit (Minor Child)	-	0.00%	-	0.00%	-	-
Mr. Waritthorn Pongjit (Minor Child)	-	0.00%	-	0.00%	-	-
<b>Total</b>	17,212,500	2.15%	17,912,500	2.24%	700,000	-

## Corporate Governance

### Corporate Governance Policy

The Company's Board of Directors emphasizes good corporate governance. It believes that good corporate governance and management under the framework of good ethics, transparency, accountability and fairness to all relevant parties will help to promote the Company's stable and sustained growth and help to increase the confidence of the shareholders, investors and all related parties. Therefore, the Board of Directors has established in writing the principles of good corporate governance as guidance for the management and employees as follows:

1. Conduct business with integrity, fairness, transparency and accountability, and disclose adequate information to all relevant parties.
2. Provide appropriate and effective internal control, risk management and internal audit systems.
3. Emphasize on the rights of shareholders and treat shareholders equally with fairness to all parties.
4. Comply with the requirements of all relevant laws and regulations and business ethics in order to protect the rights of all groups of stakeholders.
5. Organize the structure, duties and responsibilities of each group of directors clearly.

The Company's good corporate governance policy adheres to the Principles of Good Corporate Governance for Listed Companies B.E. 2555 (2012) promulgated by the Stock Exchange of Thailand, which covers 5 categories of principles as follows:

### Chapter 1: The Rights of Shareholders

The Company recognizes and places importance on the various basic rights of the shareholders, both as investors in securities and as owners of the Company, by defining the guidelines to encourage the exercise of shareholders' rights as follows:

#### 1. Shareholders' Meeting

1.1 The Board of Directors has a policy to support or encourage all groups of shareholders, including institutional investors, to attend the shareholders' meetings and exercise their rights, which covers the basic legal rights, i.e. obtain a share in the profit of the Company; buy, sell or transfer shares; obtain adequate news and information on the Company; and participate and vote in the shareholders' meetings to elect or remove directors, approve the remuneration of directors, appoint the external auditor and determine the audit fee, and make decisions on any matter that affects the Company, such as dividend payment, determination or amendment of the Articles of Association and Memorandum of Association, capital decreases or increases, and the approval of extraordinary transactions.

1.2 The Company has provided information on the date, time, venue and agenda, with rationale and explanation for each agenda item or resolution requested, in the notice of the Annual General Meeting or Extraordinary General Meeting of Shareholders or attachments to the agenda. The Company has refrained from any action that limits the opportunity of the shareholders to study the information on the Company. The details of which are as follows:

1.2.1 The Company does not undermine the rights of the shareholders to study the Company's information that must be disclosed according to various requirements and to attend the shareholders' meeting. For instance, the Company does not abruptly distribute documents containing additional important information in the meetings, add new agenda items or alter sensitive information without prior notice to the shareholders, not provide shareholders with the right to pose questions to the Board of Directors in the meeting, restrict the right to attend of shareholders who come late for the meeting etc.

1.2.2 The Company has provided information as to the date, time, venue and agenda of the meetings. Each agenda item of the shareholders' meeting is set as individual subjects and the objective and rationale of each agenda item is clearly defined. Adequate information is provided for decision-making as follows:

- a. Agenda for appointment of directors
  - 1) Preliminary information of the nominated person, such as title, name, age, type of director, educational background, experience, etc.
  - 2) Positions held in other companies with clear details of any Company that may potentially have a conflict of interest with the Company.
  - 3) Nomination criteria and procedures (in the case of appointment of a new director).
  - 4) Number of years in position and performance during the period as director (in the case of reappointment of directors).
  - 5) Approved by the Board of Directors serving as the Nominating Committee.
  - 6) The opinion of the Board of Directors is sufficient and clear for the shareholders to cast their vote.

- b. Agenda to consider the remuneration of directors
  - 1) Amount and form of remuneration by position or responsibilities of the directors.
  - 2) Directors' remuneration policy.
  - 3) Criteria and procedures for determining remuneration.
  - 4) Other benefits received as director (presently the directors do not receive any other benefit apart from meeting allowance and annual bonus).
  - 5) Approved by the Board of Directors serving as the Remuneration Committee.
  - 6) The opinion of the Board of Directors is sufficient and clear for the shareholders to cast their vote.
- c. Agenda to appoint the auditor and determine the audit fee.
  - 1) Name of the auditor and the audit firm.
  - 2) Experience and competence of the auditor.
  - 3) Independence of the auditor.
  - 4) Years of service to the Company (in case of appointment of the current auditor) or reason for the change of auditor (in case of appointment of a new auditor).
  - 5) How the suitability of the audit fee together with other fees of the auditor is determined.
  - 6) Approved by the Audit Committee.
  - 7) The opinion of the Board of Directors is sufficient and clear for the shareholders to cast their vote.
- d. Agenda on dividend payment
  - 1) Dividend policy.
  - 2) Actual amount to be allocated compared with the policy.
  - 3) Reason why dividend payment does not conform to the policy.
  - 4) The opinion of the Board of Directors is sufficient and clear for the shareholders to cast their vote.
- e. Agenda to consider material matters of the Company, such as capital increase / decrease, amendment of regulations, business sale / dissolution / transfer / merger etc.
  - 1) Details of the matter proposed.
  - 2) Objective, reason or necessity.
  - 3) Impact on the Company and its shareholders.
  - 4) The opinion of the Board of Directors is sufficient and clear for the shareholders to cast their vote.

1.3 The Board of Directors facilitates shareholder participation and voting in meetings and refrains from any action that could limit the opportunities of the shareholders to attend the meeting. The procedures for attending and voting should not be complicated or too costly for shareholders, and the meeting location should have sufficient size and easily accessible.

1.4 The Company provides the shareholders with an opportunity to send their questions prior to the meeting date, by clearly determining the criteria for submission of questions in advance and duly informing the shareholders along with the delivery of the notice to the shareholders' meeting. In addition, the Company also disseminates the criteria for submission of questions in advance on its website. The Board of Directors has prescribed the procedure for screening the questions submitted in advance and requires that the Company to provide answers to the shareholders in advance, as well as inform the shareholders' meeting. The details of the procedure are as follows:

1.4.1 The Company provides shareholders with the opportunity to submit questions related to the meeting agenda to the Board of Directors in advance throughout the submission period. As for the general meeting of shareholders, the Board will gather the questions until 7 days before the meeting date. The Company adheres to the following guidelines:

- 1) Clearly determine the criteria for submission of questions in advance.
- 2) Inform the shareholders along with the delivery of the notice to the shareholders' meeting.
- 3) Prescribe procedures for advance submission of the questions, such as allowing the shareholders to send the questions through the Company's website, by email or by post to the Board of Directors.
- 4) Set the submission period for advance submission of the questions prior to the date of the shareholders' meeting.
- 5) Prescribe the procedure for screening the questions submitted in advance by the shareholders for consideration of the Board of Directors in answering those questions.
- 6) The Company answers the questions for the shareholders in advance of the meeting date.
- 7) The Company answers the questions for the shareholders on the day of the meeting.
- 8) The Company informs the shareholders' meeting of the questions submitted in advance by the shareholders and the answers to such questions.

1.5 The Board of Directors encourages shareholders to use proxy forms on which they can specify their votes and proposes as an option at least 1 independent director for shareholders to appoint as their proxy.

Shareholders can download proxy through the Company's website and it also requires the Company to provide a stamp duty to shareholders. Moreover, the shareholders have rights to attend the meeting after the Chairman opened the meeting and vote on the remaining agenda which is still under consideration and no vote and to be counted the attendance since that agenda except the shareholders would have seen otherwise.

## 2. Procedures on the Shareholders' Meeting Date

2.1 The Board of Directors encourages the use of technology with the Shareholders' Meetings, including registration of the attending shareholders and vote counting and reporting, so that the meeting can be conducted quickly, accurately and precisely.

2.2 Directors' Attendance at Shareholders' Meetings

2.2.1 All directors should attend the shareholders' meetings.

2.2.2 In the case where not all the directors can attend, at least the following persons must attend the shareholders' meetings:

- 1) Chairman
- 2) Managing Director
- 3) Chairman of the Audit Committee

2.2.3 The shareholders are presented with the opportunity to pose questions to the chairpersons of the various committees on matters in which they are involved.

2.3 In the Shareholders' Meeting, voting is made separately for each item in the case of several items in an agenda, such as the election of directors.

2.4 The Company has in place a process for vote counting, storage of voting papers for every agenda item and full video recording of the meetings, which is disclosed on the Company's website. The meeting and vote counting for every agenda item are conducted with transparency and accountability.

2.5 The Chairman has allocated adequate time for discussion and encourages the shareholders to express opinions and pose questions related to the Company to the meeting.

## 3. Preparation and Disclosure of the Minutes of the Shareholders' Meetings

3.1 The minutes of Shareholders' Meetings records the explanation of the voting and vote counting procedures used to the meeting prior to commencement of the meeting, as well as the opportunity provided for the shareholders to raise issues and questions. It also records the questions and answers, the voting results for each agenda item of the number of shareholders approving, dissenting and abstaining, and the list of directors who attended or missed the meetings.

3.2 The Company discloses to the public the voting results and the minutes of the meeting on its website. The details of the practice are as follows:

3.2.1 Disclose the resolutions of the meeting separated into approving, dissenting or abstaining votes on the next working day.

3.2.2 Disseminate the minutes of the meeting within 14 days from the shareholders' meetings to serve as a channel for shareholders to express an opinion without having to wait for the next meeting.

3.2.3 Post the videos of the shareholders' meeting on the Company's website.

## 4. The Company provides more care to the shareholders than their legal rights by providing current important information on its website.

For the 2016 Annual General Meeting of Shareholders, the Company held the meeting on 20 April 2016 at 14.00 hours at Meeting Room No. 501, 5th Floor, Premier Corporate Park, No.1, Soi Premier 2, Srinakarin Road, Nongbon Sub-district, Prawet District, Bangkok. A total of 89 shareholders attended the meeting in person and by proxy or 36.1402% of the total number of subscribed shares after deduction of treasury stock. The meeting was attended by 9 directors from the total of 9 directors comprising the Chairman, Chairman of the Audit Committee, Managing Director and 6 other directors. In addition, the Company's senior management for Accounting Division, Financial Division and Legal Division of the Company and its subsidiary; Corporate Secretary and external auditor also joined the meeting.

And on Extraordinary Meeting of Shareholders No. 1/2016 the Company held the meeting on 23 September 2016 at 10.00 hours at Meeting Room No. 501, 5th Floor, Premier Corporate Park, No.1, Soi Premier 2, Srinakarin Road, Nongbon Sub-district, Prawet District, Bangkok. A total of 56 shareholders attended the meeting in person and by proxy or 35.4525 % of the total number of subscribed shares after deduction of treasury stock. The meeting was attended by 8 directors from the total of 9 directors comprising the Chairman, Chairman of the Audit Committee, Managing Director and 6 other directors. In addition, the Company's senior management for Accounting Division, Financial Division and Legal Division of the Company and its subsidiary; Corporate Secretary and external auditor also joined the meeting.

The Company assigned the Thailand Securities Depository Company Limited which is the share registrar of the Company, to send the notice of the meeting together with the rules and procedures for attending the meeting and all relevant supporting information of the various agendas, which included adequate and clear opinions from



the directors for each agenda item, to inform the shareholders prior to the meeting date. Such information in both Thai and English were also posted not less than 30 days prior to the meeting date on the Company's website; [www.pe.premier.co.th](http://www.pe.premier.co.th), so as to allow the shareholders time to review the information in advance of the date of the meeting. The minutes of the meeting was prepared and filed with the Stock Exchange of Thailand and disseminated on the Company's website within 14 days from the date of the meeting for the shareholders to review.

In 2016, the Company was assessed for the management quality of its Annual General Shareholders' and Extraordinary Meeting of Shareholders Meeting under the Annual General Shareholders Meeting (AGM) Assessment project organized by the Thai Investors Association together with the Office of the Securities and Exchange Commission and the Thai Listed Companies Association. The criteria used in the assessment covers the various steps in arranging the shareholders' meeting before the meeting day, on the meeting day and after the meeting day. The Company received an "Excellent" rating. Excellent" with a score of 100 points, the fifth consecutive year.

The criteria that the Company was not able to put into practices according to the 2016 CGR in Chapter 1: The Rights of Shareholders are as follows:

1. The Company had not present about the vote-counting auditor in the shareholders meeting report since in providing independent individual to be the canvasser or to verify the vote results is not the method to prevent corruption in casting a vote. The Company has completely provided the method in counting, storing vote documents and recording of the meeting as well as disclosed on the Company's website. Thus the proceeding of the meeting and vote counting is transparent and accountability.

## Chapter 2: The Equitable Treatment of Shareholders

The Board of Directors supervises and protects the fundamental rights of all shareholders whether major shareholders, minority shareholders, institutional investors or foreign investors equally, including the process that facilitate the shareholders to attend the meeting without too much hassle, shareholders are protected from acts of exploiting and controlling shareholder. The measures of protection directors, management and employees from using the inside information for the benefit of the whole, including directors and management have to disclose information regarding their interests and their related parties.

The Company has established guidelines for the equitable treatment of shareholders as follows:

### 1. Release of Information Prior to the Shareholders' Meeting

1.1 The Company informs the Stock Exchange of Thailand of the meeting schedule together with the agenda and opinions of the Board of Directors and disseminated this information on the Company's website. The details of the procedures are as follows:

1.1.1 The Company provides an opportunity for the shareholders to review the supporting information of the meeting on its website at least 30 days prior to the date of the shareholders' meeting.

1.1.2 The supporting information of the meeting posted on the Company's website contains the same information that the Company will send to the shareholders in the form of hard copy documents.

1.1.3 The Company sends the notice of the meeting and the supporting documents to the shareholders for more days in advance than that stipulated by law (at least 30 days prior to the meeting date).

1.2 The Company informs the shareholders of the various meeting rules and procedures for voting, including the voting rights attached to each class of shares, both in the notice of the meeting and at the shareholders' meeting.

1.3 The above notice of the shareholders' meeting is fully translated into English and disseminated at the same time as the Thai version.

### 2. Protection of the Rights of Minority Shareholders

2.1 The Board of Directors has clearly pre-determined the criteria for minority shareholders to propose additional agenda items in advance of the Shareholders' Meeting date. In order to demonstrate fairness and transparency in considering whether the agenda items proposed by the minority shareholders should be included, the Company has the following criteria:

- 1) All shareholders have the right to propose agenda items.
- 2) Details of the supporting information for consideration.
- 3) Criteria to determine inclusion/non-inclusion of the matter proposed as an agenda item.
- 4) Channels through which to propose agenda items, such send a letter to the Board of Directors that may be sent in advance through the Company's website, by email etc.
- 5) Nomination period is from 1 January to 31 December of every year
- 6) The Board of Director informs the shareholders via the Company's website of the criteria for proposing agenda items.
- 7) There is a screening process of the matters proposed by the shareholders for consideration by the Board of Directors in the Board meeting.



8) Inform the shareholders of the Board of Directors' decision together with the reasoning by informing the shareholder who proposed the agenda item and informing the shareholders' meeting.

2.2 The Board of Directors established procedures for minority shareholders to nominate candidates to serve as directors and to provide supporting information regarding the candidates' qualifications and their consent in advance of the Shareholders' Meeting date. The rules for nomination are as per the following topics:

- 1) Nomination channel is by submitting a letter to the Board of Directors.
- 2) Nomination period is from 1 January to 31 December of every year.
- 3) Supporting information for consideration, such as detailed information on the qualifications of the proposed candidates, the candidates' letters of consent, etc.
- 4) The Board of Directors informs the shareholders of the rules for nomination candidates through the dissemination channels of the Stock Exchange of Thailand and through the Company's website.

5) The Board of Directors considers the qualifications of the candidates proposed by the minority shareholders according to the criteria set by the Company.

6) The Corporate Secretary informs the shareholders who proposed candidates of the Board of Directors' decision and its reasoning and the Chairman informs the shareholders' meeting.

2.3 Shareholders in a management position may not add an agenda item without prior notice unless necessary, especially important agenda items that the shareholders require time to review before making a decision.

2.4 The Board of Directors provides the opportunity for the shareholders to exercise their rights to elect directors individually.

### **3. Protection against Abuse of Inside Information**

3.1 The Board of Directors has established in writing the policy for safe-guarding and prevention of use of inside information and has communicated them to everyone in the Company for compliance, together with the rules for trading the Company's shares for the directors, executives and employees with knowledge of inside information to use as a guideline.

3.2 All directors and executives who have a duty by law to report on their securities holding of the Company are required to regularly send such report to the Board of Directors and this information must be disclosed in the Company's annual report.

### **4. Conflicts of Interest of Directors**

4.1 The Board of Directors has a policy for the directors and executives to report any conflict of interest regarding each agenda item prior to consideration and that such conflict must be recorded in the minutes of the Board of Directors' meeting as follows:

1) The Board of Directors has set the guideline for the directors and executives to disclose their interests and those of their related persons to the Board so that it can make a decision for the benefit of the Company as a whole.

2) This guideline is consistent with the nature of the business and the regulations of the relevant authorities, such as the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand, etc.

3) The Corporate Secretary has been assigned as the recipient for information on any interest of the directors, executives and their related persons.

4) The Corporate Secretary has the duty to report any interest of the directors and executives, together with related persons to the Board of Directors, especially when the Board has to consider any transaction between the Company and the director or executive who have an interest or is connected.

4.2 The Board of Directors supervises that directors with material interest in a manner that may impede the said directors from providing an independent opinion shall not participate in the meeting to consider the agenda item in which he has an interest.

At the 2016 Annual General Meeting of Shareholders, there were no changes in the order of the agenda items and no agenda item was added. The meeting was not requested to consider matters other than those specified in the notice of the meeting.

Moreover, directors and executives have reported their shareholdings in the Company of their spouses and minor children to the Board of Directors or the person who was assigned by the Board of Directors including the disclosure of the Board of Directors and the Annual Report.

The criteria that the Company was not able to put into practices according to the 2016 CGR in Chapter 2: The Equitable Treatment of Shareholders are as follows:

1. The Company did not specify the election of directors by Cumulative Voting because the Company has completed the process of recruiting qualified management and recognizes the rights of the minority anyway.

2. The Company does not set policy for directors and executive management to inform the committee about the stock trading at least one day prior to trading. The Company has regulations regarding the use of inside information that the board and management must not trade or transfer of the securities of the Company during the one month period prior to the disclosure of financial statements, and within three days after the disclosure of financial statements. Security trade in some cases is instant decision based on the information at that time. It is impossible to inform in advance.

### Chapter 3: The Role of Stakeholders

The Company believes that the private sector is a significant factor of the economic and social of the country and the Company is deemed responsible for taking care of the survival and the sustainability of the social. Therefore, the Company and its subsidiary adhere to their intention to operate business by recognizing the significant of all stakeholders under the Premier Group's business philosophy of "The Premier Business, The Premier People, The Premier Society" The Company believes that maintaining a balance between business, employees and society will encourage the growth of the Company, society and environment at the same time strongly and sustainably.

The Company has established guidelines on the role of stakeholders as follows:

#### 1. Setting Policies Affecting Stakeholders

1.1 The Board of Directors has set the policy and practice on the treatment of each stakeholder group together with implementation measures that are in effect. The policy has been announced and there are measures related to fair treatment that ensures that the Company and its value chain are responsible for the stakeholders as follows:

##### 1) Shareholders

Perform duties with integrity, transparency and for the benefit of the Company and its shareholders; manage the Company's operations cautiously and carefully in order to prevent any damages to the shareholders; refrain from seeking personal gains for oneself or related persons by exploiting any non-public information of the Company; and refrain from any action that might cause conflicts of interest with the Company, including the divulgence of any confidential information of the Company to outsiders, especially its competitors.

##### 2) Employees

The Company recognizes the importance of its employees as valuable assets and has treated all employees equally and fairly based on human rights principles without discrimination of skin color, race, sex or religion and without the use of child or illegal labor. The Company has compensation and remuneration policies that are based on the principles of fairness, which are appropriate for the job description, responsibilities and competency of each employee and are comparable with other companies within the same industry. The Company also has a policy for the continuous development and promotion of knowledge and competency for the employees to develop their skills and abilities for career advancement.

As for welfare policy, the Company provides additional benefits from the law for employees such as provident fund as a tool of motivating employee performance and retain personnel with the Company in the long run to look for savings regularly to secure for life after retirement, Savings cooperatives as a tool of saving and capital resources in emergency case, group life insurance, group accident insurance, annual health check-up, in-house medical clinic, library, sport club, shuttle bus service and financial support for employees on various occasions.

The Company has set a safety policy and set up a committee to oversee that safety, bio-sanitation, and the work environment are in accordance with the laws and international standards and to closely monitor performance. Knowledge and training on safety, bio-sanitation, and the work environment are provided to the employees and related persons along with promotion of all employees' awareness towards the importance of safety and to seriously comply. There is regular testing of the office building's safety system and annual fire drills, as well as illumination and noise intensity measurements.

##### 3) Customers

The Company has set a policy to meet customer satisfaction by offering quality products of standard that are safe to fulfill the needs of the customers. Complete and accurate information about the products and services are disclosed without distortion of facts, as well as provision of information that is accurate, adequate, and beneficial to the customers. It also has a product recall process in case any quality defect is found.

##### 4) Trade Partners and Creditors

The Company selects its trade partners impartially and conducts mutual business fairly without exploitation, respects and abides by the terms of the agreement, and does not solicit, accept or give any undue benefit in dealing with trade partners or creditors. In the case that there should be any information regarding the bestowment of any undue benefits, the Company will consult with the trade partners or creditors to mutually resolve the matter quickly and with fairness to all parties.

### 5) Competitors

The Company conducts its business ethically and transparently with fair competition with its competitors, competes under the rules of fair business competition, refrains from seeking confidential information of the business competitors through dishonest or improper means, and refrains from discrediting competitors through slander or take any action without the truth and unjustifiably.

### 6) Communities/Society

The Company has set the rules for the treatment of communities and society in its Code of Conduct for use as a guideline for practice by all employees as follows:

- 1) Support activities that are beneficial to the communities and society as a whole and build a good relationship with the communities in which the Company's place of business is located.
- 2) Comply or ensure compliance with relevant laws and regulations.
- 3) Refrain from supporting or participating in transactions with any persons that are detrimental to the communities and society.
- 4) Pay attention to and be responsible for rectifying any danger that society is apprehensive of that may have been caused by the Company's products/services or business operation.
- 5) Participate in the improvement of quality of life, build a harmonious society, develop virtue and morality, preserve good traditions, and instill a strong sense of social responsibility and volunteerism among the employees.

### 7) Environment

- 1) Refrain from any action that may damage the natural resources and the environment.
- 2) Comply or ensure compliance with laws and regulations related to the environment.
- 3) Refrain from supporting or participating in transactions with outside persons that threaten the environment as a whole.
- 4) Encourage the efficient use of resources and set policies on conservation of energy and other resources through the adoption of energy-efficient technologies for use in the Company.
- 5) Encourage educating employees on environmental issues including activities related to the environment with the staff by defines as policies and practices to be aware of.

1.2 The Board of Directors has assigned the Corporate Secretary as the recipient of complaints and to handle the complaints filed by the stakeholders. The reporting procedures and channels have been disclosed on the website and in the annual report of the Company.

1.3 Have in place mechanisms for whistle-blower protection and compensation measures in the case that stakeholders receive any damage from the Company's violation of their legal rights.

## 2. Disclosure of compliance to the policies and preparation of the sustainability report on corporate social responsibility (CSR Report)

2.1 The Company discloses various activities that demonstrate the implementation of the policies mentioned above and also discloses the mechanisms to encourage the participation of employees in compliance with the afore-mentioned policies.

2.2 The Board of Directors ensures that the Company prepares a sustainability report on corporate social responsibility as a separate report from the annual report and disseminates through the Company's website.

**3. The Company has policies and practices in anti-corruption,** as well as supports activities that promotes and instills all employees to comply with the relevant laws and regulations.

**4. The Company has set policies on intellectual property** for which employees are prohibited from infringement of the intellectual property rights of others, disregarding whether domestic or foreign, and are prohibited from bringing pirated software for use in the Company. The Company has anti-corruption policies and prohibits bribery for business gain by the Company. The Company has informed all employees of these policies to which they have complied with all along. In addition, the Company has signed the declaration of intent to join the Private Sector Collective Action Coalition against Corruption.

In 2016 the Company has no significant disputes with stakeholders. In addition, the Company has complied with all laws and regulations related to the rights of stakeholders has been well taken care of such as

1. In the Shareholders' Meeting, the Company gives rights to all shareholders to suggest any comments about the Company's business as the Company's owner through the independent directors in advance. All comments will be gathered to the Board of Directors for consideration. In 2016, the shareholders did not have any comments in advance.

2. The Company had no cases of violation of labor and employment laws, consumer competition, environment and No cases of misconduct in violation of the other intellectual property, fraud or offending business ethics. The Company had a record of accident or absence or illness is zero.

3. The Company prepares a Sustainability Report on corporate social responsibility as a separate report from the annual report by using concept of the Stock Exchange of Thailand's corporate social responsibility under the vision, mission and philosophy of Premier Group of Companies, which is "The Premier Business, The Premier People, The Premier Society" and disclosed through the Company's website.

4. On December 15, 2016, the company has applied for renewal of certification as a member of the Thai private sector. In anti-corruption Certified on April 4, 2014. The Company is preparing to renew the member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) which the company was certified since 4 July 2014. Due to the major business by holding shares in other companies (Holding Company), the company has put forward the anti-corruption policy to the subsidiary: Datapro Computer Systems Company Limited. The subsidiary is currently in the process of preparing its own anti-corruption policy, including add the conditions about anti-corruption in business documents, training to educate employees about policies and practices against corruption to promote honesty and responsibility

The Company has evaluated the Sustainable Development on Anti-Corruption progress indicator of Thailand's listed companies Year 2015 from Thaipat Institution at Level 5 "Extended", which is the highest level. This shows that the policy covers business partner, consultant or intermediary agencies. The action pushed the partners in the business chain, policies and practices are not involved in corruption.

The criteria that the Company was not able to put into practices according to the 2016 CGR in Chapter 3: The Role of Stakeholders is as follows:

1. The Company did not prepare the integrated report because the Company believes that the disclosure of information in both Annual Statement (Form 56-1) and Annual Report are already completed in terms of content and essence. So, it was unnecessary to prepare this integrated report.

#### Chapter 4: Disclosure and Transparency

The Board of Directors recognizes the importance of disclosure of information, both financial and non-financial, that is accurate, complete and transparent as stipulated by the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as other material information that may affect the price of the Company's securities that influences the decision-making process of its investors and stakeholders. Information on the Company is disseminated to the shareholders, investors and general public through the channels of the SET and the Company's website in Thai and English, which is constantly updated.

The Company has set guidelines on the disclosure and transparency of information as follows:

##### 1. Disclosure of Information

1.1 The Board of Directors has mechanisms to ensure that the information disclosed to the investors is accurate, not misleading and adequate for their decision-making as follows:

1.1.1 The disclosure the Company's material information, both financial and non-financial, is accurate, complete, timely, transparency and in accordance with the criteria stipulated by the SEC and the SET.

1.1.2 The effectiveness of the disclosure process is evaluated regularly.

1.2 The Board of Directors provides a summary of the corporate governance policy, code of conduct, risk management policy and corporate social responsibility policy as approved by the Board and the steps in implementing such policies, including cases of non-compliance along with the reasons, through various channels, such as the Company's annual report and website.

1.3 The Board of Directors has arranged for the Report of the Board of Directors' Responsibilities for Financial Statements to be presented together with the report of the independent auditor in the annual report. The report covers the following subjects:

- 1) Compliance with generally accepted accounting principles that is suitable for the business and use of appropriate accounting policies that are consistently adopted.
- 2) The financial reports contain information that is accurate, complete and factual in accordance with accounting standards.
- 3) The Report of the Board of Directors' Responsibilities for Financial Statements is signed by the Chairman and the Managing Director.

1.4 The Board of Directors encourages the Company to prepare a Management Discussion and Analysis (MD&A) to supplement the disclosure of each quarterly financial statement. This is done in order for investors to be informed of the information and to understand the changes that occurred to the financial position and results of operations, the significant changes in the Company, including factors and events that affect the financial position or results of operations, and not just be presented with only the figures in the financial statements.

1.5 The Board of Directors stipulates that the audit and other fees of the auditor be disclosed in the Company's annual report.

1.6 The Board of Directors stipulates that the following information be disclosed in the annual report:

- 1) Roles, duties and opinions from their work performance in the previous year of the Board of Directors.
- 2) Roles, duties and opinions from their work performance in the previous year of the committees.

- 3) Number of meetings held and attendance record of each director in the previous year.
- 4) Record of training and ongoing professional education of the directors.

1.7 The Board of Directors discloses the policy for remuneration of directors, self-assessment of the board as a whole and individual and self-assessment of the Chief Executive. The remuneration policy for directors and senior management that corresponds with the duties and responsibilities of each person, including the forms and manner of remuneration, the remuneration amount and the amount of payment received by each director as a director of the Company's subsidiary.

## 2. Minimum Information Disclosed on the Company's Website

2.1 In addition to disclosing information as specified by the regulations through the SET, annual statements (Form 56-1), and annual report, the Board of Directors deems it appropriate to regularly disclose information that is up-to-date both in Thai and English through other channels, such as the Company's website. The minimum information on the Company's website should at least comprise the following and must be regularly updated:

- (1) Vision and mission of the Company;
- (2) Nature of business of the Company;
- (3) Organization chart and list of members of the Board of Directors and management team;
- (4) Qualification and experience of the Corporate Secretary;
- (5) Financial statements and reports on the financial position and results of operations for both the current and prior year.
- (6) Downloadable annual statements (Form 56-1), and annual report;
- (7) Information or other materials provided in briefings to analysts, fund managers and the media;
- (8) Direct and indirect shareholding structure;
- (9) Group corporate structure, detailing the subsidiary, affiliates, joint ventures and special purpose enterprises/vehicles (SPEs/SPVs);
- (10) Direct and indirect shareholding of beneficial owners holding 5% or more of the total paid-up shares with voting rights;
- (11) Direct and indirect shareholdings of major and/or substantial shareholders, directors, and senior management;
- (12) Notice of the annual general meeting and extraordinary general meetings;
- (13) Articles of Association, Memorandum of Association and shareholders' agreement (if any);
- (14) Policy and practices according to the principles of good corporate governance of the Company;
- (15) Risk management policy and its implementation;
- (16) or responsibilities, qualifications and term of office of the Board of Directors, including the types of decisions requiring Board approval;
- (17) Charter or responsibilities, qualifications and term of office of the committees;
- (18) Code of conduct of the Company's employees and directors;
- (19) Code of conduct of the investor relations officer;
- (20) News of the Company and its subsidiary;
- (21) Contact details of the unit or officer responsible for investor relations (e.g. name of contact person who can provide information and telephone number);
- (22) Annual investor relations plan.

In 2016, the Company published its annual report in both Thai and English within 120 days of the end of the fiscal year. It was delivered to the shareholders together with the Notice of the Annual General Meeting of Shareholders held on March 18, 2019 and can be downloaded from the Company's website on the same day. The Company also posted the latest minutes on its website. The company within 14 days after the shareholders' meeting.

the Company presented its operational results, both financial and non-financial information, to the shareholders, retail investors, institutional investors, analysts and other stakeholders through various channels. In addition, the Company regularly replied to email: [ircontact@premier-pe.co.th](mailto:ircontact@premier-pe.co.th), line application, telephone 02-301-1550 and Fax 02-398-1188 queries and evenly.

The criteria that the Company was not able to put into practices according to the 2016 CGR in Chapter 4: Disclosure and Transparency are as follows:

### 1. Meet with analysts

The Company provided information directly through the Stock Exchange of Thailand which should be sufficient and complete.



2. The Company does not represent the indicator of non-financial performance such as market share, the level of customer satisfaction etc. Since the information should not be disclosed because it is inside information. For measuring the level of customer satisfaction, the company will follow later.

3. There are no press conference/preparation newsletter presents the financial position of the Company because the Company has to disclose important information and financial information in its Annual Statement (Form 56-1), Annual Report, Sustainability Development Report, the report of Annual General Meeting of the Shareholders and on the Company's website correctly. And the Company is ready to provide the information to the press

## Chapter 5: Responsibilities of the Board of Directors

The Board of Directors is responsible for overseeing the work of the management to ensure compliance with policies, strategies, plans and budgets, as well as its responsibilities toward the Company and its shareholders.

The Company has set the guidelines regarding the responsibilities of the Board of Directors as follows:

### 1. Structure of the Board of Directors

1.1 The Board of Directors has prescribed that the structure of Board should consist of directors with various qualifications in terms of skills, experience, expertise that is beneficial to the Company and gender. There should be at least one non-executive director having prior working experience in the business or major industry in which the Company is operating.

1.2 The Board of Directors ensures that the Board's diversity policy and the number of years each director has served as a director of the Company are disclosed in the annual report and on the Company's website.

1.2.1 Disclose the procedures for selection of directors that is formal and transparent and the number of years each director has served as a director of the Company are disclosed in the annual report and on the Company's website.

1.2.2 Disclose the name, history, qualifications, experience and shareholding in the Company of the directors in order to show that the Board has the knowledge, skills, characteristics and experience that are useful to the Company in the annual report and on the Company's website.

1.2.3 Disclose clearly in the annual report the directors representing the shareholders / non-executive directors / independent directors / executive directors.

1.3 The Board of Directors is appropriately sized and is composed of persons with sufficient knowledge, experience and skills to perform their duties efficiently. The Board is composed of at least 5 but not more than 12 directors.

1.4 The Board of Directors consists of independent directors who can independently comment on the performance of the management in the number prescribed in the notification of the Securities and Exchange Commission (SEC).

1.5 The proportion of directors is in accordance with the director nomination process, which is mainly based on the criteria of knowledge, competency and suitability of the person to be appointed as a director rather than on the criteria on proportion of investments.

1.6 The Company takes into account the benefits to corporate management according to the director nomination process set by the Company rather than the number or proportion of independent directors.

1.7 The Board of Directors has determined the tenure of each term of office but has not set the limit on the number of consecutive terms in office.

1.8 The Board of Directors considers the qualifications of the person to be appointed as an "independent director" to ensure that the independent directors of the Company are truly independent and are appropriate for the specific nature of the Company. Their independence must at least be in accordance with the criteria set by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

1.9 The continuous tenure of the independent director will be beneficial to the corporate management and business operations of the Company. In addition, the search for a competent person to serve as independent directors cannot be implemented immediately.

1.10 The Chairman of the Board and the Managing Director have different roles and responsibilities. The Board has clearly defined the roles and responsibilities of the Chairman and the Managing Director and has recruited different persons to hold the positions of Chairman and Managing Director so that neither person has unlimited power.

1.11 The Board of Directors respects the judgment of the Managing Director and senior executives of the Company not to serve as a director of other companies with the same business as or in competition with the business of the Company or are contrary to the interests of the Company.

1.12 The Company has appointed a Corporate Secretary to be responsible for advising on laws and regulations of relevance to the Board of Directors and for overseeing the activities of the Board, including coordinating the compliance with the Board's resolutions.

The Board of Directors has determined the qualifications and experience of the appropriate Corporate Secretary who will perform the duty as the secretary of the Company. The qualifications and experience of the Corporate Secretary are disclosed in the annual report and on the website of the Company.

1.13 The Corporate Secretary has received training and continuous development in legal, accountancy, or company secretarial practices. The Company determines the qualifications and appoints a person as the Corporate Secretary by taking into consideration of mainly his knowledge, capability and work experience, disregarding whether such person is a permanent employee of the Company or not.

## 2. Committees

2.1 The Board of Directors have appointed an Audit Committee in accordance with the requirement of the Stock Exchange of Thailand with a term of office of 3 year to perform specific duties and to propose matters for consideration or acknowledgement by the Board. The Audit Committee has rights and duties as set out in the Scope of Responsibilities of the Audit Committee and has qualifications according to the criteria prescribed by the SEC.

2.2 The Board of Directors appointed a Remuneration Committee and a Nomination Committee. The entire Board, except for directors with conflicts of interest, will consider the criteria for and form of remuneration to the directors and present its opinion to the Board, which the Board must propose to the Shareholders' Meeting for approval. The Board will also consider the criteria and process for nomination of persons with appropriate qualifications to serve as directors, as well as select persons according to the determined nomination process and present its recommendation to the Board, which will propose to the shareholders' meeting to appoint as directors.

## 3. Roles and Responsibilities of the Board of Directors

3.1 The Board of Directors' duties and responsibilities should include the following matters:

1) The Board of Directors have authorized to approve about the Company according to the duties imposed by law, articles of association, charter of the board and the resolution of the shareholders' meeting, including the consideration and approval of the key matters on the Company's operations such as the vision, mission, strategy, financial targets, risks, budget plan, corporate governance policy, anti-corruption policy including review and approval in the line with the Company's situation.

2) Monitor and ensure efficient and effective implementation by the management of approved policies, strategies and plans.

3) Internal control and risk management, including the process for receiving and handling complaints.

4) Ensure long-term business continuity, including employee development plan and succession plan.

3.2 The Board of Directors has determined in writing a corporate governance policy for the Company as follows:

1) The Board of Directors has determined and approved a written corporate governance policy.

2) Communicate to everyone in the organization for their understanding.

3) Have method to encourage everyone in the organization to comply with the corporate governance policy.

4) Assess compliance to the corporate governance policy and review the policy at least annually.

3.3 The Board of Director promotes the preparation of a written code of conduct so all directors, executives and employees will understand the ethical standards the Company uses in its business operations and seriously monitors compliance with the code.

3.4 The Board of Directors considers any conflict of interests thoroughly. There should be clear guidelines on the approval of transactions with possible conflicts of interest, which is chiefly for the best interests of the Company and all its shareholders. Persons with vested interests should not participate in the decision-making process. The Board should also monitor compliance with regulations regarding the procedures for and disclosure of information on transactions that may have conflicts of interest to ensure accuracy and completeness.

3.5 The Board of Directors ensures that internal control systems for financial reporting and compliance with regulations and policies are in place. The Board has assigned a person or a department that is independent to audit such systems and to review the main systems at least annually, as well as disclose the review results in the annual report.

3.6 The Board of Directors has established a risk management policy covering the whole Company and has assigned the management to implement the policy and regularly report to the Board. The risk management system is review or the effectiveness of risk management is assessed at least once a year with the results disclosed in the annual report, and whenever, there is a change in risk level, which includes focusing on early warning signs and unusual transactions.

3.7 The Board of Directors or Audit Committee should provide its opinion on the adequacy of the Company's internal controls and risk management systems in the annual report.

3.8 The Board of Directors has set clear procedures for whistle-blowers or stakeholders through its website or directly to the Company or report directly to the Company. The Board of Directors has assigned the Corporate Secretary as the recipient and handler of complaints from the stakeholders. The procedures and channels for filing complaints are disclosed on the Company's website and annual report. The Company has mechanisms for whistle-blower protection and compensation measures in the case stakeholders receive damages from the Company's violation of their legal rights.

3.9 The Board of Directors has mechanisms for governing its subsidiary in order to protect the benefits from its investment. The Board of Directors is responsible for determining the suitability of persons to be appointed as directors of the subsidiary companies in order to ensure that its management complies with the policies of the Company and that various transactions are executed correctly according to securities and exchange laws and notifications of the SET.

#### **4. Board of Directors' Meetings**

4.1 The Company sets the schedules and agendas of the Board of Directors' meeting in advance and notifies each director of the schedule so that all directors can manage time to attend the meetings.

4.2 The number of Board of Directors' meetings should correspond with the duties and responsibilities of the Board and the nature of business of the Company. In the case the meetings are not held monthly, the Company will report operating results to the Board for the months in which there was no meeting so that they can control and direct the management operations continuously and timely.

4.3 The Chairman of the Board and the Managing Director jointly selects matters for inclusion in the agenda of the Board of Directors' meeting and ensures that all important matters are included. Opportunity is provided for each director to independently propose any matter that is beneficial to the Company as an agenda item.

4.4 The meeting documents are sent to the directors at least 5 working days in advance of the meeting date.

4.5 All directors attended at least 75 percent of all Board of Directors' meetings held during the year.

4.6 Minimum quorum of the directors at the meeting is required to appoint at least 2 out of 3 of total directors. In case of emergency / urgent case / circumstances which may cause damage to the Company's business or operations and may not be carried out 2 out of the 3 of total directors attend the meeting, the directors not less than one-half in accordance with articles of association have authority to consider and resolve that agenda.

4.7 The Chairman allocated adequate time for the management to propose matters and enough time for all directors to discuss important problems carefully. The Chairman promotes the prudent use of discretion. All directors paid attention to all matters raised at the meeting, including those concerning corporate governance.

4.8 The Board of Directors encourages the Managing Director to invite the senior executives to attend the Board of Directors' meetings to provide additional information on the problems to which they are directly related and to provide an opportunity for the Board to learn more about the senior executives for use in supporting the consideration of the succession plan.

4.9 The Board of Directors has access to additional necessary information from the Managing Director, Corporate Secretary or other executives assigned under the scope of the policy set. If necessary, the Board may obtain independent opinions from external consultants or practitioners at the Company's expense.

4.10 The Board of Directors considers that it is a policy to provide opportunities for non-executive directors to meet among themselves as necessary to discuss various management issues of interest without participation of the management and to inform the Managing Director of the outcome of such meetings

4.11 The minutes of the meeting should consist of at least the following information and there should be a good storage system with easy data search but cannot be amended without approval of a Board of Directors' meeting.

- Date, start time and end time;
- Names of the directors present and absent;
- Summary of important information on the matters proposed to the Board of Directors;
- Summary of the matters discussed and observations of the directors;
- Resolutions of the Board of Directors and opinions of the dissenting directors (if any);
- Recorder of the minutes - Secretary of the Board of Directors;
- Certifier of the minutes - Chairman.

#### **5. Board Self-Assessment**

5.1 The Board of Director and the committees conduct self-assessment of its performance at least once a year so that the directors can collectively consider its performance and problems for further improvement by setting a benchmark for systematic comparison with its performance.

5.2 The Board self-assessment is an assessment of the Board of Directors and the Committee as a whole and individual including disclosed the criteria and process in the Company's annual report.



5.3 The Board of Directors annually evaluates President or Chief Executive Officer to be used in determining their remuneration. At which the Company evaluates in accordance with the principle that the Stock Exchange of Thailand has set.

For the Board self-assessment process, the Corporate Secretary will send the evaluation form mentioned above to all directors in November and respond within 15 December of every year. After that, the Corporate Secretary will collect and report the results of the evaluation in comparison with the previous year to the next Board of Directors' Meeting to acknowledge and improve the work to be more effective.

For the Board self-assessment criteria, the Company has evaluate the performance of the entire committee and evaluate the performance of individual by using the method of 5 level scoring for each topic, which are: 0= Strongly disagree or there has been no implementation of the matter, 1= Disagree or there has been little implementation of the matter, 2 = Agree to a limited extent or there has been initial implementation of the matter, 3 = Mostly agree or there has been progressive implementation of the matter, 4= Strongly agree or there has been complete implementation of the matter. The evaluation topics consisted of 6 main topics, which are:

1. Structure and qualification of the Board
2. Roles, duties and responsibility of the Board
3. Board Meeting
4. Duties of Directors
5. Relationship with the management division
6. Directors' Self Development and Executive Development.

Moreover, the Company has evaluated the President's success by considering from the Company's business operation performance and operating performance that was in accordance with the policy assigned by the Board of Directors for the improvement. Scoring method used is the same as operation performance of the entire board evaluation and the performance of individual. The evaluation topic consisted of 3 main sections, which are:

- Section 1: Progress of work plan
- Section 2: Performance Measurement
  - 2.1 Leadership
  - 2.2 Strategy Formulation
  - 2.3 Strategy Implementation
  - 2.4 Financial planning and financial performance
  - 2.5 Relationship with the Board
  - 2.6 External Relations
  - 2.7 Administration and Personnel relations
  - 2.8 Succession
  - 2.9 Knowledge of products and services
  - 2.10 Personal Characteristics
- Section 3: Development of the President

## 6. Remuneration

The remuneration of directors is comparable with the industry level and reflects the experience, duties, accountability and responsibilities, as well as expected contributions of each director. Directors who are assigned to more tasks and has more duties and responsibilities, such as being a member of a committee, should receive additional remuneration as appropriate.

## 7. Board and Management Training

7.1 The Board of Directors encourages and facilitates training and educating for those involved in corporate governance of the Company, such as directors, members of the audit committee, executives, Corporate Secretary, etc., to assist them to continuously improve their performance. Training and educating can be done internally or through the use of the services of external institutions.

7.2 The Board of Directors determines the orientation for all new directors to build the understanding in the Company's business and the implementation of various aspects in order to prepare for the performance of the Directors. The Corporate Secretary is the coordinator of the various business structures, board structure, responsibilities, business introduction, operation guidelines etc.

7.3 The Board of Directors has established a personnel development policy for directors and executives and disclose in the Company's annual report.

7.4 The Board of Directors requires the Managing Director to present them with the Company's succession plan at least once a year. The Managing Director and senior executives have prepared continuous succession plans in case they cannot perform their duties.

In 2016, the Directors have attended seminars and training courses of the Thai Institute of Director (IOD) as follows:

No.	Name	Position	2016 Training Courses	Duration (Day)
1	Mrs.Jitwatana Jaruwattaachai	Chairman of the Audit Committee	- The UK Experience on Implementing the Enhanced Auditor Reporting รุ่นที่ 1/2559	1
2	Mrs.Suphasri Sutanadhan	Member of the Audit Committee	- The UK Experience on Implementing the Enhanced Auditor Reporting รุ่นที่ 1/2559 - Director Accreditation Program DAP รุ่นที่ 132/2559	1 1 1
3	Mr.Surapol Srangsomwong	Member of the Audit Committee	- Director Accreditation Program DAP รุ่นที่ 132/2559	1

The criteria that the Company was not complete and was not able to put into practices according to the 2016 CGR in Chapter 5: Responsibilities of the Board of Directors are as follow:

Criteria that has not complete / clearly

1. In previous year, the Board of Directors had arranged less than 6 board of directors meeting, due to the number of the Board of director meeting that had been scheduled 4 times a year was appropriate and in line with the Company operation performance consideration agenda and the approval of financial budget agenda. Moreover, the Company is prepared to call an additional meeting in the case where it is necessary or any agenda that need to be consider in urgent.

Criteria that has not practiced

1. The Board of Directors has not set any policy on the limitation of each director not more than 5 companies and not more than 3 listed companies in the Company's corporate governance policy as the Board of Directors has practices its duties effectively. Unlimited number of companies in the position does not affect the operation and the number of people with limited knowledge, skills and experience to serve as directors is limited. Therefore, the determination of such conditions will make it difficult for the Company to find a director.

2. The Board of Directors does not have any policy for Managing Director on the holding of director position at other companies; as the Company has stipulated the Managing Director's prohibition/ limitations on conducting transaction or holding position in a Company or organization that have conflict of interest or affect the performance of the Managing Director position that such person hold with the Company. Moreover, from the aforementioned prohibitions/ limitations, the Company is firmly believed and respected the judgment of the managing director in holding the director position or other position at a Company or organization other than the Company itself.

3. The Board of Directors has no policy to limit the number of years / term of office of an independent director for not more than 9 years as the continued succession of Directors can be beneficial to the Company's business and operations. In addition, to recruit personnel with knowledge and competence to hold the director position is not easily performed.

4. In the Board of Directors, there are some executive directors who hold the director position in other listed company as the executive directors have performed their duties effectively, therefore, no limiting the number of company in holding the position had no impact on the performance; and that number of persons with sufficient knowledge and experience to hold the company's director position is limited. Thus, in stipulating such condition, the Company will face with difficulty to recruit such persons to hold the director position.

5. The Board of Directors did not disclosed the CEO's remuneration policy both in short term and long term, including the monitoring of the CEO's performance as it is internal information that should not be disclosed, though the overall number of executives was disclosed.

6. Shareholders/ Board of Directors did not approved the executive director/ Chief Executives as the executive board has informed to waive the rights to receive compensation and according to the power of authorities handbook, the authority in setting remuneration of chief executive is in the authority of Managing Director which is already appropriate and the Board of Directors has verified through the annual budget.

7. Chairman of the Board of Directors is not independent director, as the appointment of Chairman of the Board of Directors has been considered from directors with qualification, knowledge and competence, have understanding and adhere to the good governance principle, without having to regard whether the director is independent or not.

8. The Company has not appointed any remuneration and nomination committee, as the Company has already assigned the entire Board, except for directors with conflicts of interest to act as the remuneration and nomination committee.

9. The Board of Directors has not established CG Committee as the entire committee has already acted as the CG Committee.

10. The Board has not established Risk Management Committee. However, the Company has appointed a Risk Management Subcommittee. It consists of executives and employees of the Company and its subsidiary to carry out risk assessments of the Company and its subsidiary and report to the Audit Committee.

11. The Board of Directors consisted of less than 50% independent directors due to the elements of independent directors is not the significant essence in the Board of Directors' role of duties.

12. The Company did not provide project grants to managements to purchase the Company's shares for a period of more than 3 years and pricing higher than the price at the time of allocation, including the concentration not more than 5%, since The Company provides oversight and incentive to managements and other employees to work happily and organizations already bound without the need for project grants to management or other employees in purchasing the Company's shares. However, if the Company has such a project, the Company also will give both managements and other employees on the principles of equality.

In 2016, the CGR Steering Committee of the Institute of Directors of Thailand (IOD) has decided to develop the survey policy used to evaluate for the year 2015 and 2016 according to the guidelines of ASEAN CG Scorecard to reduce duplication of policy and easy to follow.

## Committees

The Board of Director has appointed the Sub-Committee as follows:

### Audit Committee

As at 31 December 2016, the Audit Committee comprised 3 members

Name	Position	Meetings/ Attendance (Times)
1.Mrs.Jitwatana Jaruwattaachai ★	Chairman of the Audit Committee	6/6
2.Mrs. Suphasri Sutanadhan	Member of the Audit Committee	6/6
3.Mr. Surapol Srangsomwong	Member of the Audit Committee	6/6

Remarks: ★ a person with sufficient knowledge and experience to verify the creditability of the financial statements.

By the year 2016, the Audit Committee held a total of 6 times, including the quarterly Audit Committee meeting 4 times, meeting with the subsidiary's risk management committee 1 time, meeting with the accounting department without executive attend 1 time and meeting with the external auditor without executive attend 1 time.

Mr. Teerapol Juthapornpong, The Corporate Secretary, served as the Secretary of the Audit Committee since February 19, 2013 and Mr. Akapan Nuanmuang, Director of Internal Audit Office, is in charge of the internal control system, internal audit system and risk management system and report directly to the Audit Committee. A profile of Mr.Akapan Nuanmuang is presented in [Appendix 3](#)

### Term of the Audit Committee

The term of office of the Audit Committee's member is 3 years. A retiring committee's member is eligible for re-appointment. In the event of the resignation of any Audit Committee's member prior to the expiration of their term, the appointed replacement shall hold office only for the remainder of the term of the replaced member.

### Scope of Duties and Responsibilities of the Audit Committee

The Audit Committee has duties and responsibilities as delegated by the Board of Directors as follows:

- 1) Review the Company's financial reporting process to ensure accuracy and adequacy;
- 2) Review that the Company has appropriate and efficient internal control and internal audit systems, determine the independence of the Internal Audit Office, as well as recommend the appointment, transfer and dismissal of the chief of the Internal Audit Office or any other unit responsible for internal audit.
- 3) Review the Company's compliance with the securities and exchange law, regulations of the Stock Exchange and other laws relevant to the Company's businesses.
- 4) Consider, select, nominate and dismiss an independent person to act as the Company's auditor and propose the remuneration of such person, as well as attend a non-management meeting with the auditor at least once a year.
- 5) Review and approve the connected transactions or those with possible conflicts of interest to ensure that they comply with all relevant laws and regulations of the Stock Exchange. This is to ensure that these transactions are reasonable and of maximum benefit to the Company.

6) Prepare and disclose a report on the Audit Committee's monitoring activities in the Company's annual report, which must be signed by the Chairman of the Audit Committee and consist of at least the following information:

- An opinion on the accuracy, completeness and creditability of the Company's financial reporting;
- An opinion on the adequacy of the Company's internal control system;
- An opinion on the compliance with the securities and exchange laws, regulations of the Stock Exchange or laws relevant to the Company's business;
- An opinion on the suitability of the auditor;
- An opinion on transactions that may have conflicts of interest;
- The number of Audit Committee's Meetings and attendance of such meetings by each committee member;
- Opinions or observations received by the Audit Committee through the performance of its duties as defined in its charter;
- Disclosure of other reports that the Audit Committee considers the shareholders and general investors should be aware of, within the scope of its duties and responsibilities as assigned by the Company's Board of Directors.

7) To perform any other task assigned by the Company's Board of Directors with the approval of the Audit Committee.

8) Verify the appropriateness and adequacy of the Company's risk management system.

9) Review the Company's corporate governance policy and evaluate the implementation of such policy at least once a year.

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

At present the Company has not appointed Remuneration Committee and Nomination Committee. However, the Board of Directors, except the director who is the stakeholders, is acting to consider the guidelines for remuneration paid to the Board of Directors before presenting the remuneration to the Annual General Meeting for approval. The Board of Directors, except the director who is the stakeholders, are acting to consider the criteria and process for nomination of persons with appropriate qualifications directors and in accordance with the strategy of the business to serve as directors, as well as selected persons according to the determined nomination process before presenting the nomination to the Annual General Meeting for approval.

In such process for nomination of persons, the Company selected personnel from IOD Chartered Director of Thailand Institute of Directors (IOD) and personnel in various fields on the basis of seniority, qualifications and work experience

In 2016, the Subsidiary's Risk Management Committee which consisted of the subsidiary's Chief Executive to operate under the supervisory of the Audit Committee. The responsibilities of Risk Management Committee are to define / review/ approve framework and guideline in managing risk, anti-corruption as well as corporate social responsibilities; in order to prepare sustainable development report by coordinating with Internal Audit Office and report to the audit committee as well the board of directors to acknowledge every quarter. Risk management committee is also responsible for setting up meeting to review operation performance in accordance with the risk management system, report on significant risk together with the audit committee at least once a year. Furthermore, the duties of working group on internal procedure and risk management are to identify, evaluate, compile and to operate in accordance with the risk management plan and internal control.

#### **Selection and Appointment of Directors and Executives**

The Company has not yet appointed a Nomination Committee but has already set the criteria for the selection and appointment of directors and executives as detailed below.

##### **(1) Independent Directors**

The Board of Directors or the Shareholders' Meeting (depending on the case) shall appoint independent directors to join the Company's Board of Directors. The Company has a policy that not less than one-third of the Board must be independent directors and that it must have at least 3 independent directors. Currently, the Company has 3 independent directors including Mrs. Jitwatana Jaruwattachai, Mrs. Suphasri Sutanadhan and Mr. Surapol Srangsomwong.

The Company has defined an independent director as specified in the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand according to notification Tor Jor. 4/2552 of the Capital Market Supervisory Board dated February 20, 2009 regarding the qualifications of the independent director. Independent director means a director who has the following qualifications:

1. Must not hold more than 1 percent of all shares with voting rights of the Company, its parent Company, a Company's subsidiary, an affiliated Company, major shareholder or a controlling person of the Company. This shall also include shareholding by related persons of the independent director.

2. Must not be or have been either a director with management authority, an employee, staff, consultant on retainer or a controlling person of the Company, unless relieved of such characteristics for not less than 2 years prior to appointment. Such prohibited characteristic shall not include independent directors who are former government officials or consultants to a government agency that is a major shareholder or a controlling person of the Company.

3. Not being a person related by blood or by legal registration as a father, mother, spouse, sibling and child, including spouse of children of the executive, major shareholder, controlling person of the Company or any persons that has been nominated as an executive or controlling person of the Company or its subsidiary.

4. Neither having nor used to having a business relationship with the Company, its parent Company, Company's subsidiary, affiliated Company, major shareholder or controlling person of the Company in a manner which may impede his independent judgment. Neither being nor used to being a principal shareholder or a controlling person of any person having a business relationship with the Company, its parent Company, Company's subsidiary, affiliated Company, major shareholder or controlling person of the Company unless relieved of such characteristics for not less than two years prior to the date of appointment as an independent director.

The business relationship under the first paragraph includes normal business transactions for rental or lease of immovable property, transactions related to assets or service or the granting or receipt of financial assistance through the receipt or extension of loans, guarantees, provision of asset as collateral, and other similar actions that result in the Company or its counterparty being subject to indebtedness payable to the other party of 3 per cent or more of the Company's net tangible assets, or of 20 million Baht or more, whichever is the lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions specified in the notification of the Capital Market Supervisory Board concerning rules on connected transactions mutatis mutandis. However, in the consideration of such indebtedness, any indebtedness that occurred during the course of one year prior to the commencement date of the business relationship with the same person shall also be included.

5. Neither being nor used to being an auditor of the Company, its parent Company, Company's subsidiary, affiliated Company, major shareholder or controlling person of the Company, and not being a principal shareholder, controlling person or partner of an audit firm that employs the auditors of the Company, its parent Company, Company's subsidiary, affiliated Company, major shareholder or controlling person of the Company unless relieved of such characteristics for not less than 2 years prior to the date of appointment as an independent director.

6. Neither being nor used to being a provider of any professional service, including legal counselor or financial advisor, who receives a service fee exceeding 2 million Baht per year from the Company, its parent Company, Company's subsidiary, affiliated Company, major shareholder or controlling person of the Company, and not being a principal shareholder, controlling person or partner of the provider of professional service unless relieved of such characteristics for not less than 2 years prior to the date of appointment as an independent director.

7. Not being a director appointed as a representative of the Company's director, major shareholder or shareholder who is related to the major shareholder.

8. Not operate any business of the same nature as and is in significant competition with the business of the Company or its subsidiary or not being a principal partner in a partnership or being an executive director, employee, staff, consultant on retainer or holding more than 1 percent of all shares with voting rights of any other Company operating a business of the same nature as and is in significant competition with the business of the Company or its subsidiary.

9. Not having any other characteristic that impedes the ability to render independent opinions with regard to the Company's operations.

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

### **A. Board of Directors**

In the selection of directors, the Company's Board of Directors, excluding any director with conflicts of interest, will identify and select qualified candidates for nomination to the Board of Directors for its approval. The Board of Directors would then nominate the selected candidates to the Shareholders' Meeting for election and appointment. The appointment of the Company's directors will be in line with the criteria prescribed in the Company's Articles of Association as follows:

1. The Board of Directors of the Company will comprise not less than 5 members whose appointment has been approved by the shareholders' meeting and not less than half of the directors must reside in Thailand.

2. The Shareholders' Meeting elects the directors according to the following criteria and procedures:



- (1) Each shareholder shall be entitled to one share to one vote.
  - (2) Each shareholder must exercise all his votes under (1) above to elect one or more nominees to be directors but may not divide the votes among several nominees.
  - (3) Nominees who receive the largest number of votes in descending order shall be elected as directors equal to the number of directors to be elected at that time. In the event of that the nominees elected in subsequent order receives equal votes and the number of directors to be elected at that time is exceeded, the chairman of the meeting shall cast the deciding vote.
3. At every Annual General Meeting of Shareholders, one-third of the directors shall retire. If one-third is not a round number, the number closest thereto shall be the applicable number.
- The directors to vacate office within the first and second year following Company registration shall draw lots. In subsequent years, the directors serving the longest shall retire. The directors who retire by rotation are eligible for re-election by the shareholders.
4. Any director who wishes to resign from office shall submit a letter of resignation to the Company. The resignation shall be effective on the date that the Company receives the letter. The director may notify the Registrar of his resignation.
5. In the event that a position of director becomes vacant for any reason other than the end of the office term, the Board of Directors shall appoint any individual with the characteristics prescribed by law to be a new director at the next Board meeting, except if the remaining office term is less than 2 months. The replacement director shall hold office only for the remainder of the office term of the director whom he replaces.
- The resolution of the Board of Directors pursuant to the first paragraph must consist of votes of not less than three-fourths of the number of remaining directors.
6. The Shareholders' Meeting may remove any director from office before the end of term with a resolution of not less than three-fourths of the total votes of shareholders present and eligible to vote and altogether holding not less than one-half of the total number of all shares held by the shareholders present and eligible to vote at that meeting.

#### **B. Audit Committee**

The Board of Directors appoints at least 3 members to serve as the Audit Committee of the Company. Each member of the Audit Committee must be an independent director and must possess the qualifications stipulated by the securities and exchange laws, as well as relevant notifications, regulation and/or rules of the Stock Exchange of Thailand that prescribes the qualifications and scope of duties and responsibilities of the Audit Committee.

#### **C. Executives**

The Company has a policy to recruit executives through the selection of persons who possess knowledge, capability, skills and experience beneficial for the Company's operations, fully understands the Company's business and is capable of managing the business to achieve the objectives and goals set by the Board of Directors. Selections are made in accordance with the human resource regulations and must be approved by the Board of Directors and/or any person assigned by the Board of Directors.

#### **Governance of the Subsidiary's Operations**

The Company has a policy for its subsidiary to adhere to and comply with the corporate governance principles of the Company according to the guidelines set by the Company. It is set in the authorization manual of the subsidiary that important operations or material transactions must first be approved by the Company's Board of Directors. In addition, a large number of directors of the subsidiary are also directors of the Company and, therefore, the various operations of the subsidiary will largely take into consideration and adhere to the guidelines for operation of the Company.

In 2016, the Company arranged the method to govern subsidiary companies' operations as follows: holding the meeting with President of business line to report monthly performance and operational result, arranging quarterly meeting of subsidiary companies to compare the plan and budget and arranging review meeting every six months or whenever necessary, arranging quarterly joint-meeting between President of every business lines, arranging management meeting of Premier Group in order to acknowledge plans twice per year and management meeting to listen and acknowledge policies, operational guideline and other news and information from President in order to perform works in the same direction regularly every month.

#### **Supervision of Inside Information Usage**

The Company supervises and protects against the use of inside information according to the good corporate governance principles, as well as requires the directors and executives to disclose information on their interests and those their related parties. The Company has the following guidelines:

1) Set policies regarding the safe-guarding of the information system in order to maintain the standard of the work system, computer system, and information and communication system, which are important in the creation of a control system of quality.

2) Set policies regarding trade secrets and intellectual properties. The Company has entered into confidentially agreements with its employees, contractors, suppliers / service providers and visitors of the Company to prevent disclosure of information or news of the Company and its subsidiary that are confidential. In addition, the employees are prohibited from infringement of the intellectual property rights of others.

3) The Board of Directors has set in writing the procedures for use of inside information to promote transparency, equality and fairness equally to all shareholders and to prevent the use of such non-public information for personal gains, as well as avoid criticism regarding the appropriateness of the trading of the Company's securities. The directors, executives and employees of the Company must protect the secret and/or inside information of the Company and may not disclose or use such information, directly or indirectly, for personal gains for oneself or others. They must not trade, transfer or receive securities of the Company by using the Company's secret and/or inside information except where the information has been made public and must not enter into any transaction by using the Company's secret and/or inside information, which may directly or indirectly cause losses to the Company. They are also prohibited from trading, transferring or receiving the Company's securities for a period of 1 month prior to the disclosure of the Company's financial statements and within 2 working days after disclosed such information. This requirement includes spouses and minor children of the directors, executives and employees of the Company. Violators of the requirements will be punishable according to the Company's disciplinary rules and/or the law depending on the case.

4) The Company has advised the directors and executives of their duty to report on their shareholding in the Company. In the case where the director or executive trades in the Company's securities, they must also report their securities holding and the holdings of their spouses and minor children of the securities of the Company as prescribed by Section 59 of the Securities and Exchange Act B.E. 2535 within 3 working days to the Securities and Exchange Commission for further dissemination to the public. The Company also requires the directors and executives to report their securities holding to the Board or person who has been designated by the Board on a quarterly basis, including the disclosure by the Board of Directors meeting and the Annual Report.

5) The Board of Directors has set guidelines and procedures for reporting the interest of directors and executives as prescribed by Section 89/14 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) and notification Tor Jor. 2/2552 of the Capital Market Supervisory Board.

## **Remuneration of the Auditor**

### **(1) Audit Fee**

The Company and its subsidiary paid remuneration for the audit to EY Office Ltd., the audit firm.

EY Office Limited is auditors approved by the Securities and Exchange Commission. These auditors have no relation or interest with the Company / subsidiary / management / major shareholders or connected persons and, therefore, can independently perform the audit and provide their opinions on the Company's financial statements.

Related persons/parties of the auditors during the past financial year as follows:

Item No.	Payer	Auditor	Audit Fee
1	Premier Enterprise Public Co., Ltd.	Mrs.Siraporn Ouahanunkun	1,200,000
2	Premier Inter Leasing Co., Ltd.	Mrs.Siraporn Ouahanunkun	850,000
3	Premier Brokerage Co., Ltd.	Mrs.Siraporn Ouahanunkun	390,000
4	Premier LMS Co., Ltd.	Mrs.Siraporn Ouahanunkun	170,000
5	Premier Capital (2000) Co., Ltd.	Mrs.Siraporn Ouahanunkun	300,000
<b>Total Audit Fee</b>			<b>2,910,000</b>

### **(2) Non-Audit Fee**

- None -

#### Compliance with Good Corporate Governance Principles in Other Matters

The Company has assigned the Law Division of Premier Fission Capital Co., Ltd., which has knowledgeable and experienced staffs, as a Compliance Unit with the following duties and responsibilities.

1. Support the policies and objectives of the organization and management, to ensuring adequate compliance.
2. Check, supervise and monitor the performance of the various segments according to the laws, rules, policies, guidelines and rules declared by the Board of Directors continuously.
3. To be the collection and dissemination of information, as well as educating and advising to other sections related to work practices, comply with laws, regulations, guidelines, codes of conduct announced or suggestions included training of relevant knowledge.
4. To be the center of communication and knowledge promoted to The Board of Directors, management and employees to aware of and follow the regulations correctly.

#### Compliance with Good Corporate Governance Principles in Other Matters Measures for Whistle-Blowing and violations of human rights

The Company requires that executives at all levels assume responsibility for ensuring that employees under their supervision acknowledge, understand and comply rigorously with the code of conduct and policy/regulations/requirements of the Company, the principles of good corporate governance and various laws. The Company has determined the procedures for consideration and investigation of grievances or complaints that are systematic, transparent and accountable so that the complainants will have trust and confidence in a fair investigation process.

In order to treat all stakeholders equally and with fairness, the Company has set up channels for whistle-blowing, complaints, suggestions or recommendations that indicate that the stakeholders are affected or are at risk of being affected by any action that may cause damages for all groups of stakeholders arising from its business operations or violation of laws, rules, regulations and the code of conduct by its employees, as well as behaviors that may indicate fraud, unfair treatment, or careless or reckless actions. Whistle-blowing or filing of complaints together with details and evidences can be made through the following channels:

- Audit Committee
- Corporate Secretary  
Premier Enterprise Public Co., Ltd.  
No.1 Premier Corporate Park, Soi Premier 2, Srinakarin Road  
Nong-bon, Prawet, Bangkok 10250  
Telephone: 02 - 3011569  
Facsimile: 02 - 7482063  
e-mail: [teerapol.act@pe.premier.co.th](mailto:teerapol.act@pe.premier.co.th)

The whistle-blowers or filers of complaints that are employees, customers, individuals hired for work by the Company or other groups of stakeholders who are whistle-blowers will have their rights protected and defended according to the law or the guidelines set by the Company.

In 2016, the Company did not have any material dispute with the stakeholders.

The Company realized and engrossed to practice in accordance with good corporate governance principles that the Stock Exchange of Thailand has set. Apart from corporate governance policy, policies and measures in whistle-blowing and whistle-blower protection that the Company disclosed on the website and in the annual report, the Company also has policy on business, employees, society and environment which were disclosed in the Sustainable Development Report.



## Corporate Social Responsibilities: CSR

The Company believes that the private sector is a significant factor of the economic and social of the country and the Company is deemed responsible for taking care of the survival and the sustainability of the social. Therefore, the Company and its subsidiary adhere to their intention to operate business by recognizing the significant of all stakeholders under the Premier Group's business philosophy of "The Premier Business, The Premier People, The Premier Society". The Company believes that in maintaining balance between business, employees and society will help support the business, society and environment to strongly and sustainably grow along side.

As the result, sustainable is the main strategy in driving the Company and its subsidiary to develop its capacity in manufacturing goods and services that are beneficial to the society. To continuously and regularly develop the operating procedure will promote, push forward as well as interpose the concept of corporate social responsibility and sustainable development, which are one of the operating process and are the organization's culture along with strengthening the value on economic, society and environment, whether if its shareholders, employees, customers, trade partner, business alliances, community or society as a whole to get mutual benefits both in short and long term.

The Company and its subsidiary has supported and cooperated with the Social Sustainability Development Unit of Premier Group of Companies i.e. Yuvabadhana Foundation, Khonthai Foundation and Enlive Foundation in activities concerning development of education for adverted youth, the creation of the sharing society, the subsidy to adverted handicapped and the creation of the participation in the sustainable development of social and environment, under the principle of creation of direct benefit and creation of tool or organization for participation and repeatable action of public which result in sustainable and multiple result. For more information, please find at the website [www.premier.co.th](http://www.premier.co.th) on "Premier for Society".

In order to support the development of such mechanisms, the Company and its subsidiary donate the money equal to 5 percent of net profit after income tax burden of the fiscal year to benefit the educational through Yuvabadhana Foundation or other public charitable organization according to Premier Group of Companies' policy.



The detail of the part concerning such business activities, the activities of staffs and the activities of the said foundations are as follows:

### 1. Operate Business Fairly

The Company and its subsidiary emphasize on operating business with accuracy, equity, fairness and honesty respecting rights on intellectual property, promoting political rights as well as operates in accordance with the commitment made to the Company and its subsidiary' stakeholders. The details are as follows:

### **To Compete Fairly:**

- Conduct mutual business fairly without exploitation, and honor and comply with the conditions stipulated in the contracts.
- Do not solicit, accept or give any undue benefits in dealing with business partners or creditors. If there is any information regarding the bestowment of any undue benefits, consultations must be made with the business partners or creditors to mutually resolve the matter on a fair and timely basis.
- Provide complete and accurate information about the products and services without distorting facts, including provide accurate, adequate and beneficial information to customers and have product's recall process when quality problem are found.
- Compete under the rules of fair competition. Do not seek confidential information of the business competitors through dishonest or illegal means. Do not discredit competitors through slandering or any other actions without the truth and unjustifiably.

### **Promote corporate social responsibility with Trade Partner**

- Give opportunities to trade partner, customers and business alliances to directly or indirectly be part of the Company and its subsidiary' activities for society by participating in the activities for society or support by contributing fund or things as pleased.

### **Respect to Property Rights :**

- Promote and operates strictly in accordance with the rights in property, intellectual property, copy right, patent and moral rights by specifying policies in the Premier group policies manual under the business confidential and intellectual property policies.
- To support Executive officers and employees to utilize Company's resources and properties efficiently. Uses goods and servies that have copy right and should not support goods or action that violate intellectual property.

### **Involved in politics with responsibility :**

- The Company and its subsidiary operates business with politcal neutrally and does not concentrate on any political group or parties, does not support any particular political parties, does not help any specific politcal candidates.
- Gives opportunities to employees to use their democracy rights and responsibilities, to participate or support independetly and personally in any political activities without effecting the Company.

## **2. Against Fraud and Corruption**

The Company emphasizes in Good Corporate Governance and ensure to manage under the corporate governance framework that are transparent and accountability for the best interest of all stakeholders. The Company has also set the "anti-fraud and corruption" policy and informed the Executives and employees of all level to adhere and practice in accordance with the policy. There are scope of anti-fraud and corruption management system that covered every steps and every working process of the Company and its subsidiary that involved with the business, procurement, employ, distribute, supply and other operating procedure where there is risk of fraud and corruption. All of these are cleary specified as the management responsibility, which are as follows:

### **2.1 Management Commitment**

The Company is committed to push forward the anti-fraud and corruption measure system into the operating process and adjust management system to be transparent in accordance with the corporate governance principles. By doing so, the managing directors have established policies and are committed to operate the business without fraud and corruption, which is in accordance with the regulations of anti-corruption measure, as well as a complete promote of the resources. The Company has clarified and made understanding with all employees in the consumer good business line and related external parties to realized the importance in operating each procedures transparently to be in line with the regulations, policy and requirements of laws and other related regulations.

### **2.2 Anti-Corruption Policy**

- The directors, management and employees of the Company and its business lines are prohibited from performing, accepting or supporting corruption in any form, whether directly and/or indirectly. This shall be applicable to all companies in the consumer products business line, including all related contractors and sub-contractors. Regular reviews on compliance with the anti-corruption policy shall be made, as well as reviews on implementation to ensure compliance with the policy, practices, regulations, rules, notifications, laws and business changes.
- The anti-corruption standard is part of business operation and it is the duty and responsibility of the Company's board of directors, management, supervisors, employees at all levels and suppliers or sub-contractors to express their opinion regarding the practice on the implementation of the anti-corruption actions to ensure achievement of compliance with the policy set.

- The Company formulated its anti-corruption measures in accordance with related laws, including the principles of moral. Risk assessment was conducted on activities that are related or at risk for corruption and the results were used in preparing the operating guidelines for all related parties.
- The Company does not offer or support bribery in any form in all activities under its supervision, including supervision of charitable contributions, political contributions, and the offer of gifts in business transactions, and supports various activities with transparency and without the intention of convincing officials of the government or private sector to undertake inappropriate actions.
- The Company has appropriate internal control with regular reviews in order to prevent improper practices by employees, especially in sales, marketing and procurement.
- The Company provides knowledge on anti-corruption to its directors, management and employees to promote integrity, honesty and sense of responsibility in fulfilling their duties, and to show the Company's commitment.
- The Company has in place mechanisms for transparent and accurate financial reporting.
- The Company has provided a variety of communication channels for employees and stakeholders to raise concerns and report suspicious circumstances with confidence of being protected from punishment, unfair transfer or harassment in any way, as well as appoint person(s) to investigate and monitor the complaints.

The Company has set up channels for whistle-blowing, complaints, suggestions or recommendations that indicate that the stakeholders are affected or are at risk of being affected by any action that may cause damages for all groups of stakeholders arising from its business operations or violation of laws, rules, regulations and the code of conduct by its employees, as well as behaviors that may indicate fraud, unfair treatment, or careless or reckless actions. Whistle-blowing or filing of complaints together with details and evidences can be made through the following channels:

- Audit Committee
- Corporate Secretary  
Premier Enterprise Public Co., Ltd.  
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e-mail: [teerapol.act@pe.premier.co.th](mailto:teerapol.act@pe.premier.co.th)

The whistle-blowers or filers of complaints that are employees, customers, individuals hired for work by the Company or other groups of stakeholders who are whistle-blowers will have their rights protected and defended according to the law or the guidelines set by the Company.

### 3. Respect Human Rights

The Company recognizes the significance of the value of human dignity and has established policies for executive officers and every employee to respect human rights and respect human dignity of each other as well as stakeholders, which is the universal principle and is considered as the significant route in operating business. The Company has a clear policy to jointly perform social responsibility under the core value "Advance Business, Firm Employee, Sustainable Society".

- Support and respect in human rights by supervising business and employees not to be involved with any violation of human rights activities, such as not to utilized any kind of forced labour and child labour. This also includes supervising to ensure that the Company and employees strictly practice in accordance with the standard of labour protection law.
- Respect and abided by the universal principles in hiring and treating all stakeholders with fairness on the basis of human dignity, by equally giving opportunities to every individuals without any discrimination and violation of basic rights on gender, age, religious, nationality, region, position, physical condition and political opinions.
- Monitored and follow up on subsidiary, trade partner and stakeholders to strictly practice in accordance with universal principles on human rights, including protect rights of stakeholders that was damaged by the violation of right from the operating business in accordance with the specified laws.
- Provide working location that have good working environment and emphasized on the safety and occupational health in the workplace.
- Give employees opportunities to participate in management and comments on operating business or Company's working procedure through "Suggestion Activities" and through different set of committees such as welfare committee, anti-fraud and corruption committee etc.
- Stipulate measures in protecting employees that whistle blowing about violation of human rights or treating employees unequally. The whistle blower will not be punish, bullied or be treated in anyway that will lead that individual to be unable to no longer works at the Company.

#### 4. Treating Labour Fairly

Employees are considered as valuable resources. The Company recognized the significant in treating labour fairly and respect human dignity on the basis of equality. Hoping for sustainable peace in the Company and society, that is to say,

- The Company emphasized on treating employees on the basis of fairness and equality, both in opportunities to be promoted, be promoted, transfer, welfare and compensation, as well as gives opportunities to develop without discrimination resulting from differences in gender, age, religious, nationality, region, political opinions, position and physical condition.
- The Company assigns the leader of all level to supervise and ensure that there is fairness in every sector by avoiding any unfair actions that will have an effect on the employee insecure feeling in the workplace or conduct any unfair harassment that creates pressure to the employee mental conditions.
- The Company emphasized on the employee development to continuously train their skills and enhanced their potential.
- The Company equally provides welfare, medical fees, annual health check-up, health insurance and life insurance to all level of employees.
- The Company give opportunities to employee that was treated unfairly or encounter on any unfair action to send in their comments or complains directly to the supervisor that is in charge or to the managing director through these channels: To meet in person/ complaint through mail/ documents/ E-mail etc.
- The Company clearly stipulates guidelines that employees' complaint/ suggestions must be clarify/ fix or put into practice.
- The Company stipulates measures in protecting employee that make complaint/ whistle-blowing on treating employee unfairly/inequality. The employee will be protected against punishment, bullied or any action that will cause the complainer / the whistle-blower to be unable to continue working at the Company.

#### 5. Consumer Responsibility

The Company has obligation to “provide quality services and up to the international standard”, focuses on providing efficiency and quality services, which includes being professional to consumers. Service with standard helps create spiritual value for a better quality of life. The Company and its subsidiary believed the true value should derive from providing quality services, therefore policies and guidelines were stipulated to be able to response to the consumer satisfaction.

- Present quality product, up to the standard and is safe to match with consumer demand;
- Has operating process which is in accordance with the international standard, effective in every step, from selecting products, strictly inspect qualities and has fast and agility goods delivery system.
- Stipulate regulations on quality of the product that the Company will select to be distribute and should practice accordingly;
- Disclose products and services information completely, accurately and does not distort the truth;
- Provide accurate and sufficient information and should be beneficial to consumers;
- Return policy if any flaw was found on the product quality.

#### 6. Environmental Conservation

The Company and its subsidiary always recognized the significant in operating its business along with conservation of the environment and biological varieties, as well as to utilize the resources efficiently. The Company and its subsidiary have set guidelines for environment aspects as a code of conduct for employees, under the business ethics which are as follows:

- Refrain from any action that may damage the natural resources and the environment.
- Practices or control to practice in accordance to environmental laws and regulations.
- Support activities that are beneficial to the communities and society as a whole.
- Promote efficient use of resources and establish policies in saving energy and other resources by bringing in technology that helps save energy to be use in the Company.

#### 7. Collaboration in Community and Society Development

The Company and its subsidiary recognized the significant of environment and varieties in biological conservation, as well as operate business that are friendly to the society and environment with responsibility and take care of the community around them, which reflects the organization standing point that desired to operate sustainable successful business together with employees and society.

Moreover, the Company participated in the community and society development activities thought business operation of different foundations i.e. Yuvabadhana Foundation, Khonthai Foundation and EnLive Foundation by donating 5 percent of net profit of each year to the foundations. This is Premier Group's main mechanism in driving participation in society development.

**8. Has innovation and publicize innovations that gain from operating with corporate social responsibility, environment and stakeholders**

To continuously operate business efficiently and effectively, the Company support employees of all sectors to improve the performance efficiency and reduce redundancy procedures in performing task by organizing learning exchanged, accumulate and convey knowledge sharing in coalition under the “Knowledge Sharing Management” project.

The Company has prepared a report for the sustainability of the Company’s social responsibility to disclose the Sustainability Development Report on social responsibility (CSR Report) separately from the annual report and disclosed in the Company's website: [www.premier-technology.co.th](http://www.premier-technology.co.th)

## Internal Control and Risk Management

### Opinion of the Board of Directors on the Company's Internal Control System

Premier Enterprise Public Company Limited realizes on the significance of internal control system whereas the Board of Directors assigns Audit Committee to review the Company's internal control system assessment for emphasis on proper and adequate internal control system, reliable and accurate accounting system and financial report, and asset protection and maintenance, or reduction of damage occurred from error or fraudulence, as well as effective compliance with relevant laws and requirements.

In the Board of Directors' Meeting No. 4/2016 on 10 November 2016, the Board of Directors including 3 audit committee members assessed internal control system of the Company for 2016. From internal audit and interrogation from the management, essential faults related to internal control system were not detected by the Board of Directors. Therefore, they mutually commented that the Company's internal control system has been adequate and appropriate for current operating condition with sufficient personnel for effective systematic operation. In addition, monitoring and control system for the operation of its subsidiaries has also been available so that assets have been protected from wrongful or powerless use of the directors or without power or perform properly the executives under below essences.

#### Internal Control

The Board of the Company and its subsidiaries have continuously emphasized on internal control system covering finance, operation and execution to be in line with relevant laws, regulation and rules with awareness that it has been the significant mechanism that builds trust toward the management in helping reduce business risk. In addition, efficient, effective, the risk management policy. and to determine the nature and magnitude of the risk is acceptable for the key in order to make the company and its subsidiaries. Can achieve a strategic goal adequate and proper risk management has been arranged under proper resource allocation in asset protection and care and determination of clear risk management policy. The Audit Committee consisting of independent directors has been assigned to perform governance for effective and proper internal control system and risk management system through implementation of the framework of internal control system guideline based on international standard of COSO (The Committee of Sponsoring Organizations of the Tread way Commission, and the framework of Enterprise Risk Management. In addition, according to corporate governance system of the Company, the Company has been governed for compliance with the relevant requirement and law, non-occurrence of conflict of interests, inter-transaction doing, and maintenance and use of properties to prevent the occurrence of corruption or misconduct to be in line with the criteria of governance based on the guideline of the Stock Exchange of Thailand, Thai Institute of Directors (IOD), and Organization for Economic Co-operation and Development (OECD) applied for more completeness for most efficient and effective execution of the Company in various areas. There is internal audit work unit which is independent from the management and reports directly to the Audit Committee. Its duty is to audit and evaluate efficiency and adequacy of internal control system for working in different departments of the Company and its subsidiaries according to annual audit plan approved from the Audit Committee, Planning, monitoring, Will focus on the risk assessment. And internal controls that have been placed to prevent or reduce the risk.



Moreover, the Board of Directors has determined Control Self-Assessment (CSA) so that the employees are responsible for assessment and development of internal control system of their own responsible work systems for building strength of internal control system in order to respond consistently with the changing situations in time, resulting in reasonable confidence that work success can attain the objective based on setting target. The internal control result has also been regularly evaluated at least once a year every year.

### **Internal Audit**

The Audit Committee has governed internal audit work to perform freely and uprightly assurance building and consulting in audit and assessment of the adequacy of internal audit system as well as follow-up on proper improvement and corrective result of working process to cover working process of the Company and its subsidiaries, and directly reporting to the Audit Committee to ensure that the Company's operation has had effective, proper and adequate internal control system together with risk management to be in the level acceptable by the Company, and Good corporate governance of the Company. Mr.Ekkapan Nuanmueang, with Director of Internal Audit Work position, has been assigned to be the main responsible person for performing duty of the Company's internal auditor. The qualification of Mr. Ekkapan Nuanmueang was considered and deemed that it has been sufficiently proper for performing the said duty due to independence and work experience in business internal audit. He has ever been trained in the course related to internal audit. The consideration and approval, appointment, discharge, removal of the office holder for the Chief of Internal Audit Work Unit of the Company shall pass the approval of the Audit Committee.

However, internal audit work has been developed to be consistent with International Standards for the Professional Practice of Internal Auditing by defining self-assessment based on professional standard and evaluation of the stakeholder's satisfaction. Moreover, Audit Competency has been defined to be used for evaluation of the internal auditor's audit work quality in order to continuously develop and improve effective and efficient operation of internal audit works so that the actual existing status and working result can be recognized for use in appropriate analysis of problem, obstacle and limitation for self-performance. This will be consistent with development of the internal auditor to possess international standard level skill, knowledge and competence for more effective functionality through promotion and support of training whether in knowledge of internal audit profession and business aspects of the Group including other professional knowledge, and taking examination for receipt of professional diploma, etc.

The Company and its subsidiaries have fully assessed their internal control system according to the framework of internal control structure based on universal standard and criteria according to the guideline of the Stock Exchange of Thailand under below essence.

#### **1. Organizational Control**

The Company and its subsidiaries have determined the clear and measurable business operation and working target under review of target and comparison of actual overall operation with target in every stage. The reporting line structure has been organized through preparation of organization chart for line-based duty distribution, power determination in proper leading and responsibility for objective achievement under governance of the Board of Directors. The code of conduct and business ethics, as well as the policies of good corporate governance, anti-corruption and conflict of interest, have indicated the adherence to ethics and integrity value. Moreover, manual of action power exercise and manual of main significant working of all systems have been determined to be available by writing under regular additional review for new standard consistency in order to be used as working guideline through consideration on duty and responsibility and internal control system. The personnel development policy and personnel recruitment as well as the employee performance evaluation process

have been arranged through linkage of Competency System and determination of Key Performance Indicators (KPI) both in organizational level, work department, division and individual level with in-house employee performance evaluation for development, promotion and retention of personnel with knowledge and competency to stay with the Company. In addition, every employee has been continuously encouraged and campaigned to have consciousness and compliance through regular annual training of the employees to have knowledge for fair and transparent working toward all groups of stakeholders. The monitoring process and penalty have been clearly arranged and the executives have been promoted to work to be consistent with good corporate governance policy as determined by the Company and its subsidiaries.

The Board of Directors is independent from the management to perform in governing and developing internal control execution, indicating will of incentive, development and retention of personnel with knowledge and competence, and defining duty and responsibility of internal control to the personnel for organizational objective achievement.

In anti-corruption aspect, the Company has assessed risks related to internal corruption as well as review of compliance with anti-corruption policy. The Company has been certified as the member of Thai Private Sector Collective Action Coalition Against Corruption with trust that the Company has had adequate measure and effective corruption audit.

## **2. Risk Assessment**

The Company and its subsidiaries have determined the clear and adequate objectives so that risks related to the organizational objective achievement can be specified and assessed. The Audit Committee together with the management of the Company and its subsidiaries have governed the organizational risk management to be in line with the target to be in the level accepted by the organization. The risk management policy has been determined so that everyone can be observed in consideration on assessment of both internal and external risks that will affect business operation of the Company by specifying and analyzing all aspects of risks such as strategic aspect in operation, finance, compliance with rule, circumstance aspect under classification into organizational level and work department level, and corruption risk that may extensively affect enterprise objective achievement. The important risk level has been ranked according to contingent impact and opportunity in each business process for determining risk management plan in order to find proper and adequate supervision measure. The Company and its subsidiaries have determined the significant policy and strategy of risk management by linking risk management into business plan, and considering on corruption occurrence opportunity. The change that may affect internal control system can be identified and evaluated. Moreover, the Company and its subsidiaries have also regularly monitored circumstances or risk factors from Control Self-Assessment (CSA). The risk factors that have been internally and externally varied and possibly and regularly affected the organization every year have been reviewed under determination of regular quarterly result reporting to the Risk Management Committee and regular annually reporting to the Audit Committee. In addition, the Board and the executives have controlled the preparation of the Company's financial statements and complied with the Generally Accepted Accounting Principle, and timely, accurate and complete data disclosure.

## **3. Operating Control**

The Company and its subsidiaries have determined the important business operation policy to be used as effective and systematic operating guideline of the Company so that the setting target and objective can be attained under control measure that helps reduce risk of the organizational objective failure to be in acceptable level. The general control activities have been selected and developed with information technology in contributing



to support the organizational objective achievement under arrangement of control activities through policy whereas expectation and practical process have been determined so that such determined policies can lead to workableness. The operating manual has been prepared to obviously define by writing the scope of authority, financial limit, approval power of the management in each level under preparation and review of operating power manual and operating procedure/manual to be proper for current organizational structure and operation. Moreover, anti-corruption measure manual has been prepared to be consistent with the determined policy and working structure has been organized to have clear duty and responsibility distribution of each position in approval, account recording, and supervision and separated storage of assets, under monitoring for consistency of strict practice with valid law and regulation. In addition, internal audit work unit has regularly executed performance review to be in line with rule, regulation, action power manual and operating manual in order to assure of the operation with proper and adequate internal audit control system and effective operation as well as application of information system for operation so that it can contribute to more effective and rapid operation.

In addition, the Company and its subsidiaries have determined policy and method of transaction doing with the parties related to the Company for practice in the same way under reasonability and fairness, and in line with the criteria of the Stock Exchange of Thailand or SET and the Office of the Securities and Exchange Commission or SEC.

#### **4. Information and Data Communication System**

The Company and its subsidiaries have given the precedence to information and data communication system under arrangement of sufficient and important news information system, promotion and support for continuous system development such as supply of both internal and external complete, accurate, timely and quality data to support the ability to execute internal control as determined, operate works for objective attainment and prepare data report of work units to be proposed to the executives for use as decision making support. The effective and modern information technology system as well as data security from data collection, data processing, data storage and follow-up have been applied for operation and use of key data which has been complete, accurate and adequate in management of the executive or stakeholders within proper time for use in business decision making. In preparation of comparative and analytical report of rationale, and documentation of fact, and finance and accounting report, the accounting record documentation has been completely filed for transparency and to be operating data. The Audit Committee has mutually considered with the auditor on internal audit works and the related party about the preparation of the Company's financial statements every quarter for confidence that the Company has used accounting policy according to Generally Accepted Accounting Principle and suitable for nature of the Company's business as well as proper data disclosure and additional meetings in proper agenda.

According to data communication, it has included arrangement of suitable communication channel for communication of duties and responsibilities as well as issues for their employees' acknowledgement, determination of safe channel for clue notification or complaint about corruption, inter-communication between work units inside the Company and with outsiders about the aspects that may affect internal control, as well as determination of data usage and information technology security policy, arrangement of communication channels with rapid and convenient data accessibility of data receiver both in internal and external organization such as Intranet and Internet System, etc. to be the communication channel and news information dissemination of the Company.

However, the Company and its subsidiaries have assigned the Company Secretary to oversee and take responsibilities for prior-preparation of meeting data and documentation before meeting, and clearly record the conclusion of opinion and resolution of the Meeting in Minutes of every Meeting of the Board of Directors.

## 5. Follow-Up System

The Company and its subsidiaries have followed up performance whether it has been on setting target with hierarchical operating follow-up system from the Board of Directors, the Executive Board and the Management, for target follow-up and operating control based on strategic plan, plan and project in annual business plan upon regular approval of the Board of Directors every month. In addition, contingent problem have been solved and the operating plan has been adjusted to be consistent with the changing situation in comparison with estimated and actual achievement. In the event that actual operating result is different from estimate, each work unit has been assigned to analyze and find the cause resulting in different result for determination of more effective operating guideline. The responsible persons have been assigned to present report for task review and cause analysis as well as mutually consideration for approving solution plan and reporting continuous operation. In addition, follow-up period has been clearly determined and accurate, complete and adequate data has been disclosed under transparency and accountability for disclosure of connected transaction or conflict of interest transaction.

## Risk Management

The Board of Directors gives the precedence to the overview of enterprise risk management, which is considered as the significant mechanism and managerial tool that will make the organization attain determined objective and target. The risk management policy is determined under emphasis on development of risk management system according to the guideline of Good Corporate Governance to have integrated enterprise risk management by continuous and systematic operation. ISO 31000:2009 and COSO ERM (Enterprise Risk Management) universal standards which have been extensively popular and accepted for application by worldwide organizations have been referred for risk management to be in the acceptable level under regular risk management monitoring. The Company has prepared self-control evaluation both in executive level and operator level of the Company for mutual evaluation on risk/problem and obstacle, uncertainty that may affect operation for attainment of the Company's objectives and circumstance that may cause business opportunity loss of the organization. The principle of the risks which may be occurred from both internal and external causes determines that the Company shall have risk management measure if any risk which is the obstacle of the business operation for inability to attain target as determined by the plan.

The Company determines the risk management policy that shall be complied by all executives and employees, and risk management is fostered as corporate culture. There is the Risk Sub-Committee consisting of the Company's top executive to perform proper risk management in all aspects and assign working group of internal work process development risk management which consists of middle executives from every business unit to perform follow-up, supervise and analyze risk management in operating level of each work department, prepare implementation support/promotion and development according to internal control and risk management plan, evaluate and follow up the overall operation according to the significant internal control and risk management plan, present progress, and report risk management result to the Board of Directors, etc.

In addition, the Company has evaluated risk and problem and obstacle that may affect the operation together with evaluation on adequacy of the existing internal control system for consideration and search for operating improvement and correction guideline for more effective overall operation. The scope covers the issues of management and administration, marketing, sales, warehouse and logistics, human resource work, procurement and administrative work, credit, finance and accounting work. However, the responsible executives in each work section have been assigned and followed-up to execute based on working improvement and corrective guideline as determined. Moreover, the relevant parties must be adhered as practical guideline for more effective overall operation.

In 2016, the subsidiary established Risk Management Committee consisting of a director and top executive of the subsidiary who works under governance of the Audit Committee to perform determination/review/approval of framework and guideline of risk management, anti-corruption and social responsibility for preparation of sustainable development report by cooperation with Internal Audit Department and reporting to the Audit Committee and the Board for acknowledgement in each quarter along with organizing the Meeting of Overall Operation Review according to risk management system to report important risks together with the Audit Committee for at least once a year. The inter-work unit meetings both of monthly meeting and sub-meeting for follow-up to find mutual conclusion according to situation were organized so as to be rapid for timely amendment.

## Related Transactions

**Related Transactions between the Company and its subsidiaries and related persons incurred in 2016**

(Million Baht)

Related Juristic Person	Transaction Type	Description	Relationship	Transaction Value	Necessity and Rational
Premier Marketing PLC	Normal Business	The Company and its Subsidiaries:	Common Directors		
P.M. Food Co., Ltd.		Revenue from the rental, service and interest income.			
Premier Canning Industry Co., Ltd.					
Premier Frozen Products Co., Ltd.		- The Company has income from the right to lease on Premier Corporate Park building.		1.00	- Price are under normal business condition
Datapro Computer Systems Co., Ltd.					
Premier Product PLC		- PC2000 provides computer rental services on condition operating leases of 3-5 years		10.55	- Rental fee are determined by the comparison of rental cost plus profit with other tenants.
Premier Motors Co., Ltd.					
Premier Home Appliance Co., Ltd.		- PIL provides car rental service on condition operating leases of 3-5 years with driver services		43.39	- Rental fee are determined by the comparison of rental cost plus profit with other tenants.
Premier Resorts and Hotels Co., Ltd.					
Raya Heritage Co., Ltd.					
Seri Premier Co., Ltd.					
Infinite Green Co., Ltd.					
Premier Metrobus Co., Ltd.					
Premier Fission Capital Co., Ltd.					
Seri Property Holdings Co., Ltd.					
Green Net SE Co.,.					
		Account receivable			
		Premier Fission Capital Co., Ltd.	0.17		
		Premier Product PLC	0.06		
		Seri Premier Co., Ltd.	0.25		
		Premier Marketing PLC	0.01		
		Total	0.49		

(Million Baht)

Related Juristic Person	Transaction Type	Description	Relationship	Transaction Value	Necessity and Rational
Premier Metrobus Co., Ltd.	Normal Business	Subsidiary:- - The subsidiary rent a place for daily management of shuttle bus for employees / customers / school bus and car repair. Total area is 1,932 sq.m. Rental and service charge are 360 Baht/sqm/month	Common Directors	7.13	- Rental and service charge are under normal business conditions  - Electricity and telephone bill are actual cost. Property tax is under normal condition.
Premier Metrobus Co., Ltd.		Subsidiary:- Cost of service (Shuttle Bus) - The subsidiary buy 1 bus for shuttle service	Common Directors	0.72	- Price are under normal business condition
Premier Fission Capital Co., Ltd.	Support normal business	The Company and its Subsidiaries: Management Expense Service Charge per month: PE 196,500 Baht PIL 432,200 Baht PB 117,900 Baht PC2000 90,000 Baht Total	Common Directors	2.36 5.19 1.41 1.08 10.04	- PFC calculate management fee from income, property and manpower

(Million Baht)

[illegible]

### **Policy or Trend of Future Inter-Transaction**

The Company and/or its subsidiaries have expected that in the future, inter-transactions will still occur in line with the nature of normal business engagement or normal business support such as revenue from sales and services, rent of office space, lease of office space, employment for management based on Agreement of Hire of Management and Business Consulting, rent of car used for business engagement, rental fee and other service charges, etc. All inter-transactions will occur based on necessity and for business operation efficiency within the Group. The inter-pricing policy has been clearly determined according to proper and fair market price and condition under main consideration on the Company's benefit. However, the Audit Committee of the Company will quarterly review inter-transaction. For newly occurred significant inter-transaction, the Company will propose the Audit Committee for consideration and suggestion to the Board of Directors for consideration and approval.

However, according to inter-transaction possibly causing contingent conflict of interests in the future, the Board of Directors shall comply with Securities and Exchange Law, and regulation, announcement, directive or requirement of Office of the Securities and Exchange Commission as well as compliance with the requirement of information disclosure of connected transaction doing and asset acquisition or disposal of the Company and its subsidiaries, including compliance with accounting standard stipulated by Federation of Accounting Professions.



## Analysis and Explanation of the Management

### (1) Business Overview

In 2016, several providers of leased cars were consistently led to a fierce competition, while the used car market saw a tiny growth in prices in the same year. For business expansion, the Company had determined to focus more on advancing standardized services in various aspects. As a consequence of the increasing prices of the used cars, the Company had developed new strategic measures to reduce possible impacts by negotiating with customers to extend the lease terms, allowing the due leased cars remaining in well-maintained conditions to be re-leased for another short-term period, and distributing the due leased cars directly to buyers via the Company's website.

For debt restructuring and business rehabilitation, the Company had achieved all requirements as planned, with its final transactional debt payment made in December 2015. However, as there were two creditors filing an appeal against the order of the Central Bankruptcy Court to the Supreme Court, regarding the approval of the proposed amendment of the Company's business rehabilitation plan as well as the increase and decrease of its registered capital, the Supreme Court, on August 5, 2015, had reversed the order of the Central Bankruptcy Court by disapproving the proposed amendment of the business rehabilitation plan and the increase and decrease of the Company's registered capital. Hence, to comply with the ruling of the Supreme Court, the Company had registered its capital increase and decrease with the Department of Business Development, Ministry of Commerce, effective on April 12, 2016. In accounting, this was considered the adjustment of the Company's account in accordance with the Supreme Court's ruling, where the changing entries would remain in the shareholders' equity regarding the paid-up capital and deficit.

As the Company had acknowledged the tax loss of 251.7 million baht, dated November 30, 2016, the Supreme Court had filed the decided case No. 5316/2559 between the Department of Revenue, the plaintiff, and the Company, the 1st defendant, and Premier Infrastructure Company Limited, the 2nd defendant, against the Central Tax Court to be jointly liable for the unpaid tax to be levied upon Premier Enterprise Public Company Limited, PET Engineers, Inc., and Lockwood, Andrews & Newname, Inc. (PE-PETLAN Joint Venture) for the income tax liability of PE-PETLAN Joint Venture in 2001 and 2002 and the value-added tax liability of the Joint Venture, starting from February 2001 to March 2004, totaling 251,699,348.81 baht. The Department of Revenue had cited the Company was liable to the case, stating that the Company had intentionally allowed PE-PETLAN Joint Venture to use the Company's name as part of the Joint Venture's business although the Company had previously agreed to dismiss its partnership with the Joint Venture, whose tax liability still remained unsolved. In consequence, the Company was directly liable for the Joint Venture's debt and unpaid tax against the Department of Revenue in accordance with Section 1054 of the Civil and Commercial Code, stating "A person who, by spoken or written words, or by conduct, or by consenting to the use of his name in the firm name of a partnership, represents himself as a member of a partnership, or who knows of his being represented as a member of a partnership without making objection thereto, becomes liable to third persons as a partner for all the obligations of the partnership ...". However, the Supreme Court's ruling was considered the amendment of the Central Tax Court's final verdict, which was previously dismissed against the Department of Revenue, the plaintiff, for allowing the Company to be released from the payment of the said tax.

### (2) Achievements of Business Performance

For the last year's business performance ending on December 31, 2016, the Company and its affiliate posted an annual loss of 262.4 million baht occurred as a consequence of the acknowledgement of tax loss valued 251.7 million baht. For the business performance prior to the acknowledgement of tax loss, the Company and its affiliate experienced the loss of 10.7 million baht, compared to the previous year's loss of 144.1 million baht, which was resulted from the depreciation cost of 128.4 million baht of the Company's leased vehicles and the decreasing sales of 3.3 million baht of the leased cars. However, the affiliate was able to achieve a fruitful profit of 20.9 million baht from the distribution of its leased cars. Significant changes came from the following factors.

## 1. Revenue from Leasing Fees, Service Charges, and Gross Profit

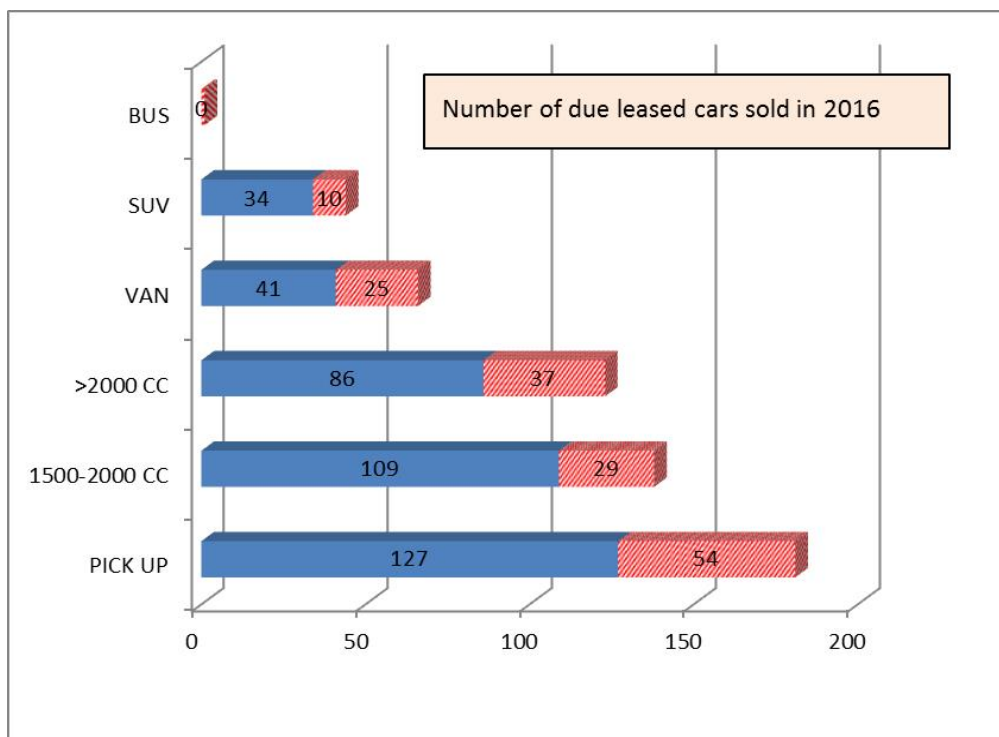
1.1 The leased car business achieved 626.6 million baht in revenue, a rise of 12.3 percent, by expanding the Company's leased car market as well as maintaining its regular customers. The revenue came from two major sections, varying in 553.1 million baht from general car leasing and 73.5 million from school bus and shuttle bus. The Company had strived to control its service costs at the most competitive level, thanks to the ability to negotiate for the best prices, seek the most preferred auto insurance, maintain maintenance and repair costs, and maximize efficiency of substituted car management. However, as the Company was hit hard by competitive prices of general car leasing, the gross profit rate could be maintained at 22.8 percent only, decreased by 4.2 percent compared to the previous year. The Company achieved an increasing 22.7 percent, a rise of 6.0 percent, of the gross profit from its school bus and shuttle bus business. Meanwhile, as the Company had recognized the importance of being complied with the Department of Land Transport's compulsory requirements, the Company still missed out on its holiday-based school bus business, considered 74.5 percent of the expected target.

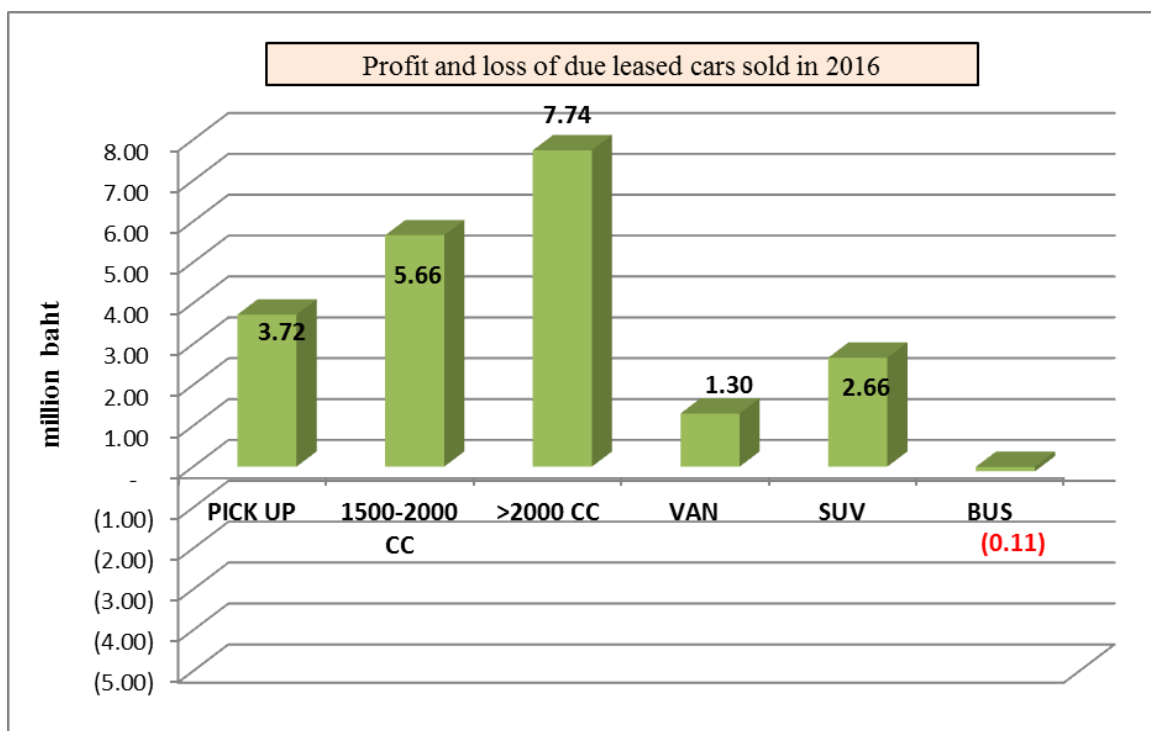
1.2 The Company also generated remarkable profits from other related businesses, consisting of insurance and rental of computer equipment and accessories, posting a total profit of 38.2 million baht, increased by 4.7 million baht compared to the achievement of 2015.

2. The Company possessed a total implementation cost of 141.5 million baht resulted from the increase of personnel recruitment expenses of 13.8 million baht, legal advisory services of 3.4 million baht, SET and securities deposit fees of 2.4 million baht, and Rama IX office's space rental of 1.8 million baht. For 2016, the unrealized loss decreased by 10.1 million baht compared to the previous year, considered a consequence of the transfer of the temporary investment budget into the securities available for sale. The Company's debt and IT-based service cost were also estimated to decline by 3.1 million baht and 1.6 million baht, respectively.

3. The liquidity of the automobile market had shifted gradually in 2016. The Company was able to sell its due leased cars, totaling 553, posting a remarkable profit of 20.9 million baht. Comparing to 2015, the Company achieved a minute profit of 3.3 million baht, with only 310 due leased cars sold.

### Details of Profit and Loss Classified by Car Types





4. The Company's financial cost was estimated at 74.2 million baht, shifted by 8.0 million baht, and the number of leased cars was increased to 857 from 742 in 2015. However, the leasing interest rate was maintained at a low level, resulted in a decrease of 4.33 percent compared to 5.36 percent posted in the year before.

### (3) Asset Management Ability

On December 31, 2016, the Company possessed its total asset valued 2,080.3 million, increased by 241.2 million baht or 13.1 percent from the valued achieved last year. Admittedly, leased vehicles, valued a total of 1,751.5 million baht, were the major asset, considered 84.2 percent of a total asset owned by the Company. In 2016, a total number of 2,609 leased cars remained in the Company's investment portfolio, increased by 301 compared to the same period last year.

#### Number and Value of Leased Cars

Description	Ending on December 31		
	2016	2015	2014
Number of cars – beginning of period (unit)	2,305	1,873	1,899
Number of cars purchased (unit)	857	742	420
Number of cars sold (unit)	553	310	446
Number of cars – ending of period (unit)	2,609	2,305	1,873
Cars – ending of period (unit)	2,466	2,162	1,733
General cars	143	143	140

Passenger cars			
Total Number of cars – ending of period	2,609	2,305	1,873
Value of net account – ending of period (million baht)			
General cars	1,673.78	1,429.86	1,288.62
Passenger cars	77.96	84.59	90.14
Total value of net account – ending of period	1,751.47	1,514.45	1,378.76

\*Car, pickup truck, van, truck, and multi-purpose vehicle

### Trade Receivables

On the final date of 2016, the Company's trade receivables remained at 63.7 million baht, shifted by 0.8 million baht compared to the amount generated last year. As they were undue receivables valued 52.8 million baht, the figure unveiled the proportion of 82.2 percent due to the current competition in the market. New customers had also requested for a 60-day credit term and the Company decided to apply some strategic measures to closely monitor their debt-related transactions. Admittedly, the Company's customers varied in private and public companies, government agencies, and state enterprises from different business fields such as energy, petrochemical, agriculture, and consumer goods. At present, the Company is able to maintain 397 customers, a rise of 17.8 percent compared to the previous year's achievement.

### Details of Trade Receivables Classified by Debt Collection Period

Unit: Million baht

Description	Ending on December 31		
	2016	2015	2014
Debt period from due date			
Undue	52.80 82.1%	49.41 78.5%	40.53 84.8%
Not exceeding 3 months	9.64 15.0 %	10.75 17.1%	6.62 13.8%
3-6 months	1.00 1.5%	1.83 2.9%	0.55 1.2%
Above 6 months	0.91 1.4%	0.94 1.5%	0.09 0.2%
Total	64.35 100.0%	62.93 100.0%	47.49 100.0%
Deduction: Allowance for doubtful account	(0.62)	(0.38)	
Total trade receivables – net	63.73 100.0%	62.55 100.0%	47.79 100.0%

## Temporary Investment Budget

The Company had developed a plan to use its remaining cash in an approved investment segment expecting to obtain an excellent yield higher than those offered by commercial banks. On December 31, 2016, the Company's cash was estimated to remain at 28.37 million baht, a drop of 114.25 million baht compared to the same period of 2015, generating 0.60 million baht of profit. However, the decreasing investment budget was resulted from a new investment of money allocated to BKIND worth 108.0 million baht, which was expected to be invested in the asset market.

### (4) Liquidity and Source of Investment Capital

The Company's investment capital came from two major sources including:

- 1) Business implementation
- 2) Distribution of leased cars

The investment capital came mainly from the revenues obtained from general leasing of automobiles, insurance, and rental of computer equipment and accessories. The Company was able to maintain its liquidity rate at 0.22, considered a smaller figure compared to the previous year's success of 0.57.

Description	2016	2015	2014
Liquidity	0.22	0.57	0.77
Swift liquidity	0.14	0.47	0.68
Cash flow liquidity	0.34	0.53	0.64

### Liabilities Related to Business Operations

(1) The Company's liabilities came from the car leasing business, including the liability under the hire purchase agreement and the liability under the financial lease agreement valued 1,594.2 million baht in total. The liabilities were scheduled to be paid on a monthly basis lasting for a period of 3-5 years, where 458.5 million baht had been targeted to be paid in the first year. The Company gained huge revenue from its leased car market in a consistent manner, and, in the second year, the amount of 548.1 million baht was expected to be received from the increasing demand for leased cars.

The Company had developed its strategic management on cash flows and expenses to be maintained in good balance as the loan duration was required to be consistent to the leasing period aiming to reduce risk of inflating interest rates. The Company was also able to seek efficient sources of loans with constant interest rates, complying with the fixed leasing income expected to be received throughout the agreement's effective period.

### Details of Hire Purchase Agreement, Financial Lease Agreement, Long-Term Loans, and Financial Sources

Description	Ending on December 31		
	2016	2015	2014
Liabilities under hire purchase agreement and financial lease agreement			
Due in 1 year	458.4	449.0	351.9
Due in 1-5 years	1,135.7	897.6	784.2
Total	1,594.1	1,346.6	1,136.1
Minimum lease revenue expected to be received			

Due in 1 year	548.1	471.7	422.5
Due in 1-5 year	909.2	696.7	529.2
<b>Total</b>	<b>1,457.3</b>	<b>1,168.4</b>	<b>951.7</b>

Additionally, as the Company had agreed to pay off its liabilities in accordance with the business rehabilitation plan in 2015, only one source of loan, with the debt-to-equity ratio not exceeding 4.5 times under the mutual agreement, was available for the Company. However, the Company's affiliate had paid off its debt fully under the mentioned mutual agreement valued 2.0 million baht in total.

#### (5) Key Factors Influencing Future Business Implementation

The Thai economic analysis for 2016, referring to [www.scbeic.com/th/eic\\_analysis](http://www.scbeic.com/th/eic_analysis), unveiled that the automobile market was still not recovered, with only 768,778 cars sold in the year, considered a declining growth rate of 3.9 percent, while the commercial vehicle and passenger car markets experienced a decreasing sales volume of 2.3 percent and 6.5 percent, respectively. Honestly speaking, 2016 was considered another hard year for the automotive industry to achieve a remarkable growth, referring to [www.thairath.co.th/contest/850517](http://www.thairath.co.th/contest/850517). Besides, prices of used cars were maintained at constant rates compared to the previous year.

Additionally, EIC had forecasted that the Thai economy would be able to shift due to the recovery of prices of consumer goods, considered a highly positive factor expected to stimulate greater income for the export and agriculture sectors. Likewise, a majority of Thai consumers were alleviated by the termination of their transaction payments related to the first-time car purchase campaign as well as the reduction of personal income tax collection.

The government spending was expected to be increased in a multiple manner compared to 2015 due to the government's approval of massive investments in large-scale infrastructures. For 2017, the Thai economy has been anticipated to achieve a 3.3-percent growth, which will result in greater expansion and competitiveness of the leased car market. The Company has been urged to increase the value of its quality services provided for customers of both car leasing and insurance businesses, while getting ready to develop innovation-based services to attract new markets that can ensure a consistent and sustainable growth in the long run.

## **Report of Board of Directors' Responsibilities for Financial Statements**

Board of Directors are responsible for the financial report as prepared by Premier Enterprise Public Co., Ltd. and its subsidiaries in order to ensure the accurate and reasonable presentation of financial position, revenues and expenses and statement of cash flow. The presentation reflects accurate, complete and sufficient data entry of assets; prevents frauds and abnormal business operations. In preparing the financial report, appropriate accounting policies have been practiced consistently and in compliance with the generally accepted accounting standards. Significant information has also been sufficiently disclosed in notes to financial statements and the auditors provided their opinion in Report of the Independent Auditors

Board of Directors appointed Audit Committee consisting of the independent directors monitoring the financial report and assessing the internal control system, which have been approved by Audit Committee as appeared in Report of the Audit Committee, which has been exhibited in the annual report.



(Mr. Vichien Phongsathorn)

Chairman

On behalf of the Board of Directors



## Report of the Audit Committee

The Audit Committee of Premier Enterprise Public Company Limited have been wholly independent directors consisting of the directors who have been newly appointed according to the resolution of the Annual General Meeting of Shareholders for 2015 on 11 May 2015 have consisted of below.

Mrs.Jitrawatthana	Jaruwatthanachai	Chairman of the Audit Committee	Attended the meetings for 6/6 times.
Mrs.Supasri	Suthontharn	Audit Committee Member	Attended the meetings for 6/6 times
Mr.Surapol	Srangsomwong	Audit Committee Member	Attended the meetings for 6/6 times

The Audit Committee newly appointed all three directors who are fully qualified pursuant to the requirement of the office of the Securities and Exchange Commission (the Office of SEC), and Stock Exchange of Thailand pursuant to laws and regulations. at least 1 in 3 people must have knowledge and experience in accounting and finance, non- managerial participation or not being the auditor, consultant, business partner or others with the Company and the company in the Group, and this has been in line with what has been determined by laws and regulations. Specifically, the Audit Committee has not been appointed to protect the interests of specific directors or major shareholders.

In 2016, the Audit Committee held 6 meetings consisting of 4 Quarterly Audit Committee Meetings, 1 meeting with Risk Management Committee of its subsidiaries, and 1 specific meeting with the auditor without the meeting attendance of the management. In each meeting, the top executives, internal auditors and the auditors mutually attended the meetings as proper for data provision to the meetings, contributing to the function of the audit committee members on their duties and responsibilities as stipulated in Charter of the Audit Committee and assigned by the Board of Directors. The significant issues considered by the Audit Committee have consisted of the following issues of which their essences have been summarized.

### **1. Accuracy, Completeness, Reliability of the Company's Financial Report**

The Audit Committee reviewed both quarterly financial statements and yearly financial statements, and both in part of separate and consolidated financial statements that have been passed the review and audit from the auditor of the Company and the management, and the review and hearing to the clarification from the executive and the auditor in the issue of accuracy, completeness, reliability of financial report, and adequacy of the data disclosure. The Audit Committee commented that the financial statements have been accurate and complete as proper in essence and prepared according to financial reporting standard under adequate information disclosure for benefit of the financial statements' users.

### **2. Internal Control System of the Company**

The Audit Committee reviewed the adequacy of the Company's internal control system through review on internal audit result report in assessment of the adequacy of internal audit control system according to the guideline stipulated by the Office of SEC. The Audit Committee commented that the Company has arranged effective, proper, and adequate internal control system for successful management with effective operating system as well as risk management system, asset maintenance, and effective personnel management based on nature of business without detection of essential weaknesses or faults.

### **3. Internal Audit Work Governance**

The Audit Committee informed the operating suggestion of Internal Audit Office and approved internal audit plan for 2015 emphasizing on significance of internal control and risk management for critical activities that cover both in part of the Company and its subsidiaries.

### **4. Compliance with Laws and Regulations of the Office of SEC, Stock Exchange of Thailand and Laws Relevant to the Company's Business**

The Audit Committee reviewed the compliance with Securities and Exchange Law, requirement of Stock Exchange of Thailand, and laws related to the Company's business and commented that the Company has well and continuously complied in consistency with relevant laws, rules, and requirements.

### **5. Risk Management**

The Audit Committee reviewed the appropriateness and adequacy of risk management system of the Company including risk monitoring, assessment and analysis in significant activities by mutual meeting with the executives of the Company and its subsidiaries for acknowledgement on the execution of risk management in different areas. The significance has been given to identification of risk factor and risk management plan of the Company, and also provided useful suggestions to the management for risk management system that has been more effective and

proper for business condition. The Audit Committee commented that the Company has carefully and fully managed risks as identified.

#### **6. Compliance with Anti-Corruption Measure according to Private Sector Collective Action Coalition Against Corruption Project**

The Audit Committee reviewed the compliance with anti-corruption measure according to Anti-Corruption Collective Action Coalition Project of Thai private sector. The Company has prepared manual of anti-corruption measure and arranged the internal corruption-related risk assessment, and it has been certified as the member of Thai Private Sector Collective Action Coalition Against Corruption from Private Sector Collective Action Coalition Against Corruption Council on 4 April 2014. In 2015, the Company has been assessed for Anti-Corruption Progress Indicator to be in highest level at the 5th Extended. This indicated the policy that covers the business partner, consultant, intermediary or business representative as well as the execution in carrying forward the business partners in the business chain, and implementing policy and practical guideline that are uninvolved with corruption of Thaipat Institute and the Office of the Securities and Exchange Commission (SEC) as referred from international standard for listed company and general company. The Audit Committee commented that the Company has had complete and adequate practical measure with strictness and diligence. On December 15, 2559, the Company has undertaken to renew the accreditation of private practice as a united front against corruption in Thailand. Which is being considered by the Committee alignment private practice in Thailand to fight corruption. A decision is expected in early February 2560

#### **7. Transaction Doing Possibly with Conflict of Interests**

The Audit Committee reviewed the connected transactions or transactions possibly with conflict of interests to be accurate and consistent with laws and requirements of the Stock Exchange under consideration on the nature of transaction, reason and necessity. They commented that the said connected transactions have been the reasonable and fair transactions and useful for the Company under complete and adequate information and data disclosure.

#### **8. Good Corporate Governance**

The Audit Committee reviewed and monitored the performance according to good corporate governance policy, and they commented that the Company has completely and adequately complied with good corporate governance policy. It indicated the accountable, transparent and effective management system for trust and confidence of the shareholders, stakeholders and a;; relevant parties.

#### **9. Appropriateness of the Auditor**

The Audit Committee considered the appropriateness of the auditor through reference from audit work quality, the appropriateness of the auditor team, and from review of the financial report. The meeting was specific for the auditor without meeting attendance of the management for acknowledgement on audit result and free internal control environment. The Audit Committee commented that the auditors of EY Office Company Limited have been the professional expert with independence, and well and effective function. Therefore, the Broad of Directors was proposed for consideration on request for approval from Annual General Meeting.

#### **10. Self-Assessment of the Audit Committee**

The Audit Committee has assessed the scope of self-performance in comparison with the charter of the Audit Committee and best practice and the performance assessment result has been complete, sufficient and consistent with the charter of the Audit Committee and best practice.

On behalf of the Audit Committee



( Mrs. Jittrawatthana Jaruwattanachai )

Chairman of the Audit Committee

## Independent Auditor's report

To the Shareholders of Premier Enterprise Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Premier Enterprise 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 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 Premier Enterprise 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 Premier Enterprise Public Company Limited and its subsidiaries and of Premier Enterprise 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.

### Emphasis of Matter

I draw attention to the following matters.

- 1) As described in Note 4 to the financial statements, on 4 April 2011, the Central Bankruptcy Court issued an order approving the Company's exit from its rehabilitation plan, since the Company had already implemented conditions in the plan, and ordered the Company to continue paying debts to the creditors in accordance with the rehabilitation plan. Debt repayment was completed in 2015. However, two creditors lodged appeals against the order of the Central Bankruptcy Court with the Supreme Court, with respect to approval of the proposed amendments to the plan on 18 February 2008. The Supreme Court's judgement, issued on 5 August 2015, overturned the order of the Central Bankruptcy Court and rejected the proposed amendments to the Company's rehabilitation plan relating to the increase and decrease in the Company's registered share capital. Therefore, in order to comply with the Supreme Court's judgement, the Company has registered such decrease and increase in its capital to the Public Companies Registrar of the Department of Business Development at the Ministry of

Commerce on 12 April 2016. These transactions have no effect to the overall amounts of shareholders' equity of the Company.

- 2) As described in Note 22 to the financial statements, the Company was sued by the Revenue Department claiming Baht 251.7 million for corporate income tax and value added tax together with surcharge of a joint venture in which the Company was an investor. The Supreme Court's judgement, issued on 30 November 2016, ordered the Company to pay the taxes to the Revenue Department. The Company recognised these claims in full amount in the financial statements.

My opinion is not modified in respect of these above matters.

### **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 from vehicle rental income*

For the year ended 31 December 2016, the subsidiary recognised revenue from vehicle rental totaling Baht 626 million, equivalent to 94 percent of total revenue of the Group. The subsidiary has entered into agreements with a large number of customers and recognised revenue as agreed under these agreements. There is therefore a risk with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the subsidiary by assessing and testing the subsidiary's IT system and its internal controls with respect to the revenue cycle and applying a sampling method to select rental agreements to verify the revenue recognition, whether the recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the subsidiary's policy. In addition, I reviewed credit notes that the subsidiary issued after the period-end and performed analytical procedures on disaggregated data by type of vehicles for rent to detect possible irregularities in rental income throughout the period, particularly for accounting entries made through journal vouchers. I requested for confirmations regarding the balances of accounts receivable and the terms of the contracts directly to customers.

Impairment of vehicles for rent

Determination of impairment of vehicles for rent is an area of significant management judgment, particularly with regard to the estimation of the future market prices of second-hand vehicles, and determination of appropriate key assumptions. There is thus a risk relating to the valuation of the impairment of vehicles for rent.

In order to assess the basis of the subsidiary's management's determination of impairment of vehicles for rent, I gained an understanding and assessed the assumptions and approaches used by the subsidiary's management in calculating the fair value of vehicles for rent and compared the fair value of vehicles for rent with external information. In addition, I reviewed the information disclosed with respect to impairment of vehicles for rent.

**Other Information**

Management is responsible for the other information. The other information comprises 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 fairly 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 Ouaanunkun.



**Siraporn Ouaanunkun**

Certified Public Accountant (Thailand) No. 3844

EY Office Limited

Bangkok: 16 February 2017



Premier Enterprise Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Assets					
Current assets					
Cash and cash equivalents	7	9,048,451	17,560,946	189,667	253,876
Current investments	8	28,366,446	142,621,107	238,541	10,699,917
Trade and other receivables	9	65,258,154	71,404,864	187,769	5,098,588
Short-term loans to related parties	10	-	-	14,450,000	106,318,509
Prepaid expenses		37,532,653	33,150,459	1,142,778	136,839
Other current assets		22,952,281	11,568,177	323,687	275,563
Total current assets		163,157,985	276,305,553	16,532,442	122,783,292
Non-current assets					
Restricted bank deposits	11	10,321,078	11,313,310	-	-
Investments in accounts receivable	12	-	-	-	-
Investments in subsidiaries	13	-	-	354,325,517	229,999,600
Investments in available-for-sale securities	14	121,124,400	-	-	-
Vehicles for rent and equipment	15	1,773,598,799	1,537,054,730	121	106
Non-operating assets	16	2,031,100	1,617,100	64,600	64,600
Deferred tax assets	25	466,008	594,906	-	17
Other non-current assets		9,613,012	12,188,232	17,000	17,000
Total non-current assets		1,917,154,397	1,562,768,278	354,407,238	230,081,323
Total assets		2,080,312,382	1,839,073,831	370,939,680	352,864,615

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

Premier Enterprise Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	18	32,645,667	34,863,141	33,262,931	970,558
Current portion of liabilities under hire-purchase agreements	19	441,850,958	427,996,889	-	-
Current portion of liabilities under finance lease agreements	20	16,604,041	19,013,863	-	-
Current portion of long-term loan	21	-	2,013,640	-	-
Income tax payable		-	50,675	-	-
Liabilities from litigation losses	22	251,739,349	-	251,739,349	-
Other current liabilities		5,205,552	4,803,131	39,340	39,340
<b>Total current liabilities</b>		<b>748,045,567</b>	<b>488,741,339</b>	<b>285,041,620</b>	<b>1,009,898</b>
<b>Non-current liabilities</b>					
Liabilities under hire-purchase agreements, net of current portion	19	1,077,600,874	851,549,943	-	-
Liabilities under finance lease agreements, net of current portion	20	58,144,049	46,056,196	-	-
Provision for long-term employee benefits	23	29,425,384	30,073,801	-	-
Deferred tax liabilities	25	35,187,202	41,547,042	203	-
Other non-current liabilities		46,294,144	45,176,703	5,310,256	6,312,355
<b>Total non-current liabilities</b>		<b>1,246,651,653</b>	<b>1,014,403,685</b>	<b>5,310,459</b>	<b>6,312,355</b>
<b>Total liabilities</b>		<b>1,994,697,220</b>	<b>1,503,145,024</b>	<b>290,352,079</b>	<b>7,322,253</b>

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

Premier Enterprise Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Shareholders' equity					
Share capital					
Registered					
812,152,709 ordinary shares of Baht 0.5 each					
(31 December 2015: 1,612,152,709					
ordinary shares of Baht 1 each)	4	406,076,355	1,612,152,709	406,076,355	1,612,152,709
Issued and fully paid up					
800,000,000 ordinary shares of Baht 0.5 each					
(31 December 2015: 800,000,000					
ordinary shares of Baht 1 each)	4	400,000,000	800,000,000	400,000,000	800,000,000
Shares issued for unclaimed guarantees issued					
by the Company	4	(10,191,959)	(20,383,918)	(10,191,959)	(20,383,918)
Deficit		(316,296,780)	(755,897,535)	(311,327,918)	(717,239,280)
Other components of shareholders' equity		12,102,720	312,209,079	2,107,478	283,165,560
Equity attributable to owners of the Company		85,613,981	335,927,626	80,587,601	345,542,362
Non-controlling interests of the subsidiaries		1,181	1,181	-	-
Total shareholders' equity		85,615,162	335,928,807	80,587,601	345,542,362
Total liabilities and shareholders' equity		2,080,312,382	1,839,073,831	370,939,680	352,864,615

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

Premier Enterprise Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 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>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Rental and service income		664,301,919	591,253,944	1,002,099	999,361
Other income					
Gain on sales of vehicles for rent and equipment		21,017,950	-	-	-
Dividend income	13	-	-	32,199,944	-
Others		6,214,277	8,484,782	4,200,008	11,566,208
<b>Total revenues</b>		<u>691,534,146</u>	<u>599,738,726</u>	<u>37,402,051</u>	<u>12,565,569</u>
<b>Expenses</b>					
Cost of rental and services		492,386,616	422,288,840	-	-
Administrative expenses		141,446,630	134,880,637	14,091,486	7,247,108
Loss on impairment of investments in subsidiaries	13	-	-	38,628,889	-
Loss on sales of vehicles for rent and equipment		-	3,308,382	-	-
Loss on impairment of vehicles for rent		-	128,390,298	-	-
Litigation losses	22	251,739,349	-	251,739,349	-
<b>Total expenses</b>		<u>885,572,595</u>	<u>688,868,157</u>	<u>304,459,724</u>	<u>7,247,108</u>
<b>Profit (loss) before finance cost and income tax expenses</b>		<u>(194,038,449)</u>	<u>(89,129,431)</u>	<u>(267,057,673)</u>	<u>5,318,461</u>
Finance cost		(74,199,005)	(66,236,409)	(4,347)	(5,410)
<b>Profit (loss) before income tax expenses</b>		<u>(268,237,454)</u>	<u>(155,365,840)</u>	<u>(267,062,020)</u>	<u>5,313,051</u>
Tax income (expenses)	25	5,822,045	520,118	(219)	3,991
<b>Profit (loss) for the year</b>		<u>(262,415,409)</u>	<u>(154,845,722)</u>	<u>(267,062,239)</u>	<u>5,317,042</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain on change in value of available-for-sale securities	14	12,327,600	-	-	-
Less: Income tax effect	25	(224,880)	-	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<u>12,102,720</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial losses	23	-	(1,169,058)	-	-
Less: income tax effect	25	-	233,812	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<u>-</u>	<u>(935,246)</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the year</b>		<u>12,102,720</u>	<u>(935,246)</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>(250,312,689)</u>	<u>(155,780,968)</u>	<u>(267,062,239)</u>	<u>5,317,042</u>
<b>Basic earnings per share</b>	26				
Profit (loss) for the year		<u>(0.3280)</u>	<u>(0.1936)</u>	<u>(0.3338)</u>	<u>0.0066</u>

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

Premier Enterprise Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	(268,237,454)	(155,365,840)	(267,062,020)	5,313,051
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Dividend income	-	-	(32,199,944)	-
Gain on sales of investments in unit trusts	(604,534)	(1,082,089)	(136,002)	(507,089)
Unrealised (gain) loss on changes in value of investments in unit trusts	59,768	10,032,008	(1,096)	19,957
Increase (decrease) in allowance for doubtful accounts	445,554	172,560	(45,096)	(205,900)
Loss on impairment of investments in subsidiaries	-	-	38,628,889	-
Depreciation and amortisation	311,159,996	254,141,288	-	-
Allowance for impairment loss on vehicles for rent	-	147,474,126	-	-
Claims from litigation	251,739,349	-	251,739,349	-
Reversal of allowance for impairment of investments in accounts receivable	(82,606)	(69,131)	(52,542)	-
Realised deferred rental income	(1,002,099)	(999,361)	(1,002,099)	(999,361)
(Gain) loss on sales of vehicles for rent and equipment	(21,017,950)	3,308,382	-	3
Non-operating assets transferred in	-	(39,600)	-	(39,600)
Reversal of allowance for impairment of non-operating assets	(414,000)	-	-	-
Gain from debt restructuring	-	(660,662)	-	(5,890,500)
Provision for long-term employee benefits	3,200,036	2,101,962	-	-
Write-off refundable withholding tax deducted at source	64,841	885,751	45,371	22,003
Interest income	(154,030)	(275,474)	(3,080,338)	(4,373,606)
Interest expenses	74,030,742	66,086,426	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	349,187,613	325,710,346	(13,165,528)	(6,661,042)
Operating assets (increase) decrease				
Trade and other receivables	5,656,059	(14,594,792)	4,910,819	(1,835)
Prepaid expenses	(4,555,549)	(5,471,851)	(1,005,939)	12,101
Other current assets	1,690,044	1,475,424	(16,127)	42,772
Investments in accounts receivable	82,606	69,131	52,542	-
Other non-current assets	7,911,126	(2,459,257)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(2,219,330)	451,834	(133,540)	(2,279,748)
Other current liabilities	402,421	278,259	-	-
Provision for long-term employee benefits	(3,848,453)	(114,800)	-	-
Other non-current liabilities	2,119,540	4,481,952	-	-
Cash flows from (used in) operating activities	356,426,077	309,826,246	(9,357,773)	(8,887,752)
Cash paid for interest expenses	(74,028,887)	(68,934,981)	-	(15,019,044)
Cash paid for income tax	(19,114,363)	(7,187,869)	(32,272)	(45,371)
<b>Net cash flows from (used in) operating activities</b>	<b>263,282,827</b>	<b>233,703,396</b>	<b>(9,390,045)</b>	<b>(23,952,167)</b>

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

**Premier Enterprise Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2016**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Cash flows from investing activities</b>				
Decrease in restricted bank deposits	992,232	3,284,378	-	-
Increase in current investments - fixed deposits	(22,778)	(29,700)	-	-
Acquisitions of unit trusts	(291,098,917)	(199,150,000)	(34,860,000)	(40,700,000)
Proceeds from sales of unit trusts	297,124,322	239,080,800	45,458,474	67,059,175
Proceeds from sales of investments	-	46,953,405	-	35,914,510
Increase in short-term loans to related parties	-	-	(14,450,000)	(32,114,509)
Dividend received	-	-	10,100,000	-
Interest income	154,144	275,764	3,077,377	4,373,606
Acquisitions of vehicles for rent and equipment	(47,399,780)	(69,306,176)	(15)	-
Proceeds from sales of vehicles for rent and equipment	<u>276,853,255</u>	<u>152,571,931</u>	<u>-</u>	<u>-</u>
<b>Net cash flows from investing activities</b>	<u>236,602,478</u>	<u>173,680,402</u>	<u>9,325,836</u>	<u>34,532,782</u>
<b>Cash flows from financing activities</b>				
Repayment of liabilities under hire-purchase agreements	(468,633,375)	(358,862,275)	-	-
Repayment of liabilities under finance lease agreements	(37,749,829)	(48,816,424)	-	-
Repayment of long-term loan	(2,013,640)	(4,912,040)	-	-
Repayment of long-term liabilities	-	(413,486)	-	(413,486)
Repayment of long-term liabilities from related parties	-	(7,980,272)	-	(10,312,832)
Dividend paid	<u>(956)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net cash flows used in financing activities</b>	<u>(508,397,800)</u>	<u>(420,984,497)</u>	<u>-</u>	<u>(10,726,318)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(8,512,495)</u>	<u>(13,600,699)</u>	<u>(64,209)</u>	<u>(145,703)</u>
Cash and cash equivalents at beginning of year	<u>17,560,946</u>	<u>31,161,645</u>	<u>253,876</u>	<u>399,579</u>
<b>Cash and cash equivalents at end of year</b>	<u>9,048,451</u>	<u>17,560,946</u>	<u>189,667</u>	<u>253,876</u>
	-	-	-	-
<b>Supplement cash flows information</b>				
<b>Non-cash transactions</b>				
Transfer of investments in unit trust in equity securities				
open-ended fund to investments in available-for-sale securities	108,796,800	-	-	-
Assets acquired under hire-purchase agreements during the year	708,538,375	618,833,166	-	-
Assets acquired under finance lease agreements during the year	47,427,860	4,248,939	-	-

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

**Premier Enterprise 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								
			Other components of shareholders' equity					
	Shares issued		Gain on difference	Surplus on	Total	Equity attributable to		
Issued and	for unclaimed		on reorganisation of	change in value of	equity attributable	non-controlling	Total	
fully paid up	guarantees issued		business of	available-for-sale	to owners of the	interests of	shareholders'	
share capital	by the Company	Deficit	group companies	securities	Company	the subsidiaries	equity	
Balance as at 1 January 2015	800,000,000	(20,383,918)	(600,116,567)	265,255,674	-	444,755,189	1,181	444,756,370
Loss for the year	-	-	(154,845,722)	-	-	(154,845,722)	-	(154,845,722)
Other comprehensive income for the year	-	-	(935,246)	-	-	(935,246)	-	(935,246)
Total comprehensive income for the year	-	-	(155,780,968)	-	-	(155,780,968)	-	(155,780,968)
Realised gain on difference on reorganisation of business of group companies	-	-	-	46,953,405	-	46,953,405	-	46,953,405
Balance as at 31 December 2015	800,000,000	(20,383,918)	(755,897,535)	312,209,079	-	335,927,626	1,181	335,928,807
Balance as at 1 January 2016	800,000,000	(20,383,918)	(755,897,535)	312,209,079	-	335,927,626	1,181	335,928,807
Loss for the year	-	-	(262,415,409)	-	-	(262,415,409)	-	(262,415,409)
Other comprehensive income for the year	-	-	-	12,102,720	12,102,720	-	-	12,102,720
Total comprehensive income for the year	-	-	(262,415,409)	-	12,102,720	(250,312,689)	-	(250,312,689)
Dividend paid	-	-	(956)	-	-	(956)	-	(956)
Decreased share capital by decreasing in par value (Note 4)	(400,000,000)	10,191,959	389,808,041	-	-	-	-	-
Transferred gain on difference on reorganisation of business of group companies to deficit	-	-	312,209,079	(312,209,079)	-	-	-	-
Balance as at 31 December 2016	400,000,000	(10,191,959)	(316,296,780)	-	12,102,720	85,613,981	1,181	85,615,162

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



Premier Enterprise Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid up share capital	Shares issued for unclaimed guarantees issued by the Company	Deficit	Other components of shareholders' equity Gain on difference on reorganisation of business of group companies	
<b>Balance as at 1 January 2015</b>	800,000,000	(20,383,918)	(722,556,322)	247,251,050	304,310,810
Total comprehensive income for the year	-	-	5,317,042	-	5,317,042
Realised gain on difference on reorganisation of business of group companies	-	-	-	35,914,510	35,914,510
<b>Balance as at 31 December 2015</b>	<u>800,000,000</u>	<u>(20,383,918)</u>	<u>(717,239,280)</u>	<u>283,165,560</u>	<u>345,542,362</u>
<b>Balance as at 1 January 2016</b>	800,000,000	(20,383,918)	(717,239,280)	283,165,560	345,542,362
Total comprehensive income for the year	-	-	(267,062,239)	-	(267,062,239)
Decreased share capital by decreasing in par value (Note 4)	(400,000,000)	10,191,959	389,808,041	-	-
Difference on reorganisation of business of group companies (Note 13)	-	-	-	2,107,478	2,107,478
Transferred gain on difference on reorganisation of business of group companies	-	-	283,165,560	(283,165,560)	-
<b>Balance as at 31 December 2016</b>	<u>400,000,000</u>	<u>(10,191,959)</u>	<u>(311,327,918)</u>	<u>2,107,478</u>	<u>80,587,601</u>

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

**Premier Enterprise Public Company Limited and its subsidiaries**

**Notes to consolidated financial statements**

**For the year ended 31 December 2016**

**1. General information**

Premier Enterprise Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in investing in various businesses. The registered office of the Company is at One Premier Corporate Park, Soi Premier 2, Srinakarin Road, Kweang Nongbon, Khet Prawet, Bangkok.

**2. Basis of preparation**

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

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

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

**2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of Premier Enterprise 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
<b><u>Subsidiaries directly owned by the Company</u></b>				
1. Premier Capital (2000) Company Limited	Provision of commercial credit to various businesses and provision of rental service of computer hardware and accessories	Thailand	100	100
2. Premier Inter Leasing Company Limited	Vehicles rental service	Thailand	100	100
3. Premier Brokerage Company Limited	Insurance brokerage	Thailand	99.99	99.99
<b><u>Subsidiary indirectly owned by the Company</u></b>				
1. Premier LMS Company Limited	Liquidation	Thailand	99.94	99.94

During the year 2016, there have been changes in the composition of the Group as follows.

- 1) On 23 August 2016, the Company entered into the purchase and sale of investment agreement with Premier Capital (2000) Company Limited to purchase investments in two subsidiaries, Premier Inter Leasing Company Limited and Premier Brokerage Company Limited, which were indirectly owned by the Company. The investments value were Baht 320.5 million and Baht 12.5 million respectively, representing 100 percent of share capital of such companies. As a result, the Company has directly owned such subsidiaries.
  - 2) The Meeting of Board of Directors No. 2/2016 passed a resolution granting approval for Premier LMS Company Limited, a subsidiary of Premier Capital (2000) Company Limited to enter into an agreement to transfer its business, including all of its assets, rights, liabilities and contingencies, with the net transfer value approximately Baht 0.7 million, to the Company in September 2016. And on 23 September 2016, an extraordinary general meeting of the shareholders No. 1/2016 passed a resolution approving the dissolution of Premier LMS Company Limited. The dissolution was registered with the Ministry of Commerce on 28 September 2016.
- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
  - f) 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 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's and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) 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 believes that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

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

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

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

#### **4. Debt restructuring/rehabilitation plan**

From 2002, the Company operated its business under a business rehabilitation plan approved by the Supreme Court. In 2005 the rehabilitation plan administrator filed petitions with the Central Bankruptcy Court seeking to amend the rehabilitation plan in respect of business and financial restructuring and the Central Bankruptcy Court approved amended plans on 13 October 2005 and 15 December 2005. The salient aspects of these amendments are as follows.

##### **4.1 Business restructuring**

The Company was to transfer the following non-core business assets to a newly established company, Premier Fission Capital Company Limited.

- All investments in subsidiaries except the investments in 4 subsidiaries operating in financial business, which consist of Premier Capital (2000) Company Limited, Premier Inter Leasing Company Limited, Premier Brokerage Company Limited and Premier LMS Company Limited.
- All investments in associated companies, long-term investments and short-term investments.
- All movable properties except those described above which are nonessential to the Company's business.

The plan designated a transfer price for the above assets equal to their net book value under the equity method per the financial statements as at 30 June 2005 reviewed by the auditor. Payment for the assets transferred is to be completed within 10 years, commencing from the date on which the Court granted final approval for the plan amendment, with a grace period of one year, Baht 10 million per annum to be paid in the 2nd and 3rd years, and the remainder to be paid in equal annual amounts from the 4th to the 10th years.

In the event that Premier Fission Capital Company Limited defaults on payment, the Company shall be deemed in default under the rehabilitation plan.

The Company transferred these assets to Premier Fission Capital Company Limited on 31 October 2005.



## 4.2 Financial restructuring

### a) Debt repayment

Under the plan, the Company retained indebtedness totaling Baht 636,207,750 following the conversion of debt to equity discussed below. This retained indebtedness comprised amounting to Baht 486,207,750 which was equal to 80 percent of the appraised values of the land and land and structures placed as collateral with creditors, together with the amount that the plan administrator projected that the Company has the ability to pay, amounting to Baht 150 million.

The Company was to sell the above land and buildings to interested parties within 6 months of the date on which the Court approved the amended plan, in order to settle indebtedness to the preferred creditors, or to transfer the land and buildings in settlement of debt.

In 2006 and 2007, the Company transferred assets to financial institution creditors to settle debt.

### b) Conversion of debt to equity

The plan stipulated that the Company was to increase its registered share capital of Baht 4,121,527,090 through the issue of 412,152,709 ordinary shares with par value of Baht 10 each, to allocate to creditors in settlement of indebtedness of the Company in excess of that retained.

The Company registered the increase in its registered share capital from Baht 4,000,000,000 to Baht 8,121,527,090 on 20 December 2005.

The Company converted debt of Baht 1,069,936,022 to equity through the issue of 412,152,709 ordinary shares with par value at Baht 10 each. This conversion incurred discount on share capital amounting to Baht 3,051,591,068. The Company registered the increase in its paid-up share capital from Baht 3,878,472,910 to Baht 8,000,000,000 on 28 December 2005.

For debts arising as a result of the Company's provision of guarantees of the debt of other companies, but which are not yet due for payment, the debt was to be converted to equity, with the plan administrator to hold the shares on behalf of the creditors until the debts come due per the conditions. Shares issued for guarantees under which the creditors are yet to made claims, which the plan administrator holds on behalf of these creditors, are presented as a deduction in shareholders' equity.

The Company will record expenses under its guarantee obligations when the official receiver has identified them as creditors entitled to payment and creditors lodge claims with the Company. If any shares are still held by the plan administrator after the expiration of the guarantee commitments, the Company will then arrange for the cancellation of such shares by mean of a reduction in its registered share capital.

#### 4.3 Extension of debt payment term

Under the petition to amend the plan, debt payments were rescheduled such that payment previously to be completed within 2012 is now to be completed within 2015. The adjustments to the payment schedule were made in line with cash flow projections and the Company's ability to make debt payment.

On 2 August 2007 the plan administrator petitioned the Central Bankruptcy Court to terminate the Company's rehabilitation, since the rehabilitation plan had covered its term of 5 years. However, the plan administrator took into account that the transfer of land and buildings in settlement of debt to two creditors was still in progress, and that if matters were processed under the period of the rehabilitation plan, it would be beneficial to the Company. On 14 August 2007 the plan administrator therefore petitioned the Court to extend the term of the rehabilitation plan by 6 months, in order to enable completion of the transfer of assets in settlement of debt (as at 31 December 2007 the Company had already transferred assets to settle debt). On 8 October 2007 the Central Bankruptcy Court granted the order to extend the term of the plan until 2 February 2008.

The rehabilitation plan administrator submitted a proposal to amend the rehabilitation plan in November 2007 and on 21 December 2007 the Creditors' Meeting passed a resolution to accept the proposal to amend the rehabilitation plan. The significant content of the proposed amendment is as follows:

- a) The Company was to decrease its paid-up capital from Baht 8,121,527,090 to Baht 812,152,709 by reducing the par value of the shares from Baht 10 to Baht 1 per share. All of the decrease in paid-up capital was to be used to offset the retained loss of the Company.
- b) Thereafter, the Company is to increase its paid-up capital by Baht 800 million through the issue of 800 million ordinary shares of Baht 1 per share. The additional paid-up capital is to be used in the Company's business. The new ordinary shares are to be allocated as follows:
  - 1) 400 million shares are to be offered via a rights issue to the existing shareholders, pro-rated to their shareholding, with shareholders entitled to purchase 1 new share of Baht 1 per share for every 2 existing shares. Fractions of shares left over are to be offered to investors or individuals as the plan administrator or the board deem appropriate.
  - 2) 400 million shares are to be offered to investors or individuals as the plan administrator or the board deem appropriate, at a price of at least Baht 1 per share.



- c) The implementation period for the rehabilitation plan of the Company was extended to 30 June 2008.

On 18 February 2008, the Central Bankruptcy Court granted the order approving such proposal.

On 9 April 2008, the Company registered a reduction in its registered share capital from Baht 8,121,527,090 to Baht 812,152,709, by reducing the par value of the shares from Baht 10 to Baht 1, with the Ministry of Commerce. On 10 April 2008, the Company registered an increase in its registered share capital of Baht 800,000,000 (800 million shares at par value of Baht 1), to Baht 1,612,152,709, with the Ministry of Commerce. The reduction in paid-up capital was recorded in accordance with the Public Limited Companies Act B.E. 2535 and the Federation of Accounting Professions Notification No. 8/2550 "Recording Offsets of Deficits by Public Limited Companies".

On 20 June 2008, the rehabilitation plan administrator filed a petition with the Central Bankruptcy Court reporting on the completion of the rehabilitation plan and requesting a court order to exit the rehabilitation plan. The Central Bankruptcy Court scheduled a hearing of the Company's petition on 31 July 2008.

On 31 July 2008, the Central Bankruptcy Court ordered postponement of the hearing of the Company's petition requesting a court order to exit the rehabilitation plan until the Supreme Court has handed down its decision on the appeals of two creditors. Such appeals, which were accepted by the Supreme Court on 30 July 2008, were filed to contest the Central Bankruptcy Court's order dated 18 February 2008 approving the Company's petition to amend the rehabilitation plan. Thereafter, the plan administrator resubmitted the petition with the Court to extend the term of the rehabilitation plan and on 6 August 2008 the Court ordered an extension of the term of the plan until 20 June 2009.

On 9 December 2008 the rehabilitation plan administrator submitted a proposal to amend the rehabilitation plan with respect to the offering price of the additional share capital, as follows:

- 1) 400 million shares are to be offered via a rights issue to the existing shareholders, pro-rated to their shareholding, with shareholders entitled to purchase 1 new share for every 2 existing shares, at the average closing price of the Company's shares on the Stock Exchange of Thailand over the 30 days before the date on which the creditors approve the plan. Fractions of shares left over are to be offered to investors or individuals as the plan administrator or the board deem appropriate.

- 2) 400 million shares are to be offered to investors or individuals that the plan administrator or the board deem appropriate, at a price of at least at the average closing price of the Company's shares on the Stock Exchange of Thailand over the 30 days before the date on which the creditors approve the plan.

On 15 January 2009 the Creditors' Meeting passed a resolution to accept the proposal to amend the rehabilitation plan. On 26 May 2009, the Central Bankruptcy Court issued an order granting an extension of the implementation period of the rehabilitation plan by another period of 1 year, to 20 June 2010.

On 6 May 2010, the Central Bankruptcy Court granted a further extension of the implementation period of the rehabilitation plan until 30 June 2011.

On 4 April 2011, the Central Bankruptcy Court dealt with the petition of the rehabilitation plan administrator dated 20 June 2008 requesting the Court order to exit the rehabilitation plan, without waiting for the final decision of the Supreme Court on the appeals filed by two creditors to contest the Central Bankruptcy Court's order dated 18 February 2008, approving the Company's petition to amend the rehabilitation plan. The Central Bankruptcy Court issued an order approving the Company's exit from its rehabilitation plan since the Company had already implemented conditions in the plan, and ordered the Company to continue paying debts to the creditors in accordance with the rehabilitation plan. Debt repayment was completed in 2015.

However, two creditors lodged appeals against the order of the Central Bankruptcy Court with the Supreme Court, with respect to approval of the proposed amendments to the plan on 18 February 2008. The Supreme Court's judgement, issued on 5 August 2015, overturned the order of the Central Bankruptcy Court and rejected the proposed amendments to the Company's rehabilitation plan. Therefore, in order to comply with the Supreme Court's judgement, the Company has registered the decrease and increase in its capital to the Public Companies Registrar of the Department of Business Development at the Ministry of Commerce on 12 April 2016.

The accounting adjustment of the Company's accounts was to accord with the Supreme Court's order, with the impact to paid up share capital and retained losses of shareholders' equity of the Company as follows:

(Unit: Baht)

Shareholders' equity	Before adjustments	After adjustments	Changes
Registered share capital			
1,612,152,709 ordinary shares of Baht 1 each			
(After adjustment: 812,152,709 ordinary shares of Baht 10 each)	1,612,152,709	8,121,527,090	6,509,374,381
Issued and fully paid up share capital			
800,000,000 ordinary shares of Baht 1 each			
(After adjustment: 800,000,000 ordinary shares of Baht 10 each)	800,000,000	8,000,000,000	7,200,000,000
Shares issued for unclaimed guarantees issued by the Company	(20,383,918)	(203,839,180)	(183,455,262)
Net changes			7,016,544,738

The net changes of Baht 7,016,544,738 had the effect of increasing retained losses by the same amount, with no effect to the overall amounts of shareholders' equity of the Company.

In addition, on 23 September 2016, the Extraordinary General Meeting of the Company's shareholders No. 1/2016 approved a change in the par value of the ordinary shares from Baht 10 each to Baht 0.5 each by write off retained losses. As a result, the Company's registered share capital of Baht 406,076,355 comprises 812,152,709 ordinary shares of Baht 0.5 each. The Company has registered the change in the par value of its shares with the Department of Business Development at the Ministry of Commerce on 7 December 2016.

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### *Rental income*

Rentals are recognised as income evenly over the term of the lease, excluding related value added tax, and after deducting discounts.

#### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Insurance commission income, excluding value added tax, is taken up as income when the insurance policy is received from the insurance company and invoice is issued.

#### *Interest income*

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

## **5.2 Cash and cash equivalents**

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

## **5.3 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.

## **5.4 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) 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.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

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

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

In the event the Company and subsidiaries reclassify 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.

## **5.5 Investments in accounts receivable**

Purchases of receivables, which are classified as other investment, are valued at acquisition cost net of allowance for impairment (if any). Losses on impairment of investment are recognised as expenses in profit or loss.

## 5.6 Vehicles for rent and equipment and Depreciation

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

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

Leasehold improvements	-	5	years
Furniture and office equipment	-	5	years
Equipment and tools	-	5	years
Public buses for rent	-	7	years

Depreciation of vehicles for rent is calculated using the sum-of-the-year's-digits method over estimated useful lives of 5 years.

Depreciation is included in determining income.

No depreciation is provided on assets under construction.

An item of vehicles for rent 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.

## 5.7 Amortisation

Deferred interest expenses under hire-purchase and finance lease agreements are amortised using the effective interest rate method.

The amortisation is included in determining income.

## 5.8 Related party transactions

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

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



## 5.9 Long-term lease agreements

Leases of assets 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 recorded as 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 assets.

Leases of assets 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.

## 5.10 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.

## 5.11 Impairment of assets

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

An impairment loss is recognised in profit or loss.

## 5.12 Employee benefits

### *Short-term employee benefits*

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

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

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

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

#### ***Defined benefit plans***

The subsidiaries have obligations in respect of the severance payments and they must make to employees upon retirement under labor law. The subsidiaries treat these severance payment obligations as a defined benefit plan.

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

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

### **5.13 Provisions**

Provisions are recognised when the Company and its subsidiaries have 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.

### **5.14 Income Tax**

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

#### **Current tax**

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

#### **Deferred tax**

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



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

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

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **5.15 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 maximise 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.

## 6. Significant accounting judgments and estimates

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

### Leases

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

### Allowance for doubtful accounts

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

### Land, vehicles for rent and equipment/Depreciation

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

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

### Deferred tax assets

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

### Post-employment benefits under defined benefit plans

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

Investments in unit trust in debt securities open-ended fund and equity securities open-ended fund are stated at fair value using inputs of Level 2 which is use of other observable inputs for such assets or liabilities, whether directly or indirectly. Such fair value of investments in unit trust has been determined by using the net asset value as published by the Asset Management.

## 9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related parties</u> (Note 10)				
Aged on the basis of due dates				
Not yet due	427	134	-	-
Past due				
Up to 3 months	67	-	-	-
Total trade receivables - related parties	494	134	-	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	52,372	49,279	-	-
Past due				
Up to 3 months	9,569	10,752	-	-
Over 3 months - 6 months	1,002	1,832	-	-
Over 6 months - 12 months	593	760	-	-
Over 12 months	320	174	-	-
Total	63,856	62,797	-	-
Less: Allowance for doubtful accounts	(625)	(378)	-	-
Total trade receivables - unrelated parties, net	63,231	62,419	-	-
Total trade receivables - net	63,725	62,553	-	-
<u>Other receivables</u>				
Other receivables	16,188	16,166	15,218	15,043
Less: Allowance for doubtful accounts	(15,287)	(15,043)	(15,043)	(15,043)
Total	901	1,123	175	-
Amounts due from related parties (Note 10)	632	9,865	13	5,099
Less: Allowance for doubtful accounts	-	(2,136)	-	-
Total	632	7,729	13	5,099
Total other receivables - net	1,533	8,852	188	5,099
Total trade and other receivables - net	65,258	71,405	188	5,099

## 10. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2016	2015	2016	2015	
<u>Transactions with subsidiary companies</u>					
(eliminated from consolidated financial statements)					
Interest income	-	-	3.1	4.4	2.25 to 2.33 percent per annum (2015: 4.85 to 5.05 percent per annum)
Dividend income	-	-	32.2	-	Announced rate
<u>Transactions with related companies</u>					
Rental and service income	54.9	54.2	1.0	1.0	Cost plus margins of 10 to 15 percent, contract prices
Interest income	-	0.1	-	-	2015: 6.35 percent per annum
Cost of services	3.5	6.5	-	-	Cost plus margins, contract price
Management fee expense	10.2	8.0	2.5	1.5	Contract price
Service expenses	12.0	11.1	0.1	0.2	Contract price
Rental expenses	5.4	4.5	-	-	Contract price
Acquisitions of assets	0.7	9.1	-	-	With reference to market price

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b><u>Trade and other receivables - related parties</u></b>				
<b><u>Trade receivables - related parties</u></b>				
Related companies (related by common directors)	494	134	-	-
Total trade receivables - related parties (Note 9)	494	134	-	-
<b><u>Amounts due from related parties</u></b>				
Subsidiary	-	-	-	5,090
Related companies (related by common directors)	632	9,865	13	9
Less: Allowance for doubtful accounts	-	(2,136)	-	-
Total amounts due from related parties - net (Note 9)	632	7,729	13	5,099
Total trade and other receivables - related parties, net	1,126	7,863	13	5,099
<b><u>Other payables - related parties (Note 18)</u></b>				
Subsidiary (Note 13)	-	-	32,429	3
Related companies (related by common directors)	76	1,411	-	-
Total other payables - related parties	76	1,411	32,429	3

**Short-term loans to related parties**

As at 31 December 2016 and 2015, the balance of loans between the Company and its subsidiaries and the movement are as follows:

(Unit: Thousand Baht)					
Separate financial statements					
		Balance as at	Increase	Decrease	Balance as at
Loans to related parties	Related by	31 December 2015	during the period	during the period	31 December 2016
Premier Capital (2000)					
Company Limited	Subsidiary	106,319	-	(106,319)	-
Premier Inter Leasing					
Company Limited	Subsidiary	-	26,800	(12,350)	14,450
Total		106,319	26,800	(118,669)	14,450

Short-term loans to the subsidiary companies are in the form of promissory notes. The notes are due at call and unsecured. During the year 2016, Premier Capital (2000) Company Limited paid its short-term loans to the Company by offsetting to the purchase and sale of investments in Premier Inter Leasing Company Limited and Premier Brokerage Company Limited as described in Note 13 to the financial statements.

#### Directors and management's benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	13,803	13,239	1,753	1,784
Post-employment benefits	757	115	-	-
Total	<u>14,560</u>	<u>13,354</u>	<u>1,753</u>	<u>1,784</u>

#### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 29.1 to the financial statements.

#### **11. Restricted bank deposits**

Deposits of subsidiary have been pledged as security against bank guarantees issued by the banks on behalf of subsidiary and as security required in the normal course of the business of subsidiary.

#### **12. Investments in accounts receivable**

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2016</u>	<u>2015</u>
Investments in accounts receivable	13,765	13,848
Less: Allowance for impairment of investments	(13,765)	(13,848)
Investments in accounts receivable - net	<u>-</u>	<u>-</u>



### 13. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the years	
	2016	2015	2016	2015	2016	2015	2016	2015
			%	%				
Premier Capital (2000) Company Limited	60,000	230,000	100	100	60,000	230,000	32,200	-
Premier Inter Leasing Company Limited	320,000	-	100	-	320,470	-	-	-
Premier Brokerage Company Limited	7,000	-	99.99	-	12,485	-	-	-
Total					392,955	230,000	32,200	-
Less: Allowance for impairment of investments					(38,629)	-		
Total investments in subsidiaries - net					354,326	230,000		

On 11 August 2016, the Meeting of the Company's Board of Directors No.3/2016 passed the resolution approving the Company's purchases of two previously indirectly-held investments, Premier Inter Leasing Company Limited and Premier Brokerage Company Limited, from Premier Capital (2000) Company Limited at prices of Baht 288.6 million and Baht 10.9 million, respectively. Premier Capital (2000) Company Limited had a loss from the sale of these investments amounting to Baht 33.5 million. However, because the purchase and sale were made for the purpose of organisational restructuring within the group of companies, the Company has presented the original investment costs of these subsidiaries as the investment costs, since the two subsidiaries have always been subsidiaries of the Company, and presented the differences between the purchase prices and original investment costs under the caption "Difference on reorganisation of business of group companies" in other components of shareholders' equity in the separate statement of financial position.

The terms of payment for these purchases and sales of investments are in accordance with the conditions of the purchase and sale of investments agreement dated 23 August 2016, whereby purchase and sale of investment transactions are to be offset with short-term loans to Premier Capital (2000) Company Limited. The Company's remaining debt after offsetting with the above transactions is Baht 171.1 million.



The Extraordinary General Meeting of shareholders No. 1/2016 of Premier Capital (2000) Company Limited held on 26 August 2016 approved the reduction of its registered share capital by Baht 170 million, from Baht 230 million to Baht 60 million, in order to write off retained losses. The subsidiary has registered the reduction of registered share capital to the Department of Business Development at the Ministry of Commerce on 18 November 2016.

Premier Capital (2000) Company Limited has made the repayment totally Baht 138.7 million to the Company after write off retained losses by offset with remaining debts from purchase and sale of investment transactions as mentioned above. The Company's remaining debt after offsetting with this transaction is Baht 32.4 million and this is presented under the caption "Trade and other payables" in the separate statement of financial position.

The Meeting of Board of Directors No. 2/2016 passed a resolution granting approval for Premier LMS Company Limited, a subsidiary of Premier Capital (2000) Company Limited to enter into an agreement to transfer its business, including all of its assets, rights, liabilities and contingencies, with the net transfer value approximately Baht 0.7 million, to the Company in September 2016. And on 23 September 2016, an extraordinary general meeting of the shareholders No. 1/2016 passed a resolution approving the dissolution of Premier LMS Company Limited. The dissolution was registered with the Ministry of Commerce on 28 September 2016.

#### 14. Investments in available-for-sale securities

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 December 2016	31 December 2015
Investments in unit trust in equity securities		
(Fair value as at the reclassification date)	108,797	-
Add: Unrealised gain on changes in value of		
available-for-sales securities	12,327	-
Investments in available-for-sale securities - Fair value	121,124	-

Investments in available-for-sale securities are investments in unit trust in equity securities open-ended fund which is stated at fair value using inputs of Level 2 which is use of other observable inputs for such assets or liabilities, whether directly or indirectly. Such fair value of investments in unit trust has been determined by using the net asset value as published by the Asset Management.

## 15. Vehicles for rent and equipment

(Unit: Thousand Baht)

	Consolidated financial statements			
	Vehicles for rent	Equipment and others	Leasehold improvements under construction	Total
<b>Cost:</b>				
1 January 2015	2,265,579	70,546	-	2,336,125
Additions	684,967	7,421	-	692,388
Disposals	(339,967)	(6,513)	-	(346,480)
31 December 2015	2,610,579	71,454	-	2,682,033
Additions/Transfers in	795,162	7,349	912	803,423
Disposals	(580,994)	(4,353)	-	(585,347)
31 December 2016	2,824,747	74,450	912	2,900,109
<b>Accumulated depreciation:</b>				
1 January 2015	819,490	47,319	-	866,809
Depreciation for the year	245,930	8,032	-	253,962
Depreciation on disposals	(164,544)	(6,501)	-	(171,045)
31 December 2015	900,876	48,850	-	949,726
Depreciation for the year	302,415	8,572	-	310,987
Depreciation on transfers in	-	57	-	57
Depreciation on disposals	(266,578)	(4,249)	-	(270,827)
31 December 2016	936,713	53,230	-	989,943
<b>Allowance for impairment loss:</b>				
1 January 2015	67,333	-	-	67,333
Increase during the year	147,474	-	-	147,474
Decrease during the year	(19,555)	-	-	(19,555)
31 December 2015	195,252	-	-	195,252
Decrease during the year	(58,685)	-	-	(58,685)
31 December 2016	136,567	-	-	136,567
<b>Net book value:</b>				
31 December 2015	1,514,451	22,604	-	1,537,055
31 December 2016	1,751,467	21,220	912	1,773,599
<b>Depreciation for the year</b>				
2015 (Baht 253.7 million included in cost of rental and services, and the balance in administrative expenses)				253,962
2016 (Baht 310.8 million included in cost of rental and services, and the balance in administrative expenses)				310,987

	(Unit: Thousand Baht)
	Separate
	financial statements
	<u>Equipment and others</u>
<b>Cost:</b>	
1 January 2015	13,229
Disposals	(99)
31 December 2015	13,130
Transfers in	57
31 December 2016	13,187
<b>Accumulated depreciation:</b>	
1 January 2015	13,229
Depreciation on disposals	(99)
31 December 2015	13,130
Depreciation on transfers in	57
31 December 2016	13,187
<b>Net book value:</b>	
31 December 2015	-
31 December 2016	-
<b>Depreciation for the year</b>	
2015 (Included in administrative expenses)	-
2016 (Included in administrative expenses)	-

As at 31 December 2016, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 25 million (2015: Baht 25 million) (The Company only: Baht 13 million (2015: Baht 13 million)).

As at 31 December 2016, a subsidiary has vehicles for rent acquired under hire-purchase and finance lease agreements, with net book value amounting to approximately Baht 1,577 million and Baht 81 million, respectively (2015: Baht 1,286 million and Baht 73 million, respectively).

A subsidiary is engaged in the vehicles rental business. The terms of the agreements are generally between 3 and 5 years. As at 31 December 2016 and 2015, future minimum lease income receipts under these operating lease contracts were as follows.

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
In up to 1 year	548.1	471.7
In over 1 year and up to 5 years	909.2	696.7

#### 16. Non-operating assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land and land improvement	5,065	5,065	65	65
Less: Allowance for impairment loss	(3,034)	(3,448)	-	-
Non-operating assets - net	<u>2,031</u>	<u>1,617</u>	<u>65</u>	<u>65</u>

A subsidiary company has mortgaged land with a total net book value as at 31 December 2016 of Baht 1.9 million (2015: Baht 1.5 million) to secure its bank overdrafts.

#### 17. Bank overdrafts facilities

Bank overdrafts facilities of a subsidiary are secured by the mortgage of its land as mentioned in Note 16 to the financial statements.

#### 18. 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 payables - unrelated parties	22,353	22,819	-	-
Other payables - related parties (Note 10)	76	1,411	32,429	3
Other payables	40	122	12	101
Accrued expenses	10,177	10,511	822	867
Total trade and other payables	<u>32,646</u>	<u>34,863</u>	<u>33,263</u>	<u>971</u>

## 19. Liabilities under hire-purchase agreements

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2016</u>	<u>2015</u>
Liabilities under hire-purchase agreements	1,666,223	1,405,127
Less: Deferred interest expenses	(146,771)	(125,580)
Total	1,519,452	1,279,547
Less: Portion due within one year	(441,851)	(427,997)
Liabilities under hire-purchase agreements, net of current portion	1,077,601	851,550

A subsidiary has entered into hire-purchase agreements for vehicles with local finance companies with terms of payment on a monthly basis within 12 to 60 months and interest rates (flat rates) of 2.33 to 4.31 percent per annum (2015: 2.33 to 4.31 percent per annum).

Future minimum lease payments required under the hire-purchase agreements were as follows:

	(Unit: Million Baht)		
	As at 31 December 2016		
	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Total</u>
Liabilities under hire-purchase agreements	507.6	1,158.6	1,666.2
Deferred interest expenses	(65.8)	(81.0)	(146.8)
Liabilities under hire-purchase agreements - net	441.8	1,077.6	1,519.4

	(Unit: Million Baht)		
	As at 31 December 2015		
	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Total</u>
Liabilities under hire-purchase agreements	486.5	918.6	1,405.1
Deferred interest expenses	(58.5)	(67.1)	(125.6)
Liabilities under hire-purchase agreements - net	428.0	851.5	1,279.5

## 20. Liabilities under finance lease agreements

(Unit: Thousand Baht)

Consolidated

financial statements

	<u>2016</u>	<u>2015</u>
Liabilities under finance lease agreements	82,327	69,778
Less: Deferred interest expenses	(7,579)	(4,708)
Total	74,748	65,070
Less: Portion due within one year	(16,604)	(19,014)
Liabilities under finance lease agreements, net of current portion	58,144	46,056

A subsidiary has entered into the finance lease agreements with leasing companies for rental of vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years. Finance lease agreements are non-cancelable.

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

(Unit: Million Baht)

As at 31 December 2016

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Total</u>
Future minimum lease payments	19.7	62.6	82.3
Deferred interest expenses	(3.1)	(4.5)	(7.6)
Present value of future minimum lease payments	16.6	58.1	74.7

(Unit: Million Baht)

As at 31 December 2015

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Total</u>
Future minimum lease payments	21.9	47.9	69.8
Deferred interest expenses	(2.9)	(1.8)	(4.7)
Present value of future minimum lease payments	19.0	46.1	65.1

## 21. Long-term loan

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
Long-term loan	-	2,014
Less: Portion due within one year	-	(2,014)
Long-term loan, net of current portion	-	-

During the year 2016, the subsidiary has already paid the remaining long-term loan in full amount.

## 22. Liabilities from litigation losses

During the year 2010, the Company was sued as a co-defendant by the Revenue Department, which claimed corporate income tax and value added tax of the years 2001 and 2002 amounting to Baht 251.7 million, together with surcharges, from a joint venture in which the Company was previously one of the investors, set up to construct the Bangkok Metropolis waste water treatment project. The Company terminated its investment in 2000. On 30 November 2011, the Central Tax Court dismissed the case and the Company was thus not jointly liable for these taxes on behalf of the joint venture. However, in 2012 the Revenue Department appealed the order of the Central Tax Court to the Supreme Court, and the Supreme Court's judgement, issued on 30 November 2016, overturned the order of the Central Tax Court. As a result, the Company has to make joint payment of the taxes to the Revenue Department. Since Premier Infrastructure Development Company Limited, co-defendant, has been declared bankrupt, the Company is responsible for making payment in accordance with the judgement. The Company recognised the full amount of these litigation losses, presenting them under the caption "Litigation losses" in the statement of comprehensive income for the year ended 31 December 2016.



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

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

(Unit: Thousand Baht)		
Consolidated financial statements		
	<u>2016</u>	<u>2015</u>
<b>Provision for long-term employee benefits</b>		
<b>at beginning of year</b>	30,074	19,573
Included in profit or loss:		
Current service cost	2,537	1,431
Interest cost	663	671
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	(134)
Financial assumptions changes	-	842
Experience adjustments	-	461
Benefits paid during the year	(4,278)	(115)
Increase in provision for long-term employee benefits due to transfers of employees from affiliate companies	429	7,345
<b>Provision for long-term employee benefits at end of year</b>	<u>29,425</u>	<u>30,074</u>

Line item in profit or loss under which long-term employee benefit expenses are recognised is as follow:

(Unit: Thousand Baht)		
Consolidated financial statements		
	<u>2016</u>	<u>2015</u>
Administrative expenses	3,200	2,102

The subsidiaries expect to pay Baht 1.5 million of long-term employee benefits during the next year (31 December 2015: Baht 0.7 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 17 years (31 December 2015: 17 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements	
	2016	2015
	(%)	(%)
Discount rate	3.1	3.1
Salary increase rate	5.6	5.6
Employee turnover rate (depending on age of employee)	1 - 20	1 - 20

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

	(Unit: Thousand Baht)	
	As at 31 December 2016	
	Consolidated financial statements	
	Increase 1 %	Decrease 1%
Discount rate	(1,749)	1,981
Salary increase rate	2,042	(1,838)
Turnover rate	(1,852)	1,364

	(Unit: Thousand Baht)	
	As at 31 December 2015	
	Consolidated financial statements	
	Increase 1 %	Decrease 1%
Discount rate	(1,037)	1,164
Salary increase rate	1,221	(1,106)
Turnover rate	(968)	1,197

## 24. Expenses by nature

Significant expenses classified by nature are as follow:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salaries and wages and other employee benefits	124,617	104,310	-	-
Depreciation and amortisation	311,160	254,141	-	-
Loss on impairment of vehicles for rent	-	128,390	-	-
Repair and maintenance expenses	49,093	46,026	-	-
Insurance expenses for vehicles for rent	51,098	42,940	-	-
Management fee expenses	10,182	8,049	2,501	1,554
Rental expenses from operating lease agreements	12,201	9,691	74	52
Computer and information system service expenses	7,931	10,817	157	154
Litigation losses	251,739	-	251,739	-

## 25. Income tax

Tax expenses (income) for the years ended 31 December 2016 and 2015 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Current income tax:</b>				
Current income tax charge	634	930	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(6,456)	(1,450)	-	(4)
<b>Tax expenses (income) reported in the statement of comprehensive income</b>	<u>(5,822)</u>	<u>(520)</u>	<u>-</u>	<u>(4)</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>
Deferred tax relating to gain on changes in value of available-for-sale securities	(225)	-
Deferred tax relating to actuarial losses	-	234
Total	(225)	234

The reconciliation between accounting profit (loss) and tax expenses (income) is shown below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<u>2016</u>	<u>2015</u>
Accounting profit (loss) before tax	(268,237)	(155,366)
Applicable tax rate	15%, 20%	15%, 20%
Accounting profit (loss) before tax multiplied by income tax rate	(53,659)	(31,129)
Effects of:		
Expenses which are disallowable expenses for tax computation purposes	50,425	380
Additional expense deductions allowed and exempted income	(3,529)	(16,292)
Temporary differences which unrecognised to deferred tax asset	(10,415)	27,994
Tax loss for the year which unrecognised to deferred tax asset	11,356	18,527
Total	47,837	30,609
Tax expenses (income) reported in the statement of comprehensive income	(5,822)	(520)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	5,885	6,015	-	-
Allowance for impairment of assets	5,927	7,418	-	-
Provision	1,002	1,002	-	-
Adjustment of fair value of current investments	-	2,211	-	-
Allowance for doubtful accounts	174	76	-	-
Total deferred tax assets	12,988	16,722	-	-
<b>Deferred tax liabilities</b>				
Difference between tax and accounting bases of assets under hire-purchase and finance lease agreements	(47,467)	(57,674)	-	-
Adjustment of fair value of current investments	(17)	-	-	-
Adjustment of fair value of available-for-sale securities	(225)	-	-	-
Total deferred tax liabilities	(47,709)	(57,674)	-	-
<b>Total deferred tax liabilities - net</b>	<b>(34,721)</b>	<b>(40,952)</b>	<b>-</b>	<b>-</b>
<b>Presentation in the statements of financial position:</b>				
Deferred tax assets	466	595	-	-
Deferred tax liabilities	35,187	41,547	-	-

As at 31 December 2016, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 405.3 million (2015: Baht 397.6 million) (The Company only: Baht 57.5 million (2015: Baht 28.5 million)), on which deferred tax assets have not been recognised as the management believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 256.7 million (The Company only: Baht 18.9 million) will expire by the year 2021.

## 26. Basic 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, before deducting shares issued by the Company for unclaimed guarantees of debt.

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit (loss) for the year (Thousand Baht)	(262,415)	(154,846)	(267,062)	5,317
Weighted average number of ordinary shares (Thousand shares)	800,000	800,000	800,000	800,000
Basic earnings (loss) per share (Baht/share)	(0.3280)	(0.1936)	(0.3338)	0.0066

## 27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have 2 reportable segments as follows:

(1) Vehicle rental segment

(2) Insurance brokerage segment

No other operating segments have been aggregated to form above reportable operating segments.

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

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

The following table presents revenue, profit or loss and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015.

(Unit: Thousand Baht)

	Vehicle rental		Insurance brokerage		Others		Total reportable segments		Adjustments and eliminations		Consolidated	
<b>Years ended 31 December</b>	<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>	<u>2016</u>	<u>2015</u>
Revenue from external customers	626	558	25	21	13	12	664	591	-	-	664	591
Inter-segment revenue	-	-	-	-	1	1	1	1	(1)	(1)	-	-
Gain (loss) on sales of vehicles for rent	21	(3)	-	-	-	-	21	(3)	-	-	21	(3)
Loss on impairment of vehicles for rent	-	(128)	-	-	-	-	-	(128)	-	-	-	(128)
Claims from litigation	-	-	-	-	(252)	-	(252)	-	-	-	(252)	-
Interest expenses	(74)	(66)	-	-	(3)	(6)	(77)	(72)	(3)	(6)	(74)	(66)
Tax income (expenses)	7	2	(1)	(1)	-	-	6	1	-	-	6	1
<b>Segment profit (loss)</b>	(4)	(155)	3	3	(290)	3	(291)	(149)	29	(6)	(262)	(155)
<b>Segment total assets</b>	2,029	1,767	19	30	441	732	2,489	2,529	(409)	(690)	2,080	1,839



### Geographic information

The Company and its subsidiaries are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### Major customers

For the year 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues (2015: Baht 79 million derived from 1 major customer, arising from the vehicle rental segment).

## 28. Provident fund

The subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the subsidiaries contributed to the fund monthly at the rates of 3 to 8 percent of basic salary (2015: 3 to 8 percent of basic salary). The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to the employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 3.9 million (2015: Baht 3.4 million) were recognised as expenses.

## 29. Commitments and contingent liabilities

### 29.1 Guarantees

- (1) As at 31 December 2016, the Company has no obligations under its guarantee and aval of loan facilities and promissory notes of related companies (2015: Baht 19.8 million). However, the Company has already issued shares to cover all of its guarantee obligations, as discussed in Note 4 to the financial statements.
- (2) As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 13.5 million (2015: Baht 19.4 million) issued by banks on behalf of the subsidiary in respect of certain performance bonds as required in the normal course of its business. These included letters of guarantee to guarantee contractual performance.

## 29.2 Operating lease and services commitments

The subsidiaries have entered into several lease agreements in respect of the lease of office building space and equipment and service agreements. The terms of the agreements are generally between 1 and 4 years.

Future minimum lease payments required under these non-cancellable operating leases and service contracts were as follows.

	(Unit: Million Baht)	
	Consolidated financial statements	
	As at 31 December	
	<u>2016</u>	<u>2015</u>
Payable:		
In up to 1 year	17.1	11.8
In over 1 year and up to 4 years	1.8	3.4

## 29.3 Long-term service commitments

The Company and its subsidiaries have entered into management service agreements with a related company, whereby management fees totaling Baht 0.8 million per month (2015: Baht 0.8 million per month) (The Company only amounting to Baht 0.2 million per month (2015: Baht 0.2 million per month)) are payable in the future. The agreements end in December 2017 but they automatically renew for periods of one year each time until terminated.

**30. Financial instruments****30.1 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, current investments, receivables, short-term loans, restricted bank deposits, investments in available-for-sale securities, payables, liabilities under hire-purchase agreements, liabilities under finance lease agreements, long-term loans and long-term liabilities. The financial risks associated with these financial instruments and how they are managed are described below:

***Credit risk***

Subsidiary companies are exposed to credit risk primarily with respect to trade and other receivables and loans to related companies. The 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 subsidiaries do not have high concentrations of credit risk since they have large customer bases. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans to related companies as stated in the statement of financial position.

***Interest rate risk***

The Company and its subsidiaries are exposed to interest rate risk relates primarily to their cash at banks, loans, liabilities under hire-purchase agreements, liabilities under finance lease agreements and long-term borrowings. Most of the Company's and its subsidiaries' 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 rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2016						
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate  (% per annum)	
Within 1 year	1-5 years					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	9	-	9	0.1 - 0.375
Current investments	2	-	-	26	28	1.3
Trade and other receivables	-	-	-	65	65	-
Restricted bank deposits	-	-	10	-	10	0.8 - 1.05
Investments in available-for-sale securities	-	-	-	121	121	-
Total	2	-	19	212	233	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	33	33	-
Liabilities under hire-purchase agreements	442	1,077	-	-	1,519	4.2 - 7.75
Liabilities under finance lease agreements	17	58	-	-	75	4.6 - 5.85
Total	459	1,135	-	33	1,627	

(Unit: Million Baht)

Consolidated financial statements											
As at 31 December 2015											
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate	( % per annum)					
Within 1 year	1-5 years										
<b>Financial assets</b>											
Cash and cash equivalents	-	-	17	-	17	0.1 - 0.375					
Current investments	2	-	-	141	143	1.5					
Trade and other receivables	-	-	-	71	71	-					
Restricted bank deposits	-	-	11	-	11	0.835 - 1.0					
Total	2	-	28	212	242						
<b>Financial liabilities</b>											
Trade and other payables	-	-	-	35	35	-					
Liabilities under hire-purchase agreements	428	852	-	-	1,280	4.2 - 7.75					
Liabilities under finance lease agreements	19	46	-	-	65	5.5 - 6.25					
Long-term loans	-	-	2	-	2	MLR + 0.5					
Total	447	898	2	35	1,382						

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2016						
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	
Within 1 year	1-5 years					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	0.2	-	0.2	0.37
Current investments	-	-	-	0.2	0.2	-
Trade and other receivables	-	-	-	0.2	0.2	-
Short-term loans to related party	14	-	-	-	14	2.33
Total	14	-	0.2	0.4	14.6	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	33	33	-
Total	-	-	-	33	33	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2015						
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	
Within 1 year	1-5 years					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	0.3	-	0.3	0.37
Current investments	-	-	-	11	11	-
Trade and other receivables	-	-	-	5	5	-
Short-term loans to related party	106	-	-	-	106	5.05
Total	106	-	0.3	16	122.3	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1	1	-
Total	-	-	-	1	1	

### Foreign currency risk

The subsidiaries considered that foreign currency risk to be limited since the amounts of outstanding financial assets and liabilities denominated in foreign currency are immaterial.

### **30.2 Fair values of financial instruments**

Since the interest rates of the majority of financial long-term liabilities vary in line with market rates or fixed interest rates which are close to market rate, while other financial instruments are short-term, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### **31. 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 23.30:1 (2015: 4.47:1) and the Company's was 3.60:1 (2015: 0.02:1).

### **32. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2017.

Investor may additionally obtain the information of the issuing company.  
From its annual filing (Form 56-1) showing in [www.set.or.th](http://www.set.or.th), [www.sec.or.th](http://www.sec.or.th)  
or in the website of Premier Enterprise Public Company Limited  
[www.pe.premier.co.th](http://www.pe.premier.co.th)