



Castle Peak Holdings Public Co., Ltd.

Annual Report 2016

รายงานประจำปี 2559

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MESSAGE FROM THE BOARD OF DIRECTOR

In 2016 Thai Garment export has decreased by 8.92% compared to previous year from USD 2.41 Billion dollars to USD 2.65 Billion dollars in 2015. The main reason behind such a decrease was due to the demand of garments from main importer such as the United States and EU countries. Part of the reason for slower demand in the United States was caused by uncertainty from the upcoming election towards the end of 2016 and lower growth then forecasted. Also the EU countries are still in recovering process. As a result, the total sales of the company in garment sector were 1,160,482,069.96 Baht in 2016 compared to 1,177,027,119.58 Baht in 2015. A decrease of 16,545,049.62 Baht or 1.41% was due to reason from weaker demands from the United States and EU countries.

In real estate sector, the total sales of the company were 106,868,500 Baht in 2016 compared to 164,026,500 Baht in 2015, a decrease of 34.85% or 57,158,000 Baht. The main reasons for the decrease were due to the slower market sentiment plus the household debt to GDP over 80%. The effects of slower economy which affect lower income earner also directly affect the decrease of sales

Finally, on behalf of Castle Peak Holding Co., Ltd, I highly appreciated all business partners and shareholders for the cooperation in the business. Moreover, I would like to thank to the Board of Directors and all employees for dedication and hard-working. I believe that the company will operate successfully in the long run.



Mr.Boonchoo Pongchaloem
Chairman of the Board of Director

Audit Committee's Report

The Audit Committee was appointed by the Board of Directors of Castle Peak Holdings Public Company Limited. The Audit Committee consists of 3 Independent Directors, namely Ms. Napaporn Tanawatanyong, Ms. Kanyapat Peerawatsakoonpong replaced Mr. Songsak Wongsunkakorn and Mr. Monthai Sooksai. Ms. Napaporn Tanawatanyong chaired the Audit Committee and Ms. Porntip Sripitaksakul, Head of the Internal Audit Division acted as the Committee's secretary. All members of the Audit Committee possess complete qualifications of Independent Directors and Audit Committee members as comply with the regulations of Securities and Exchange Commission Thailand and The Stock Exchange of Thailand.

During the year 2016, the Audit Committee performed its duties and responsibilities independently as assigned by the Board of Directors, and defined in the "Audit Committee Charter". The Audit Committee conducted 4 official meetings, which all three members attended in the Meeting No. 1, 2 and 3/2016. Mr. Monthai Sooksai was absent at the 4/2016 meeting. The Audit Committee meetings involved the management representatives of the Company and its subsidiaries, the external auditor, and the internal auditor to present information and exchange views on recommendations for performance improvement

The Audit Committee's main accomplishments in 2016 were as follows:

Review of the financial report. The Audit Committee reviewed significant information in the quarterly and annual financial statements for 2016 of Castle Peak Holdings Public Company Limited and its subsidiaries. The Audit Committee reviewed the accuracy, completeness, and reliability, including the sufficient disclosure of the financial statements by questioning and listening to the explanations of the management and recommendations from the external auditor. The Audit Committee has agreed to the external auditor's opinion that the Company financial statements were prepared correctly in accordance with generally accepted accounting principles.

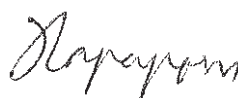
Review of the internal control systems and internal audit report. The Audit Committee has reviewed the overall internal control systems and the audit reports quarterly, and considered that the Company has installed adequate and appropriate internal control systems for the Company's operations, and has not found any significant deficiency impacting the Company's financial statements. The Internal Audit Division has performed its duty independently and effectively.

Review of the related transactions or the transactions that might cause conflicts of interest. The Audit Committee has reviewed those transactions from management's quarterly reports and considered that all related transactions were normal business transactions, and were conducted properly in compliance with relevant rules and regulations. There was correct and adequate disclosure of such information.

Review of the Company's compliance with the SEC law and other related laws and regulations. The Audit Committee has not found any significant issue involving violation of laws and regulations.

Consideration and selection of the auditors. The Audit Committee has selected and proposed to the Board of Directors to seek approval from the Annual General Shareholders' Meeting to appoint Mr. Jedsada Hungsaphruk (CPA Registration No. 3759) Ms. Kannika Wipanut (CPA Registration No. 7305) or Mr. Jirote Sirirorote (CPA Registration No. 5113) of Karin Audit Co., Ltd. as the company's auditors for 2017.

On behalf of the Audit Committee



Ms. Napaporn Tanawatanyong
Chairman of the Audit Committee

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTS

The company financial statement of Castle Peak Holdings Public Co., Ltd., and subsidiaries have been prepared in conformity with the requirements of the Public Company-Act B.E.2535, the Securities and Exchange Act B.E.2535, the Announcement of The Department of Commercial Registration dated September 14, 2001 issued in accordance with Section II, Paragraph 3 of the Accounting Act B.E.2543, and the accounting statement presented by the Federation of Accounting Professions.

The Board of Directors is responsible for the financial statements including financial information in the Annual Report. The Financial Statements have been prepared in accordance with generally accepted accounting principles, with appropriate accounting policies applied on a conservative and consistent basis. Where judgment and estimates were required, these were made with careful and reasonable consideration, and adequate disclosures have been made in the notes to the financial statements, as well as being transparent and useful to all shareholders and investors. Except the financial statements of an associate which have been reviewed by other auditors and followed the accounting standard in its own country.

The Board has also adopted and maintained an appropriate and effective risk management, internal control, so that the company can be reasonably assured that the financial records are accurate, complete and adequate to protect the company assets. These controls also serve as preventive measures against any significant operational risk.

The Board of Directors has appointed an Audit Committee entirely comprising independent directors responsible for the quality of company financial reporting and internal control system. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board is confident that the company has maintained an effective internal control system at an adequate and appropriate level of protection, which can assure the credibility of company and Consolidated Financial Statements as of December 31, 2016.



(Mr.Boonchoo Pongchaloem)

Chairman

General Information

Castle Peak Holdings Public Co., Ltd.

Public Company Registration No.0107537001056

Old No. 352

Head Office: 899 CPH Tower, Petchkasam Road,
Bangkai Sub-district, Bangkai District, Bangkok 10160.
Telephone: 02-4550300 Fax: 02-4550358-9

E-mail Address: cph@castlepeak.co.th

Website www.castlepeak.co.th

Factory 697, Petchkasam Road, Bangkai Sub-district, Bangkai District,
Bangkok 10160

Nature of business: Garment Manufacturing and Property Development

Issued shares: 40,000,000 ordinary shares, Baht 10.00 Per share

Registrar: Thailand Securities Depository Co., Ltd.
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400,
Thailand

Tel: 02-009-9000 Fax: 02-009-9991

Auditor: Mr.Jadesada Hungsapruet
Karin Audit Company Limited
6 FL., Room B1, Boonmitr Building,
138 Silom Road, Bangrak, Bangkok 10500
Tel: 02-6342484-6 Fax: 02-6342668

Consultant of law: Mr.Atiskit Jedsadayanmeta
Atiskit Lawyer

Corporate Business Policy and Business Overview.

- Vision

Garment business

To be a high quality outerwear manufacturer and exporter by emphasizing on excellent customer services and high-technological machinery.

Real estate business

To be a real estate developer who develops affordable, high quality horizontal housing projects in good locations and environments.

- Significant changes and developments

Castle Peak Holding Limited Co. initially set up as a Castle Peak partnership, operated in September 1976. The purpose of the business is to produce garments for export overseas. Later on, the company grew bigger and established C.P.G. garment Limited. The main products of the company are jackets, coats, trousers and sportswear using textile fabrics as the raw materials. Products are manufactured under the customers' brand names and the major export markets are United States and the European Union.

Afterward in 1994, the company diversified the core business into the real estate development business. Products are twin houses, town houses, detached houses and commercial buildings. Up until now, seven projects have been completed with the value of 3,733 million Baht and three projects are now under construction with the value of 1,393 million Baht

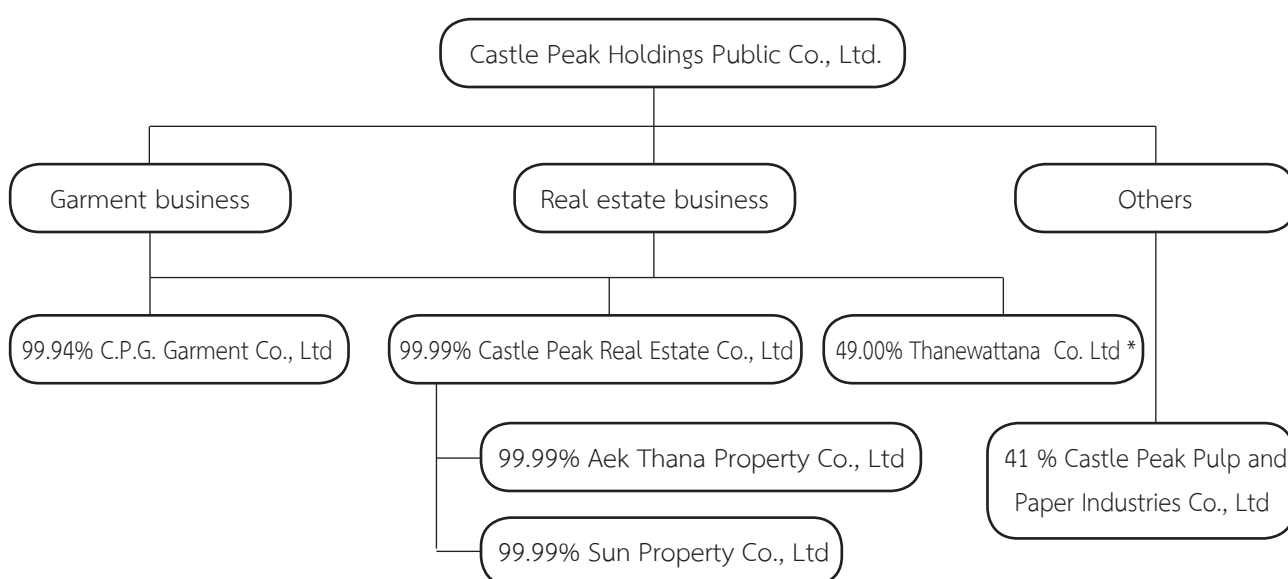
- Shareholding structure for companies under Castle Peak Holding Group

There are two core businesses under Castle Peak Holding group.

Garment business is operated by Castle Peak Holdings Public Company Limited and C.P.G. Garment Co., Ltd

Real estate business is operated by Castle Peak Holdings Public Company Limited, Castle Peak Real Estate Co., Ltd , Aek Thana Property Co., Ltd and Sun Property Co., Ltd.

Shareholding structure and delegation of operational duties among companies within the group



*No operation

Corporate Business Nature

There are two core businesses under Castle Peak Holding group

1. Garment business
2. Real estate business.

For 2016, total sales of the company can be classified into garment business and real estate business at the ratio of 91.57 and 8.43 respectively.

Revenue structure

Garment business

Operating by	% Shareholder	2016		2015		2014	
		Income	%	Income	%	Income	%
Castle Peak Holdings Public Company Limited	100.00	686.12	54.14	711.08	53.02	616.51	46.38
C.P.G. Garment Co., Ltd	99.94	<u>474.36</u>	<u>37.43</u>	<u>465.95</u>	<u>34.74</u>	<u>396.91</u>	<u>29.86</u>
		<u>1,160.48</u>	<u>91.57</u>	<u>1,177.03</u>	<u>87.77</u>	<u>1,013.42</u>	<u>76.24</u>

Real estate business

Operating by	% Shareholder	2016		2015		2014	
		Income	%	Income	%	Income	%
Castle Peak Holdings Public Company Limited	100.00	46.77	3.69	57.21	4.27	136.00	10.23
Castle Peak Real Estate Co., Ltd	99.99	19.75	1.56	49.76	49.76	79.29	5.96
Aek Thana Property Co., Ltd *indirect	99.98	40.35	3.18	57.06	4.25	100.61	7.57
* Owned by Castle Peak Real Estate Co., Ltd		<u>106.87</u>	<u>8.43</u>	<u>164.03</u>	<u>12.23</u>	<u>315.9</u>	<u>23.76</u>
		<u>1,267.35</u>	<u>100.00</u>	<u>1,341.06</u>	<u>100.00</u>	<u>1,329.32</u>	<u>100.00</u>

Investment

Castle Peak Holdings Public Co., Ltd. invested in Companies at 10 percent or more of the issued shares as of December 31, 2016.

Companies	Registered office	Registered Capital	% Shareholding	Nature of Business
C.P.G Garment Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok, 10160	Baht 46,200,000.00	99.94	Garment Manufacturing
Castle Peak Real Estate Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok, 10160	Baht 200,000,000.00	99.99	Real Estate Development
Castle Peak Pulp & Paper Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok, 10160	Baht 100,000,000.00	41.00	Pulp and Paper
Thaneewatana Co., Ltd. *	1174/4 Phahon Yothin Rd., Chatuchak, Bangkok Tel: 02-9129455 Fax: 02-5869189	Baht 3,750,000.00	49.00	Real Estate Development

* Pending operation

Castle Peak Real Estate Co., Ltd.(subsidiary) invested in Companies as of December 31, 2016.

Companies	Registered office	Registered Capital	% Shareholding	Nature of Business
Aek Thana Property Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok, 10160	Baht 30,000,000.00	99.99	Real Estate Development
Sun Property Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok, 10160	Baht 3,750,000.00	99.99	Real Estate Development

Risk Factors

Garment business

- Order cancellation by customers. Since the company manufactures products such as jacket, coat, pants and sportswear under the customers' trademarks and designs with the agreement to deliver products on time. If the company fails to meet those requirements, there is a chance of order cancellation. In case that case, goods cannot be sold to the other buyers because they are copyrighted products. In case of missing the confirmed shipment date, it is better to transport by air than the whole order cancellation.

- Exchange rate fluctuation: US dollar is the main currency in raw materials purchasing and garments exporting. So the exchange rate fluctuation between the U.S. dollar and Baht is necessarily to manage since the appreciation of the Baht has a significant impact on the profits of the company.

- Increase of labor costs. On November 22, 2016, the minimum wage in Bangkok and suburban was adjusted from 300 Baht per day to 310 Baht per day, effective from 1 January 2016. As a result, the cost of production tend to increase because garment business is in the labor-intensive industry. The company has to focus on the skill training in order to increase productivity.

Real Estate Development Business

- Economic sluggish from the previous year causes the house buyers carefully make buying decision. Moreover, some buyers do not qualify for a loan from a financial institution which directly affects the company's sales.

- Liquidity risk. If the business operating in the sales section does not meet the set goals, this might cause the company to face difficulties in raising sufficient and timely funds.

Shareholders

Castle Peak Real Estate Co., Ltd

The first 10 major shareholders of Castle Peak Holdings Public Co., Ltd., as of December 30, 2016.

	No. of shares	% of shareholding
Mr.Boonchoo Pongchaloem	11,880,048	29.70
Thailand Securities Depository Co., Ltd	11,814,736	29.54
Ms.Vanee Tempitayakom	3,400,000	8.50
Ms.Kankorn Jirayucharoensook	1,972,000	4.93
Ms.Vinida Kulsomphob	1,659,900	4.15
Mr. Pongchai Pongchaloem	1,600,000	4.00
Mr.Udomsak Chotivichit	1,453,466	3.63
Mr.Pusak Pongchaloem	1,426,266	3.57
Ms. Benjaporn Limcharoenngern	1,400,000	3.50
Ms. Patchamon Jirayucharoensook	1,251,563	3.13

Mr.Boonchoo Pongchaloem and his family hold the total 19,736,504 shares, to be 49.34 % of total issued shares.

C.P.G. Garment Co., Ltd

C.P.G. Garment Co., Ltd operates the same business as Castle Peak Holdings Public Co., Ltd . The registered capital is 46,200,000 Baht and fully-paid registered capital is 46,200,000 Baht. The issued shares are 9,240 ordinary shares, 5,000 Baht Per share.

	No. of shares	% of shareholding
Castle Peak Holdings Public Co., Ltd	9,234	99.94
Mr.Boonchoo Pongchaloem	3	0.03
Mr.Puthep Pongchaloem	3	0.03

Dividend Payment Policy

The company's dividend payment policy is 30 % of net profit. However, the final decision would be based on the sufficiency of operating cash flow, investment plan and other laws

Management Structure

❖ The Board of Directors

Name	Position	Position	Attendant
Mr.Boonchoo Pongchaloem	Chairman	26	23
Mr.Pumit Pongchaloem	Vice-Chairman	26	26
Mr.Liu Chor Ting	Director	26	26
Mr.Wu Man Fun	Director	26	26
Ms.Pilin Janyaniwat	Director	26	26
Ms.Napaporn Tanawatanyong	Independent Director	26	23
Mr.Songsak Wongsunkakorn *	Independent Director	5	0
Mr. Monthachai Sooksai	Independent Director	26	16
Ms.Kanyapat Peerawatsakoonpong**	Independent Director	21	19

* On February 29, 2016, Mr.Songsak Wongsunkakorn resigned from Independent Director Audit Committee.

** On March 1, 2016, Ms.Kanyapat Peerawatsakoonpong became Independent Director and Audit Committee

The Audit Committee, by name:

1. Ms. Napaporn Tanawatanyong Chairman of the Audit Committee
2. Mr. Monthachai Sooksai Auditing Director
- 3 Ms.Kanyapat Peerawatsakoonpong Auditing Director

Ms. Napaporn Tanawatanyong has adequate expertise and experience to audit creditability of the financial reports.

The Board of Directors of C.P.G. Garment Co., Ltd, the subsidiaries which operate in the same business sector as Castle Peak Holding Public Co., Ltd.

Name	Position	Position	Attendant
1. Mr.Boonchoo Pongchaloem	Chairman	8	8
2. Mr.Puthep Pongchaloem	Vice-Chairman	8	8
3. Mr.Pumit Pongchaloem	Director	8	8

Management Structure (Cont.)

❖ Executive Committee

The Executive Committee of Castle Peak Holding Public Co., Ltd. on December 31 2016, by name:

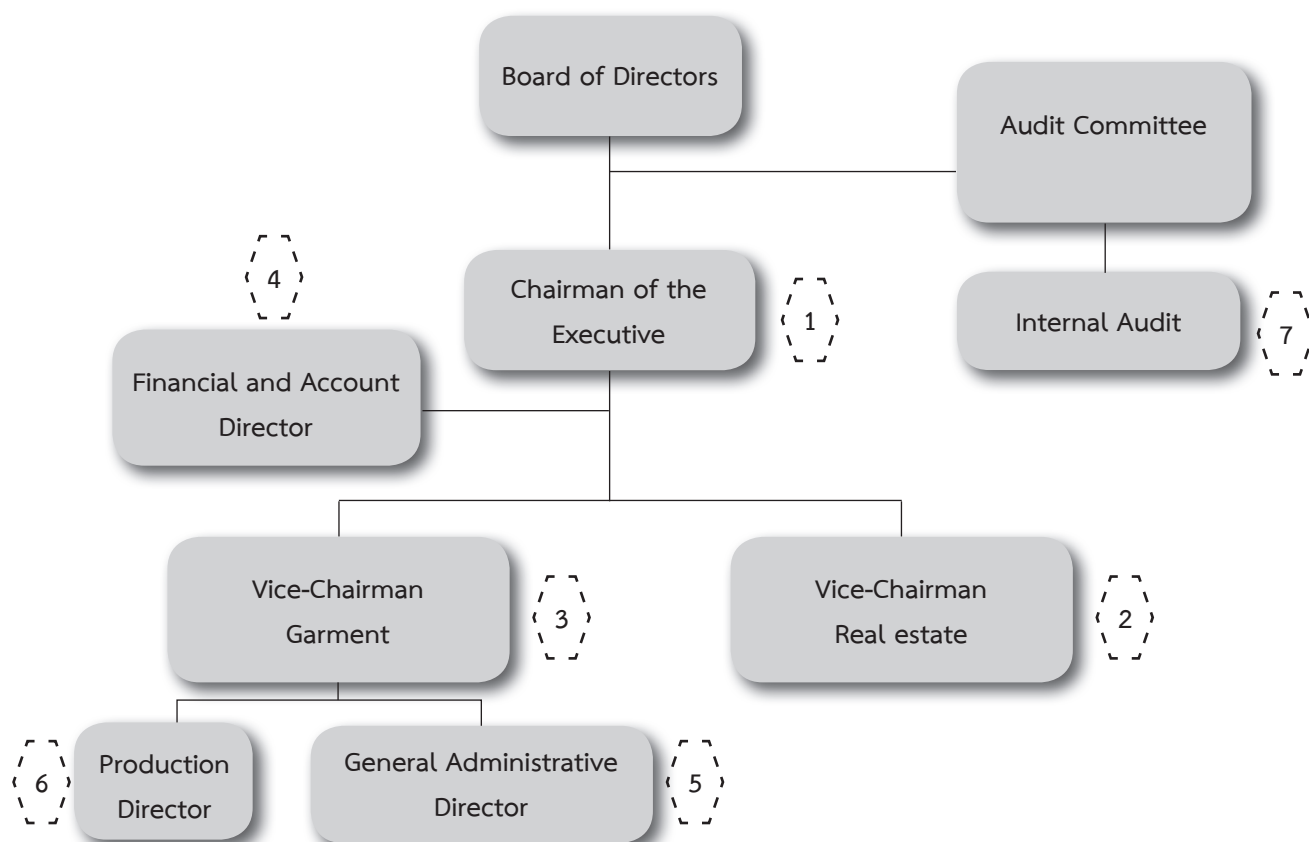
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|------------------------------|--|
| 1. Mr.Boonchoo Pongchaloem | Chairman of the Executive Committee |
| 2. Mr.Pumit Pongchaloem | Vice-Chairman of the Executive Committee |
| 3. Mr.Liu Chor Ting | Vice-Chairman of the Executive Committee |
| 4. Ms.Vinida Kulsompub | Financial and Accounting Director |
| 5. Mr.Puthep Pongchaloem | General Administrative Director |
| 6. Mr.Wu Man Fan | Production Director |
| 7. Ms.Porntip Sripitucksakul | Internal Audit Manager |

The Executive Committee of C.P.G.Garment Co., Ltd. on December 31 2016, by name:

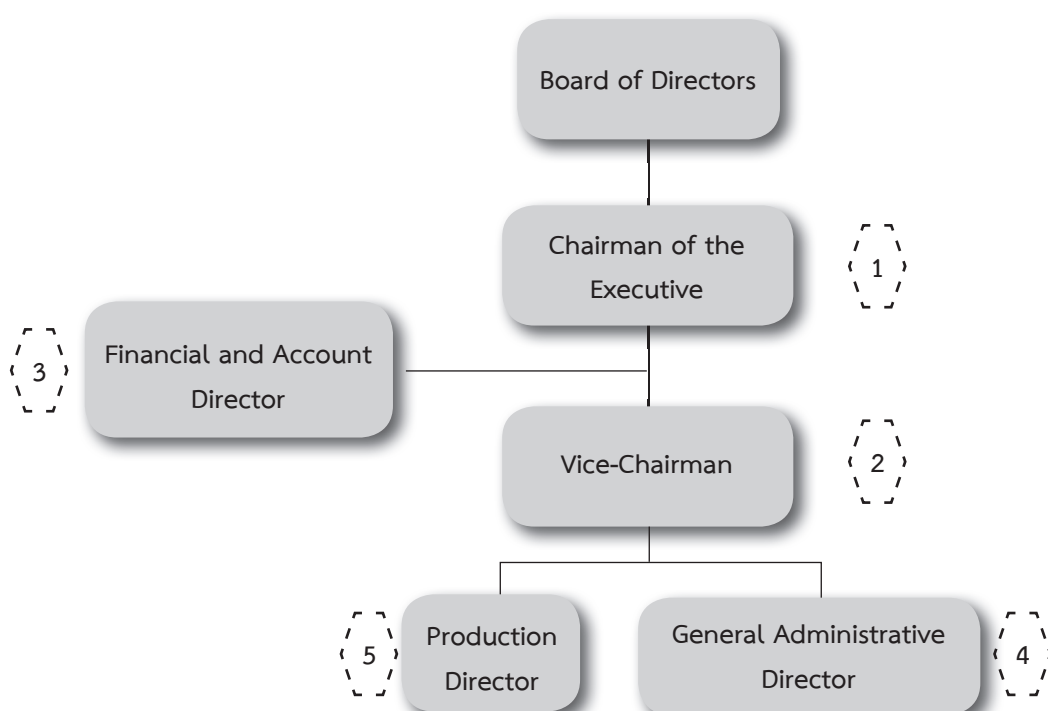
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|----------------------------|--|
| 1. Mr.Boonchoo Pongchaloem | Chairman of the Executive Committee |
| 2. Mr.Liu Chor Ting | Vice-Chairman of the Executive Committee |
| 3. Ms.Vinida Kulsompub | Financial and Accounting Director |
| 4. Mr.Puthep Pongchaloem | General Administrative Director |
| 5. Ms.Pilin Janyaniwat | Production Director |

Management Structure (Cont.)

Organizational charts of Castle Peak Holding Public Co., Ltd.



Organizational charts of C.P.G. Garment Co., Ltd



Management Structure (Cont.)

❖ Secretary of the Company: Ms.Onticha Pongchaloem

❖ Monetary Remuneration

Remuneration received by Company directors from January to December 2016

	Board of Directors' Meeting Fees	Audit Committee's Meeting Fees	Total (Baht)
Mr.Boonchoo Pongchaloem	-	-	-
Mr.Liu Chor Ting	-	-	-
Mr.Pumit Pongchaloem	-	-	-
Mr.Wu Man Fun	-	-	-
Ms.Pilin Janyaniwat	-	-	-
Ms.Napaporn Tanawatanyong	120,000.00	40,000.00	160,000.00
Mr.Songsak Wongsunkakorn	20,000.00	5,000.00	25,000.00
Mr.Monthachai Sooksai	120,000.00	20,000.00	140,000.00
Ms.Kanyapat Peerawatsakoonpong	100,000.00	15,000.00	115,000.00
	<u>360,000.00</u>	<u>80,000.00</u>	<u>440,000.00</u>

Remuneration for directors of subsidiaries: None

(b) Remuneration for executive directors and executives in 2016:

- The 6 persons of the Garments Business Group received, as salaries and bonuses 10,859,660 Baht.
- The 5 persons of the Real Estate Development Business Group received, as salaries and bonuses 3,759,572 Baht.

(c) Other forms of remuneration: None

Management Structure (Cont.)

❖ Employees

- Number of Employees

	2016	2015	2014
Garment Business	2,052	2,110	1,891
Real Estate Business	40	48	59
Total	2,092	2,158	1,950

- Remunerations and types of remunerations to employees in 2016

- Garment business 398,915,218 Baht
- Real Estate Development business 14,625,108 Baht
- Types of remunerations to employees are salary, wages, bonuses, prizes and food.

- Employee development's policy

Garment industry is a labor incentive industry. As a result, the company provides regular trainings to employees in the factories to be more efficiency

Management Profile

Mr.Boonchoo Pongchaloem

Age: 81

- Authorized Director

Education: Bachelor Degree - Mathematics Jinan University of China

Position	Chairman/Chairman of the Executive Committee	Castle Peak Holdings Public Co., Ltd.
	Chairman/Chairman of the Executive Committee	CPG Garment Co., Ltd.
	Chairman/Chairman of the Executive Committee	Castle Peak Real Estate Co., Ltd.
	Chairman/Chairman of the Executive Committee	Aek Thana Property Co., Ltd.
	Executive Committee	Sun Property Co., Ltd.
	Director	Castle Peak Pulp & Paper Co., Ltd.
	Director	Thaneewatana Co., Ltd.

Shareholdings: as of December 31, 2016 hold 11,880,048 shares 29.70%

Change number of shares in year 2016 -No-

Mr.Pumit Pongchaloem

Age: 41

- Authorized Director

Relation: Mr.Boonchoo's son

Education: Bsc. Construction Management – Leeds Metropolitan University

Position:	Director / Vice Chairman	Castle Peak Holdings Public Co., Ltd.
	Director	CPG Garment Co., Ltd.
	Director / Vice Chairman	Castle Peak Real Estate Co., Ltd.
	Director/Executive Committee	Aek Thana Property Co., Ltd.
	Executive Committee	Sun Property Co., Ltd.
	Director	Thaneewatana Co., Ltd.

Shareholdings: as of December 31, 2016 hold 666 shares 0.00%

Change number of shares in year 2016 - No -

Management Structure (Cont.)

Mr.Liu Chor Ting

Age: 59

- Authorized Director

Education: Bachelor Degree - Social Science Chu Hoi College, Hongkong
DAP - IOD

Position: Director / Vice Chairman Castle Peak Holdings Public Co., Ltd.
Vice Chairman CPG Garment Co., Ltd.

Shareholdings: as of December 31, 2016 - No -
Change number of shares in year 2016 -No-

Ms.Vinida Kulsomphob

Age: 41

Education: Bachelor's Degree – Statistical Accounting Chulalongkorn University

Position: Financial and Accounting Director Castle Peak Holdings Public Co., Ltd.
Financial and Accounting Director C.P.G. Garment Co., Ltd.
Financial and Accounting Director Castle Peak Real Estate Co., Ltd.
Financial and Accounting Director Aek Thana Property Co., Ltd.
Financial and Accounting Director Sun Property Co., Ltd.

Shareholdings: as of December 31, 2016 hold 1,659,900 shares 4.15 %

Change number of shares in year 2016 -No-

Mr.Wu Man Fun

Age: 64

Education: High School - Macau
DAP - IOD

Position: Director / Production Director Castle Peak Holdings Public Co., Ltd.

Shareholdings: as of December 31, 2016 - No -

Change number of shares in year 2016 -No-

Management Structure (Cont.)

Ms.Pilin Janyaniwat

Age: 54

Education: High School , DAP - IOD

Position: Director

Production Director

Castle Peak Holdings Public Co., Ltd.

CPG Garment Co., Ltd.

Shareholdings: as of December 31, 2016 hold 66 shares 0.00%

Change number of shares in year 2016 -No-

Ms.Napaporn Tanawatyanyong

Age: 50

Education: MBA Marketing, Leeds University UK

B.A.Accounting, Bangkok University

Position: Independent Director/Chairman Audit Committee

Director

Castle Peak Holdings Public Co., Ltd.

RSM Advisory (Thailand) Ltd

Shareholdings: as of December 31, 2016 - No -

Change number of shares in year 2016 -No-

Ms.Monthachai Sooksai

Age: 62

Education: MBA Chulalongkorn University

Bachelor of Economics, Kasetsart university

Position: Independent Director / Audit Committee

Castle Peak Holdings Public Co., Ltd.

Shareholdings: as of December 31, 2016 - No -

Change number of shares in year 2016 -No-

Ms.Kanyapat Peerawatsakoonpong

Age: 28

Education: BA- Management Bangkokthonburi University

BA-Marketing Rajamangala University of Technology Rattanakosin

Position: Independent Director / Audit Committee

Castle Peak Holdings Public Co., Ltd.

Shareholdings: as of December 31, 2016 - No -

Change number of shares in year 2016 -No-

Management Structure (Cont.)

Mr.Puthep Pongchaloem

Age: 46

Relation: Mr.Boonchoo's son

Education: BA, Coventry University , DAP (IOD)

Position:	General Administrative Director	Castle Peak Holdings Public Co., Ltd.
	Director / General Administrative Director	CPG Garment Co., Ltd.
	Director	Castle Peak Real Estate Co., Ltd.
	Director	Aek Thana Property Co., Ltd.

Shareholdings: as of December 31, 2016 hold 66 shares 0.00%

Change number of shares in year 2016 - No -

Ms.Porntip Sirpitucksakul

Age: 56

Education: Master Degree – Accountancy Chulalongkorn University

Position:	Internal Audit Manager	Castle Peak Holdings Public Co., Ltd.
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Shareholdings: as of December 31, 2016 hold 100 shares 0.00%

Change number of shares in year 2016 -No-

❖ Good Corporate Governance

The Board of Directors recognizes the importance of good corporate governance as a major factor in enhancing the efficiency of the organization. The company therefore conducts its business in line with the principle of good corporate governance, to generate trust in investors and stakeholders, which form a basis for sustainable growth.

The Board of Directors adapts of the Stock Exchange of Thailand's principles of good corporate governance for listed company in so far as they are sufficient, prudent, and suitable or fit to the business environment.

1. Shareholder rights

The company held its Annual Ordinary Shareholders' Meeting on 29th April 2016. The Company prepares a notice to call the shareholders' meeting complete with an agenda with each item complemented by an opinion of the Board of Directors. The notice and agenda are distributed together with the annual report (CD-ROM) and proxy form with relevant details, at least 7 days in advance of the meeting. The Company publicizes the notice to call shareholders' meeting in Thai daily newspapers for three consecutive days prior to the meeting.

Annual General Meeting 2016 was attended by 31 shareholders and proxies holding 28,309,432 shares or 70.77%. At the shareholder's meeting, Board of Directors was present and acted as chairman. Other directors participating in the meeting included Managing Director, Members of Executive Committee, and the Chairman of the Audit Committee as well as other Board members, who were present to jointly answer shareholders' inquiries and provided further clarifications. The external auditor and management also attended the shareholders' meeting. The board of directors reported the previous performance and satisfactorily answered all inquiries from shareholders and also considered the shareholder's suggestion and comment. Before commencing the meeting Corporate Secretary explained the method of vote. The resolution of the meeting was recorded in the minutes.

The Company concerns about the convenience of all shareholders, including institutional investors and shareholders in order to attend the shareholders' meeting. Therefore, the meeting is held in the place where is adequate transportation provided.

2. Equitable Treatment of Shareholders

Following the Board of Directors' resolution to call each shareholder's meeting, the Company announces the meeting schedule along with the agenda through the SET's communication channels. The Company prepares a notice to call the shareholders' meeting complete with an agenda with each item complemented by an opinion of the Board of Directors. The notice and agenda are distributed together with the annual report and proxy form with relevant details, at least 7 days in advance of the meeting. The Company provided the names and relevant personal records of directors to be retired by rotation and who are proposed to be re-appointed for another term in the annual report which is submitted to the shareholders prior to the meeting. The Company publicizes the notice to call shareholders' meeting in Thai daily newspapers for three consecutive days prior to the meeting.

Good Corporate Governance (Cont.)

In the meeting, the company facilitated shareholders who attend the meeting in person, or those are proxy holders. The Meeting proceeded in accordance with the scheduled agenda without adding further agenda items. Voting ballots were used at the meeting, and the results of the voting on each agenda item were announced at the meeting.

The Board of Directors recognizes the importance of conflicts of interest, connected transactions, or related party transactions and has proceeded in accordance with the principle of good corporate governance. In the event that company has to scrutinize matters where there exists or potentially exists conflicts of interest, connected transactions, or related party transactions, directors who are related persons must not participate in the scrutiny and approval of such transaction.

3. Rights of Stakeholders

Much consideration is given to the interests of each of various groups of stakeholders in the Company. As it is understood that the participation of stakeholders can have a positive effect on the Company on an on-going basis, considerable effort is made to safeguard the interests of each group.

Shareholders : The Company aims to represent the best interests of shareholders by concentrating on long-term growth and value. The Company undertakes to provide decent and continuous returns to shareholders while being transparent and accurate in its disclosure of information.

Customers : The Company shall strive to achieve high customer satisfaction and promote relations based on mutual interest by developing value-added products and service. The Company also put in every effort in both technology and R&D to differentiate our product and service from our competitors, providing all customers' need and punctuality.

Employees : The employees are the main important core of the company in propelling the future of the company. The Company provides equitable employment conditions and maintains a safe and conducive working environment. The Ministry of Labor, The department of Labor Protection and Welfare has recognized the company's effort and has awarded the highest TLS 8001-2003 Labor and Welfare certificate on the 20th December 2006.

Suppliers : Company complies with the terms and conditions of trade. All parties have good relationships. The criteria for selecting partners is the quality of the product, expertise and experience, reputation and fair prices.

Creditors : Company is committed to conducting business with the principles and discipline in order to build trust with creditors. The company will adhere to the contract and its terms such as on-time payment of loans, interest and collateral. If any case cannot abide by the agreement, company will inform in advance to find solutions.

Competitors : The Company advocates and supports free trade and conducts its business within the rules of competition on the basis of fairness, ethics, and conformity with legal and regulatory requirements.

Good Corporate Governance (Cont.)

Communities and Environment : The Company places a high priority on its social responsibilities especially to the environment and local communities. It meets these responsibilities by thoroughly implementing effective environmental protection and safety systems helping to reduce air pollution around the communities.

Sustainable resources

Company supports the energy saving and reuse or recycle of office equipments such as double-sided paper, turning off lights during breaks and using stairs instead of elevators.

The intellectual property or copyright.

Company has a policy of operating on non-infringement of intellectual property or copyright, especially, when company manufactures brand names products. This rule is strictly inhibited in order to gain trust from customers.

4. Disclosure and Transparency

As endorsed by the Board of Directors, disclosing information adequately to stakeholders and maintaining transparency and integrity in the company's operation are integral to the Company's corporate governance policy. In compliance with the SET's regulations, the Company discloses its corporate governance report in the annual report and the annual statement (Form 56-1) through SET channels.

The Board of Directors responsibility of correctness and completeness of financial report by issuing The Report of The Board of Directors' responsibilities for financial statements and Audit Committee's Report have disclosed in annual report.

In addition, the Company has disclosed the duties of the Board of Directors and committees, including the number of meetings attended by each director, and have also disclosed the remuneration policy, type and details with respect to directors and management. In 2016, the shareholders approved remuneration for the Board of Directors and the Audit Committee in the shareholders' meeting. Approval of remuneration to audit committees was a monthly allowance 10,000 per person and the Chairman of the Audit Committee 10,000 Baht 5,000 Baht for each meeting. The total remuneration for high level management and executives of the company in the form of salary and agreed benefits are listed in the annual report and the annual statement (Form 56-1).

Institution and individual investors, analysts and concerned government agencies can communicate directly with the company at E-Mail Address: onticha@castlepeak.co.th or the company's website www.castlepeak.co.th

5. Responsibilities of the Board

Board structure

In 2016, the Board of Directors comprises 8 directors. 5 Management directors, 3 independent directors (Among them, all are appointed as Audit Committee Members). The Board of Directors appoints members of the Audit Committee whose qualifications comply with the SET rules which

Good Corporate Governance (Cont.)

defines that the Audit Committee shall consist of at least 3 independent directors, and at least one of them must have knowledge and experience in accounting and finance.

The Company's directors may hold the position for 3 years accordance to company regulations and may be voted back when the term expires.

The Board of Directors has set up committees to strengthen good corporate governance and support its administration and any legal issues involved within the company.

❖ Subcommittees

Corporate management consists of three committees, namely the Board of Directors, the Audit Committee, and the Executive Committee.

1. The Board of Directors' scope of authority and duties comprises:
 - Performance of its duties according to law, the objectives and regulations of the company, and resolutions of shareholders' meetings.
 - Compliance with the directives and rules of supervisory and controlling bodies.
 - Protection of the interests of shareholders. Every shareholder is to be treated equally in receiving accurate information and news about the Company.
 - Determining policies and operational plans, and supervising and controlling all managers to ensure their efficient implementation of the said policies and plans.
 - Approval of transactions to buy or sell an asset, to incur a debt, or undertake an obligation valued at 50 million Baht or more.
2. The Audit Committee's scope of authority and duties comprises:
 - Ensuring that the Company's financial reports are accurate, complete, and credible.
 - Ensuring that the company implements and appropriate and efficient internal monitoring system.
 - Considering and proposing an independent auditor for the Company.
 - Ensuring the Company's compliance with all relevant laws and regulations.
 - Ensuring that conflicts of interest do not occur.
 - Producing a management report from the Audit Committee, to be published in the Company's annual report.
 - Performance of any other duties assigned to it by the Board of Directors.
3. The Executive Committee's scope of authority and duties comprises:
 - Acceptance of the policies and operational plans of the Board of Directors.
 - Ensuring that the Company's operations are implemented efficiently in order to achieve corporate objectives.
 - Submitting reports, plans, and operational results to the Board of Directors.

Good Corporate Governance (Cont.)

- Approval of transactions to buy or sell an asset, to incur a debt, or undertake an obligation valued at no more than 50 million Baht. Transactions are authorized by CEO and management team.
- Performance of any other duties assigned to it by the Board of Directors.

❖ Selection of directors and executives

1 Independent director

Principles in the selection of independent directors which are proposed by the Board of Directors, and should be:

1. Knowledgeable, competent, and experience.
2. Capable of devoting time to the Company, attending meetings of the Board of Directors or Audit Committee, performing the duties assigned to him/her, and offering advice.
3. Free of court-ordered liens, bankruptcy proceedings, or any real or apparent incapacity.
4. Not subject to government prosecution, sentencing, or any criminal proceedings related to fraud or malfeasance.
5. Clear of all attributes, as set down by the Securities Exchange Commission and the Stock Exchange of Thailand, that would disqualify him/her from being an independent director.

2 Methods of Selecting Directors and Executives

Method of Selecting Directors

Directors are selected according to the Public Company Act, except for article 70. Corporate regulations provide for the appointment of directors in a meeting of shareholders. Each shareholder has as many votes as he/she has shares. One shareholder must use all his/her votes for one or more nominees, and may not divide his/her votes in any way.

The number of directors from major shareholders each group: not specified.

The rights of minor shareholders to appoint directors: Every shareholder has one vote per share.

Method of Selecting Executives

Executives are considered on the basis of their knowledge, capabilities, and experience, together with the suitability of these for the duties and responsibilities in question.

❖ Supervision of operations of subsidiaries and associated companies.

1. Representatives are assigned to be directors and executives in subsidiaries and associates in accordance.
2. Defining the scope and authority of directors and executives to participate in important business decisions.
3. The financial statements, performance and related person are fully opened.

Good Corporate Governance (Cont.)

❖ Monitoring the use of internal information

The Board of Directors, audit committees and management team, together with directors of the company and its subsidiary companies, must acknowledge and abide by the right of equal access principle to be informed about the company's news and information. They must strictly adhere to the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission and must not disclose the company's internal information for personal interest or gain, whether directly or indirectly.

Penalties include both those prescribed by the Office of the Securities and Exchange Commission and those stipulated by The Company's Board of Directors.

❖ Purchase or sales of stock

The company instructs insiders to refrain from any purchase or sales transaction of company for the period of 1 month prior to the disclosure of financial statements to the public. Company directors and management members were required by the company to report their shareholding status. In case of any change to The Securities and Exchange Commission according to article 59 of The Securities and Exchange Act B.E. 2535. Moreover, Purchase or sales transaction of company shares is added to all board of director meeting.

❖ Auditor's remuneration

Audit fees

The company and its subsidiaries' auditor is Ms. Nongluk Pattanabandit, Karin Audit. Audit fees for the quarter and year 2016 is total 1,785,000 Baht. Details are below

Company	Audit fees for Q 1, Q 2 and Q 3	Audit fees for the year	Total
Castle Peak Holdings Public Co.,Ltd (Consolidated)	225,000.00	100,000.00	325,000.00
Castle Peak Holdings Public Co.,Ltd	300,000.00	450,000.00	750,000.00
C.P.G. Garment Co., Ltd	195,000.00	250,000.00	445,000.00
Castle Peak Real Estate Co., Ltd	54,000.00	70,000.00	124,000.00
Aek Thana Property Co., Ltd	51,000.00	50,000.00	101,000.00
Sun Property Co., Ltd	30,000.00	10,000.00	40,000.00
Total audit fee			1,785,000.00

Other services – other related expenses are paid no more than 15,000 Baht for the quarterly audit and 40,000 Baht for yearly audit.

Management Discussion and Analysis: MD&A

Financial Overview

	Unit : Baht					
	Consolidated			Separated		
	2016	2015	2014	2016	2015	2014
Current Assets	833,945,965.07	992,234,240.83	927,566,524.54	576,666,361.61	709,947,077.23	682,091,097.87
Total Assets	1,335,134,328.67	1,511,213,798.93	1,433,398,396.07	1,177,754,222.77	1,350,429,934.23	1,278,208,383.02
Current Liabilities	486,509,740.78	566,170,629.59	509,842,946.51	475,492,983.69	517,941,713.63	475,477,388.73
Total Liabilities	567,583,252.71	652,748,299.85	588,981,692.04	503,353,972.64	559,439,166.02	513,026,329.03
Equity	767,551,075.96	858,465,499.08	844,416,704.03	674,400,250.13	790,990,768.21	765,182,053.99
Book Value	19.19	21.46	21.11	16.86	19.77	19.13
Sales	1,267,350,569.96	1,341,053,619.58	1,329,318,491.53	746,551,383.07	792,350,890.82	767,080,032.23
Total Revenues	1,294,256,065.53	1,379,152,794.40	1,372,431,790.50	789,388,640.60	829,126,545.59	803,992,901.59
Gross Profit	151,639,159.81	187,428,634.73	140,812,435.64	92,712,159.86	102,536,888.17	75,450,582.33
Operating Profit	27,728,505.03	78,678,126.00	17,512,072.20	47,951,842.73	48,910,280.18	25,114,274.13
Net Profit	(100,465,106.12)	50,473,300.32	(13,573,294.28)	(120,442,828.08)	25,808,714.22	(20,665.92)
Earnings per Share	(2.51)	1.26	(0.34)	(3.01)	0.65	0.00

Management Discussion and Analysis: MD&A (Cont.)

Financial Ratios

		Consolidated			Separated		
		2016	2015	2014	2016	2015	2014
Liquidity ratio							
- Current Ratio	(Times)	1.71	1.75	1.82	1.21	1.37	1.43
- Quick Ratio	(Times)	0.37	0.40	0.37	0.23	0.28	0.19
- Cash Flow from Operation Ratio	(Times)	0.03	0.00	0.15	0.01	0.07	0.08
- Account receivable Turnover Ratio	(Times)	8.02	7.52	11.60	7.06	6.31	10.08
- Average collection period	(Days)	45	48	32	51	58	36
- Inventory turnover ratio	(Times)	19.89	38.11	25.23	26.06	61.77	34.46
- Average sales period	(Days)	19	10	15	14	6	11
- Accounts payable turnover ratio	(Times)	19.27	17.27	16.84	18.17	18.86	16.40
- Payment period	(Days)	19	21	22	20	20	22
- Cash Cycle	(Days)	45	42	30	45	56	38
Profitability Ratio							
- Gross Profit Ratio	%	11.97	13.98	10.59	12.42	12.94	9.84
- Operating Profit Ratio	%	2.19	5.87	1.32	6.42	6.17	3.27
- Other Profit Ratio	%	2.08	2.76	3.14	5.43	4.44	4.59
- Cash to profitability Ratio	%	55.64	(2.72)	443.94	10.56	70.41	154.11
- Net Profit Ratio	%	(7.76)	3.66	(0.99)	(15.26)	3.11	0.00
- Return on Equity	%	(12.36)	5.93	(1.63)	(16.44)	3.35	0.00
Efficiency Ratio							
- Return on Assets	%	(7.06)	3.43	(0.95)	(9.53)	1.96	0.00
- Return on Fixed Assets	%	(18.90)	18.92	2.87	(40.70)	16.75	6.17
- Assets turnover	(Times)	0.91	0.94	0.96	0.62	0.63	0.63
Financial Ratio							
- Debt to Equity Ratio	(Times)	0.74	0.76	0.70	0.75	0.71	0.67
- Interest Coverage Ratio	(Times)	1.76	0.95	5.53	1.22	2.46	2.69
- Coverage ratio	(Times)	0.35	(0.03)	1.36	0.07	0.40	0.43
- Dividend payout ratio	%	-	-	-	-	-	-

Management Discussion and Analysis: MD&A (Cont.)

1. Overview of the business and significant changes

Total sales in garment business in 2016 was 1,160,482,069.96 Baht, compared with total sales in garment business in 2015 amounted 1,177,027,119.58 Baht. It dropped 16,545,049.62 Baht or 1.41% from the decrease of orders in 2016. In term of cost of sales, Thailand's labor costs are higher than other Asian countries. Therefore, the company has to improve the skills of sewers continuously. Moreover, The company's strategy is innovative by using high-technology machines in order to add value to products and be competitive

In real estate business, the company continues to develop projects which sell houses in cheap, good standard of buildings , great locations and nice environment. There are three on-going projects which are Siwarat 9 , Siwarat 10 and Siwarat 11. In 2016 ,there are many external impacts to the company which were the decrease of purchasing power of target customers , over 80% of Thai household debt to GDP and the sluggish of economic situation in Thailand. As a result, total sales in real estate business in 2016 was 106,868,500 Baht, compared to total sales in 2015 amounted 164,026,500 Baht. It went down 57,158,000 Baht or 34.85%.

Castle Peak Holdings Ltd. holds 41 percent direct investment in Castle Peak Pulp and Paper Industries Co. Ltd (Thailand) (An Associated Company) This associate invested in Yueyang Fengli Pulp and Paper Industry Co., Ltd which operate in pulp and paper industry, located in Hunan province, the Republic of China. In 2016, the Company recorded loss on impairment of assets in amount of 115,550,109.70 Baht from such associates in the consolidated financial statements and 156,550,109.70 Baht in the separate financial statements.

2. Results of the operations

The company's ability to make profits in 2016 was lower than in 2015. The gross profit ratio of 2016 was 11.97 % in the consolidated financial statement, compared to 13.98 % in 2015. Also the gross profit ratio of 2016 was 12.42 % in the separate financial statement, compared to 12.94 % in 2015. The reason was the decrease number of sales from customers. Moreover, the operating profit ratio of 2016 was 2.19 % in the consolidated financial statement, compared to 5.87% in 2015 and the operating profit ratio of 2016 was 6.42% in the separate financial statement, compared to 6.17% in 2015. Also, the net profit ratio of 2016 was (7.76%) in the consolidated financial statement, compared to 3.66 in 2015 and the net profit ratio of 2016 was (15.26%) in the separate financial statement, compared to 3.11 % in 2015. This resulted from the loss of impairment of assets from an associate in 2016. Finally, return of equity (ROE) of 2016 was (12.36%) in the consolidated financial statement, compared to 5.93 in 2015 and ROE of 2016 was (16.44%) in the separate financial statement, compared to 3.35 % in 2015.

Management Discussion and Analysis: MD&A (Cont.)

Explanations divided by the nature of business are below

Garment business:

Total sales in garment business in year 2016 were 1,160,482,069.96 Baht, compared to 1,177,027,119.58 Baht of sales in year 2015. It decreased 16,545,049.62 Baht or 1.41 percent. The main reason behind such a decrease was due to the lower demand of garments from main importer. In the United States, it was caused by lower economic growth than forecasted and uncertainty from the upcoming election. Also, the EU countries are still in recovering process. Cost of goods sold in 2016 was 1,047,558,008.61 Baht, compared to 1,047,128,806.70 Baht in 2015. It increased 429,201.91 Baht from the higher labor costs. The company has to manage both the performance of sewing workers and the control of the employees' turnovers. It is because new workers need time to improve skills. Sales and administrative costs showed 116,689,922.25 Baht in 2016 and 119,490,678.64 Baht in 2015. It decreased 2,800,756.39 Baht or 2.34 percent. Therefore, the operating profit was 22,265,696.05 Baht in year 2016 and 46,523,866.60 Baht in 2015. It decreased 24,258,170.55 Baht or 52.14 percent.

Real estate business:

Total sales in real estate development business in year 2016 were 106,868,500 Baht, compared to 164,026,500 Baht of sales in year 2015. It decreased 57,158,000 Baht or 34.85 percent. The reasons were the sluggish economy, the decrease of purchasing power of the customers and higher household debt which directly affected the company's sales. Moreover, since our target customers are low to moderate income people, some were not qualified to apply for a loan from financial institutions. Also, the location of projects is near the Purple Line MRT Station Bangyai - Bang Sue which opened in 2016. The transportation and facilities have improved so many new competitors launched projects in the nearby areas. Cost of goods sold in 2016 was 68,153,401.54 Baht, compared to 106,496,178.15 Baht in 2015. It decreased 38,342,776.61 Baht or 36 percent because of less number of houses sold. Sales and administrative costs showed 34,075,844.84 Baht in 2016 and 44,343,735.14 Baht in 2015. It decreased 10,267,890.30 Baht or 23.16 percent. As a result, there was an operating profit of 5,501,892.83 Baht in year 2016, compared an operating profit of 15,140,479.40 Baht in year 2015. The operating profit decreased 9,638,583.57 Baht

3. Assets Management

The company's assets management in 2016 was less efficiency. Return on Assets (ROA) in 2016 was (7.06) in the consolidated financial statement, compared to 3.43 in 2015. ROA in 2016 was (9.53) in the separate financial statement, compared to 1.96 in 2015. This shows less ability to generate profits from the company's assets. The total asset turnover ratio of 2016 was 0.91 in the consolidated financial statement, compared to 0.94 in 2015. Also total asset turnover ratio of 2016 was 0.62 in the separate financial statement, compared to 0.63 in 2015. Moreover, the receivables turnover ratio of 2016 was 8.02 in the consolidated financial statement, compared to 7.52 in 2015. Account receivables turnover ratio of 2016 was 7.06 in the separate financial statement, compared to 6.31 in 2015. This shows the Company can manage the receivables to be converted into cash faster than in 2015.

The consolidated financial statements as of 31 December 2016 display the total assets 1,335,134,328.67 Baht, compared to the total assets 1,511,213,798.93 Baht in 2015. The change is 176,079,470.26 Baht or accounts for 11.65 percent. The detail of change is below

Garment business:

- Cash and cash equivalents in the consolidated financial statements as of December 31, 2016 and December 31, 2015 were 23,857,952.33 Baht and 48,527,790.43 Baht respectively. It decreased by 24,669,838.10 Baht or 50.84 percent.
- Trade and other receivables in the consolidated financial statements as at December 31, 2016 and December 31, 2015 were 158,423,486.33 Baht and 214,567,258.15 Baht, respectively. It decreased 56,143,771.82 Baht or 26.17 percent.
- Inventories in the garment business in the consolidated financial statements as of December 31, 2016 and December 31, 2015 were 218,125,709.05 Baht and 235,726,907.68 Baht respectively. It decreased 17,601,198.63 or 7.47 percent
- Inventories in the real estate development business in the consolidated financial statements as of December 31, 2016 and December 31, 2015 were 220,025,789.89 Baht and 183,151,056.14 Baht respectively. It increased 36,874,733.75 Baht or 20.13 percent.
- Land, building and equipments in the consolidated financial statements as of December 31, 2016 and December 31, 2015, there were 269,012,536.07 Baht and 289,011,482.19 Baht respectively. It decreased by 19,998,946.12 Baht or 6.92 percent due to depreciation of assets.

The ageing of account receivable is in note no.7 in financial statement.

Management Discussion and Analysis: MD&A (Cont.)

4. Liquidity Ratios

Sources and uses of funds

There was no significant change in the sources and uses of funds in operations. The company has strong relationships with customers and suppliers. In the consolidated financial statements as at December 31, 2016, cash flow from operations showed 15,428,788.50 Baht , compared to the operating profit 22,265,696.05 Baht. The difference of 6,836,907.55 Baht comes from increase in inventories of real estate business in 2016.

Capital structure

In 2016, there was from an increase of short-term loans from financial institutions which used as working capital to support the business expansion. Debt to equity ratio (D/E ratio) of 2016 was 0.74 in the consolidated financial statement, compared to 0.76 in 2015. Moreover, debt to equity ratio of 2016 was 0.75 in the separate financial statement, compared to 0.71 in 2015. However, overall, the company's funding comes from debts less than equity.

The adequacy of liquidity

The current ratio was 1.71 in 2016 and 1.75 in 2015 in the consolidated financial statements and 1.21 in 2016 and 1.37 in 2015 in separate financial statements. These explain the company has sufficient liquidity to operate because the current assets are more than current liabilities.

The current ratio of the consolidated financial statements is 1.71 times in 2016 and 1.75 times in 2015 and the ratio of liquidity In the separate financial statements, 1.21 times in 2016 and 1.37 times in 2015 shows that the company current assets that can be changed to cash rather than current liabilities to be paid.

In real estate business, there were the payment details for the current projects as at 31 December 2016 as below.

Name of projects	Total sales	Total amount due		Received payment		Overdue payment		Payment not due	
		Baht	% of total sales	Baht	% of total amount due	Baht	% of total amount due	Baht	% of total sales
Siwarat 7	131,708,500.00	131,708,500.00	100.00	131,708,500.00	100.00	-	-	-	-
Siwarat 9	528,023,000.00	525,658,000.00	99.55	525,658,000.00	100.00	-	-	2,365,000.00	0.45
Siwarat 10	393,004,000.00	371,958,000.00	94.64	371,928,000.00	99.99	30,000.00	0.01	21,046,000.00	5.36
Siwarat 11	4,243,000.00	82,500.00	1.94	75,000.00	90.91	7,500.00	9.09	4,160,500.00	98.06

Management Discussion and Analysis: MD&A (Cont.)

Name of projects	Overdue payment		1-3 months overdue	
	No. of buyers	Baht	No. of buyers	Baht
Siwarat 10	2	30,000.00	2	30,000.00
Siwarat 11	1	7,500.00	1	7,500.00

5. Contractual Obligations

The disclosure is in Note 14 : overdrafts and short-term loans from financial institutions , No. 15 :Trade accounts payable and other payables , Note16 :Other current liabilities and Note17 : Long-term loans from financial institutions.

6. Forward looking

In the year 2017, the management predicted a slight increase in sales growth in the garment business due to the tax policy of the United States to decrease taxes in corporate tax and personal income. This is expected to result in more people spending money. In term of labor costs , the government approved a minimum wage from Baht 300 per day to Baht 310 per day in Bangkok and suburbs, with effective from January 1, 2017. This results in an increase in the company's production costs.

The real estate sector, the sales are expected to increase in 2017 from government policy to solve the debts problems and provide assistance to low income people.

Investors may access further information details from 56-1 displayed by the company at www.set.or.th or at the company website www.castlepeak.co.th

Corporate Social Responsibilities (CSR)

1. Overall policy

Castle Peak Holdings Public has transparency as a main policy to conduct its business. The company emphasizes on operations with fairness, respect for human rights, fair treat workers, responsibility to consumers and responsibility to the environment as ethics in operating businesses.

2. Implementation and report preparation.

Castle Peak Holdings Public's practices meet standards both locally and internationally as follows

2.1 ISO 9001:2008.

ISO 9001:2008 quality system focuses on the operation of a fair and responsibility to consumers (Principle 1 and 5 of the SEC.), Good s from the company have to meet customers' standard and satisfaction. Moreover, the company focuses on continuous improvement of processes in manufacturing, and business management.

2.2 Labor standards, Thailand. (TLS 8001-2553)

Thailand's labor standards (TLS 8001-2553) focuses on the respect for human rights (principles of Article 3 of the SEC.) The company complies with labor rules in term of employment and working conditions such as wages, working hours, holidays and safety at work. This brings to the fairness at work and happy work place

2.3 White Factory Project

White Factory Project focuses on developing the community and society (principles of Article 7 of the SEC.) The policies are to provide training to workers in order to know the harm of drugs and be able to help the community.

2.4 Wrap System

The Wrap system focuses on responsibility for the consumer (principles of Article 5 of the SEC). Key issues include compliance with laws and regulations in the workplace, freedom of association and dialogue, detention and abuse, discrimination, labor law offenses, child labor offenses, compensation and benefits, hours worked, health and safety, customs standards, environment and safety.

2.5 C-TPAT system

The C-TPAT system, focusing on fair dealing and anti-corruption (principles of Article 1 and 2 of the SEC), anti-terrorism is to cooperate between government and business by the company agrees to develop security of the supply chain in order to facilitate the crossing and other privileges. The C-TPAT system includes the essentials of business partnerships, cabin safety, physical control, personnel safety, training, security and surveillance and threats and Security in Information Technology

Corporate Social Responsibilities (CSR) (Cont.)

3. The business impact on social responsibility: None

4. CSR After process

The company has donated various information technology equipments to Suan Kaew Foundation for public benefit.

5. Anti-corruption

Anti-corruption is one of the company's policy which approved by the Board of Directors as follows.

"The company does not accept corrupt any company prohibits bribery in all its forms, both public and private. The Company's procedures will be reviewed regularly order to match with laws. All directors, executives and employees must abide by this policy. "

Moreover, the company gets the internal control department to be responsible for risk assessment and policies.

6. Whistle Blowing

In order to maintain good corporate governance, company is open for all stakeholders to notify all illegal or unethical corruption activities to

Company Secretary

899 CPH Tower, Petchkasam Road,
Bangkae Sub-district, Bangkae District,
Bangkok 10160. Email : Onticha@castlepeak.co.th
Telephone: 02-4550300

Protection

1. Whistleblowers can choose not to identify themselves, to avoid insecurity or damage.
2. Company will keep the information confidential and taking into account the safety of whistleblowers.

Internal control and risk management.

1. Summary of the Board of Directors' opinions toward the company's internal control system.

The Board of director held the meeting on December 25, 2015. The committees assess five components of internal control by using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. It includes internal control system, risk assessment, the operational control system, the information systems and evaluation system. In conclusion, the committees all agree that the company has a good internal control.

2. The Audit Committees express their opinions that there is no any important problem found in the operation.

There are four audit committee's meetings in 2016.

- 1st meeting on February 27, 2016.
- 2nd meeting on May 12, 2016.
- 3rd meeting on August 15, 2016.
- 4th meeting on November 14, 2016.

3. Head of Internal Audit

Ms.Porntip Sripitaksakul, the head of internal audit is a qualified internal auditor. She works effectively and strictly. Any appointment, transfer or dismissal of this position needs the approval by the Audit Committee.

Related transaction

First translation	Castle Peak Holdings Public Co., Ltd and Castle Peak Pulp and Paper Industries Co., Ltd.
Type	Investment with registered capital THB 100,000,000
Relationship	Castle Peak Holdings Public Co., Ltd invested 41% of the shares and Success Real Estate Co., Ltd 59% of the shares
Reason	Investment in an associate which manufactures pulp and paper in Republic of China.
Second translation	Castle Peak Holdings Public Co., Ltd and Castle Peak Pulp and Paper Industries Co., Ltd.
Type	Financial support in the ratio of investment
Relationship	Castle Peak Holdings Public Co., Ltd provides financial support in maximum of 41%
Reason	Provide financial support to an associate which manufactures pulp and paper in Republic of China

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Castle Peak Holdings Public Company Limited

Opinion

I have audited the financial statements of Castle Peak Holdings Public Company Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the related consolidated and separate 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.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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 determined the matters described below to be the key audit matters.

Loss on impairment of assets

Risk

As disclosed in Note 11, the group management has considered the recover value of assets and provided the allowance for impairment of investment of Baht 41.00 million in separate financial statements and allowance for doubtful accounts of other receivable and accrued interest income totaling Baht 115.55 million in consolidated and separate financial statements. These are presented under loss on impairment of assets amounting to Baht 115.55 million in the consolidated statements of comprehensive income and Baht 156.55 million in the separate statements of comprehensive income for year ended December 31, 2016.

I focused on this area as the amount of loss on impairment of assets is significant and the determining the appropriate level depends on judgment made by management in assessing future recoverable value.

My audit addressed the risk

My procedures included an examining of relevance supporting evidences, evaluating and interviewing management's judgment and assumption used, and checked the consistency of underlying assumptions and the adequacy of disclosure.

Unrecognised deferred tax assets

Risk

As disclosed in Note 18, the Group has not recorded deferred tax assets amounting to Baht 37.84 million in the consolidated and Baht 22.56 million in the separate financial statements due to the recognition of deferred tax assets are based on this opportunity by implementing that relies on the discretion of the management. The expectation for utilization

INDEPENDENT AUDITOR'S REPORT (Cont.)

of the asset is dependent on many factors, including the appropriateness of the temporary differences of tax and the adequacy of future taxable income to support such recognition.

I focused on this area as the amount of unrecognized deferred tax assets is significant and the determining the appropriate level depends on judgment made by management in assessing future taxable income.

My audit addressed the risk

My procedures included evaluating and interviewing management's judgment and assumption used, and assessed the past performance against business plans used by the Group to determine the future taxable income.

Other matter

The consolidated and separate statements of financial position as at December 31, 2015, which are included as comparative information, are components of the audited consolidated and separate financial statements as at and for the yearended December 31, 2015, were audited by another auditor in the same office who expressed an qualified opinion regarding the record of investment in an associate by using the equity method in the consolidated financial statements which was computed from the financial statements which have been audited by other auditors, thereon in her report dated February 27, 2016. Share of gain (loss) from investment in the said associate amounted to Baht (19.39) million in the consolidated statements of comprehensive income for the year ended December 31, 2015.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of 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.

INDEPENDENT AUDITOR'S REPORT (Cont.)

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment 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 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 Mr. Jadesada Hungsapruet.

(Mr. Jadesada Hungsapruet)
Certified Public Accountant
Registration No. 3759

Karin Audit Company Limited
February 28, 2017

STATEMENTS OF FINANCIAL POSITION

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2016

Unit : Baht

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	6	23,857,952.33	48,527,790.43	4,811,201.19	16,864,006.58
Trade and other accounts receivable	7	158,423,486.33	214,567,258.15	106,005,169.56	160,443,031.72
Inventories					
- Garment business	8	218,125,709.05	235,726,907.68	161,703,636.00	149,533,861.57
- Real estate business	9	220,025,789.89	183,151,056.14	93,688,809.90	68,679,359.34
Short-term loans and advances to related parties	5	205,052,106.00	243,295,190.00	205,052,106.00	253,095,190.00
Other current assets	10	8,460,921.47	66,966,038.43	5,405,438.96	61,331,628.02
Total current assets		833,945,965.07	992,234,240.83	576,666,361.61	709,947,077.23
Non-current assets					
Long-term loans and interest receivable to related party	5	102,500,000.00	79,948,147.19	102,500,000.00	79,948,147.19
Investments in subsidiaries and associates	11	3,023,623.68	3,028,596.44	248,007,380.00	274,007,380.00
Other long-term investments		1,338,700.00	1,157,675.00	1,139,200.00	986,500.00
Property, plant and equipment	12	269,012,536.07	289,011,482.19	133,731,103.55	147,461,149.43
Investment properties	13	109,802,597.24	110,732,483.76	110,204,252.24	111,134,138.76
Deposits with commitment	17	2,266,106.24	22,195,817.61	-	21,865,594.98
Deferred tax assets	18	446,298.47	353,287.86	-	-
Other non - current assets		12,798,501.90	12,552,068.05	5,505,925.37	5,079,946.64
Total non - current assets		501,188,363.60	518,979,558.10	601,087,861.16	640,482,857.00
Total assets		1,335,134,328.67	1,511,213,798.93	1,177,754,222.77	1,350,429,934.23
Liabilities and equity					
Current liabilities					
Overdrafts and short - term loans from financial institutions	14	389,854,701.56	433,186,018.52	300,090,358.61	320,307,350.70
Trade and other accounts payable	15	59,095,398.24	86,899,516.65	38,318,161.81	47,918,742.55
Short-term loans and advances from related parties	5	-	-	113,247,000.00	122,247,000.00

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



STATEMENTS OF FINANCIAL POSITION (Cont.)

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2016

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Advances received under contract to buy and to sell		2,053,000.00	2,710,500.00	1,848,000.00	1,618,000.00
Other current liabilities	16	35,506,640.98	43,374,594.42	21,989,463.27	25,850,620.38
Total current liabilities		486,509,740.78	566,170,629.59	475,492,983.69	517,941,713.63
Non-current liabilities					
Long-term loans from financial institutions	17	14,000,000.00	2,000,000.00	-	-
Liability under finance lease		69,877.40	185,266.35	-	-
Deferred tax liabilities	18	28,125,514.53	41,839,829.91	4,860,921.95	17,673,515.39
Employee benefit obligations	19	38,878,120.00	42,552,574.00	23,000,067.00	23,823,937.00
Total non-current liabilities		81,073,511.93	86,577,670.26	27,860,988.95	41,497,452.39
Total liabilities		567,583,252.71	652,748,299.85	503,353,972.64	559,439,166.02
Equity					
Share capital					
Authorized share capital					
40,000,000 common shares, Baht 10 par value		400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Issued and paid - up share capital					
40,000,000 common shares, Baht 10 par value		400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Premium on ordinary shares		164,000,000.00	164,000,000.00	164,000,000.00	164,000,000.00
Retained earnings					
Appropriated - legal reserve		31,839,616.42	31,839,616.42	31,839,616.42	31,839,616.42
Unappropriated		8,307,222.64	87,319,130.11	7,780,505.91	116,038,311.93
Other components of equity		163,373,996.90	175,276,512.55	70,780,127.80	79,112,839.86
Equity attributable to owners of the Company		767,520,835.96	858,435,259.08	674,400,250.13	790,990,768.21
Non-controlling interests		30,240.00	30,240.00	-	-
Total equity		767,551,075.96	858,465,499.08	674,400,250.13	790,990,768.21
Total liabilities and equity		1,335,134,328.67	1,511,213,798.93	1,177,754,222.77	1,350,429,934.23

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



STATEMENTS OF COMPREHENSIVE INCOME

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Revenue from sales	5	1,267,350,569.96	1,341,053,619.58	746,551,383.07	792,350,890.82
Cost of sales	5	1,115,711,410.15	1,153,624,984.85	653,839,223.21	689,814,002.65
Gross profit (loss)		151,639,159.81	187,428,634.73	92,712,159.86	102,536,888.17
Dividend income	5	-	13,500.00	19,999,988.00	6,399,996.16
Interest income	5	10,463,856.74	20,219,381.59	11,735,564.12	20,769,813.60
Gain on exchange rate		9,713,116.32	7,729,736.96	5,415,857.99	3,444,006.40
Other income	5	6,728,522.51	10,136,556.27	5,685,847.42	6,161,838.61
Profit before expenses		178,544,655.38	225,527,809.55	135,549,417.39	139,312,542.94
Selling expenses		45,645,022.64	50,035,709.33	27,719,205.85	29,192,910.99
Administrative expenses		105,166,154.95	113,843,895.45	59,878,368.81	61,209,351.77
Loss on impairment of assets	11	115,550,109.70	-	156,550,109.70	-
Total expenses		266,361,287.29	163,879,604.78	244,147,684.36	90,402,262.76
Share of profit (loss) of investment in an associate	11	4,972.76	(17,029,921.23)	-	-
Profit (loss) before financial costs and income tax expense		(87,821,604.67)	78,678,126.00	(108,598,266.97)	48,910,280.18
Financial costs	5	24,987,408.16	25,971,268.50	24,657,154.55	24,712,483.87
Profit (loss) before income tax expense		(112,809,012.83)	52,706,857.50	(133,255,421.52)	24,197,796.31
Income tax expense (income)	21	(12,343,906.71)	2,233,557.18	(12,812,593.44)	(1,610,917.91)
Profit (loss) for the year		(100,465,106.12)	50,473,300.32	(120,442,828.08)	25,808,714.22
Other comprehensive income					
Item that is or may be reclassified to profit or loss :					
Currency translation change in an associate		-	(36,424,445.27)	-	-
Item that will not be reclassified to profit or loss :					
Defined benefit plan actuarial gains	19	9,550,683.00	-	3,852,310.00	-
Other comprehensive income (loss) for the year		9,550,683.00	(36,424,445.27)	3,852,310.00	-
Total comprehensive income for the year		(90,914,423.12)	14,048,855.05	(116,590,518.08)	25,808,714.22
Profit (loss) attributable to :					
Owners of the Company		(100,465,106.12)	50,473,300.32	(120,442,828.08)	25,808,714.22
Non-controlling interests		-	-	-	-
Profit (loss) for the period		(100,465,106.12)	50,473,300.32	(120,442,828.08)	25,808,714.22
Total comprehensive income attributable to:					
Owners of the Company		(90,914,423.12)	14,048,855.05	(116,590,518.08)	25,808,714.22
Non-controlling interests		-	-	-	-
Total comprehensive income for the year		(90,914,423.12)	14,048,855.05	(116,590,518.08)	25,808,714.22
Basic earnings (loss) per share		(2.51)	1.26	(3.01)	0.65
Weighted average number of ordinary shares (shares)		40,000,000	40,000,000	40,000,000	40,000,000

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



STATEMENTS OF CHANGES IN EQUITY

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

	Consolidated financial statements									
	Other components of equity									
	Currency				Equity					
	Revaluation	Currency	Total	Equity						
	increment in	translation	other	attributable						
	land and	changes	components	to						
	building	in	of equity	owners of						
	Unappropriated	associate		the Company						
	reserve									
Issued and paid-up share capital	Premium on ordinary shares	Retained earnings	Revaluation increment in land and building	Currency translation changes in associate	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity		
400,000,000.00	164,000,000.00	26,243,314.14	187,179,028.20	36,424,445.27	223,603,473.47	844,386,404.03	30,300.00	844,416,704.03		
Balance as of January 1, 2015	30,539,616.42	26,243,314.14	187,179,028.20	36,424,445.27	223,603,473.47	844,386,404.03	30,300.00	844,416,704.03		
Changes in ownership interests in subsidiary acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	(60.00)	(60.00)		
Comprehensive income for the year :										
Profit (loss)	-	-	50,473,300.32	-	-	50,473,300.32	-	50,473,300.32		
Other comprehensive income	-	-	-	(36,424,445.27)	(36,424,445.27)	(36,424,445.27)	-	(36,424,445.27)		
Total comprehensive income for the year	-	-	50,473,300.32	(36,424,445.27)	(36,424,445.27)	14,048,855.05	-	14,048,855.05		
Transfer to legal reserve	-	1,300,000.00	(1,300,000.00)	-	-	-	-	-		
Transfer to retained earnings	-	-	11,902,515.65	(11,902,515.65)	(11,902,515.65)	-	-	-		
Balance at December 31, 2015	164,000,000.00	31,839,616.42	87,319,130.11	175,276,512.55	-	858,435,259.08	30,240.00	858,465,499.08		
Comprehensive income for the period :										
Profit or loss	-	-	(100,465,106.12)	-	-	(100,465,106.12)	-	(100,465,106.12)		
Other comprehensive income	-	-	9,550,683.00	-	-	9,550,683.00	-	9,550,683.00		
Total comprehensive income (loss) for the period	-	-	(90,914,423.12)	-	-	(90,914,423.12)	-	(90,914,423.12)		
Transfer to retained earnings	-	-	11,902,515.65	(11,902,515.65)	(11,902,515.65)	-	-	-		
Balance at December 31, 2016	164,000,000.00	31,839,616.42	8,307,222.64	163,373,996.90	-	767,520,835.96	30,240.00	767,551,075.96		

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





STATEMENTS OF CHANGES IN EQUITY (CONT)

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

	Separate financial statements					Other components of equity		
	Issued and paid - up share capital	Premium on ordinary shares	Retained earnings		Revaluation increment in land and building	Total other components of equity	Total	
			Legal reserve	Unappropriated				
Balance as of January 1, 2015	400,000,000.00	164,000,000.00	30,539,616.42	83,196,885.64	87,445,551.93	87,445,551.93	765,182,053.99	
Comprehensive income for the period :								
Profit or loss	-	-	-	25,808,714.22	-	-	25,808,714.22	
Other comprehensive income	-	-	-	-	-	-	-	
Total comprehensive income (loss) for the period	-	-	-	25,808,714.22	-	-	25,808,714.22	
Transfer to legal reserve	-	-	1,300,000.00	(1,300,000.00)	-	-	-	
Transfer to retained earnings	-	-	-	8,332,712.07	(8,332,712.07)	(8,332,712.07)	-	
Balance at December 31, 2015	400,000,000.00	164,000,000.00	31,839,616.42	116,038,311.93	79,112,839.86	79,112,839.86	790,990,768.21	
Comprehensive income for the period :								
Profit or loss	-	-	-	(120,442,828.08)	-	-	(120,442,828.08)	
Other comprehensive income	-	-	-	3,852,310.00	-	-	3,852,310.00	
Total comprehensive income (loss) for the period	-	-	-	(116,590,518.08)	-	-	(116,590,518.08)	
Transfer to retained earnings	-	-	-	8,332,712.06	(8,332,712.06)	(8,332,712.06)	-	
Balance at December 31, 2016	400,000,000.00	164,000,000.00	31,839,616.42	7,780,505.91	70,780,127.80	70,780,127.80	674,400,250.13	

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

STATEMENTS OF CASH FLOWS

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) for the period	(100,465,106.12)	50,473,300.32	(120,442,828.08)	25,808,714.22
Adjustments to reconcile profit (loss) to cash provided by (used in) operating activities :				
Depreciation and amortization	27,102,654.02	27,620,203.85	18,256,909.18	18,827,120.13
Unrealized loss (gain) on exchange rate	1,217,335.54	(3,437,614.34)	1,434,443.77	(2,999,546.85)
Share of profit (loss) of investment in an associate	4,972.76	(17,029,921.23)	-	-
Allowance for (reversal of) declining value of inventories - garment business	579,096.00	(900,000.00)	-	-
Loss on impairment of assets (Note 11)	115,550,109.70	-	156,550,109.70	-
Allowance for (reversal of) impairment loss on other long-term investments	(181,025.00)	122,570.00	(152,700.00)	95,200.00
Loss (gain) on disposal of assets	(21,301.41)	(875,923.86)	-	103,022.51
Loss on assets written-off	86.00	-	17.00	-
Interest expense	23,636,276.06	24,641,953.98	24,040,366.60	24,084,275.32
Interest income	(10,463,856.74)	(20,219,381.59)	(11,735,564.12)	(20,769,813.60)
Dividend income	-	(13,500.00)	(19,999,988.00)	(6,399,996.16)
Employee benefit obligations	6,128,229.00	10,104,504.00	3,280,440.00	5,739,430.00
Income tax expense (income)	(12,343,906.70)	2,233,557.18	(12,812,593.44)	(1,610,917.91)
Profit (loss) from operating activities before changes in operating assets and liabilities	50,743,563.11	72,719,748.31	38,418,612.61	42,877,487.66
(Increase) decrease in operating assets:				
Trade and other accounts receivable	21,536,987.78	(65,485,748.53)	19,663,825.79	(50,028,614.28)
Inventories				
- Garment business	17,022,102.63	(19,624,155.09)	(12,169,774.43)	967,636.67
- Real estate business	(36,528,751.56)	(48,283,687.88)	(25,009,450.56)	(5,160,827.94)
Other current assets	(223,633.92)	42,703,642.96	(2,436,881.81)	32,606,782.12
Other non - current assets	(111,331.00)	68,915.84	(162,476.00)	105,689.50
Increase (decrease) in operating liabilities:				
Trade and other accounts payable	(27,710,249.42)	9,486,669.63	(9,507,702.80)	7,769,229.66
Advances received under contract to buy and to sell	(657,500.00)	(2,199,500.00)	230,000.00	(502,000.00)
Other current liabilities	(6,917,331.94)	13,969,138.53	(3,894,711.15)	6,282,006.87
Employee benefit obligations paid	(252,000.00)	(2,242,000.00)	(252,000.00)	(180,000.00)
Income tax return	1,073,379.20	1,867,736.96	782,831.50	326,337.63
Income tax paid	(2,546,446.38)	(5,123,341.35)	(597,975.22)	(626,886.69)
Net cash provided by (used in) operating activities	15,428,788.50	(2,142,580.62)	5,064,297.93	34,436,841.20

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



STATEMENTS OF CASH FLOWS (CONT)

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
CASH FLOW FROM INVESTING ACTIVITIES				
Interest received	2,036,324.94	2,372,608.19	3,899,255.61	2,642,002.53
Dividend received	-	13,500.00	19,999,988.00	6,399,996.16
Loans and advances to related parties	-	(27,270,000.00)	(43,361,244.47)	(59,003,834.17)
Proceeds from loans and advances to related parties	-	10,700,000.00	53,161,244.47	37,433,834.17
Cash paid for purchase of investment in a subsidiary	-	-	(15,000,000.00)	-
Cash paid for purchases of property, plants and equipment	(5,964,017.23)	(9,268,231.15)	(3,515,496.51)	(4,152,512.97)
Proceeds from disposal of property, plants and equipment	21,308.41	333,224.30	-	87,943.93
Cash paid for purchases of investment properties	(14,000.00)	-	(14,000.00)	-
Proceeds from the sale of investment properties	-	6,200,000.00	-	-
Cash paid for purchases of intangible assets	(331,000.00)	-	(331,000.00)	-
Decrease (increase) in deposits with commitment	19,929,711.37	(22,195,817.61)	21,865,594.98	(21,865,594.98)
Decrease in non-controlling interests	-	(60.00)	-	-
Net cash provided by (used in) investing activities	15,678,327.49	(39,114,776.27)	36,704,342.08	(38,458,165.33)
CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	(23,772,403.92)	(23,289,550.55)	(23,995,053.32)	(22,813,307.31)
Increase (decrease) in overdrafts and short - term loans from financial institutions	(43,889,161.22)	36,954,268.71	(20,826,392.08)	28,616,720.77
Repayment of borrowings and advances from related parties	-	-	(18,130,007.45)	(34,500,498.30)
Proceeds from borrowings and advances from related parties	-	-	9,130,007.45	34,000,498.30
Repayment of liability under financial lease	(115,388.95)	(110,051.76)	-	-
Repayment of long - term loans from financial institutions	-	(48,431,861.49)	-	(48,431,861.49)
Proceeds from long - term loans from financial institutions	12,000,000.00	50,431,861.49	-	48,431,861.49
Net cash provided by (used in) financing activities	(55,776,954.09)	15,554,666.40	(53,821,445.40)	5,303,413.46
Net increase (decrease) in cash and cash equivalents	(24,669,838.10)	(25,702,690.49)	(12,052,805.39)	1,282,089.33
Cash and cash equivalents at the beginning of the period	48,527,790.43	74,230,480.92	16,864,006.58	15,581,917.25
Cash and cash equivalents at the end of the period	23,857,952.33	48,527,790.43	4,811,201.19	16,864,006.58

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



NOTES TO FINANCIAL STATEMENTS

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2016

1. General information

Castle Peak Holdings Public Company Limited (“the Company”) was registered on April 1, 1994, with registration number 0107537001056. The registered office is located at 899 Petchkasam Road, Bangkae Sub-district, Bangkae District, Bangkok.

The principal business activities of the Company and subsidiaries (“the Group”) are garment manufacturing to export and property development.

2. Basis for preparation of the consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and subsidiaries (“the Group”). Subsidiaries, whose financial and operating policies are substantially direct or indirect controlled by the Company as follows:

the Company as follows.

Subsidiaries	Nature of business	Country of incorporation	Percentage of holding	
			2016	2015
Direct :				
C.P.G. Garment Co., Ltd.	Export garment	Thailand	99.94	99.90
Castle Peak Real Estate Co., Ltd.	Real estate	Thailand	99.99	99.99
Indirect :				
Sun Property Co., Ltd.	Real estate	Thailand	99.98	99.98
Aek Thana Property Co., Ltd.	Real estate	Thailand	99.98	99.98

Investment in other companies in which the Company significant influence is shown as “Investments in associates” under equity method in the consolidated financial statements, and record under cost method for the separate financial statements.

3. Basis of preparation of the financial statements

3.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Thai Securities and Exchange Commission.

New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed

NOTES TO FINANCIAL STATEMENTS (CONT)

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 Group's financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after January 1, 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 Group believes that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

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

This standard will not have any significant impact on the Group's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

4. Significant accounting policies

4.1 Income

4.1.1 Revenues from the sales of goods are recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

4.1.2 Revenues from the sales of real estate development projects are recognized when the construction works are completed and the ownerships have been transferred to buyers.

NOTES TO FINANCIAL STATEMENTS (CONT)

4.1.3 Revenue from services is recognized when the services have been rendered.

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

4.1.5 Rental income is recognised as revenue over the period of the lease term.

4.1.6 Dividend income is recognised when obtain the right to receive the dividend.

4.1.7 Other income is recognised on an accrual basis.

4.2 Expenses

4.2.1 Expenses are recognized on an accrual basis.

4.2.2 Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

4.2.3 Finance costs comprise interest expense and unwinding of the discount on provisions and contingent consideration . Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.3 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO FINANCIAL STATEMENTS (CONT)

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, saving deposits, call and highly liquid short-term investments.

Deposits restricted in use are shown as other non-current assets.

4.5 Trade and other accounts receivable

Trade and other accounts receivable are carried at anticipated realizable value after allowance for doubtful receivables. An allowance is estimated on the basis of management's assessment of long overdue debts which may not be collectible. Bad debts are written off during the year in which they are identified.

4.6 Inventories

Garment business

The Group values its inventories at the lower of cost or net realizable value. Inventories are valued as follows:

- Finished goods and work in process at specific batch costing
- Raw materials and supplies at moving average.

Real estate business

Real estate development projects are presented at lower of cost or net realizable value. Cost comprises expenditure that is directly attributable to the acquisition of land, land improvement, construction cost, utilities, project management cost, borrowing costs and other direct relevance costs to the project.

4.7 Investments in subsidiaries and associates

Investments in subsidiary companies and associates are recorded at cost method in the separate financial statements and investments in associated companies are recorded at equity method in the consolidated financial statements.

4.8 Long-term investment

Investments in securities available for sales are stated at fair value. The diminution of carrying value is represented as unrealized gain or loss in equity.

The Group will consider the impairment of investment whether there is any indication that investment may be impaired. The impairment loss will be recognized as expenses in profit or loss.

4.9 Property, plant and equipment

Equipment is presented at cost less accumulated depreciation and impairment losses.

Land and buildings are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

NOTES TO FINANCIAL STATEMENTS (CONT)

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item as follows :

Land improvement	20 - 40 years
Buildings and revaluation surplus	20 - 40 years
Machinery and equipment	5 - 10 years
Furniture, fixture and office equipment	5 - 10 years
Other constructions	20 years
Vehicles	5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.10 Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item as follows:

Building and other constructions	20 years
----------------------------------	----------

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.11 Impairment of assets

The carrying amounts of the Group's assets are reviewed at each report date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimate. Impairment with cost, if assets exceed its recoverable amount, the Group will recognize an impairment loss in profit or loss.

Calculation of recoverable amount

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

NOTES TO FINANCIAL STATEMENTS (CONT)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. All reversals of impairment losses are recognized in profit or loss.

4.12 Trade and other payables

Trade and other payables are stated at cost.

4.13 Employee benefit obligations

The Group's employee benefit obligation in respect of post-employment benefits under defined benefit plans recognized in the financial statements based on calculations by the independent actuary using the projected unit credit method estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.15 Foreign currency risk

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

4.16 Financial instrument

Financial assets were shown in statements of financial position composed of cash and cash equivalents, loans, investments, trade accounts receivable. Financial liabilities were shown in statements of financial position composed of bank overdrafts, trade accounts payable and borrowings. The accounting policy of each item would be disclosed in separated items. The Group made a foreign exchange forward contract in order to prevent any risks from unstable of exchange rate. A forward contract will determine a fixed exchange rate in the future of assets and

NOTES TO FINANCIAL STATEMENTS (CONT)

liabilities which will be received or paid. Outstanding forward foreign exchange contracts are marked to market by comparing contract rate to forward market rates with similar maturities. At each reporting date, the unrealized gain or losses on outstanding forward foreign exchange contracts are reflected in profit or loss.

4.17 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing profit (loss) for the year attributable to equity holders of the Company by weighted average number of ordinary shares outstanding during the year. The Company does not have any other equivalent ordinary share for diluted earnings per share calculation.

4.18 Segment reporting

Segment results that are reported to the Group's executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4.19 Fair value estimation

The Group estimates fair value for land, buildings and investment properties. The different levels of fair value estimation have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group discloses the fair value measurement of above items in related notes to financial statement.

5. Related Party transactions

5.1 The related parties and relationship

Parties	Relationship
C.P.G. Garment Co., Ltd.	Subsidiary
Castle Peak Real Estate Co., Ltd.	Subsidiary
Aek Thana Property Co., Ltd.	Subsidiary (indirect owned throughout Castle Peak Real Estate Co., Ltd.)
Castle Peak Pulp & Paper Industries Co., Ltd.	Associate
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	Associate (indirect owned throughout Castle Peak Pulp & Paper Co., Ltd.)

NOTES TO FINANCIAL STATEMENTS (CONT)

5.2 Significant transactions for the years ended December 31, 2016 and 2015, with related parties, were as follows:

		Unit : Baht			
	Pricing policy	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Sales - raw materials and wages	(1)		-	13,660,516.17	24,058,577.22
C.P.G. Garment Co., Ltd.		-			
Interest income	(2)				
C.P.G. Garment Co., Ltd.		-	-	1,290,046.56	591,223.29
Yueyang Fengli Pulp & Paper Industry Co., Ltd.					
(Note 11)		1,229,580.94	1,912,141.19	1,229,580.94	1,912,141.19
Castle Peak Pulp & Paper Industries Co., Ltd.					
(Note 11)		9,131,821.97	18,241,128.80	9,131,821.97	18,241,128.80
Total		10,361,402.91	20,153,269.99	11,651,449.47	20,744,493.28
Income for loan guarantee fee	(2)				
Castle Peak Pulp & Paper Industries Co., Ltd.					
(Note 11)		-	3,823,630.12	-	3,823,630.12
Dividend income	(3)				
Castle Peak Real Estate Co., Ltd.		-	-	19,999,988.00	6,399,996.16
Purchases - inventories and wages	(1)				
C.P.G. Garment Co., Ltd.		-	-	5,971,477.25	9,558,829.17
Interest expense	(2)				
Castle Peak Real Estate Co., Ltd.		-	-	7,476,667.51	7,290,557.04
Management remuneration		14,619,232.00	15,897,619.00	9,909,967.00	10,299,879.00

Pricing policies are as follows:

- (1) Cost plus margin
- (2) Interest rate at MLR/ MLR+0.25 of a local bank or actual incurred rate
- (3) Upon declaration

NOTES TO FINANCIAL STATEMENTS (CONT)

5.3 Significant assets and liabilities at December 31, 2016 and 2015, with related parties, were as follows:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade account receivable				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	12,090,984.92	24,584,705.35
Other account receivable				
Associate				
Castle Peak Pulp & Paper Industries Co., Ltd.	34,634,451.91	34,634,451.91	34,634,451.91	34,634,451.91
Less allowance for doubtful accounts (Note 11)	(34,634,451.91)	-	(34,634,451.91)	-
Net	-	34,634,451.91	-	34,634,451.91
Short-term loans				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	-	9,800,000.00
Associates				
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	28,637,106.00	29,380,190.00	28,637,106.00	29,380,190.00
Castle Peak Pulp & Paper Industries Co., Ltd.	176,415,000.00	213,915,000.00	176,415,000.00	213,915,000.00
Total	205,052,106.00	243,295,190.00	205,052,106.00	253,095,190.00
Interest receivables				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	36,643.84	591,223.29
Associates				
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	-	706,332.37	-	706,332.37
Castle Peak Pulp & Paper Industries Co., Ltd.	55,345,092.78	56,835,688.63	55,345,092.78	56,835,688.63
Less allowance for doubtful accounts (Note 11)	(55,345,092.78)	-	(55,345,092.78)	-
Net	-	57,542,021.00	36,643.84	58,133,244.29
Long-term loans and interest receivable				
Long-term loans				
Associate				
Castle Peak Pulp & Paper Industries Co., Ltd.	102,500,000.00	65,000,000.00	102,500,000.00	65,000,000.00
Interest receivable				
Associate				
Castle Peak Pulp & Paper Industries Co., Ltd.	25,570,565.01	14,948,147.19	25,570,565.01	14,948,147.19
Less allowance for doubtful accounts (Note 11)	(25,570,565.01)	-	(25,570,565.01)	-
Interest receivable, net	-	14,948,147.19	-	14,948,147.19
Total	102,500,000.00	79,948,147.19	102,500,000.00	79,948,147.19
Trade account payable				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	223,965.33	609,916.46
Short-term loans				
Subsidiary				
Castle Peak Real Estate Co., Ltd.	-	-	113,247,000.00	122,247,000.00
Interest payable				
Subsidiary				
Castle Peak Real Estate Co., Ltd.	-	-	601,139.90	641,212.89

NOTES TO FINANCIAL STATEMENTS (CONT)

5.4 Movement of short-term loans to related parties during the year ended December 31, 2016 were as follows:

Unit : Baht

	Consolidated financial statements						
	December 31,			Gain (loss)	Transfers in	December 31,	Interest
	2015	Increase	(Decrease)	rate	(out)	2016	rate (%)
Loans to							
Associates							
Yueyang Fengli Pulp &							
Paper Industry Co., Ltd.	29,380,190.00	-	-	(743,084.00)	-	28,637,106.00	6.50-6.75
Castle Peak Pulp &							
Paper Industries							
Co., Ltd.	213,915,000.00	-	-	-	(37,500,000.00)	176,415,000.00	6.25-6.75
Total	243,295,190.00	-	-	(743,084.00)	(37,500,000.00)	205,052,106.00	

Unit : Baht

Separate financial statements							
December 31,		Gain (loss)			Transfers in		Interest
2015	Increase	(Decrease)	on exchange	rate	(out)	December 31, 2016	rate (%)
Loans to							
Subsidiary							
C.P.G. Garment							
Co., Ltd.	9,800,000.00	42,900,000.00	(52,700,000.00)	-	-	-	6.25-6.50
Associates							
Yueyang Fengli Pulp							
& Paper Industry							
Co., Ltd.	(1) 29,380,190.00	-	-	(743,084.00)	-	28,637,106.00	6.50-6.75
Castle Peak Pulp							
& Paper Industries							
Co., Ltd.	213,915,000.00	-	-	-	(37,500,000.00)	176,415,000.00	6.25-6.75
Advances to :							
Subsidiaries							
C.P.G. Garment							
Co., Ltd.	-	426,919.47	(426,919.47)	-	-	-	None
Castle Peak Real							
Estate Co.,Ltd.							
	-	23,795.00	(23,795.00)	-	-	-	None
Aek Thana Property							
Co., Ltd.	-	10,530.00	(10,530.00)	-	-	-	None
Total	253,095,190.00	43,361,244.47	(53,161,244.47)	(743,084.00)	(37,500,000.00)	205,052,106.00	



NOTES TO FINANCIAL STATEMENTS (CONT)

5.5 Movement of long-term loans to a related party during the year ended December 31, 2016 were as follows:

Unit : Baht

Consolidated / Separate financial statements						
December 31, 2015		Increase	(Decrease)	Transfers in (out)	December 31, 2016	Interest rate (%)
Loans to :						
Associate						
Castle Peak Pulp						
& Paper Industries						
Co., Ltd.	(2)	65,000,000.00	-	-	37,500,000.00	102,500,000.00
						6.25-6.50

5.6 Movement of short-term loans and advances from related parties during the year ended December 31, 2016 were as follows:

Unit : Baht

Separate financial statements					
	December 31, 2015	Increase	(Decrease)	December 31, 2016	Interest rate (%)
Subsidiaries					
Loans from :					
Castle Peak Real Estate Co., Ltd.	122,247,000.00	6,000,000.00	(15,000,000.00)	113,247,000.00	6.25-6.50
Advances from :					
C.P.G. Garment Co., Ltd.	-	3,130,007.45	(3,130,007.45)	-	None
Total	122,247,000.00	9,130,007.45	(18,130,007.45)	113,247,000.00	

(1) Loan of USD 820,000 bears interest rates at MLR+0.25% p.a.. The principal and accrued interest expense will be repaid within August 24, 2016. However, on August 1, 2016, the Company entered into an amendment to extend the repayment period to August 24, 2017.

(2) The Company has entered into long-term agreements. These loans bear interest rates at MLR, but not over 15% p.a.. The principals and accrued interest expenses will be repaid during the year 2018.

Except for the above mentioned, as of December 31, 2016 and 2015, loans to and loans from related parties are in term of promissory notes, which are due on call, bear interest rate at MLR or MLR+0.25% p.a. of a local bank.

These loans to and from related parties have no collateral.

NOTES TO FINANCIAL STATEMENTS (CONT)

6. Cash and cash equivalents

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	95,000.00	95,000.00	40,000.00	40,000.00
Current accounts	23,271,775.60	41,871,921.45	4,677,363.69	16,740,099.51
Saving deposits	491,176.73	6,560,868.98	93,837.50	83,907.07
Total	23,857,952.33	48,527,790.43	4,811,201.19	16,864,006.58

7. Trade and other accounts receivable

Unit : Baht

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Trade accounts receivable					
- Related party	5	-	-	12,090,984.92	24,584,705.35
- Other parties		158,111,994.87	178,279,673.33	93,679,432.47	101,026,534.67
Total trade accounts receivables		158,111,994.87	178,279,673.33	105,770,417.39	125,611,240.02
Other accounts receivable					
- Related party	5	34,634,451.91	34,634,451.91	34,634,451.91	34,634,451.91
- Other parties		311,491.46	1,653,132.91	234,752.17	197,339.79
Less allowance for doubtful accounts	5	(34,634,451.91)	-	(34,634,451.91)	-
Other accounts receivable, net		311,491.46	36,287,584.82	234,752.17	34,831,791.70
Total		158,423,486.33	214,567,258.15	106,005,169.56	160,443,031.72

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Related party				
Within credit term	-	-	223,176.43	3,766,982.56
Over due				
- Not over 3 months	-	-	7,732,386.51	6,087,804.62
- Over 3 months but not over 6 months	-	-	17,324.31	7,230,884.36
- Over 6 months but not over 12 months	-	-	1,163,615.95	7,499,033.81
- Over 12 months	-	-	2,954,481.72	-
Total	-	-	12,090,984.92	24,584,705.35
Other parties				
Within credit term	139,706,486.94	169,460,187.99	90,665,299.18	94,510,283.17
Over due				
- Not over 3 months	18,405,507.93	8,819,485.34	3,014,133.29	6,516,251.50
Total	158,111,994.87	178,279,673.33	93,679,432.47	101,026,534.67



NOTES TO FINANCIAL STATEMENTS (CONT)

8. Inventories - garment business

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Finished goods	21,143,715.23	2,782,489.99	11,905,390.68	960,992.02
Work in process	92,978,552.46	131,393,459.15	76,226,718.55	91,396,817.03
Raw materials and supplies	91,417,758.92	96,664,314.16	60,750,406.31	56,523,620.95
Raw materials in transit	13,164,778.44	4,886,644.38	12,821,120.46	652,431.57
Total	218,704,805.05	235,726,907.68	161,703,636.00	149,533,861.57
Less allowance for declining in value of inventories	(579,096.00)	-	-	-
Net	218,125,709.05	235,726,907.68	161,703,636.00	149,533,861.57

The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended December 31, 2016 amounted to Baht 1, 047.56 million (2015: Baht 1,047.13 million) in the consolidated statements of comprehensive income and Baht 623.47 million (2015: Baht 652.88 million) in the separate statements of comprehensive income.

In 2016, the Group recognised a reversal of allowance for decline in value of inventories of Baht 0.58 million (2015: recognised a reversal of allowance for decline in value of inventories of Baht 0.90 million).

9. Inventories- real estate business

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Land	202,482,961.00	174,325,711.00	85,689,465.00	57,532,215.00
Land development	33,681,198.39	33,625,198.39	2,092,252.50	2,092,252.50
Construction in progress	576,027,358.76	529,198,456.66	230,777,181.22	209,952,435.22
Infrastructure	124,002,262.95	100,043,860.44	36,335,496.61	31,547,794.12
Construction development costs	31,809,574.49	25,781,993.81	5,740,480.26	4,132,247.12
Others	680,000.00	680,000.00	-	-
Total	968,683,355.59	863,655,220.30	360,634,875.59	305,256,943.96
Less cumulative costs transferred to cost of sales	(748,657,565.70)	(680,504,164.16)	(266,946,065.69)	(236,577,584.62)
Net	220,025,789.89	183,151,056.14	93,688,809.90	68,679,359.34

As at December 31, 2016, inventories- real estate business of the Company and subsidiaries totaling Baht 184.20 million (2015 : Baht 173.37 million) in consolidated financial statements and Baht 34.37 million (2015 : Baht 63.62 million) in separate financial statements, are mortgaged as collateral for long-term loans (Note 17) and letters of guarantee for construction and maintenance of infrastructures (Note 26).

NOTES TO FINANCIAL STATEMENTS (CONT)

10. Other current assets

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Interest receivables, net	5	-	57,542,021.00	36,643.84	58,133,244.29
Advances for constructions		8,235.00	3,260,970.00	-	-
Advances for purchase of raw materials		3,117,814.32	129,987.28	2,956,121.49	129,987.28
Income tax deducted at source		2,357,862.97	2,423,552.47	1,224,861.92	1,409,718.20
Other current assets		2,977,009.18	3,609,507.68	1,187,811.71	1,658,678.25
Total		8,460,921.47	66,966,038.43	5,405,438.96	61,331,628.02

11. Investments in subsidiaries and associates

		Unit : Baht			
		Paid-in capital	Ownership	Consolidated financial statements	
		(Thousand Baht)	interest (%)	Investment at equity method	
Name	Type of business			2016	2015
Investment in associates :-					
Castle Peak Pulp & Paper Co., Ltd.	Pulp & paper	100,000	41.00	-	-
Thanee Watana Co., Ltd. ⁽¹⁾	Real estate	3,750	49.00	3,023,623.68	3,028,596.44
Total investment in associates				3,023,623.68	3,028,596.44

		Unit : Baht					
		Paid-in capital	Owner-ship	Separate financial statements			
		(Thousand Baht)	interest (%)	Investment at cost method		Dividend income	
Name	Type of business			2016	2015	2016	2015
Investments in subsidiaries :-							
C.P.G. Garment Co., Ltd.	Export garment	46,200	99.94	46,170,000.00	31,170,000.00	-	-
Castle Peak Real Estate Co., Ltd.	Real estate	200,000	99.99	199,999,880.00	199,999,880.00	19,999,988.00	6,399,996.16
Investment in associates :-							
Castle Peak Pulp & Paper Co., Ltd.	Holding	100,000	41.00	41,000,000.00	41,000,000.00	-	-
Thanee Watana Co., Ltd. ⁽¹⁾	Real estate	3,750	49.00	1,837,500.00	1,837,500.00	-	-
Less allowance for impairment				(41,000,000.00)	-	-	-
Total				248,007,380.00	274,007,380.00	19,999,988.00	6,399,996.16

⁽¹⁾ Not started its core business.

NOTES TO FINANCIAL STATEMENTS (CONT)

The share of comprehensive income (loss) of two associates in the consolidated statements of comprehensive income for the year ended December 31, 2016 amounted to Baht 0.00 million (2015 : Baht (19.39) million), were computed from the financial statements which audited by other auditors.

In December 2016, a subsidiary (C.P.G. Garment Co., Ltd.) increased authorized share capital of Baht 15.00 million. The Company wholly invested in such increment, totaling Baht 15.00 million. The Company's interest in such company therefore, was increased from 99.90% to 99.94%.

During the year 2015, an indirect subsidiary of the Company (Sermkit Property Co., Ltd.) has been liquidated. The Company has disposed the investment in subsidiary which caused net loss of Baht 0.20 million in the consolidated financial statements.

On August 31, 2015, Castle Peak Pulp & Paper Co., Ltd. (The Company's associate, invests 99.18% in Yueyang Fengli Pulp & Paper Industry Co., Ltd., a subsidiary located in China) another shareholder of such subsidiary, and other investor have entered into equity transfer agreement in order to transfer 70% of subsidiary's common shares to other investor. Authority, right and interest of the subsidiary will be transferred to mentioned investor when the subsidiary makes payments to Castle Peak Pulp & Paper Co., Ltd. totaling of CNY 145.00 million. As specified in the agreement, term of payments will be made to 2 installments, 1) CNY 118.00 million and 2) CNY 27.00 million (the subsidiary already made payments to Castle Peak Pulp & Paper Co., Ltd. in full amount). When all conditions mentioned above have been implemented, the associate investment in a subsidiary located in China has decreased to 30% and also losing control but has significant influence, thus, this associate records is investment in Yueyang Fengli Pulp & Paper Industry Co., Ltd as its associate ("oversea associate of an associate").

In November 2015, Castle Peak Pulp & Paper Co., Ltd. has repaid its loan to a financial institution, which is the Company used to be a guarantor. The Company, therefore, free from such obligation.

The Company recognizes equity loss (gain) from investment in Castle Peak Pulp & Paper Co., Ltd. for the period January 1, 2015 to November 30, 2015 amounting to Baht (232.97) million in consolidated profit (loss), and currency translation changes in overseas associate of an associate amount to Baht (36.42) million in consolidated other comprehensive income. As of November 30, 2015, investment recorded at equity method and currency translation changes in overseas associate of an associate were valued of Baht 0.00, provision for loss on guarantee amounting to Baht 250.00 million in consolidated statements of financial position. When the Company free from obligation as afore-mentioned in previous paragraph, it reverses provision and recognizes as income of Baht 250.00 million in consolidated profit (loss). This result equity gain (loss) from investment in Castle Peak Pulp & Paper Co., Ltd. for the year 2015 of Baht 17.03 million in consolidated profit (loss).

On February 15, 2016, the major shareholder of Castle Peak Pulp & Paper Co., Ltd. has submitted an qualify proposal to the Company, offers for purchase 4,100,000 common shares of Castle Peak Pulp & Paper Co., Ltd. and any liabilities Castle Peak Pulp & Paper Co., Ltd owes to the Company (Note 5), all together not lower than Baht 460.00 million. As specified in the proposal, the offeror and the Company have to enter into the sell and purchase agreement by May 2016. The offeror agrees and accepts that all specified regulations and conditions are unable to terminate nor cancel unless written authorized by the Company.

Later, the offeror is default on the mentioned proposal. The management, therefore, agrees to find other investors and appoints financial advisor in order to appraise the fair value of the mentioned associate.

NOTES TO FINANCIAL STATEMENTS (CONT)

According to financial advisor report dated July 5, 2016, fair value of common shares (Discounted cash flow approach-DCF) of Yueyang Fengli Pulp & Paper Industry Co., Ltd (indirect associate) is Baht (218.35) million, after adjusted fair value of investment, fair value of common shares (Adjusted book value approach) of Castle Peak Pulp & Paper Co., Ltd. (direct associate) is Baht (611.37) million. Therefore, financial advisor opinion is fair value of the Company investment in the mention associate is nil.

According to the minute of meeting of the Company board of director dated August 11, 2016, a director, who is a major shareholder, made a declaration of intention to propose to the Company offers for purchase loans, accrued interest, liabilities for loan guarantee both associate and oversea associate of an associate to the Company, included assignment/purchase the Company entire investment in an associate of 4,100,000 shares, all together of Baht 307,552,106. The mentioned director has submitted the purchase proposal dated August 10, 2016 to the Company board of directors.

Book value at June 30, 2016 (Million Baht)				
	Note	An associate	Overseas associate of associate	Total
Investment-at cost		41.00	-	41.00
Loans	5	278.91	28.64	307.55
Account receivables (accrued guarantee fee)	5	34.63	-	34.63
Accrued interest income	5	80.92	1.64	82.56
Total		435.46	30.28	465.74

According to the information above, the Company provided allowance for impairment of investment of Baht 41.00 million in separate financial statements and allowance for doubtful accounts of other receivable and accrued interest income totaling Baht 117.19 million in consolidated and separate financial statements. These are presented under loss on impairment of assets amounting to Baht 117.19 million in the consolidated statements of comprehensive income and Baht 158.19 million in the separate statements of comprehensive income for the year ended December 31, 2016. In addition, the Company does not recognise interest income since July 2016.

Later, the Company received accrued interest income from the overseas associate of an associate. Consequently, the Company has reversed loss on impairment of assets of Baht 1.64 million in consolidated profit (loss) and profit (loss) of the Company for the year ended December 31, 2016. The mentioned director submitted the letter to confirm his previous purchase proposal to the Company board of director.

NOTES TO FINANCIAL STATEMENTS (CONT)

12. Property, plant and equipment

Unit : Baht

	Consolidated financial statements				As at December 31, 2016
	As at December 31, 2015	Increase	Decrease	Transfer in (out)	
Cost plus revaluation surplus :					
Land and improvement	46,304,335.50	-	-	-	46,304,335.50
Land - revaluation surplus	134,770,313.20	-	-	-	134,770,313.20
Buildings	116,162,190.52	26,000.00	-	-	116,188,190.52
Buildings - revaluation surplus	266,729,947.63	-	-	-	266,729,947.63
Cost :					
Machinery and equipment	333,575,290.95	5,295,020.88	-	-	338,870,311.83
Furniture and office equipment	118,781,304.85	462,996.35	(534,331.05)	-	118,709,970.15
Leasehold building improvement	3,949,846.28	-	-	-	3,949,846.28
Other constructions	355,562.61	-	-	-	355,562.61
Vehicles	35,623,511.42	180,000.00	-	-	35,803,511.42
Total cost	1,056,252,302.96	5,964,017.23	(534,331.05)	-	1,061,681,989.14
Accumulated depreciation :					
Land improvement	(10,298,398.70)	-	-	-	(10,298,398.70)
Building	(102,186,573.39)	(1,897,177.99)	-	-	(104,083,751.38)
Building - revaluation surplus	(182,404,620.13)	(14,878,144.56)	-	-	(197,282,764.69)
Machinery and equipment	(318,094,983.77)	(7,427,890.05)	-	-	(325,522,873.82)
Furniture and office equipment	(115,674,259.46)	(1,392,817.17)	534,238.05	-	(116,532,838.58)
Leasehold building improvement	(3,903,806.51)	(5,076.00)	-	-	(3,908,882.51)
Other constructions	(220,893.71)	(17,778.12)	-	-	(238,671.83)
Vehicles	(34,457,285.10)	(343,986.46)	-	-	(34,801,271.56)
Total accumulated depreciation	(767,240,820.77)	(25,962,870.35)	534,238.05	-	(792,669,453.07)
Net	289,011,482.19	(19,998,853.12)	(93.00)	-	269,012,536.07

NOTES TO FINANCIAL STATEMENTS (CONT)

Unit : Baht

	Separate financial statements				As at December 31, 2016
	As at December 31, 2015	Increase	Decrease	Transfer in (out)	
Cost plus revaluation surplus :					
Land and land improvement	40,104,335.50	-	-	-	40,104,335.50
Land - revaluation surplus	50,596,313.20	-	-	-	50,596,313.20
Buildings	90,343,339.19	26,000.00	-	-	90,369,339.19
Buildings - revaluation surplus	177,069,206.03	-	-	-	177,069,206.03
Cost :					
Machinery and equipment	216,492,026.91	3,004,390.89	-	-	219,496,417.80
Furniture and office equipment	72,212,180.80	305,105.62	(94,554.49)	-	72,422,731.93
Vehicles	4,527,007.94	180,000.00	-	-	4,707,007.94
Total cost	651,344,409.57	3,515,496.51	(94,554.49)	-	654,765,351.59
Accumulated depreciation :					
Land improvement	(10,298,398.70)	-	-	-	(10,298,398.70)
Building	(85,263,288.37)	(1,061,172.60)	-	-	(86,324,460.97)
Building - revaluation surplus	(128,774,469.40)	(10,415,890.08)	-	-	(139,190,359.48)
Machinery and equipment	(205,550,960.79)	(4,636,900.57)	-	-	(210,187,861.36)
Furniture and office equipment	(69,989,473.58)	(1,012,447.07)	94,537.49	-	(70,907,383.16)
Vehicles	(4,006,669.30)	(119,115.07)	-	-	(4,125,784.37)
Total accumulated depreciation	(503,883,260.14)	(17,245,525.39)	94,537.49	-	(521,034,248.04)
Net	147,461,149.43	(13,730,028.88)	(17.00)	-	133,731,103.55

As at December 31, 2016, substantial parcels of land and construction thereon of the Group, with net carrying value of Baht 250.00 million (2015 : Baht 266.51 million) in the consolidated financial statements, and Baht 119.99 million (2015 : Baht 131.21 million) in the separate financial statements, were mortgaged as collateral for overdrafts and short-term loans from financial institutions of the Group (Note 14).

As at December 31, 2016, the Group had fully depreciated fixed assets which were still in active use at gross carrying value totaling Baht 450.85 million (2015 : Baht 445.31million) in the consolidated financial statements and Baht 266.54 million (2015 : Baht 264.64 million) in the separate financial statements.

NOTES TO FINANCIAL STATEMENTS (CONT)

13. Investment properties

Unit : Baht

	Consolidated financial statements				As at December 31, 2016
	As at December 31, 2015	Increase	Decrease	Transfer in (out)	
Cost :					
Land and land improvement	98,984,706.00	14,000.00	-	-	98,998,706.00
Buildings and other constructions	37,755,071.56	-	-	-	37,755,071.56
Total cost	136,739,777.56	14,000.00	-	-	136,753,777.56
Accumulated depreciation :					
Land improvement	(80,552.01)	-	-	-	(80,552.01)
Buildings and other constructions	(23,590,738.89)	(943,886.52)	-	-	(24,534,625.41)
Total accumulated depreciation	(23,671,290.90)	(943,886.52)	-	-	(24,615,177.42)
Allowance for impairment of assets					
Buildings and other constructions	(2,336,002.90)	-	-	-	(2,336,002.90)
Total allowance for impairment of assets	(2,336,002.90)	-	-	-	(2,336,002.90)
Net	110,732,483.76	(929,886.52)	-	-	109,802,597.24

Unit : Baht

	Separate financial statements				As at December 31, 2016
	As at December 31, 2015	Increase	Decrease	Transfer in (out)	
Cost :					
Land and land improvement	99,386,361.00	14,000.00	-	-	99,400,361.00
Buildings	33,861,732.66	-	-	-	33,861,732.66
Total cost	133,248,093.66	14,000.00	-	-	133,262,093.66
Accumulated depreciation :					
Land improvement	(80,552.01)	-	-	-	(80,552.01)
Buildings	(22,033,402.89)	(943,886.52)	-	-	(22,977,289.41)
Total accumulated depreciation	(22,113,954.90)	(943,886.52)	-	-	(23,057,841.42)
Net	111,134,138.76	(929,886.52)	-	-	110,204,252.24

NOTES TO FINANCIAL STATEMENTS (CONT)

Fair value of investment properties as at December 31, 2016 is as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	At cost	Fair value	At cost	Fair value
Land	71,669,593.00	114,340,000.00	72,071,248.00	99,463,500.00
Land and buildings	38,133,004.24	100,180,000.00	38,133,004.24	100,180,000.00
Total	109,802,597.24		110,204,252.24	

Fair values are appraised values, performed by independence appraisers, Siam Appraisal Service Co., Ltd., UK. Valuations and Agency Co., Ltd. and announced by the Treasury Department, Land is valued by comparable sale price and buildings are valued by cost approach, level 2 of fair values hierarchy.

As at December 31, 2016, investment properties of the Company, with net carrying value of Baht 26.12 million (2015: Baht 26.67 million) in the consolidated and separate financial statements, were mortgaged as collateral for overdrafts and short-term loans from financial institutions of the Company (Note 14).

14. Overdrafts and short-term loans from financial institutions

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Bank overdrafts	8,343,725.78	3,297,831.63	4,936,192.24	146,946.93
Short - term loans from banks				
- Packing credits	255,300,000.00	276,915,000.00	197,300,000.00	209,300,000.00
- Liability under trust receipts	126,210,975.78	146,973,186.89	97,854,166.37	104,860,403.77
- Promissory notes	-	6,000,000.00	-	6,000,000.00
Total	389,854,701.56	433,186,018.52	300,090,358.61	320,307,350.70

As at December 31, 2016, the Group has credit facilities with several banks totaling Baht 604.42 million (2015: Baht 574.42 million) in the consolidated financial statements and Baht 439.00 million (2015 : Baht 409.00 million) in the separate financial statements. All loans are guaranteed by mortgaging land and construction thereon (Note 12), investment properties (Note 13), and personally guaranteed by certain Company directors.

NOTES TO FINANCIAL STATEMENTS (CONT)

15. Trade and other accounts payable

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Trade accounts payable					
- Related party	5	-	-	223,965.33	609,916.46
- Other parties		45,230,499.90	70,552,731.42	31,659,893.99	39,490,132.67
Total trade accounts payable		45,230,499.90	70,552,731.42	31,883,859.32	40,100,049.13
Other accounts payable					
- Other parties		13,864,898.34	16,346,785.23	6,434,302.49	7,818,693.42
Total		59,095,398.24	86,899,516.65	38,318,161.81	47,918,742.55

16. Other current liabilities

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Accrued salary, wages and bonuses		26,033,563.00	33,493,496.00	15,188,932.00	18,365,518.00
Interest payable	5	3,318,965.15	3,109,110.82	3,015,556.10	2,970,242.82
Other current liabilities		6,154,112.83	6,771,987.60	3,784,975.17	4,514,859.56
Total		35,506,640.98	43,374,594.42	21,989,463.27	25,850,620.38

17. Long - term loans from financial institutions

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Long-term loans	14,000,000.00	2,000,000.00	-	-
Total	14,000,000.00	2,000,000.00	-	-

As at December 31, 2016, the Company has letter of guarantee line of Baht 35.00 million which guaranteed by mortgaging inventories - real estate business of the Company (Note 9) and personally guaranteed by certain directors (December 31, 2015: Baht 225.17 million, which consist of 1) loan of Baht 190.17 million and 2) letter of guarantee of Baht 35.00 million, which guaranteed by mortgaging inventories- real estate business of the Company (Note 9), fixed deposits of the Company of Baht 21.87 million, and personally guaranteed by certain directors).

As at December 31, 2016 and 2015, two subsidiaries have credit facilities for its real estate project with local banks totaling Baht 202.30 million, which consists of 1) loan of Baht 102.30 million and 2) letter of guarantee of Baht 100.00 million. The loan carry interest rate at MLR- 1.25% p.a. and guaranteed by mortgaging inventories- real estate business of the subsidiary (Note 9), and personally guaranteed by certain directors. The repayment amount to free / withdraw the collateral of each unit will be repay as identified in the agreement.

NOTES TO FINANCIAL STATEMENTS (CONT)

18. Deferred tax

Deferred tax assets and liabilities as at December 31, 2016 and 2015 were as follows:

Unit : Baht

	Consolidated financial statements			
	Assets		Liabilities	
	2016	2015	2016	2015
Deferred tax assets	16,666,768.19	6,205,951.87	-	-
Deferred tax liabilities	-	-	(44,345,984.25)	(47,692,493.92)
Total	16,666,768.19	6,205,951.87	(44,345,984.25)	(47,692,493.92)
Set off of tax	(16,220,469.72)	(5,852,664.01)	16,220,469.72	5,852,664.01
Net deferred tax assets (liabilities)	<u>446,298.47</u>	<u>353,287.86</u>	<u>(28,125,514.53)</u>	<u>(41,839,829.91)</u>

Unit : Baht

	Separate financial statements	
	2016	2015
Deferred tax assets	16,220,469.72	5,852,664.01
Deferred tax liabilities	(21,081,391.67)	(23,526,179.40)
Net deferred tax assets (liabilities)	<u>(4,860,921.95)</u>	<u>(17,673,515.39)</u>

NOTES TO FINANCIAL STATEMENTS (CONT)

Movements in deferred tax assets and liabilities during the year 2016 were as follows:

Unit : Baht

	Consolidated financial statements		
	At	(Charged) / Credited to:	At
	January 1, 2016	Profit or loss	December 31, 2016
Deferred tax assets :			
Investment properties	194,666.86	(38,933.39)	155,733.47
Loss carry forward	-	201,279.00	201,279.00
Others	158,621.00	(69,335.00)	89,286.00
Total deferred tax assets	<u>353,287.86</u>	<u>93,010.61</u>	<u>446,298.47</u>
Deferred tax liabilities :			
Investment in associate	(239,010.05)	8,199,999.99	7,960,989.94
Land and buildings	(44,602,978.32)	3,157,732.38	(41,445,245.94)
Investment properties	(2,850,505.55)	188,777.30	(2,661,728.25)
Loss carry forward	5,823,064.01	2,092,405.71	7,915,469.72
Others	29,600.00	75,400.00	105,000.00
Total deferred tax liabilities	<u>(41,839,829.91)</u>	<u>13,714,315.38</u>	<u>(28,125,514.53)</u>
Total credited (charged)		<u>13,807,325.99</u>	-

Unit : Baht

	Separate financial statements		
	At	(Charged) / Credited to:	At
	January 1, 2016	Profit or loss	December 31, 2016
Deferred tax assets (liabilities)			
Investment in associate	-	8,200,000.00	8,200,000.00
Land and buildings	(20,675,673.85)	2,256,010.43	(18,419,663.42)
Investment properties	(2,850,505.55)	188,777.30	(2,661,728.25)
Loss carry forward	5,823,064.01	2,092,405.71	7,915,469.72
Others	29,600.00	75,400.00	105,000.00
Net	<u>(17,673,515.39)</u>	<u>12,812,593.44</u>	<u>(4,860,921.95)</u>

As at December 31, 2016, deferred tax assets arising from temporary differences and unused tax losses of Baht 37.84 million (2015 : Baht 51.47 million) in the consolidated financial statements and Baht 22.56 million (2015 : Baht 27.43 million) in the separate financial statements that have not been recognised because it is not probable that they will be able to utilise the tax benefit in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS (CONT)

19. Employee benefit obligations

Movements in the present value of the defined benefit obligations were as follows :

	Unit : Baht	
	Consolidated financial statements	Separate financial statements
Defined benefit obligations as at January 1, 2016	42,552,574.00	23,823,937.00
Recognised through profit or loss :		
Current service costs and interest	6,128,229.00	3,280,440.00
Benefit paid by projects	(252,000.00)	(252,000.00)
Recognised through other comprehensive income :		
Defined benefit plan actuarial gains	(9,550,683.00)	(3,852,310.00)
Defined benefit obligations as at December 31, 2016	38,878,120.00	23,000,067.00

20. Expenses by nature

Significant expenses by nature for the years ended December 31, 2016 and 2015, were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Raw materials and supplies used	608,526,569.86	666,078,208.54	383,126,340.08	425,015,887.07
Changes in finished goods and work in process	20,053,681.45	(16,172,654.72)	4,225,699.82	(2,066,157.73)
Increase in land, construction in progress and utilities during the year	99,000,554.61	150,755,354.00	53,769,698.49	41,641,236.60
Changes in real estate under development projects	(36,874,733.75)	(58,160,033.40)	(25,009,450.56)	(5,169,966.91)
Salary, wages and other employee benefits	27,102,654.02	27,620,203.85	18,256,909.18	18,827,120.13
Depreciation and amortization	26,296,142.20	25,765,982.39	15,051,130.70	15,207,026.94
Utility expenses	21,896,807.46	21,615,792.62	9,441,613.38	9,438,994.20
Rental and services	7,717,457.84	6,214,478.27	3,474,061.64	3,443,366.83
Transportation expenses	3,589,351.15	5,604,670.76	1,606,090.59	1,954,557.68
Specific tax				

NOTES TO FINANCIAL STATEMENTS (CONT)

21. Income tax expense (income)

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Income tax recognised in profit or loss				
Current tax expense :				
Current year	1,256,642.21	1,527,796.69	-	-
Under provided in prior year	206,777.07	-	-	-
	<u>1,463,419.28</u>	<u>1,527,796.69</u>	<u>-</u>	<u>-</u>
Deferred tax expense :				
Movements in temporary differences	(11,513,641.28)	(206,666.45)	(10,720,187.74)	(2,523,344.85)
Benefit of tax losses recognised	(2,293,684.71)	912,426.94	(2,092,405.70)	912,426.94
	<u>(13,807,325.99)</u>	<u>705,760.49</u>	<u>(12,812,593.44)</u>	<u>(1,610,917.91)</u>
Net	<u>(12,343,906.71)</u>	<u>2,233,557.18</u>	<u>(12,812,593.44)</u>	<u>(1,610,917.91)</u>

Reconciliation of effective tax rate

Unit : Baht

Consolidated financial statements			
Applicable tax rate (%)	2016	Applicable tax rate (%)	2015
Accounting profit (loss) before income tax	20	20	52,706,857.50
Tax at the applicable tax rate			10,541,371.50
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net			936,399.35
Benefit of tax losses recognised			(9,244,213.67)
Under provided in prior year			-
Net			<u>2,233,557.18</u>

Unit : Baht

Separate financial statements			
Applicable tax rate (%)	2016	Applicable tax rate (%)	2015
Accounting profit (loss) before income tax	20	20	24,197,796.31
Tax at the applicable tax rate			4,839,559.26
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net			611,437.01
Benefit of tax losses recognised			(7,061,914.18)
Net			<u>(1,610,917.91)</u>

22. Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different manufacturing and products, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Garment manufacturing
Segment 2	Development of real estate for sale

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax and finance costs, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax and finance costs is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO FINANCIAL STATEMENTS (CONT)

Information relating to business segments for the years ended December 31, 2016 and 2015 as follows:

	Consolidated financial statements										Unit : Million Baht	
	2016					2015						
	Garment	Real estate	Others	Total	Add (less) inter - transactions	Real estate	Garment	Others	Total	Add (less) inter - transactions	Net	
External revenue	1,160	107	-	1,267	-	164	1,177	-	1,341	-	1,341	
Inter-segment revenue	20	-	-	20	(20)	-	34	-	34	(34)	-	
Total revenue	1,180	107	-	1,287	(20)	164	1,211	-	1,375	(34)	1,341	
Segment results	44	19	-	63	(35)	56	47	-	103	(41)	62	
Unallocated income (expenses)												
Share of profit (loss) from investment in associate, net											17	
Loss on impairment of assets							(115)				-	
Financial costs							(25)				(26)	
Income tax (expense)/ income							12				(3)	
Profit (loss) for the year							(100)				50	
Segment assets	1,272	483	10	1,765	(430)	410	1,521	9	1,940	(429)	1,511	

NOTES TO FINANCIAL STATEMENTS (CONT)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. However, the Company has no assets located in foreign countries.

Geographical information

	Unit : Million Baht	
	2016	2015
Foreign countries	1,138	1,162
Domestic	129	179
Total revenue	1,267	1,341

Major customer

Revenues from three major customers of the Group's garment manufacturing segment represent approximately Baht 853 million for the year 2016 (2015: Baht 905 million) of the consolidated revenues.

23. Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted certain promotional privileges by the Board of Investment relating to low-income or middle-income housing business. The privileges granted include:

- Exemption from payment of corporate income tax for certain operations for a period of 5 years from the date on which the income is first derived from such operation (January 23, 2013).
- Accumulated loss during the exemption period be deducted from net income after the exemption period for 5 years.

NOTES TO FINANCIAL STATEMENTS (CONT)

Summary of revenues from promoted and non-promoted businesses:

Unit : Million Baht

Consolidated financial statements					
2559			2558		
Promoted business	Non-promoted business	Total	Promoted business	Non-promoted business	Total
Revenues	-	1,267	23	1,318	1,341

Unit : Million Baht

Separate financial statements					
2559			2558		
Promoted business	Non-promoted business	Total	Promoted business	Non-promoted business	Total
Revenues	-	747	23	769	792

24. Commitments from real estate developing projects

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Value of sales already contracted during the year	74.03	92.68	49.73	38.61
Cumulative value of sales already contracted	1,056.98	982.95	393.00	343.27
As percentage of total sales of projects on hand (%)	68.71	76.46	75.35	65.81
Number of projects:				
Number of projects on hand at beginning of the year	5	5	1	1
Number of new opened projects	-	-	-	-
Number of closed projects	-	-	-	-
Number of projects on hand at end of the year	5	5	1	1

NOTES TO FINANCIAL STATEMENTS (CONT)

25. Financial instruments

25.1 Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

25.2 Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group's operations for more efficiency, and better performances and stronger financial status, and capital management policies to maintain the optimal capital structure and cost of capital.

25.3 Interest rate risk

Interest rate risk derives from changes in interest rate. The Group has interest rate risk because their loans bear interest at the floating interest rate. If the interest rate significantly changes, it will be impact to the Group. The information of interest rate and maturity of long-term loans are disclosed in Note 17.

25.4 Foreign currency exchange rate risk

The Group has the foreign currency exchange rate risk related to assets and liabilities denominated in foreign currencies which have not made foreign currency exchange rate risk hedging.

As at December 31, 2016 and 2015, assets and liabilities denominated in foreign currencies which have not been hedged against foreign exchange rate risk, are summarized as follows:

	Unit : Million Baht			
	Consolidated financial statements			
	2016		2015	
	Assets	Liabilities	Assets	Liabilities
US Dollar	172	120	207	134
Hong Kong Dollar	-	26	-	40

	Unit : Million Baht			
	Separate financial statements			
	2016		2015	
	Assets	Liabilities	Assets	Liabilities
US Dollar	108	91	129	89
Hong Kong Dollar	-	19	-	31

NOTES TO FINANCIAL STATEMENTS (CONT)

25.5 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the report date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the report.

25.6 Liquidity risk

Liquidity risk, or funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at close to its fair value.

The Group's financial assets comprise cash and cash equivalents, trade accounts receivable and inventories which are liquid and able to sell at close to this fair value when the Group wishes to raise fund.

25.7 Fair value

Since the majority of the Group's financial instruments are short-term. The Group expects that their fair values are not materially different from the amounts presented in the statements of financial position, except for long-term loans to a related party and long-term loan from financial institution, which are bearing floating interest at rates. The carrying value of such loans are equivalent to fair value.

26. Commitments and contingent liabilities

As at December 31, 2016 :

26.1 The Company and a subsidiary had contingent liabilities from bank's issuance the letter of guarantee to Custom Department and Government agencies totaling Baht 13.47 million,

26.2 The Company and a subsidiary had commitment on letter of credit for purchasing goods from overseas totaling Baht 21.67 million,

26.3 The Company and two subsidiaries had contingent liabilities from bank's issuance of letter of guarantee to the Land Department to guarantee the construction and maintenance of utilities totaling Baht 131.83 million,

26.4 The Company and two subsidiaries had commitments on the agreements of development and construction of real estate projects totaling Baht 39.89 million.

27. Financial statements approval

Board of Directors of Castle Peak Holdings Public Company Limited has approved these financial statements on February 28, 2017.

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