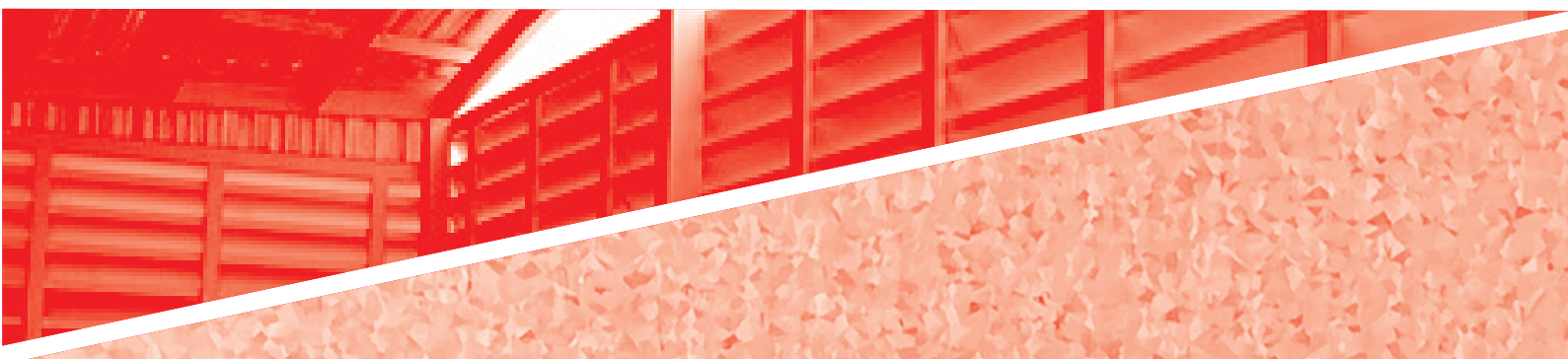
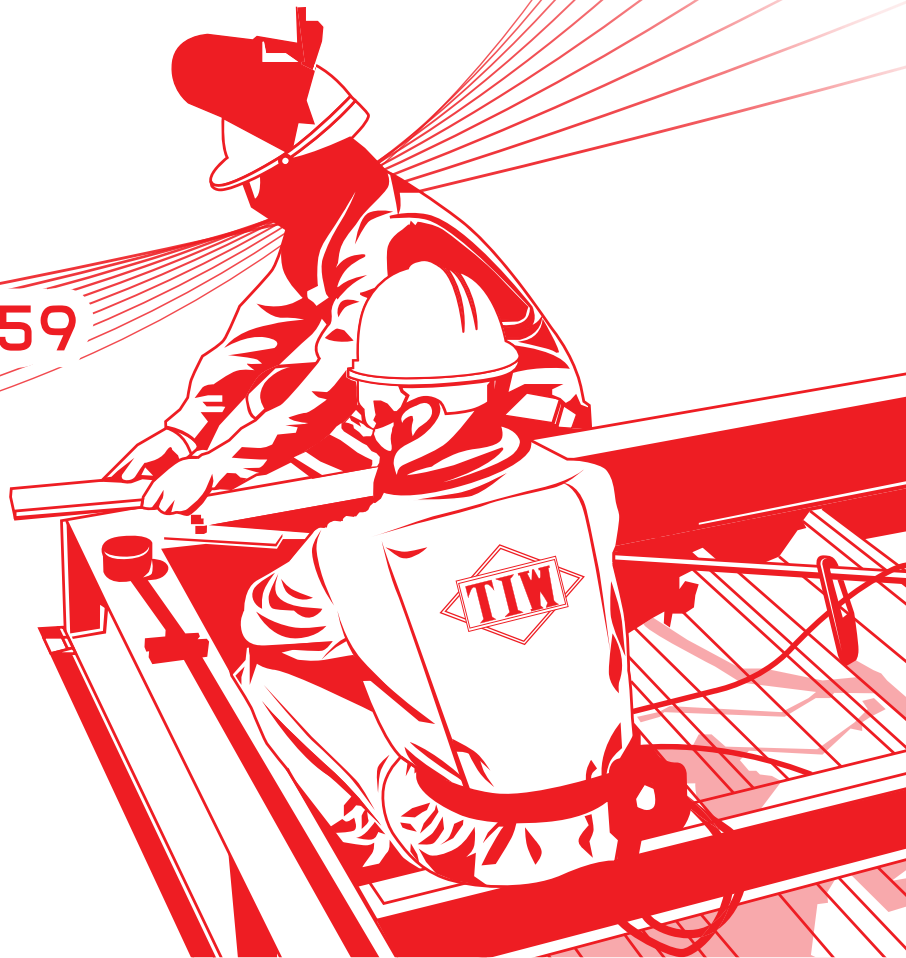




บริษัท ไทยแลนด์ไอออนเวิร์คส์ จำกัด (มหาชน)  
THAILAND IRON WORKS PUBLIC CO., LTD ( HEAD OFFICE )

รายงานประจำปี 2559  
Annual Report 2016



ทะเบียนเลขที่ 0107537001714









# THAILAND IRON WORKS PUBLIC COMPANY LIMITED

PLC. Registered No. 0107537001714

## **ANNUAL REPORT**

**for the fiscal year starting from  
April 1, 2016 to March 31, 2017**

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## Message from Chairman

During the past year, the management team of Thailand Iron Works Public Company Limited has resolved various organizational issues for the Company's recovery and improved profitability. The Company has changed its operating structure and has recruited new personnel, which has improved workflow. New software programs have been implemented for prompt and proactive problem-solving. The Company also expands its business to new product groups to supplement its main product, namely galvanized metal sheet. The market for our main product relies on agricultural sector which in the past has encountered problems due to drought and decreased agricultural product prices. In respect of the Company's new products, the Company gives more emphasis on metal sheet product group of which the Company can produce by itself with its own machinery. It is also a good opportunity that the Foreign Trade Department has issued measures to investigate product dumping by foreign countries. The opportunities present as the Company is one of the few manufacturers in Thailand who can produce these products by itself. In addition, the Company cooperates with Nisshin Steel Company Limited, a Japanese leading steel company who applied special coated steel product called 'ZAM' which uses new technology with more duration and gaining more popularity. During the past year, the Company used this product with our key customers in Thailand and had received very good feedback. Therefore, the Company is confident that this is another product which will have important role in the near future as it can be used for home parts, animal farm, and structure for solar farm panels.

On behalf of the Company's management, I am confident of the Company's progress in the near future.



(Dr. Prasit Kanchanasakdichai)  
Chairman of the Board of Directors



## Report of the Audit Committee

The company's audit committee consists of three independent directors, equipped with knowledge and expertise in the areas of law, accounting, finance, and information technology management. The audit committees members are:-

- |    |              |                |                                 |  |
|----|--------------|----------------|---------------------------------|--|
| 1. | Miss Naratip | Tabtieng       | Chairman of the Audit Committee | Appointed on 7 August 2015   |
| 2. | Mr. Sumate   | Khancharoensuk | Member of the Audit Committee   | Appointed on 10 February 2016  |
| 3. | Mr. Surachai | Pirmsinthavee  | Member of the Audit Committee   | Appointed on 3 October 2016 (as replacement of Miss Prachit Hawat who resigned on 6 July 2016) |

The audit committee has performed their duties and expressed opinion independently under their roles and responsibilities as assigned by the company's Board of Directors which are in line with regulations of the Stock Exchange of Thailand.

Mr.Wattana Channakin (I.A.P. Internal Audit Co., Ltd.) acts as secretary of the audit committee.

During the previous fiscal year, the audit committee has convened four meetings whereby all audit committee members have attended in accordance with power, duty and responsibility as specified in the charter of audit committee and in transparent and independent manner. The audit committee has reported its findings to the board of directors as summarized in materiality as follows:-

### 1. Review of financial report

The audit committee attended every meeting with the Company's auditor in order to review the financial statements, disclosure of supporting information for financial



statements, to consider important accounting policies and provide various observations on the audit and review of the company's financial statements as performed by the company's auditor.

## 2. Review of internal control system

During the fiscal year, the company has reviewed the internal control system and internal audit periodically.

The audit committee is of the view that the internal control system is adequate and effective in reducing risk exposure to the company to an acceptable level.

## 3. Review of new audit system

4. Compliance with law on securities and exchange as well as regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission or other laws relating to undertaking of the company's business.

The audit committee is of the view that the company has complied with those laws and regulations in all respects.

5. Review of management of key risks by establishment of policies and guidelines whereby the company's risk management committee has the duties to assess risks in all respects, including internal and external factors, of which may impact the company's business operations, including finding appropriate measures to reduce impact of the risks to an acceptable level.

## 6. Appointment of external Auditor for the year 2017

In selecting the external auditor to be appointed, the audit committee adopted the selecting criteria emphasizing on knowledge, capability and potential of the external auditor as well as the audit fee.

The audit committee is of the view that the auditors of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. is suitable to be appointed as the auditor for the fiscal year commencing from 1<sup>st</sup> April 2017 and ending as of 31<sup>st</sup> March 2018 for the audit fees of Baht 1,600,000 (One Million and Six Hundred Thousand Baht).



7. Related party transactions and transactions with potential conflict of interests

The audit committee has reviewed the transactions and strictly complied with the criteria specified by the relevant regulators.

The audit committee is of the opinion that the transactions are reasonable and are of the ordinary course of the company's business.

(Miss Naratip Tabtieng)  
Chairman of the Audit Committee  
24<sup>th</sup> May 2017



# **1. Policies and Business Overview**

## **1.1 Vision**

The Company focuses on being a leading manufacturer of galvanized iron sheet and related products by procuring quality raw materials and developing quality products to respond to the market demands.

## **Objectives**

The Company is capable of generating continuous growth, including development of new products to respond to the changing market environment.

## **Goals**

- The Company will increase its revenues to sustainable level, on average of not less than 15% per annum.
- The Company will increase variety of products and services, at least one type of product or service per annum.

## **Strategies**

1. Continuous development of products and services to respond to the ever-changing market demand. In the past two years, the Company is successful in manufacturing new product, namely colored metal sheet coil or PPGL, which has been popular for roof tiling in substitution of ceramic tile and corrugated galvanized iron sheet. At present, there is no more than 3 manufacturers of the product. In respect of colored metal sheet coil, the Company has received Industrial Standards (ISIRI 2131-2545) from Thai Industrial Standards Institute. Therefore, the product is acceptable in terms of quality and it becomes easier to obtain works from the government.

2. Building business relationship in order to access new products

In the past year, the company has received coordination from Nisshin Steel, Japan in respect of collaboration for development of various products with Nisshin Steel. The company also imports ZAM, which is the newest technology of galvanized steel of Nisshin Steel. ZAM has outstanding quality compared to the commonly used hot-dipped galvanized steel product and hot-dipped zinc aluminum steel product or commonly known as Alu-Zinc. ZAM combined the outstanding qualities of both types of galvanization together by dipping steel sheet with zinc and aluminum at the appropriate proportion, including mixing with magnesium in order to better prevent rust. In Japan, ZAM is widely used, particularly in housing structure, electrical appliance and structure for solar farm.

The company continues to find business partners for continuous development of its product.

3. The company expands its market by setting up sales and marketing team designated for each area in order to cover additional area in the country. The sales and marketing team visits the company's existing distributors and penetrates to area where the



company's products are not being distributed. This is a different marketing strategy compared to the former marketing strategy in which the company waits for existing distributors' calls for ordering of products. In addition, the sales and marketing team assists the company in obtaining market movements and information which allows the company to adjust its work plan to accommodate changing situation.

## **1.2 Significant Changes and Developments**

The company was first established under the name of Thailand Iron Works Co., Ltd. in Bangkok Metropolitan in 1958 as a joint venture between Thai and Japanese with the purpose of producing "Galvanized Iron Sheet" within the country instead of importation of such material from other country. Since it was the first Galvanized Iron Sheet manufacturer in Thailand, a tax privilege under the Industrial Promotional Act was granted by the Board of Investment of Thailand (BOI).

In 1960, the production line which was fully equipped and operated with advance production facilities and started producing galvanized iron sheet for the first time. It was the first galvanized iron sheet manufactured in Thailand. The company had produced the first 1,000 galvanized iron sheet of which was humbly offered to His Majesty the King of Thailand.

In late 1992, the company whose major shareholders are Mitsui & Co., Ltd., Mitsiam International, Ltd. and Leeswadtrakul Family had listed its ordinary shares and become an authorized company in the Stock Exchange of Thailand (SET). Moreover, relocation of its main office and factory to Samutprakarn province was made due to an expansion of city and housing zone in Bangkok. Since then, newly constructed factory and a Continuous Production Process were employed and had manufactured variety of Galvanized Iron Sheet products to respond to the demand of domestic consumers.

A conversion of the company from a private company to a public company limited was made in 1994. As a public company limited, the name of the company had changed to "Thailand Iron Works Public Company Limited" and its authorized share capital was increased to Baht 100 Million.

In the year 1995, two major events of the company were as follows:-

- Paid-up Capital of the company was increased by another 1 Million shares through a right offering and made it totaling Baht 60 Million after registration with the Ministry of Commerce (MOC)
- Started to commercially produce colour-coated galvanized iron sheets to serve the change of domestic demand and export to neighbouring countries.

Since its establishment, the company has gained wide experience and well reputation as the manufacturer of high-quality galvanized iron sheets and colour-coated sheets which were in



different type of corrugation such large round wave, small round wave and square corrugation including plain sheet as well. Registered trademarks for different thickness of iron sheets and galvanized iron sheet, namely “Three Stars”, “One Star”, and “DDD” for corrugation galvanized iron sheets and “TIW” for plain sheets.

A diversification of business unit was made in the year 2004 as the company introduced Roofing & Siding installation services to be one of the company business activities. Customers of services business are most of general contractor of construction project located through out the country.

In early 2008, total number of ordinary shares of the company held by Mitsui & Co., Ltd. who was one of the company’s major shareholders was transferred to Mitsui & Co. (Asia Pacific) Pte.Ltd. which was a subsidiary company of Mitsui & Co., Ltd. In this regards, shareholding structure of major shareholders was unchanged.

In early 2012, the company had launched new products to the market. The products were “Metal Sheet” with variety appearance of which reveal a beauty of color-coating, durability, modernized and easy installation. The products were to be used for both purposes; roofing and/or siding and suitable for all type of structures; house and/or building.

During the year 2013, the company emphasized and boosted up the business in order to be the top manufacturer producing of high quality galvanized iron sheet products such as normal galvanized iron sheet, color-coated galvanized iron sheet and color-coated metal sheet of which provide thicker gauge of the sheet than that of normal galvanized iron sheet and more attractive colour as well.

During the year 2015, the company changed its major shareholding structure whereby Dr. Prasit Kanchanasakdichai purchased the company’s shares from the former shareholder group and tender offered the shares in accordance with relevant regulations of the Securities Exchange Commission and the Stock Exchange of Thailand. Following the tender offer as of 3 August 2015, Dr. Prasit Kanchanasakdichai holds 4,610,168 shares in the company or equivalent to 76.84% of total shareholding.

In 2016, the galvanized iron sheet received Thai Industrial Standard (TIS) and the company uses the trademark “Three Stars” for such product.

#### Changes in Controlling Power over the Company

- Change in controlling power over the company after Dr. Prasit Kanchanasakdichai had purchased shares from the former shareholder group. At present, the company’s authorization requires that either Dr. Prasit Kanchanasakdichai and Mrs. Jitra Woramaneejinda or Dr. Prasit Kanchanasakdichai and Mr. Apichat Laksanasirisak jointly sign with the company’s seal affixed in order to create any legal binding document.



Changes in the Shareholding Structure, Management or the Operation of the Company in the past 3 consecutive years

- Change in the shareholding structure from Mitsui Group to Dr. Prasit Kanchanasakdichai (please refer to the list of shareholders under item 5.2)
- Change in the managing director from Miss Charuk Cherdkiatgumchai to Mr. Apichat Laksanasirisak (please refer to the list of management under item 7.2)

### 1.3 Structure of Shareholding of Group of Companies

Operational Policies amongst companies in the same group

The company is a single company, hence there is no subsidiary or affiliated company and no classification of the operation of companies in the same group.

Major group of shareholders

- NIL -

### 1.4 Relationship with Business of Major Shareholder

- NIL –

## 2. Type of Business

### Income Structure

The company generates revenues from 2 major activities:

1. Manufacturing and distribution of galvanized iron sheet and color coated galvanized iron sheet including galvanized iron sheet and galvanized iron coil;
2. Distribution of ZAM and products from ZAM; and
3. Specialized contractor for Roofing and Siding installation service.

### Revenue from Galvanized Iron Sheet Products for 3 consecutive years

(Unit: Million Baht)

Item	Apr. 1, 2014 - Mar. 31, 2015	%	Apr. 1, 2016 - Mar. 31, 2016	%	Apr. 1, 2016 - Mar. 31, 2017	%
Domestic Sales	509	99.22	316	99.37	318	100.00
Export Sales	4	0.78	2	0.63	-	-
Total Sales	513	100.00	318	100.00	318	100.00
Increase (Decrease) in Sales	(23)	(4.29)	(195)	(38.01)	-	-



## Revenue from Roof and Siding Installation Service for 3 consecutive years

(Unit: Million Baht)

Item	Apr. 1, 2014 - Mar. 31, 2015	%	Apr. 1, 2015 - Mar. 31, 2016	%	Apr. 1, 2016 - Mar. 31, 2017	%
In Thailand	31	100.00	27	100.00	20.00	100.00
Other Country	-	-	-	-	-	-
Total amount of Revenue	31	100.00	27	100.00	20.00	100.00
Increase (Decrease)	-	0	(4)	(13.45)	(7)	(25.92)

During the fiscal year, the revenues generated from the specialized contractor service constituted **less than 10% of the total revenues** recorded in profit and loss statements.

## 2.1 Type of Products and Services

### 2.1.1 Galvanized Iron Sheet Business

#### Product Characteristics

The company has manufactured and distributed corrugated Galvanized Iron Sheet, both Color Coated Sheet and Galvanized Iron Sheet, under the trademark of “Three Stars”, “One Star” and “DDD” as well as flat sheet under the trademark of “TIW” since 1958 and Color Coated Galvanized Iron Sheet (Metal Sheet: PPG) under the trademark “Tristar” and “Three Stars”. The products of the company include:

1. Corrugated Sheet - large round wave and small round wave in both galvanized iron sheet and square wave of color coated sheet for roofing, fencing, building granary etc.
2. Flat Sheet - for advertising board, air conditioner duct, cabinet, top of pick-up truck, and tank etc.
3. Metal sheet “TRISTAR” – under the trademark “Tristar” and “Three Stars”, is a pre-painted metal sheet with standard forming for variety of utilization for both roofing and siding suitable for house and all type of buildings.

The presence of our products is made through a network of authorized dealers, who are also our primary customers. These dealers (primary customers) make payment to us in cash and on immediate basis following their possession of our finished goods. Afterwards, they further distribute our products independently to end-users in their localities.

### 2.1.2 Roof and Wall Installation Business



In 2005, the Company diversifies business activity by becoming a specialized contractor service for an installation of galvanized iron sheet, Alu-zinc or other type of materials as per requirement of customers for roofing and siding.

With regard to this newly introduced specialized contractor service, the Company is currently implementing a number of projects under contractual agreement featuring pre-determined commitments to required materials and project delivery timing. Billing and Payment will be made based upon the percentage of the completion of the construction work.

**Receiving of the certification for the proceeding of business, concession and Board of Investment promotion**

On September 12, 1961, Board of Investment had granted the promotion privilege to the company to proceed its business as manufacturer of Galvanized Iron Sheet. Currently, such promotion had expired and no more renewal since then.

## **2.2 Marketing and Competition Conditions**

### **a) Marketing of the products and services during the year**

#### **(a.1) Marketing of the galvanized iron sheet business during the year**

In 2013, demand in galvanized iron sheet market had been consecutively shrinking in every of the region throughout the country especially in Northeastern and Northern regions due to the following factors:

1. Growing market share of Metal Sheet products for both color coated galvanized iron sheet and Alu-zinc
2. Significant diminishing purchasing power of end-users of galvanized iron sheet products due to deteriorating economy in respect of agricultural products, drought etc. and decreasing governmental supports to farmers during the past year
3. Product dumping, particularly products from the Republic of China

Since 2013, price of metal sheet product dramatically decreased as a result of competition amongst the manufacturers who focus on importing cheaper products with lower quality from the Republic of China, causing a decrease in the price of metal sheet and, as a result, the target customer group prefers to use metal sheet than corrugated galvanized iron sheet. In respect of the company's corrugated galvanized iron sheet, the company was impacted by importation of quality and lower price galvanized iron sheet roll from the Republic of China which is used as raw material for corrugated galvanized iron sheet roll during the past 2 – 3 years. Therefore, the company, which focuses on manufacturing quality products, has lost substantial market share.



During the past year, the company has decided to import quality and lower price galvanized iron sheet roll from the Republic of China to cover this part of market share as alternative for our distributors in order to compete with the market in respect of lower price product.

Purchasing power of end-users of galvanized iron sheet has been adversely affected by delay of payment for agriculture products together with increasing household debt and higher production cost, such as cost of fertilizer, fuel and labour.

At present, the company had successfully developed metal sheet product under the brand name of "TRISTAR" and "Three Stars" comprises of 4 categories of thickness, 0.22 mm., 0.27 mm., 0.30 mm. and 0.35 mm. with the additional of 11 colour shades. Most customers of the products are located in Samutprakarn province and nearby provinces including some distributors in other regions. Metal Sheet in coil under the brand name of "TRISTAR" also comprises of the similar range of thickness and 12 colour shades while Green Metallic and Blue Metallic colour become relatively popular with their uniqueness. The Company therefore continuously attempts to develop and introduce new metallic colour shades to attract customers and respond to customers' needs and the competing imported products.

Competition in the market of metal sheet in coil become much more intensified than that in 2013 owing to dumping practices from imported products while countervailing measures seemed ineffective. As such the Company had to enter the price competition to expand and maintain its market share.

The Company is capable of maintaining market share of galvanized iron sheet, in particular amongst manufacturers of the products. Marketing activities organized by the Company; for instance, distributor meetings, field trip for the company's distributors in order to enhance their knowledge about the products including promotion to some specific type of product, expansion of market base in thinner gauge galvanized iron sheet in order to maintain market share from the challenges of small manufacturers that employ more intensify price competition.

The Company also believes that with more intensive sales and marketing policy and comprehensive view on roofing market, it will eventually survive crisis and dynamic change in local roofing market. Besides, the aforementioned policy will bring about the Company's stable business operation.

#### (a.2) Marketing of roof and wall installation business during the year

Marketing of services activity comprised with 2 different areas as follows:-

##### 1. Marketing made by office side



- 1.1 Searching for information in order to meet with potential customers and to get the job
- 1.2 Meet with potential customers in order to get their requirement and to propose the products of the company before preparation of a quotation
- 1.3 Finalized the price and all points of the agreement with customers
- 2. Marketing made at the construction site
  - 2.1 To be punctual and keep the schedule
  - 2.2 To install the roofing and/or siding based upon the company's standard and as per the agreement with customers
  - 2.3 To inspect and hand over the job to customers

### **Marketing Policy**

With respect to the company's marketing approach, our policy and responsibility to the customers and after sale are as follows:

#### **(1) Policy and treatment to the customers**

Sales and marketing executives are responsibility to pursue the company's policy by treating every customer as our important partner, consistently servicing every customer with responsibility, putting effort to gain the customer's trustworthiness in the product by means of delivering products with good quality for highest satisfaction of the customers.

#### **(2) Policy on responsibility to the customers before sale of products**

The company has policy to attain responsibility to the customers by producing value products and service with full of hospitality by means of taking care of, facilitating the customers in every process ranging from preparation order, making payment, preparation of important documents for instance tax invoice, receipt and clearing documents with convenience and fastness including all communication during the process of trading activities in order to prevent potential error.

#### **(3) Policy on responsibility to the customers after sale of products**

During the company's business operation, the senior management and sales and marketing executives have the policy to visit the customers to follow-up and examine whether the delivered products have been in proper condition and furthermore to establish good relationship with the customers. There has always been collecting of data, hearing of opinions and recommendations from the customers with a view to improvement and development of the company's marketing and competition strategies.

### **Type of Customers and Targeted Group of Customers**

*Galvanized Iron Sheet Business:* Sales of the company came from 2 different groups of customer; an agriculturer and a constructor. *Roof and Wall Installation Business:* both large and small projects, including construction of new building, factory, warehouse and repair of old building's roof. A majority of customers call for the specialized contractual service



for their realization of office building and large-scale factory construction projects. Targeted customers consist of local juristic persons or international joint ventures incorporated in Thailand. The service is provided to construction sites through out the country.

#### **Sales and Distribution Channel**

*Galvanized Iron Sheet Business:* To all customers, the company sells its product on cash basis. Regardless of whether such customers are individuals, construction material retailers, or constructors, they can make purchase order to the company directly.

*Roof and Wall Installation Business:* A division particularly assigned to oversee the specialized contractor service usually communicates directly to customers. New business deals are in most cases secured through former customers or recommendation by those in connection with former customers.

#### **Ratio of Domestic Sales and Export Sales**

The table below demonstrates the proportion of domestic and export sales:

Item	Apr. 1, 2014 - Mar. 31, 2015 (Percent)	Apr. 1, 2015 - Mar. 31, 2016 (Percent)	Apr. 1, 2016 - Mar. 31, 2017 (Percent)
Domestic Sales	99.22	99.37	100.00
Export Sales	0.78	0.63	-
Total Sales	100.00	100.00	100.00

The company has never depended on any single customer over than 30% of total revenues.

#### **Destination Country**

The Lao People's Democratic Republic of Lao PDR, Myanmar, and Malaysia.

### **b) Competition Situation in the industry during the past fiscal year**

#### **Competitive Situation**

Competition in the industry remains tough either amongst the existing 6 local manufacturers, and presently there are 3 – 4 local galvanized iron sheet manufacturers and 2 – 3 local corrugated galvanized iron sheet manufacturers.

The company's current competitors are importers of galvanized iron sheet from the Republic of China, Vietnam, Taiwan, and Korea who corrugate the sheet for distribution. The corrugated galvanized iron sheet market has received negative impact from substitute products such as Metal Sheet and Alu-Zinc.

#### **Future Trend of the Industry and Future Industry Competition**



### Future Trend of the Industry

Despite implementing of governmental policy to enhance the revenue of agriculturists countrywide, agriculturists could not receive their income on timely basis that weaken their purchasing power badly. This directly affected sales of roofing and other construction materials, particularly relating to agricultural sector. Moreover, newly introduced substituted roofing materials such as Metal Sheet and Alu-Zinc also attracted interest of end-users of corrugated galvanized iron sheet.

Behavior of the consumers of roofing products in suburbs areas tends to be more cautious on spending. Therefore, a number of new houses have clearly decreased while renovation tends to be preferred option. In addition, popularity in corrugated galvanized iron sheet has been sharply decreased as customers with purchasing power largely use metal sheet and Alu-Zinc for roofing of their new houses. It is necessary for the company to introduce color coated metal sheet as alternative to consumers. As there is a demand for lower-priced galvanized iron sheet with lower level of quality from the Republic of China, the company has imported such product in order to respond to the demand.

### Future Industry Competition

During the past 2-3 years, the market of corrugated galvanized iron sheet has received negative impact from the importation of low quality product with thin galvanized coating and low-quality steel. As a result, the number of remaining local manufacturers of corrugated galvanized iron sheet is less than 3.

Nevertheless, in September 2016, the Department of Foreign Trade has investigated product dumping of galvanized iron sheet from the Republic of China. Investigation is currently in process and there is a possibility that a temporary sanction will be issued. As a result, the market circumstance of galvanized iron sheet to the company has improved. In addition, the government of the Republic of China has ordered unqualified steel manufacturers for close-down due to environmental problems. Therefore, the situation of product dumping has improved. There is only a few manufacturers of galvanized iron sheet in the local market who previously faced issue of high level of supply from product dumping. If the outcome of investigation by the Department of Foreign Trade is positive, the level of competition among the local manufacturers of galvanized iron sheet will decrease.

### Competitive Position and Competitiveness of the Company in last fiscal year



The product of the company gains competitiveness relative to that of other major manufacturers such as Bangkok Steel Industry Public Company Limited. Majority of the other competitors are importers of the product.

## 2.3 Products and Raw Materials

### (a) Nature of the production

- (1) Manufacturing Characteristics Number of plant: 1
- (2) Total manufacturing capacity: 60,000 tonnages per year
- (3) Material manufacturing policy: Manufacturing the product in compliance with Thai Industrial Standard
- (4) Material sources: Local manufacturers and distributors
- (5) Number of suppliers of principal raw materials: 3 suppliers
- (6) Source of raw materials:

Majority of raw materials of the company are produced by local manufacturers.

#### Local manufacturers

Distributor name: Siam United Steel (1995) Company Limited  
 Type of raw materials: Cold Rolled Steel Sheet  
 Relationship: The distributor is a juristic person incorporated in Thailand

Distributor name: Mitsui & Co. (Thailand) Ltd.  
 Type of raw materials: Cold Rolled Steel Sheet  
 Relationship: The distributor is a juristic person incorporated in Thailand and is not a controlling shareholder of the company.

Distributor name: Nisshin Steel (Thailand) Co., Ltd.  
 Type of raw materials: ZAM  
 Relationship: The distributor is a juristic person incorporated in Thailand

#### Foreign manufacturer

Distributor name: Shanghai Huahai Steel Co., Ltd.  
 Boyuan Group Limited  
 Shandong Sino Metal Co., Ltd.  
 Raw material: Cold Rolled Steel Sheet



Relationship: The distributor is a juristic person incorporated in the Republic of China.

The Company procures galvanized iron sheet from suppliers, both locally and overseas. Therefore, the Company is able to choose raw material at the appropriate price and quality for each category of product. The Company has sourced raw material with high quality, both locally and overseas. Therefore, it is able to manufacture products with high quality raw material and has never experienced shortage in raw materials.

Procurement scheme for products used in Roof and Wall Installation Business

The company procures coated iron sheet from local distributors. Thereafter, the company will cut and mold the sheet within the factory area or at site. Other supplemental materials are procured locally and, as such, there is no likelihood of shortage in raw materials.

**(b) Environment concerned**

**1. Activities to ease the effect to environment**

1.1 To specify environment matter as one of the Code in the company's "The Code of Conduct for Employees and Business" for awareness and serious practice of the employees.

Setting up the Risk assessment management and monitoring system;

- monitoring the risk in utilizing and possessing of chemicals
- monitoring the risk in utilizing of machineries, tools and equipment
- monitoring the risk in environmental matters in the work place
- monitoring the risk and safety matters concerning to individual safety equipment
- monitoring the risk of fire

1.2 Systematic management of pollution

1.2.1 Management of water pollution

The company has constructed the water waste treatment system in the type of chemical waste water treatment since 1992. **The waste water already treated will be used in the air treatment system and will not be released to outside.** With a view to effectiveness and law compliance, the company had hired an advisory firm licensed by the Department Industrial Works to examine the condition of water treated by the system every month to perform evaluation and providing advice to the company.

1.2.2 Management of air pollution

The company has installed two sets of system for catching dust, fume and gas vapor of gas by using wet scrubber in both zinc coating and color coating processes. During the year 2014, an effective air pollution elimination system as called "Incinerator" was installed and would be completed in early 2015 at the cost of about Baht 30 million. Through the



elimination process, very high temperature would be employed so that smell of all kind of substances shall be completely eliminated before release it outside. In order to enhance effectiveness and law compliance, the company has requested the governmental authority to examine the condition of air in working area and that released outside, the examination of which has been conducted twice a year.

#### 1.2.3 Management of pollution from industrial waste

The company established a supervisory and cooperation unit and provided an area for storage and proper equipment for protection of leakage separated from building of the plant. As for the disposal of waste, the company has hired the contractor, transporter and disposer.

#### 1.2.4 Management of heat, light and sound pollution

Inspection of heat, light and sound in the work-place and nearby area to the company has been carried out twice a year.

### **2. The carrying out, accident reduction measures and statistics of the accident during the year**

Statistics concerning to the accident was recorded precisely on monthly basis. The Safety committee of which comprised of representatives from both employer and employees had a meeting once a month with the intention to set up a criteria, procedures for the prevention of accident. The resolutions of the meeting were declared to all concerned parties.

During the year, 4 employees had an accident, 3 out of which had to take sick leave and another 1 could come to work-place as usual.

### **3. Activities carried out for conservation of environment/waste management**

- Establishment of the Energy Conservation Committee
- Participation in a project of a comfortable work place
- Providing water and air pollution treatment systems (details are as shown in page no.18)
- Providing of management industrial waste/general waste (details are as shown in page no.18)
- Improving manufacturing process and sourcing of high quality raw materials
- Supporting employees in training or out-site visit

### **4. Result of the carrying out for the environmental conservation during the past three (3) years**

The company's pollution level was lower than standard specified by the governmental authority.



**5. Dispute about environmental issues**

The company has not been in any dispute or litigation on such matter.

**2.4 Backlog of Work**

No backlog of project(s) with the value of 10% of the company's total revenues or more



### **3. Risk Factors**

#### **3.1 Risk of the Company's Operation**

##### **Risk from dumping practice of imported products**

In the past 2-3 years, substituted imported products from the Republic of China, Taiwan, Korean and Vietnam penetrated the market with dumping practices and brought about even fiercer competition. Local manufacturers faced several business problems and some have exited the market. Only a few local manufacturers remain, trying to sustain the business.

As a measure for management of risk from dumping practice of imported products, the company and companies within the same industry have filed a complaint to the Department of Foreign Trade regarding dumping of galvanized iron sheet from the Republic of China, Taiwan and Korea. At present, the Department of Foreign Trade has investigated the dumping practice which was announced in the Royal Thai Government Gazette on 14 September 2016, Vol. 199, Special Edition 206 and the galvanized iron sheet industry group has requested the Department of Foreign Trade to issue a temporary sanction which is a common procedure as part of the investigation.

The company has introduced measure to prevent disadvantages from product dumping in the future by finding foreign trading partners who can produce products with comparable quality as alternative for the company's customers. The company has found 4-5 qualified trading partners who manufacture acceptable quality product as alternatives in the event of product dumping in the future.

Another measure which the company has implemented and found to be quite effective is the study on cost reduction by launching another product group with comparable or better quality than the product facing dumping practice. The difference between the price of another product group and the product facing dumping practice has significantly reduced at the competitive level. The company has launched 3D corrugated galvanized iron sheet with thin steel and lower thickness of galvanized coating which results in cost reduction. However, such product has better quality than imported product but its price is competitive.

##### **Risk of fluctuation in raw material prices**

The key raw material of the company's galvanized iron sheet is cold rolled steel sheet and zinc which are considered commodities with fluctuating prices according to the global market conditions.

As measures for managing risk of fluctuation in raw material prices, the company focuses on the effective management of inventory at a sufficient level. Measures which have been implemented are:

- 1) Increase in frequency of raw material purchase or shorter purchase contract term compared to the past 40-50 years in which the company took longer contract term. In addition, the company has increased the number of raw material suppliers to ensure that raw material will be procured sufficiently and at better pricing. Each adjustment of price by raw material supplier is different and not solely due to adjustment of price in the global market within the short period of time.



- 2) Management of accounting and finance system by the implementation of AS system, which helps inventory management to become better and more efficient.

### **3.2 Risk of Finance**

#### **Risk of fluctuation in of foreign exchange rates**

In the past, the company has imported small portion of products and raw materials from overseas. However, recently the company has imported products from overseas in order to conduct market testing and manage potential dumping practice in the future. The importation also helps with expanding items of the company's products. Hence, the company faces risk of fluctuation in foreign exchange rates.

The company's key policy for managing the risk of fluctuation in foreign exchange rates by hedging around 50 – 100% of the value of imported products, depending on each circumstance and the level of fluctuation. At present, the proportion of imported products is considered relatively low, only 10 – 20% of all products distributed.

### **3.3 Risk relating to Manufacturing of the Products**

#### **Risk of personnel manufacturing personnel**

The manufacturing process of galvanized iron sheet requires operation of machinery with considerable complexity. Each manufacturing process must be continuous and a consistent and skilled personnel is necessary for the operation.

The company is aware of this risk and has manufactured its products periodically. In order to retain skilled personnel for manufacturing, they are compensated by the company with special benefits. The company also has a policy for job rotation whereby employees from other departments will rotate to the manufacturing department.



## 4. Overview and Other Significant Information

### 4.1 Overview

#### (1) About the Company

Thailand Iron Works Public Company Limited has been engaging in the business of production and distribution of Galvanized Iron Sheet and also Roofing and Siding installation service.

Head Office:	86 Moo 1, Suksawad-Pomphrachoon Road, Laemphapa Sub-district, Phrasamutjedee District, Samutprakarn Province 10290.
Registration No.:	0107537001714
Tel. No.:	02-425-0011
Fax No.:	02-425-8882
Website:	<a href="http://www.tiw.co.th">http://www.tiw.co.th</a>
Email address	<a href="mailto:info@tiw.co.th">info@tiw.co.th</a>

The authorized share capital is divided to 10 million ordinary shares at par value of Baht 10 each, totaling Baht 100 Million. The Paid-Up share capital is divided to 6 Million ordinary shares at par value of Baht 10 each, totaling Baht 60 Million.

#### (2) Juristic Persons that the company holds up from 10% of its shares

The company is an independent single company and no any associated company or subsidiary.

#### (3) Other References

##### 1 Securities Registrar

Thailand Securities Depository Co.,Ltd.  
62 The Stock Exchange of Thailand Building,  
Rachadapisek Rd., Klongtoey, Bangkok 10110  
Tel. 02-229-2800, 02-654-5599 Fax. 02-359-1259

##### 2 Representative of Debenture Holders

N/A



### 3 External Auditor

	Mr.Chavala Tienpasertkij,	Certified Public Accountant registration no.4301
and/or	Dr. Kiatniyom Kuntisook	Certified Public Accountant registration no.4800
and/or	Ms. Nisakorn Songmanee	Certified Public Accountant registration no.5035
and/or	Mr. Suwatchai Meakhaamnouychai	Certified Public Accountant registration no.6638

from Deloitte Touch Tohmatsu Jaiyos Audit Co., Ltd.  
11/1 AIA Sathorn Tower, 23 – 27 Floor, South Sathorn Road, Yannawa, Sathorn,  
Bangkok 10120  
Tel. 02-034-0000 Fax. 02-034-0100

### 4 Legal Advisor

Paramee Law Co., Ltd.

551/4 Prachautit 117/1, Thungkru Sub-district, Thungkru District, Bangkok 10140

Tel. 02-815-9522 Fax. 02-815-9523

### 5. Advisor or Manager under a Management Contract

N/A

## 4.2 Other Significant Information

N/A



## 5. Shareholders

### 5.1 Registered Capital and Paid-up Capital

- (1) Registered Capital of the Company is Baht 100,000,000, dividing into 6,000,000 ordinary share and – preference shares. The par value of ordinary shares is Baht 10 per share. Paid-up Capital is Baht 60,000,000.

Name of Stock Market that the share of the Company is listed in

The Stock Exchange of Thailand (SET).

- (2) Other type of Share issued by the Company

- NIL –

### 5.2 Shareholders

#### (1) Major Shareholders

##### (a) First 10 groups of shareholders with highest holding of total issued shares

As at August 10, 2016, the shareholders with highest holding of total issued share are as follows:-

No.	Name/Surname	Total shares	% of total share
1.	Dr. Prasit Kanchanasakdichai	4,615,368	76.92
2.	Mrs. Ruenruay Katerainark	362,400	6.04
3.	Mitsiam International, Ltd.	300,000	5.00
4.	Mrs. Wilaiwan Arjariyanondha	53,500	0.89
5.	Mr. Jongkit Ngarmkertchai	36,700	0.61
6.	Mr. Pairoj Bandittayanon	30,000	0.50
7.	Bangkok Commercial Asset Management Public Company Limited	25,879	0.43
8.	Thai NVDR Company Limited	20,620	0.34
9.	Mr. Dermchai Charasphothiratanakul	20,100	0.34
10.	Mr. Nontipan Yontararak	18,200	0.30



**Remark:** As much as we have an information, the name list of shareholders as shown above is on the date of the closure of share registration for the clarification of shareholders right to receive dividend payment for the fiscal year ended March 31, 2016.

**(b) Group of major shareholder that significantly influence on the establishment of the policies and the operation of the company such as nominate a director as an authorized director of the company**

-NIL-

**(2) Status of a Holding Company**

-NIL-

**(3) Shareholders' Agreement**

-NIL-

**5.3 Issuing of other type of securities**

-NIL-

## **6. Dividend Policy**

The Company's dividend policy is to pay dividend at 50% of the annual net profit.



## 7. Structure of Management

The company's management structure as of March 31, 2017 consists of the Board of Directors, the sub-committees, and the management team. The sub-committee consists of Audit Committee and Risk Management Committee (Please refer to details under Item 8.2 (Sub-Committee)).

### 7.1 The Board of Directors

#### Structure of the Board of Directors

As of March 31, 2017, the Board of Directors consists of 7 directors: 2 executive directors, 2 non-executive directors and 3 non-executive independent directors (accounting for one-third of the total number of directors).

Each year one-third of the total number of directors shall be retired by rotation (according to the company's articles of association) and, for the financial year ending March 31, 2017, 5 Board of Directors' Meeting were held. The details of attendance by each director appear in the below table.

For the fiscal year starting from April 1, 2016 to March 31, 2017:-

*(Number of Attendance/Number of having a right to attend)*

Name	Position	Board of Directors	Audit Committee
1. Dr. Prasit Kanchanasakdichai	Director (appointed on 6 June 2015) Chairman of the Board of Directors (appointed on 6 November 2015)	5/5	-
2. Miss Naratip Tabtieng	Independent Director (appointed on 24 July 2015) Audit Committee Member (appointed on 7 August 2015) Chairman of the Audit Committee	5/5	4/4
3. Miss Prachit Hawat	Independent Director / Audit Committee Member (until 6 July 2016)	1/1	1/1
4. Mr. Chokechai Srisrawekkanjana	Director (appointed on 6 November 2015)	5/5	-
5. Mr. Sumate Khancharoensuk	Independent Director (appointed on 10 February 2016) Audit Committee Member (appointed on 10 February 2016)	5/5	4/4
6. Mrs. Jitra Woramaneejinda	Director (appointed on 24 July 2015)	5/5	-
7. Mr. Surachai Permsintawee	Independent Director / Audit Committee Member (appointed 3 October 2016)	2/2	2/2
8. Miss Charuk Cherdkiatgumchai	Director (until 31 January 2017)	4/4	-
9. Mr. Apichat Laksanasirisak	Director (until 25 June 2015)	4/4	-



The details on shareholding of the company's shares by the directors as of March 31, 2017 are as follows:

Name/Surname	Position	Number of shares (shares)*	
		24 July 2015	29 July 2016
1. Dr. Prasit Kanchanasakdichai	Chairman of the Board of Directors	3,749,830	4,615,368
2. Miss Naratip Tabtieng	Independent Director/Chairman of the Audit Committee	0.00	0.00
3. Mr. Chokechai Srisrawekkanjana	Director	0.00	0.00
4. Mr. Sumate Khancharoensuk	Independent Director/Audit Committee Member	0.00	0.00
5. Mrs. Jitra Woramaneejinda	Director	0.00	0.00
6. Mr. Surachai Pirmsinthavee	Independent Director/Audit Committee Member	0.00	0.00
7. Mr. Apichat Laksanasirisak	Director	0.00	0.00

\* Information as of the book closing date

#### **Authorized Directors**

Either Dr. Prasit Kanchanasakdichai and Mrs. Jitra Woramaneejinda or Dr. Prasit Kanchanasakdichai and Mr. Apichat Laksanasirisak jointly sign with the company's seal affixed in order to create any legal binding document.

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

The Board of Directors consists of 7 directors. The company's Articles of Association requires that at each shareholders' meeting, one-third of the total number of director, whom have served the longest term, shall retire by rotation. Therefore, the directorship term for each director is 2 – 3 years. The roles and responsibilities of the Board of Directors are as follows:

1. The Board of Directors are responsible for all activities of the company. Its roles and responsibilities shall be subject to the laws, the company's objectives and Articles of Association, and the resolutions of the shareholders' meetings. Its authority to perform any act shall be as specified under the Memorandum of Association or authority relevant to such act.
2. The Board of Directors may assign any person or several persons to perform any act on behalf of it.
3. The signing authority to legally bind the company is two directors jointly sign, together with the company's seal affixed. The Board of Directors may appoint the authorized directors.
4. The Board of Directors may appoint any person as general manager or other position as it deems appropriate to manage the company's business under the control of the Board of Directors.



5. Directors must inform the company without delay in case of arising conflict of interest, whether directly or indirectly, in respect of contracts to be entered into by the company, increase or decrease in the holding in shares/debentures of the company or its associated companies or subsidiaries.
6. Directors shall not conduct similar business and competing business with the company or become a partner in an ordinary partnership or partner without limit in limited liability partnership or director of private or other companies which conduct business and competing business with the company, whether or not the conduct is for the benefits of himself or others, unless the conduct has been informed to the shareholders' meeting prior to its resolution to appoint such director.
7. Pursuant to the Public Company Act, the Board of Directors has the authority to sell or mortgage any immovable property of the company or lease out any immovable property of the company for the period of more than 3 years or compromise for settlement or file complaints to the courts or submit any dispute to arbitration.
8. Matters to be proposed for approval by the Board of Directors are those as specified under the laws, regulations and Articles of Association are those matters relating to shareholders' meetings, Board of Directors and financial statements etc.

## 7.2 Management

Name list of executive directors and the management of the Company and their shareholding in the company as at March 31, 2017 are as follows:-

Name/Surname			Position	Number of Shares (shares)	
				24 July 2015	29 July 2016
1.	Dr. Prasit	Kanchanasakdichai	Chief Executive Officer	3,749,830	4,615,368
2.	Mr. Apichat	Laksanasirisak	Managing Director	0.00	0.00
3.	Mr. Yasuyuki	Nakashima	Assistance Managing Director	0.00	0.00
4.	Mr. Piya	Chantawattananuku	General Manager, Finance & Accounting Department	0.00	0.00
5.	Mr. Charoen	Khamphoo	General Manager, Factory Department	0.00	0.00

\* Information as of the book closing date

### **Scope of Duties and Responsibilities of the Management**

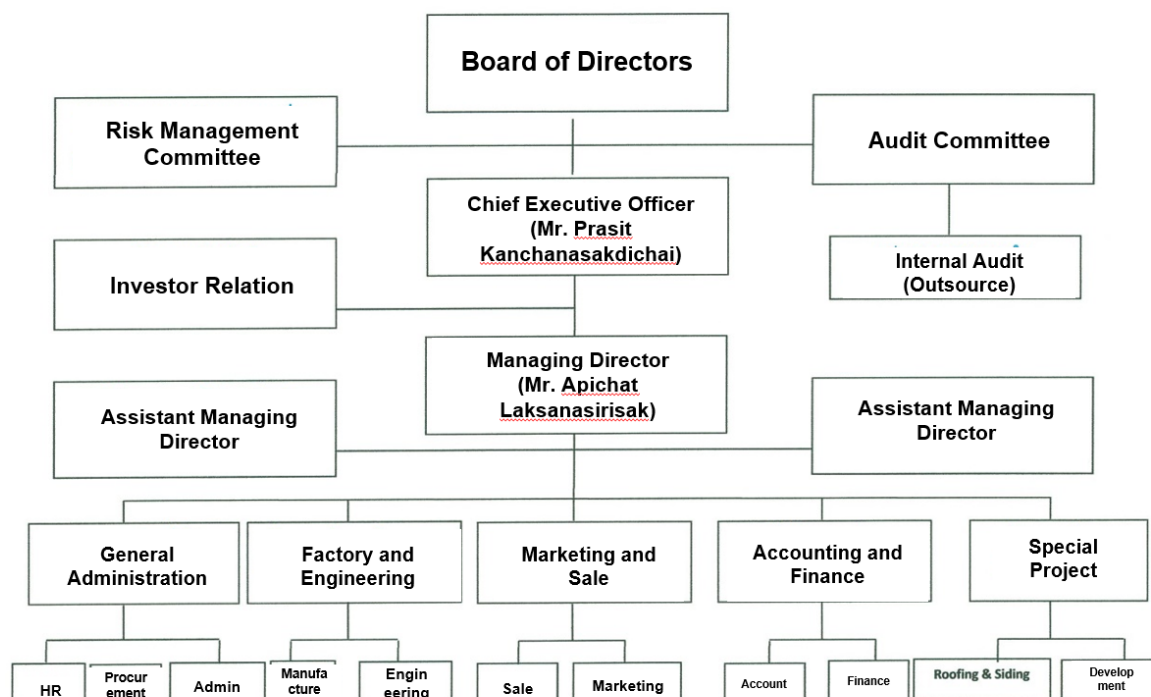


1. Determine strategy, operation plan, and budget, including efficient performance of work in line with policies, budget, and goals as approved by the Board of Directors.
2. Perform his duties according to policies, direction, strategy and management and operating structure as set by the company effectively and efficiently.
3. Determine organizational structure under his responsibility, including appointment and determination of roles and responsibilities of his subordinated management.
4. Determine work system and work procedures and effective internal control.
5. Authority to approve expenses and payment for projects or investment within his scope of duties and responsibilities as approved by the Board of Directors.
6. Authority to hire, appoint, remove, fire, and determine wages, bonus, adjustment of salary, and compensation for employees under his supervision.
7. Authority to perform and act as representative of the company to third party for relevant business which is beneficial to the company.
8. Perform any act relating to the general management of the company.

The approval by executives of transactions shall not include transactions of which the executive or any other person may have an interests or conflict of interest in any form with the company, including transactions which are subject to shareholders' approvals through related party transaction or acquisition or disposal of the company's assets in order to be in line with the SET regulations regarding such matter, except for transactions with normal business terms and conditions for which the Board of Directors has determined clear framework.



## Organization Chart as of March 31, 2017



### 7.3 Corporate Secretary

By the approval of the Board of Directors Meeting No. 2/2016 on 23 May 2016, Mr. Apichat Laksanasirisak was appointed as the Company's Secretary to perform the following duties and Responsibilities:-

1. To arrange the Board of Directors' Meeting, any other Sub-Committee which are appointed by the Board of Directors and to arrange the Annual General Meeting of Shareholders
2. To report and take care for all disclosure matters which are prescribed by relevant laws and regulations and the Principles of Good Corporate Governance.
3. To give consultation services and preliminary recommendations to the Board of Directors concerning to the laws, regulations, principles and guidance of the corporate governance.
4. To arrange and keep information and documentation of the company; i.e.
  - 1) Directors registration record
  - 2) Notice to the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting and the company's Annual Report
  - 3) Invitation to the Annual General Meeting of Shareholders' and Minutes of the Annual General Meeting of Shareholders
5. To keep the report of the directors and the management regarding their conflict of interest
6. To convey the resolutions/ approval, policies of the Board of Directors to the concerned parties and to follow up and report the result to the Board of Directors



7. To communicate with and to give the company's information to directors especially outside directors
8. To communicate with shareholders
9. To arrange an orientation to new director(s) and to support them for directors' continual development
10. To keep the company's seal
11. To co-ordinate with an outside consulting agency such as Law Advisor, External Auditor
12. To handle other matter(s) as prescribed by the Securities and Exchange Commission

## **7.4 Remuneration of Directors and Management**

### **Remuneration of Directors**

#### **(1) Cash compensation for the fiscal year**

Cash compensation for directors include directors' fees given by the company to the directors once a year, which shall be approved by the shareholders' meeting of the company for remuneration of 9 directors of the company. The details are as follows:

#### Board of Directors:

Chairman of the Board of Director	Proposed fees of Baht 150,000 per year
Director	Proposed fees of Baht 100,000 per year

#### Audit Committee:

Proposed fees for Chairman of the Audit Committee and Member of the Audit Committee is Baht 50,000 per person per year

The payment of remuneration for each committee, including directors who has resigned from directorship and newly appointed directors during the fiscal year and directors who still in the position until March 31, 2017, by calculating number of the meetings attended and the period of directorship.

#### Risk Management Committee

- None -



The remuneration below is the amount paid to Company's Board of Directors and Audit Committee for the fiscal year beginning from April 1, 2016 until March 31, 2017

Name and Position	Director (Baht)	Audit Committee (Baht)	Total Cash Compensation (Baht)
1. Dr. Prasit Kanchanasakdichai <sup>1</sup> Chairman of the Board of Directors	150,000	-	150,000
2. Miss Naratip Tabtieng <sup>2</sup> Independent Director / Chairman of the Audit Committee	100,000	50,000	150,000
3. Mr. Chokechai Srisrawekkanjana <sup>3</sup> Director	100,000	-	100,000
4. Mr. Sumate Khancharoensuk <sup>4</sup> Independent Director / Member of the Audit Committee	100,000	50,000	150,000
5. Mrs. Jitra Woramaneejinda <sup>5</sup> Director	100,000	-	100,000
6. Mr. Surachai Pirmsinthavee <sup>6</sup> Independent Director / Member of the Audit Committee	100,000	50,000	150,000
7. Mr. Apichat Laksanasirisak <sup>7</sup> Director	100,000	-	100,000
<b>Directors who resigned during the fiscal year starting from 1 April 2016 to 31 March 2017</b>			
8. Miss Prachit Hawat <sup>8</sup> Independent Director / Member of the Audit Committee	100,000	50,000	150,000
9. Miss Charuk Cherdkiatgumchai <sup>9</sup> Director	100,000	-	100,000
<b>TOTAL</b>	<b>950,000</b>	<b>200,000</b>	<b>1,150,000</b>

Remarks:

1. Appointed by the resolutions of the Board of Directors as director, effective from 6 June 2015 and, as Chairman of the Board of Directors, effective from 6 November 2015.
2. Appointed by the resolutions of the Board of Directors as director and independent director, effective from 24 July 2015 and, as Member of the Audit Committee from 7 August 2015.
3. Appointed by the resolutions of the Board of Directors as director, effective from 6 November 2015.
4. Appointed by the resolutions of the Board of Directors as director, independent director and Member of the Audit Committee, effective from 10 February 2016.



5. Appointed by the resolutions of the Board of Directors as director, effective from 24 July 2015.
6. Appointed by the resolutions of the Board of Directors as director, effective from 3 October 2016.
7. Appointed by the resolutions of the Annual General Meeting of Shareholders as director, effective from 29 July 2016.
8. Resigned from directorship, effective from 6 July 2016.
9. Resigned from directorship, effective from 31 January 2017.

## **Remuneration of Management**

### **(1) Cash compensation for the fiscal year**

The company's compensation for management consists of salary, position fees, bonus, personal income taxes subsidized by the company, and employer's contribution for provident fund, and contributions to employees for various level of employees. The compensation is determined based on roles and responsibilities of each senior executive, taking into account other qualities or benefits in respect of work such executive has been assigned to.

For the fiscal year starting from 1 April 2016 to 31 March 2017, the company has the total of 7 executive directors and management. The total compensation is Baht 8,766,482.

### **(2) Other compensation**

- None –

#### **Remark:**

1. Mr. Kazuo Saito has resigned from being executive director, effective from 1 July 2016 and Miss Charuk Cherdkiatgumchai has resigned from being managing director, effective from 15 September 2016. At present, the company has a total of 5 executives (Please see Item 7.2 for more details).



## 7.5 Manpower

Total number of employees as at March 31, 2017 was 151 persons of which are as follows:-

1) Number of employees in each of department

Management	3
Factory and Roofing & Siding	110
Procurement	3
Sales & Marketing	15
Personnel & General Affairs	9
Finance & Accounting	9
Business Development	1
Advisory	1

2) Significant change in the number of employees

There was a restructuring of organization and a reduction in the number of employees to be in line with the nature of work and necessity.

3) Labour dispute in the past 3 consecutive years

- NIL –

4) Employees benefit

Compensation Policies

Compensation policies of the company was set up based upon the fair treatment and correspond with cost of living and in line with the title, duties, responsibilities and line of command. As at March 31, 2017, total compensation paid to employees was Baht 51,768,841.

5) Type of compensation

- Salary
- Bonus for every year that has good operating result
- Overtime
- Personal income tax
- Provident fund

6) Human Resource Development

The company regularly and annually provides a continual training and development for its employees with the objectives to strengthen of the knowledge, understanding, potential and efficiency of employees.



## 7) Policies and Treatment of the company to employees

As shown under the topic “Corporate Governance/ Corporate Governance Policy/ Chapter 3 Re: Roles of Stakeholders/ employees” , the Company always treats all employees equally and adheres to fairness, proper remuneration and sufficient welfare, such as annual bonus, rewards for loyal employees with years of services, provident fund, diligent allowance, retirement benefits, healthcare, activities and parties. In addition, the Company promotes human resource development by means of training and onsite visit, for example.

Besides, it is the Company’s policy to focus on producing goods and providing services with quality by taking into account both overall and individual levels of occupational health, safety and environment. The policy has been announced to all employees and must be aware of and strictly complied with.



## 8. Corporate Governance

### 8.1 Corporate Governance Policies

The company considers that **Corporate Governance Policy** is one of the essential measures and guidance for the operations and the carrying out its business activities for the sustainable growth of the company, therefore, principle of good corporate governance policy is prescribed in compliance with that stipulated by the Stock Exchange of Thailand (SET) as had been set forth and comprising with 5 categories as followings:-

Category No. 1	Rights of Shareholders
Category No. 2	Equitable Treatment to Shareholders
Category No. 3	Role of Stakeholders
Category No. 4	Disclosure of Information and Transparency
Category No. 5	Responsibilities of the Board of Directors, Structure and its Sub-committee

#### Category No. 1 Rights of Shareholders

The company clearly determines rights of shareholders in writing in the Articles of Association of the Company in Chapter IV Clause no.40. Details are as follows:-

“In every shareholders’ meeting, all shareholders shall have one vote for each share.

A shareholder who has a special interest in any resolution may not vote on such resolution, except for the election of directors.

A resolution of any shareholders’ meeting shall be passed by majority votes of all shareholders attending the meeting and having the right to vote, except for the following cases where a resolution of not less than three-fourths of the votes of the shareholders attending the meeting and having the right to vote is required:

- a) the sale or transfer of the Company’s business whether in whole or in substantial part to any other person;
- b) the purchase or acceptance of any transfer of the business of other public or private companies; and
- c) the enter into, alteration or termination of any agreement concerning the lease, in whole or in substantial part, of the Company’s business, an assignment to any person for the management of the Company’s business, or the merger with any other person for the purpose of profit and loss sharing.”

To provide essential, clear and up-to-date information for shareholders concerning the company’s business and/or relevant information deem to be interesting, the company notifies such information for the acknowledgement of shareholders through the company’s website: <http://www.tiw.co.th> and through The Stock Exchange of Thailand (SET).



The company recognizes and respects rights of shareholders by complying with the notifications, announcements, prescription and all relevant laws as stipulated by the regulators namely the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) etc.. In arranging the shareholder's meeting, the company appoints Thailand Securities Depository Co., Ltd. (TSD) as the registrar to send the notice calling for the shareholders' meeting to all shareholders **at least 21 days** prior to the date of the meeting, providing that such notice clearly contains details of date, time and venue of the meeting which are not obstacle to the participation to the meeting as well as meeting agenda.

The company arranges the shareholders meeting in compliance with guidelines prescribed by the Securities and Exchange Commission (SEC) in relation to matters that should be done before, in and after the meeting, the details of which are as follows:

1) Prior to the Annual General Meeting of Shareholders

The company sends the notice for the shareholders' meeting together with information and supplementary documents to all shareholders **at least 21 days prior to the date of the meeting**. Supplementary documents and basic information for the meeting both in Thai and English are date, time, venue of the meeting, map, meeting agenda, opinion of the Board of Directors in each agendas, information for each agenda, the company's Articles of Association only those relevant to the shareholders' meeting, proxy form, description for use of proxy form and supporting documents required for a proxy form, and Annual Report (Form 56-2) and Financial Statement as CD.

The company had granted an opportunity to shareholders to propose their agenda(s) and to nominate their candidate for the election as a director of the company in the Annual General Meeting of Shareholders. The announcement for the granting of an opportunity was uploaded on to the company's website for 60 consecutive days from middle of February 2016 to middle of April 2016 where such granting was made more than 90 days prior to the date of the Annual General Meeting of Shareholders.

The information and documents as mentioned in paragraph 1 are **also uploading onto the company's website at least 30 days prior to the date of the annual general meeting of shareholders**.

2) On the date of Annual General Meeting of Shareholders

The company allows the shareholder to register for the participation to the meeting **at 1 hour prior to the commencement of the meeting**. The shareholders will have an opportunity to meet with and talk to all directors. When the meeting has been commenced, prior to considering any agenda, the Chairman of the meeting will clarify rules applying to the meeting including procedures and method to vote on each agenda.

At the commencement of the meeting, in considering each of agendas respectively, the shareholders are entitled to vote freely in each agenda. The company uses the service of a



company with expertise in the registration and counting the number of votes at the Annual General Meeting of Shareholders. Having such company processes on such matter on behalf of the company will reflect the company's transparency and equitable treatment to shareholders, to regulators and other outsiders. For any issue on the agenda at the shareholders' meeting, the shareholders can call for a secret ballot if one of them makes such request with approval of five other shareholders. The resolution of each agenda is shown on LCD Projector where total number of votes is identified and categorized by approved, disapproved and abstain votes.

In the meeting, the shareholders are entitled to freely express their opinions and recommendations and to question the Board of Directors in the meeting. Furthermore, the shareholders are allowed to question directors about any corporate matter without time limit where there is no violation or limitation of shareholders' right. Should shareholders have questions on any agenda issues, specialists in the specific fields are available to answer those questions under the responsibility of the Board.

The Board of directors participates in every shareholders meeting and the Chairman conducts the meeting in the manner that all agendas are considered in the order determined in the notice calling for the shareholders meeting sent in advance to all shareholders.

### 3) After the date of Annual General Meeting of Shareholders

The company prepares minutes of the meeting with complete material information including number of voting of shareholders in each agenda categorized by for, against and abstain in order to allow examination by any relevant party. Records of questions asked by the shareholders and answer as well as their opinions are also available in the minutes to allow the absent shareholders to learn of. Copies of the minutes are submitted to the Stock Exchanged of Thailand (SET), the Ministry of Commerce (MOC) and the Securities and Exchange Commission (SEC) **within 14 days** from the date of the meeting.

## **Category No. 2 Equitable Treatment to Shareholders**

The company is providing the equitable treatment to every individual shareholder, every group of shareholders, major or minor shareholders, institutions or foreign investors which is set forth as follows:-

1) The company confirms the right of shareholders to one share one vote as stated in Clause no.40 of the Articles of Association of the Company that "In every shareholders' meeting, all shareholders have one vote for each share...".

2) Any shareholders who are unable to attend the meeting in person is entitled to nominate proxy as stated in the first paragraph of Clause no.37 of the Articles of Association that "In any shareholders' meeting, a shareholder is entitled to appoint a proxy to represent him/her at the meeting and have the right to vote...". The company prepares proxy form in accordance with the Notification of the Department of Commercial Business Development on form of Proxy (No.5) B.E.2550 given on 2<sup>nd</sup> February B.E.2550, two forms of which are sent to the shareholders – Proxy Form B. which allows



the shareholder to specify intention to vote in every agendas including an agenda to elect director individually and Proxy Form C. for foreign investor who appoints domestic custodian to perform safekeeping of shares. This is to allow the shareholder who is unable to attend the meeting in person and proxy form is sent to all shareholders together with the notice calling for the shareholders meeting and is clearly stated the documents/evidence required for giving proxy. Relevant procedures are also explained to all shareholders in order to allow proper preparation for them and not to cause any problem to attend the meeting. In addition, the company prepares both proxy forms in English for foreign investors and allows any shareholder who is unable to attend the meeting to give proxy to independent director or other individual person as deem appropriate by shareholder to attend the meeting and to vote on his/her behalf.

The company had set up criteria(s) in granting of an opportunity to shareholders to propose their agenda(s) for the shareholders' meeting and to propose their candidate for an election as a director of the company. All details are posted on the company's website 3 months prior to the date of the Annual General Meeting of Shareholders. Specific period of time for the shareholder to dispatch proposals is 1 month.

### 3) Prevention for use of inside information

The company sets policy and method of monitoring the executives with a view to prevention on use of inside information for their own benefit and for securities trading, in particular during the period of 1 month prior to disseminating financial statement to the public. In this regards, the company assigns the corporate secretary as the persons responsible for disclosure of information relating to financial conditions and result of business operation and not allow any person to use the said information for his/her own benefit prior to making to information public.

Control of Inside information is existing in the company while employ the internal control and the internal audit in addition. (As shown in 5.2.4 Corporate Governance/ Corporate Governance Policy/ Category no.5 Responsibilities of the Board of Directors/ Inside Information Control/ Internal Control and Internal Audit) Moreover, a prescription about the provisions and guideline for inside information management of which stipulated in the Code of Conducts of the Company.(As shown in 5.2.4 Corporate Governance/ Corporate Governance Policy/ Category No.5 Responsibilities of the Board of Directors/ The Code of Conducts/ 6) Confidentiality and Information of the Company)

### 4) Monitoring related party transactions and transactions with conflict of interests

The company discloses information, opinion of the Audit Committee and resolution of the Board of Directors in relation to the connected transaction within the period and in compliance with the regulation of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). Regularly, the transactions are sufficiently and timely disclosed in the notes to the financial statement.



### **Category No. 3 Role of Stakeholders**

#### Policy and Treatment of the company to all stakeholders

In order to ensure sustainable and mutual benefits to all related parties, the company provides policy and treatment to all stakeholders as follows:-

##### **Shareholder:**

The company discloses information in compliance with relevant laws and regulations accurately, completely and timely and answer questions of investors which is not in violation of rules on procedure and appropriate period of time for disclosure. Shareholders as the owner of the company are entitled to freely give suggestion and comments on the company's affairs to the directors in the shareholders meeting.

##### **Employee:**

The company treats every employee equally and on a fairness basis. Proper remuneration and welfare are provided, for instance

- payment of bonus for every year that has good operating result,
- granting scholarship to children of employees
- award given to long year service employees,
- providing of provident fund,
- payment for diligent allowance,
- retirement compensation and healthcare,
- arrangement of activities and parties,
- granting supports for human resources development in many different ways such as arrangement of training and outside visit,
- prescribe of a clear and fair policy about treatment of the company to employees including compensation policy

##### **Customer:**

The company provides to customers with the maximum benefits in term of quality and price, and the company is determined to develop and maintain sustainable relationships with customers. The company usually supports and encourages sales activities of customers, solve problem and receive comment/complaint/suggestion in order to ensure the satisfaction of customers. Policy and Procedures and the Code of Conducts in relation with the responsibilities to the customers have been prescribed.



**Trading Partner:**

The company complies with terms and conditions and trading agreement when purchase products and services from trading partner and comply with Policy on treatment to trading partner in “The Action to trading partners of the company for the procurement” and “The Code of Conducts”. Details are

1. The company complied with the law related to the procurement including pay keen attention to the importance of Safety, Occupational Health and Environmental in the workplace
2. Fair treatment to all stakeholders to do the business with the company and to be able to compete with other competitors in the current business circumstances
3. Promote and tighten the firm relationship between the company and all stakeholders in view of business partners base upon mutual understanding and stable reliability of each other.

**Creditors:**

The company has the policy regarding the fairness and responsible to its creditor, whether account payable or loan from financial institution, in relation to the repayment of debt within the agreed period or as specified in the contract in order to maintain the creditability of the company that has with its creditor and financial institution including the performance in accordance with the condition of creditor. The company will use the principle for the fair treatment to its creditor as follows:

1. To provide the accurate and necessary information of the company to its creditor for the accuracy of providing financial support.
2. To utilize the loan provided by the creditor or financial institution in accordance with the objective which has been informed by the company to its creditor or financial institution.
3. To repay loan to the creditor on time and in accordance with the conditions of the creditor.
4. To comply with the terms and conditions of the loan agreement with the creditor or financial institution, particularly, the conditions of guarantee including the maintenance of collateral to be in line with the requirement of the creditor or financial institution.

**Society:**

The company is responsible to society and regularly gives support to community and its neighborhoods where appropriate or upon request.

It was an intention of the company to put the importance in proceeding of the business with the responsibilities to the society, community, neighboring area as stated clearly in the “Policy about Stakeholders”, “The Code of Conduct of the business” and “The Code of Ethics of Employees” of which should be strictly complied with by all employees of the company.

Participation in development of the community during the year

Followings were some of participation of the company to the community during the year:-

- Donation of necessary equipment to nearby governmental body
- Donate amount of money to nearby school
- Enhance of the safety in the field work of Police



**Environment:**

The Company had taken actions pertaining to the environmental matters as follows:-

1. Prescribed "The policy of Safety, Occupational Health and Environmental at the workplace" (Details were as shown under the topic "Activities to ease the effect to environment" and "The policy of Safety, Occupational Health and Environmental at the workplace")
2. Specified about maintenance of good health, safety and environmental protection in "The Code of Conducts" and "The Code of Ethics for Employees"
3. Establishment of Safety, Occupational Health and Environmental Division with the purpose to let the division promote about the matters to the employees of the company and to the community nearby.
4. Intensively and systematically carried out the environmental matters (As mentioned under the topic "Activities to ease the effect to environment" such as the elimination of both water and air pollution, proper management of the industrial waste and general waste and the management of heat, light and sound pollution etc.
5. Promote correct understanding and knowledge of employees about the environment issues by stipulated it into the Safety, Occupational Health and Environmental Policy that "the company would give a full support to employees in order to promote their knowledge, understanding and awareness about the Safety, Occupational Health and Environmental issues such as giving of a training and outside visit etc". (Details are as shown under the topic: Environment Concerned/ Activities to ease the effect to environment)

**Competitors**

The company had prescribed the policy about the treatment to the company's stakeholders in "The Code of Conducts" (Details were as shown under the topic : Corporate Governance/ Category No.5 Responsibilities of the Board of Directors/ The Code of Conducts/ article no.3 – Compliance with the Anti-Monopoly and Trade Competition Act). Reference to the Act, the company would not make any agreement with competitors in fixing the price of the product of which would give an impact to the price of the products in the market and would not take any action that would lead to any conflict of interest of the competitors.

**Human Rights and Privacy**

The issues pertaining to the human rights and privacy was stipulated in "The Code of Conducts" of the company (Details are as shown under the topic: Corporate Governance/ Category No.5 Responsibilities of the Board of Directors/ The Code of Conducts of the Company/ no.1) Compliance with law in paying respect to right of privacy)

**Intellectual Property and Licenses**

Prescription about the policy and disciplinary action pertaining to the violation of the intellectual property and licenses was clearly made. (Details are as shown under the topic: Monitoring on use of inside information/ Policy pertaining to the protection of intellectual property and violation of copyright) and as well in The Code



of Conducts” of the Company. (Details are as shown under the topic: Corporate Governance/ Category No.5 Responsibilities of the Board of Directors/ The Code of Conducts/ no.6) Confidentiality and information of the company)

## **Corruption and Bribery**

### Anti-Corruption Policy

The company took it as very important issue and stipulated about such matter in “The Code of Conducts” of the company in no.5 Gift and Reward that “Directors and employees must not offer to give or give any property to public official or any other person in similar position which may cause undue benefit to the company and must not give any property to any person who promises to give it to the public official for omission to undertake lawful act” for instance.

During the fiscal year, the company had established the “Anti-Corruption and Anti-Bribery Policies” and it was approved by The Board of Directors on February 7, 2014.

### Monitoring and Control for the prevention and follow-up of the risk about the corruption

The company had clearly stipulated about such matter in “The Code of Conducts” and distributed it to all level of employees for their compliance.

### Whistle Blowing

The Board of Directors prioritize the rights of all stakeholders of the company. Therefore, the company has prepared and developed the whistle blowing policy in order to find out the channels and procedures for directors, executives, employees, and all stakeholders who have seen or reported corruption, bribery, corruption as well as abusive actions, illegal, failure to comply with the company’s regulation, failure to comply with the company’s policy, unethical act, misconduct or any action that could cause damage to the company. Please contact for any suggestion or report such wrongful acts or complaint including any comment in relation to such wrongful acts to improve or correct it to be line with the accuracy and transparency. The whistle blowing policy has determine the details necessary to guide all employees as well as all stakeholders of the company.

### Communication Channel between Shareholders/Stakeholders to the Company

Other than policy and treatment of the company to all stakeholders, the company provides communication channel for all stakeholders to contact/file a complaint via the senior managements in order to consider and conclude any matters and to propose to the Board of Directors’ consideration as follows:

- Mr. Prasit Kanchanasakdichai                      Chief Executive Officer

Email address: [horypresident@yahoo.com](mailto:horypresident@yahoo.com)

- Mr. Apichat Laksanasirisak                      Managing Director

Email address: [apichat@tiw.co.th](mailto:apichat@tiw.co.th)



#### **Category No. 4 Disclosure of Information and transparency**

The company discloses information and releases of the company both financial and non-financial via the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) so that the shareholders, investors and any other persons are able to access to information of the company accurately, completely, timely and in an equal manner.

The company discloses detailed information in the Annual Updated Information (Form 56-1) and the Annual Report (Form 56-2) in compliance with the rules of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) which includes shareholding structure demonstrating major shareholders and ultimate shareholders, shareholding of directors and executives, financial condition and result of operation, business operation and competition, risks associated with business operation of the company, background of directors and executives stating details of independence directors, policy and remuneration of directors and executives, meeting attendance in the past year, disclosure of related party transaction and the most recent financial statement and those of the past two years.

The company provides channel for the shareholders and investors to contact and make inquiry in relation to the company through the corporate secretary who acts as “Investors’ Relations Officer” having responsibility to insure that the company has disclosed material information accurately, timely and transparently and as the company’s representative in communicating to institutional investors, shareholders, analyst and relevant governmental authority.

Both shareholders of the company and general investors could contact to the Investor Relations Unit via email: [info@tiw.co.th](mailto:info@tiw.co.th) or by phone number 02-425-0011 or by mail under the company’s address.

#### **Category No. 5 Responsibilities of the Board of Directors, Structure and its Sub-committee**

##### **Mission and Vision of the Company**

The Board of Directors of the Company took part in the setting up of the company mission and vision so that the management and employees aim to the same direction. The management usually communicated to employees both in vertical and horizontal line of command through a meeting session in order to let all concerned person acknowledge and understand their duties and responsibilities and realized the expectation of the company. Meanwhile, the company would get employees comments and suggestion and created mutual understanding amongst the company and employees. Information would be conveyed to employees through circulations, memorandum and guidance etc.

##### **Duties and Responsibilities of The Board of Directors**

The duties and responsibilities of The Board of Directors of the Company were stipulated under the topic: Management / Management Structure/ Power and the Authorization of the Board of Directors of the company/ Power and the Authorization of the Audit Committee



### **The Quorum of the Board of Directors**

The Board of Directors' meeting shall be attended by not less than one-half of all the directors in order to constitute a quorum.

In the event the chairman is not present or is unable to discharge his duties, vice-chairman, if any, shall serve as a chairman. If there is no vice-chairman or such vice-chairman is unable to discharge his duties, the directors present shall elect one of their members to be the chairman.

### **The Code of Conducts**

With respect to compliance with principle of good corporate governance, the company prepares Code of Conducts in writing as clear guidelines for every active directors and employees to meet expectation of the company and shareholders. The Code of Conducts contains 12 key principles as follows:

#### **1) Compliance with law in paying respect to right of privacy**

Directors and employees must comply with law, custom and tradition either that of domestic of the country assigned to perform their duty and must not join or involve with harmful act or cause disturbance to any person with differences in color, racial, gender, religious, age and maturity for instance.

#### **2) Workplace environment**

Employees must act and perform the duty with due care and responsible in the workplace with a view to safety therein and must not use impolite words, for instance.

#### **3) Compliance with the Anti-Monopoly Act and Trade Competition Act**

Directors and employees must not join competitor of the company to monopolize the price of product which affects supply in the market and must not cause damage to or conflict with trading partner of the company, for instance.

#### **4) Having interest which may conflict with the company's benefit**

Directors and employees must inform their superior of any transaction which may cause the company to lose benefit and must not use any property of the company for personal benefit as well as not undertake any personal business prior to approval of the Board of Directors, for instance.

#### **5) Gift**

Directors and employees must not offer to give or give any property to public official or any other person in similar position which may cause undue benefit to the company and must not give any property to any person who promises to give it to the public official for omission to undertake lawful act, for instance.

#### **6) Confidentiality and information of the company**

Directors and employees must keep confidential the company's trade secret and inside information which should not be disclosed to any person and must not do anything in violation to copyright or patent, for instance.

#### **7) Financial statement**



Directors and employees must perform their duty for accurate and complete financial statement within reasonable period of time as well as avoiding any act which is likely to cause such financial statement inaccurate. Besides, they must not act jointly with debtors or creditors for the purpose of unreasonably high or low debt collection, for instance.

#### **8) Mutual Cooperation**

Directors and employees must use their effort to create good relationship between the company and all relevant parties during the course of duty.

#### **9) Prevention of health and safety in property and environment**

Directors and employees must comply with law on preservation of environment and the company must take into account preservation of environment in conducting any activity, for instance.

#### **10) Treatment to anti-socialist**

Directors and employees must not provide financial support or participate in any group with anti-socialists, for instance.

#### **11) Sale and marketing**

Directors and employees must treat customers and trading partners equally and legally and must not promise to give or give anything with unreasonably high value or accept any treatment with a view to gaining of unlawful benefit, for instance.

#### **12) Political activities**

Directors and employees must avoid participation in politics by using the company's name and must not use any company's property to support any political activities.

### **Guideline for the encouragement and compliance of employees to The Code of Conducts**

The company had arranged a specific in-house training for employees under the topic "Importance and Necessity of the compliance with the Code of Conducts and relevant Rules and Regulations of the Company". After the training, follow-up of the result and the compliance of employees was made.

Moreover, a handbook of "The Code of Conducts" had been distributed to each of employees for their reference and compliance with.

### **Structure of the Board of Directors**

As prescribed in the Articles of Association, the company's Board of Directors shall comprise of at least 5 directors. However, the Board of Directors as at the end of March 31, 2016 consists of 7 directors of which compose of 5 non-executive directors (including with 3 independent directors) and 2 executive directors. Three (3) independent directors of the company are all qualified under the definition of the independent director stipulated by the Securities and Exchange Commission (SEC). (Details are as shown under the topic "Qualification of the company's independent directors")



To determine clear duties and responsibilities of the Board of Directors, the company has stipulated it in **Clause nos. 25 - 32 of the Articles of Association of the Company.**

**During the year, there was a meeting amongst non-executive directors which was excluding of executive directors** in order to discuss matters in which would be beneficial to the company's operations.

**Policy pertaining to the number of listed company that a director could hold a directorship at a time**

The company has prescribed and informed to each new director upon their officially be a director of the company pertained number of listed company that a director can hold a directorship at a time. In addition, each new director will be receiving handbook for directors such as Principle of directors of listed company, Good Corporate Governance etc. In this connection, the prescription about Good Corporate Governance that the company has taken into actions is in line with that as recommended by the regulators. (Details are as shown under the topic "Power and the Authorization of the Board of Directors of the Company/ Qualifications of Directors/ no.4 "Holding of directorship of listed company at not more than 5 listed companies at a time")

**Policy pertaining to the holding of a directorship in other company of the President**

It is a prohibition as prescribed in the "Good Corporate Governance" of the company.

**Policy pertaining number of consecutive terms in office of independent directors**

Business of the company is the manufacturer of the products of which require a continual monitoring and management. Since the independent directors of the company are all knowledgeable, ethical and had been fully contributing their experience to the company from the beginning, the term in office of the independent directors are not prescribed.

**An orientation of new director**

All necessary handbooks for directors are handed over to new directors at the first possible occasion. Such handbooks are Principle of Good Corporate Governance of Listed Companies, Articles of Association of the company, the Code of Ethics for directors and employees, Good Corporate Governance of the company etc.

**Board Self-Assessment on annual basis**

The company procures to have the self-assessment of the Board of Directors and 2 sub-committees in order for each of director to consider its performance and matters during the past year to ensure the efficiency.



The self-assessment form has been prepared by using the guideline of the SET and has been customized to in line with the business of the company and in accordance with the performance pursuant to the charter of which the result of such self-assessment shall be as follows:

Score	Level
4	Excellent
3-3.99	Good
2.-2.99	Average
1-1.99	Fair
0-0.99	Below average

**The self-assessment of the Board of Directors** is procured to have the self-assessment for each of director. The result of such self-assessment of each of director and the board of director are as follows:

<b>The Self-Assessment of Each of Director</b>	<b>The Self-Assessment of the Board of Directors</b>
Consideration by 1) Qualifications of director 2) Roles and responsibilities of director 3) Performances of director 4) Self-development of director and management	Consideration by 1) Structure and qualification of the Board of Directors 2) Roles and responsibilities of the Board of Directors 3) Board of Directors' meeting 4) Relationship with the management's team 5) Self-development of director and management
The result of the assessment of each of director is average at 3.69 of 4 which is at good level	The result of the assessment of the Board of Director is average at 3.12 of 4 which is at good level

**The self-assessment of the 2 sub-committees** which is the Audit Committee and Risk Management Committee of which it will be considered by

- |                                 |  |
|---------------------------------|--|
| 1) Structure and qualifications | 4) Performances                        |
| 2) Roles and responsibilities   | 5) Relationship with management's team |
| 3) Meetings                     | 6) Self-development                    |

The result of the 2 sub-committees' performance during the accounting period from 1 April 2016 to 31 March 2016.

<b>Sub-committee</b>	<b>The result of assessment of sub-committee' performance</b>
1. Audit Committee	Average at 3.97 of 4 which is at good level
2. Risk Management Committee	Average at 2.33 of 4 which is at average level



### **Disclosure of trading of share and holding of the share of the Company**

Directors of the Company shall report of the change in share holding status to the Company. In this regards, the corporate secretary of the company shall collect the report of the change from each of directors and report to the Board of Directors in every of the meeting regardless there is a change or not (as set out in Section 7 and Sub-section 7.1 of the Board of Directors and Attachment 1 regarding the director, management, controlling person and company secretary).

### **Connected Transaction Policy**

The company has been strictly carrying out the matter in compliance with the regulations issued by relevant regulators.

### **Sub-Committee**

The company has the Audit Committee and Risk Management Committee as its sub-committee. The company has no any other sub-committee such as the Remuneration Committee, Nomination Committee and Corporate Governance Committee.

### **Development of Directors and Executives**

The company supports every director to attend development and/or refreshment program facilitated by the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) and the Institute of Directors (IOD), for instance.

### **Succession Plan**

To order to prepare the human resource that has appropriate qualifications, knowledges and sufficient abilities for the replacement of management and senior management if there have the resignation, retirement, rotation or failure to perform of management in any cases and to ensure that the performance of such position has been smoothly continue and to reduce the risk of non-successor, the Board of Directors determines the succession plan by considering of the performance and ability of each person.

Employee performance appraisals (KPIs) are also used to assess employee performance in line with the company's core performance indicators. Employees recognize the importance of their self-defined goals. The goal will be used as a basis for evaluation. This evaluation will affect the return on investment and the progressive planning in the next section.

However, the company has prepared for the development of knowledge and skills required by the position to keep the business running continuously. And it can provide the right employees to replace vacant positions in a short time.



### **The Board of Directors' Meeting**

The company determines the Board of Directors' meeting in advance and regularly to allow every director and executive to be available for attending of the meeting.

Longer than 7 days prior to the date of the meeting, the company distributes notice calling for the meeting to all directors together with supporting documents.

When consideration the matters presented to the Board, the Chairman of the Board of Directors presides over and duly conducts the meeting. Resolutions are passed with a majority vote, providing that one director is eligible for one vote. The director with any interest in the issue under consideration or the director ineligible to vote is excused and to be absent during voting. In case of a tie vote, the Chairman of the meeting will vote and give the binding result.

The company appoints **a corporate secretary** to be responsible for arranging of activities of the Board of Directors, recording minutes and keeping documents relating to the meeting in the manner that those documents are accurate and complete and that the minutes contains complete information in materiality and is prepared within reasonable period of time and with appropriate safekeeping. The minutes must then be approved at the following Board of Directors' meeting, where the directors may make comments, corrections, or additions to ensure the greatest accuracy and completeness.

### **Policies pertaining to the combination of Directors of the Company**

Presently, there is not any written policy on the matter. However, the company practically invited directors from variety of profession and experience. The Company believed that under the combination of experience obtained by all directors shall efficiently manage the company for a sustainable growth.

### **Internal Information Control**

The company transparently follows the regulations covering conflict of interest in a strict, comprehensive and fair manner. Any connected transaction must be considered carefully, openly and in a timely manner to protect the overall interests of the company.

The company has prescribed guidance for the treatment of internal information in the Code of Conducts. (Details are as shown under the topic "Corporate Governance Policy, Category No. 5 Responsibilities of the Board of Directors, Structure and its Sub-committee, 6) Confidentiality and information of the company")

### **Risk Management Policy and Risk Management System**

The Company manages the risks that will affect its business by appointing a Risk Management Committee to act and be responsible for the prevention and ensure effective risk management including significant risk considerations. There are also plan to continue monitoring, evaluating, and improving that to reduce the level of risk to be an acceptable level.



### **Internal Control and Internal Audit**

The company defines and develops an efficient and effective internal controls system according to international standards in term of internal environment, risk assessment, control practices, information technology and communication systems and continuous monitoring and assessment. The organizational structure is created to serve a business operation with segregation of duties and responsibilities of management and staffs, a written Code of Conducts, an operation manual and procedures suitable to each of business process, an efficient and up-to-date computer system, for instance.

The company has internal audit function reporting to the Audit Committee and performing duties to review and audit the company's operation in compliance with annual audit plan of the company of which prepared in line with the company annual objectives. The internal audit report is regularly submitted to the Audit Committee every quarter for their consideration.

### **Appointment of the Audit Committee**

The company appointed a sub-committee namely **the Audit Committee** of which consists of 3 independent directors and determined **“The Charter of the Audit Committee”** in writing where scope of duties and responsibilities and relevant matters to the Audit Committee are clearly prescribed. (Details are as shown under the topic “Management Structure/ Organization Chart as of March 31, 2015/ Power and the Authorization of the Board of Directors of the Company/ Power and the Authorization of the Audit Committee of the company”)

### **Fiduciary Duty Policy**

Every director shall bear the fiduciary duties of overseeing the management of the company that it operates in the best interests of the shareholders, for whom the director is responsible. After all, it is the shareholders who own the capital invested in the company and they appointed the board of directors. There are 4 principle fiduciary duties to which directors must perform, namely:

1) Duty of care: As a company director, any activity that the director perform or decision that the director make shall be deemed adequately fulfilling the fiduciary duty of care when such activity or decision meets the following criteria:

- Being fully informed or relevant facts and figures that are credible;
- Exercise with such a reasonably sound judgment that could be expected of from a good company director who is in such a situation;
- Executed with care and diligence.

2) Duty of Loyalty: The fiduciary duty of loyalty for company directors is to carry out their responsibilities earnestly and honestly for the benefit of the company, with no regard to self-serving gains. These include such criteria as follows:

- Work done in good faith for the best interest of the company;
- Work done with proper purpose;
- No conflict of interests, either directly or indirectly;



- No misuse of information

3) Duty of Obedience: It is the duty of a company director to oversee the operating of the company's businesses to abide by rules and regulations whether they are enacted by the authority or by the company's internally, that is;

- To comply with laws, within the scope of the company's stated objectives, and in accordance with its by-laws;
- In accordance with the resolutions of the board of directors, and the shareholders meeting;
- To comply with the company's rules, regulations, and policy guidelines issues by the board of directors.

4) Duty of disclosure: The main objective of the fiduciary duty of disclosure is to provide shareholders with adequate information for making their decisions. There are two categories of decision at stake here: decisions on investment or following up on the outcome of their investment, and ones dealing with exercising their voting rights at shareholders meetings. The board of directors has the fiduciary duty to ensure that:

- The company information is disclosed properly, completely, adequately, truthfully, and not misleading or concealing essential information that should have been disclosed.
- The information is up-to-date and timely.
- The disclosure channel can be easily and equally accessed.



## 8.2 Sub-Committee

### 8.2.1 Structure of the Board of Directors

The company is comprised of 3 committees as followings:-

1. The Board of Directors
2. The Audit Committee
3. The Risk Management Committee

#### 1) The Board of Directors

As of 31 March 2017, the Board of Directors consists of 7 directors as follows:

- |                  |                   |                                |
|------------------|-------------------|--------------------------------|
| 1. Dr. Prasit    | Kanchanasakdichai | Chairman / Authorized Director |
| 2. Miss Naratip  | Tabtieng          | Independent Director           |
| 3. Mr. Chokechai | Srisrawekkanjana  | Director                       |
| 4. Mr. Sumate    | Khancharoensuk    | Independent Director           |
| 5. Mrs. Jitra    | Woramaneejinda    | Director / Authorized Director |
| 6. Mr. Surachai  | Pirmsinthavee     | Independent Director           |
| 7. Mr. Apichat   | Laksanasirisak    | Director / Authorized Director |

#### The authorized signatory of the company

Dr. Prasit Kanchanasakdichai and Mrs. Jitra Woramaneejinda or Dr. Prasit Kanchanasakdichai and Mr. Apichat Laksanasirisak jointly sign with the company seal be affixed.

#### Power and the Authorization of the Board of Directors of the company

The Board of Directors of the company is comprised of 7 directors and 2 vacant post. Regarding to the Annual General Meeting of Shareholders of each year, one-third of total number of the board members who possessed longest year in office should be retired by rotation, hence, **term in office of each of board member is 2-3 years.** Power and the Authorization of the Board of Directors of the company are

1. The Board of Directors shall perform their duties and carry on the businesses of the Company in accordance with the laws, the Company's Objectives and the Articles of Association as well as the resolutions of the shareholders' meeting, and shall also be authorized to carry on any activities as prescribed in the Memorandum or those related thereto.
2. The Board of Directors may assign one or more person to carry on any activities on behalf of the Board of Directors.
3. The authorized signatories of the company shall be any two directors signing their names together with the Company's seal. The Board of Directors is entitled to appoint the authorized signatories of the Company.
4. The Board of Directors may appoint any director or any other person to be a general manager of other positions as deemed fit to exercise the Company's business under the control of the Board of Directors.



5. Directors shall immediately notify the Company, in case of having any interest in any contract entered into by the Company, directly or indirectly, or increasing or decreasing amount of shares or debentures held in the Company or its subsidiaries.
6. No director shall operate any business which has the same nature as and is in competition with the business of the Company or become a partner in an ordinary partnership or become a partner with unlimited liability in a limited partnership or become a director of any private or other companies operating business which has the same natures as and is in competition with the business of the Company, unless he or she notifies the shareholders meeting prior to the resolution is adopted for his or her appointment.
7. Subject to the provisions of public company law, the Board of Directors shall have the authority to sell or to mortgage any real property of the Company or to lease any real property for a period of more than three years or to give, the compromise, to file a complaint, or to proceed with any dispute by means of arbitration.
8. As prescribed by relevant laws, regulations and rules of the company, issues that shall be approved by The Board of Directors are matters regarding to the shareholders' meeting, directors and financial statement for instance.

### **Qualification of Directors**

The Director shall be elected by the shareholders' meeting with the procedures and rules as specified in the Articles of Association of the company. (Details are as shown under the topic "Nominations of Directors and Executives Officers / Nominating Procedures"). Qualifications of company's director are as follows:-

1. Having the qualification according to the Public Company Act, Securities and Exchange Act and the Good Corporate Governance of the Company.
2. Being knowledgeable, capable, independent, dedicated, and healthy mentally and physically, be of suitable age and be able to perform Director's duties with care and loyalty. He/she should attend the Directors' meeting regularly, study meeting agendas in advance, and productively participate in the meeting in a straightforward manner.
3. Obtaining of knowledge pertaining to the industry, accounting & finance, business judgment, managerial skill, international trades and markets, business strategy, crisis management, corporate governance and laws.
4. Holding of directorship of listed company at not more than 5 listed companies at a time.
5. Not required to be shareholders of the company
6. No director shall operate any business which has the same nature as and is in competition with the business of the company or become a partner in an ordinary partnership or become a partner with unlimited liability in a limited partnership or become a director of any private or other companies operating business which has the same natures as and is in competition with



the business of the Company, unless he or she notifies the shareholders meeting prior to the resolution is adopted for his or her appointment.

## **2) Audit Committee**

The Audit Committee of the company as of 31 March 2017 consists of the independent director of 3 persons which is in accordance with the regulation of the Capital Market Supervisory Board under the Notification no. ThorJor. 4/2552 dated 20 February 2009 which determine the company to has the independent director of at least one-third of the total of Board of Directors and shall not less than 3 persons. The name of the Audit Committee as follows:

- |                 |                |                                 |
|-----------------|----------------|---------------------------------|
| 1. Miss Naratip | Tabtieng       | Chairman of the Audit Committee |
| 2. Mr. Sumate   | Khancharoensuk | Member of the Audit Committee   |
| 3. Mr. Surachai | Pirmsinthavee  | Member of the Audit Committee   |

## **Power and the Authorization of the Audit Committee of the company**

The Audit Committee is a sub-committee of the Board of Directors of the company of which is established to perform, supervise and manage their duties and responsibilities in compliance with the standard concerning the transparency as well as to review the reliable financial report system which shall benefit to the investors and all concerned parties and to comply with all regulations stipulated by the Stock Exchange of Thailand, the Securities and Exchange Commission and the other relevant laws. The Board of Directors of the company prescribes herewith the **Charter of the Audit Committee** as follows:-

### **Section 1 Qualification of the Audit Committee's Members**

1. The Board of Directors shall approve the appointment of members of the Audit Committee from the existing 3 directors of the company. Qualifications of members of the Audit Committee are as follows:-

1.1 Holding of the company's shares at not exceeding 1% of the issued and paid-up shares of the company

1.2 Be an independent director and have never been an authorized signatory of the company, parent company, subsidiary company within two years prior to being an independent director

1.3 Having adequate knowledge and experience to perform their duties and responsibilities as the Audit Committee and at least one Audit Committee Member must have adequate knowledge and experience to perform his/her duty in verifying the reliability of the financial statement

1.4 Never have had a relationship, directly or indirectly, with finance or management of the company or a major shareholder of the company except the prudent consideration is made by the Company's Board of Directors in agreeing that having been interested persons would not have the effects against their performances and their independent expression of opinion

1.5 Being able to perform their duties and responsibilities, expressing of their opinions or report the performance of their duties as assigned by the Board of Directors of the company without



being influenced under the control of the company's executives or major shareholders, including with the concerned persons or closed relatives of such persons

2. The Audit Committee shall elect one member of the Audit Committee to act as the Chairperson of the Audit Committee.
3. Term in office of each of Audit Committee Member is a three (3) years period. The retired audit committee members may be reelected to hold the office for another term.
4. Any member of the Audit Committee wishes to resign from the post before the completion of the term shall notify to the Board of Directors their intention and reason of the resignation in writing for at least 30 days prior to the effective date.
5. The Board of Directors shall appoint a new member of Audit Committee as replacement to the resigned committee member within 3 months counting from the effective date as stipulate in the resignation letter.

## **Section 2     The Scope of Duties and Responsibilities of the Audit Committee**

1. To review the sufficiency, credibility and objectivity of the financial reporting by coordinating with the external auditors and management responsible for preparing the quarterly and yearly financial reports. The audit committee may suggest issues or matters to be included for review or audit by the external auditors during its audit of the company.
2. To review the adequacy and effectiveness of internal control system and internal audit functions by coordinating with the external auditors and internal auditors and to observe the independence of the internal audit unit, as well as to approve the appointment, transfer and dismissal of the head of the internal audit unit or any other units responsible for the internal audit.
3. To review the risk assessment and risk management system to oversee that they are appropriate, adequate and efficient.
4. To review compliance with the Securities and Exchange Acts, Regulations of the Stock Exchange of Thailand and any other relevant law.
5. To recommend to the Board of Directors the independent auditors to be nominated for shareholders' approval to audit the financial reports of the company together with their audit fee and to review with the external auditors the objectivity of the audit, responsibility and auditing procedures of the external auditors including problems found during the audit as well as significant issues that the external auditors interpret that they may have material impact to the company financial reports and to attend a meeting with the external auditor without the presence of the management at least once a year.
6. To review the connected transactions or transactions that may have conflict of interest and to oversee that they are accurately, completely and timely disclosed in order to ensure that such transactions are appropriate and most beneficial to the company.
7. To issue a Report of Audit Committee and be included in the company's annual report and the report must be signed by the Audit Committee Chairperson and must at least contain the following information:-



- 7.1 Opinions concerning the correctness, completeness and trustworthiness of the financial reports of the company
  - 7.2 Opinions concerning the adequacy of the Company's internal control system
  - 7.3 Opinions concerning the Company's compliance with the law and regulations of the Securities and Exchange and regulations of the Stock Exchange of Thailand, or any relevant laws
  - 7.4 Opinions concerning the appropriateness of the external auditor
  - 7.5 Opinions concerning the transactions that may involve conflict of interest
  - 7.6 Number of the Audit Committee's Meeting and attendance record of each of the Audit Committee Members
  - 7.7 Opinions or overall observation that the Audit Committee has received by performing its duties in accordance with the Charter of the Audit Committee
  - 7.8 Other transactions assigned by the company's Board of Directors that should be acknowledged by shareholders and investors.
8. To perform other activities as assigned by the Company's Board of Directors with consent from the Audit Committee. In carrying out the assignment, the Audit Committee is responsible to the Board of Directors and the Board of Directors will still have to be responsible to the performances to the public.

### **Section 3 The Audit Committee Meeting**

- 1. The Audit Committee shall convene for the regular meeting for the consideration of the financial statements and other matters on quarterly basis or the Chairperson of the Audit Committee is required to call for the irregular meeting to consider any emergency, significant matters as deem appropriate.
- 2. The Audit Committee may invite the Company's directors, executives, internal auditor to join the meeting on any specific matters.
- 3. The Chairperson of the Audit Committee is required to report the result of the meeting and the committee's performances to the Board of Directors for their acknowledgement or approval as the case may be.
- 4. The interested Audit Committee member on any matter shall be prohibited from expressing the opinions and voting for the resolution on the matter under consideration of the meeting.

### **Section 4 General Prescription**

- 1. Any act or omission on any matter which should be carried out in the ordinary course of business of the Company, but which is not expressly provided for in the Charter, shall be carried out in good faith taking into account the spirit of the Charter of the Audit Committee.
- 2. Amendment of this Charter shall be solely made by the Board of Directors of the Company.



### **3) Risk Management Committee**

The Risk Management Committee consists of Mr. Apichat Laksanasirisak, director and managing director acts as the Chairman of Risk Management Committee and the representative of the main business unit of the company or business unit which owns the risk i.e. accounting and finance, procurement, human resource, factory and manufacture which consists of 4 persons and has secretary of the Risk Management Committee to has the responsibility on the meeting.

#### **The Roles and Responsibilities of the Risk Management Committee**

1. To review the company's overall risk management policies and guidelines. It covers major risks such as financial risk, marketing risk, production risk, etc. to present to the Board of Directors for approval.
2. To supervise and follow the implementation of the risk management policy under the guidelines and policies approved by the Board of Directors.
3. To provide guidance on monitoring and evaluation of risk management to the Risk Management Committee for consideration.
4. To consider the corporate risk management report and to comment on the potential risks include guidelines for the establishment of control measures or mitigation and development of enterprise risk management to be effective continuously.
5. To review the adequacy of risk management policies and systems including the effectiveness of the system and compliance with the policy.
6. To report to the Board of Directors regarding the company's operational management and risk status and changes including what needs to be done to improve it to meet the policies and strategies set.
7. Risk Management Committee shall be convened at least once a quarter.



## **8.3 Selection and Nomination of Directors and Executives**

### **(1) Independent Director**

Criteria and Procedures in the selection of independent director

#### Qualification of the company's independent directors

Qualifications of the company's independent directors are in accordance with the Notification of the Capital Market Supervisory Board ThorChor. 4/2552 dated 20<sup>th</sup> February 2009 as follows:

- (a) Holding shares not exceeding one percent of total number of shares with voting right in the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company, providing that shares held by related person of each independent director shall be included;
- (b) Not being or has been a director with management function, employee, worker, permanent advisor or controlling person of the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company except where such characteristics unless having vacated from such position at least for two years;
- (c) Not being a person with family relationship either by birth or by legal registration as parent, spouse, siblings and child including spouse of child, executive, major shareholder, controlling person or person to be proposed as executive or controlling person of the company or subsidiary company;
- (d) Not having or had business relationship with the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company in a manner that may obstruct exercise of independent discretion and is not or has been a significant shareholders or controlling person of the person having business relationship with the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company unless having refrained from such relationship at least for two years;

The business relationship in accordance with the first paragraph shall include commercial transaction in ordinary course of business, rent or lease of real property, transaction relating to assets or service or grant or accept grant of financial assistance by means of accepting, grant of loan, guarantee, giving assets as collateral for indebtedness and any other similar behavior which causes the company or the party to perform the obligation to the other, the value of which is at least three percent or tangible assets of the company or twenty million baht., whichever is lower. Calculation of such obligation shall be in accordance with calculation of related party transaction under the Notification of the Capital Market Supervisory Board concerning criteria for engagement in related party transaction, mutatis mutandis, providing that all obligations incurred during one year prior to the date on which the business relationship with the same person occurs shall be included.

- (e) Not being or was an auditor of the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company and not being a significant shareholder, controlling person or partner of any audit firm for which auditor of the company, parent



company, subsidiary company, affiliate company, major shareholder or controlling person of the company works unless having refrained from such service at least for two years;

(f) Not being or was a provider of an professional service including service of legal advisor or financial advisor with professional fee exceeding two million baht from the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company and not being a significant shareholder, controlling person or partner of such service provider unless having refrained from such service at least for two years;

(g) Not being a director appointed as a representative of the company, major shareholder or any shareholder that is a related person of the major shareholder;

(h) Not undertaking any business with similar nature and competing with the business of the company or subsidiary company or not being significant partner in a partnership or a director with management function, employee, worker, permanent advisor or holding shares exceeding one percent of total number of shares with voting right of other company with similar nature and competing with the business of the company or subsidiary company;

(i) Not having any other characteristics obstructing independent opinion on the company's operation.

#### Independent Director Selection Process

1. The Board of Directors shall propose the name list of potential candidates through considerations of those deemed professionally recognized and qualified.

2. The Board of Directors shall further consider the qualifications of those potential candidates in order to ensure compliance with regulations stipulated by the Securities and Exchange Commission and the Stock Exchange of Thailand.

3. The Board of Directors shall ensure that those potential candidates are able to devote their time sufficiently to maintain the Company's good corporate governance, transparency and equitable treatment for minority shareholders.

4. The Board of Directors shall invite any qualified candidate deemed appropriate to join the Board and act as an independent director.

The Independent Directors of the company as of 31 March 2017 as follows:

Name	Date of Appointment as the Independent Director	Year (Date of Appointment to 31 March 2017)
1. Miss Naratip Tabtieng	24 July 2015	1 year 8 months
2. Mr. Sumate Khancharoensuk	10 February 2016	1 year 1 month
3. Mr. Surachai Pirmsinthavee	3 October 2016	6 month



## **(2) Nomination of Directors and Executives Officers**

### Nominating Procedures:

The shareholders of the company will select and appoint the directors and executive officers because the company does **not have a nominating committee**.

Criteria and procedures on election of directors are as follows:-

- 1) each shareholder has one vote for one share;
- 2) each shareholder must exercise all votes in (1) to select one or more persons as the director(s) provided that, such votes cannot be devisable;
- 3) candidate will be ranked in order descending from the one with the highest number to the lowest number of votes until the positions to be elected are filled. Where the votes are tied, which otherwise causes the number of directors to be exceeded, the Chairperson of the shareholder meeting will cast the vote.

### Qualification of Director

Details are as shown under the topic “Organization Chart as of March 31, 2015 / Power and the Authorization of the Committee of the company / Qualification of Director”.

### Qualification of Independent Director

Details are as shown under the topic “Criteria for Nomination of Independent Directors that qualifications of the company’s independent directors are in accordance with the Notification of the Capital Market Supervisory Board ThorChor. 4/2552 dated 20<sup>th</sup> February 2009”.

### Number of directors nominated by major shareholders as of March 31, 2016

1 director

Granting of the opportunity to minority shareholders to nominate their candidate for an election as director

The company had prescribed a criteria and procedures in order to provide an opportunity for the shareholders to propose their agenda for the Shareholders’ Meeting including an opportunity to nominate candidates for an election as director of the company. Specific period of time had been set forth and announced to the public. Qualifications of shareholders who would be entitled to propose agenda and/or nominate their candidate are that individual or a group of shareholders holding of the company shares of not less than 1% of the company paid-up shares and such shareholders should have been holding those shares for at least 1 year by the date the shareholder propose the agenda or nominate of candidate. In this regards, an appointment of director should be made in compliance with the prescription as shown in the company’s Articles of Association.

Details of such matter are as posted on the company’s website.



## **8.4 Monitoring of the Operation of Subsidiary Companies and Affiliated Companies**

-NIL-

## **8.5 Monitoring of use of the Inside Information**

Policy and procedures in monitoring directors or executives on the following issues:-

1) Use of inside information for personal benefit

As stated under the topic “Corporate Governance / Category No. 5 Responsibilities of the Board of Directors, Structure and its Sub-committee / Internal Information Control and Internal Control and Internal Audit”

2) Trading of the company’s share within 1 month prior to the disclosure of financial statements to the public

Finance and Accounting Department was responsible for the information and co-ordinate with the Investor Relations Division closely. The division was responsible for the monitoring of the trading in the capital market on daily basis in order to verify any unusual trading of the share.

Inside Information of the company had been efficiently controlled; therefore no leakage of information occurred.

Policy pertaining to the protection of Intellectual property and violation of copyright

1) Protection of Inside Information policy was prescribed in the Code of Conduct of the company under the topic “Corporate Governance / Category No. 5 Responsibilities of the Board of Directors, Structure and its Sub-committee / Code of Conducts, no. (6) Confidentiality and information of the company” which prescribed that directors and employees of the company should keep confidential for the business information and inside information of the company of which should not disclose to any person including not to violate the copyright or intellectual property of others etc.

2) Moreover, the company also prescribed about the protection of the violation on intellectual property and copyright in the Code of Ethics of employees of which clearly stated that employees should not violate to the intellectual property of any third party including not to make a copy of computer software prior to the permission of such third party.

Punishment

As prescribed clearly in the Code of Conduct of the company that a punishment as per stated in the existing work regulation for employees or in related regulations would be given to employees who against to the regulations.



## **8.6 Audit Fee**

### **1) Audit Fee**

The Company paid audit fee to:

- Auditing firm where external auditors are attached to, individual or entity related to external auditors and auditing firm during the latest fiscal year at a total amount of Baht -1,750,000.00- (One Million Seven Hundred Fifty Thousand Baht only)

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

Approximately Baht 48,347.00 (Forty Eight Thousand Three Hundred and Forty Seven Baht only)

## **8.7 Compliance with Corporate Governance in other aspects**

The Company always adheres to corporate governance principles in accordance with international standards and rules promulgated by The Stock Exchange of Thailand (SET). The rules categorize the principles into 5 chapters as shown under item 8.1. In addition, the Company has announced “The Code of Conducts” as practice guidelines leading to transparency, fairness and sustainable development of the Company.



## **9. Corporate Social Responsibilities**

### **9.1 Overview Policies**

#### **(1) Operating Business with Fairness**

The Company has undertaken business operation based on fair and transparent competition with suppliers and all stakeholders as well as fair and equitable treatment to all suppliers.

At present, businesses of production and distribution of galvanized iron sheet and metal sheet have faced dumping practices from imported products with overall quality lower than the products manufactured in the Company's production lines. During the past couple of years, price competition has been even fiercer while the Company has no other options but enter the competition to maintain the market share.

On purchasing side, the Company cautiously considers to purchase from suppliers or manufacturers with trustworthy standard and proper competition practices in order to avoid or lessen possible negative impact to the practices of fair business operations of the Company and suppliers.

The Company has determined fair business operation which extends to prevention from involving in or obstructing competition, proper purchasing practices promoting fair price with adequate delivery schedule and fair contract to suppliers and avoiding breach of intellectual property; purchase of licensed products (in cases where copyright or patent applies).

#### **(2) Anti-corruption**

On 7<sup>th</sup> February 2014, the Company's board of directors meeting No.1/2557 approved "Anti-corruption and Anti-Bribery Policies" to apply as a guideline in connection with "The Code of Conducts". The Policy preliminary specifies principles on anti-corruption and bribery that support all staffs, senior management and all suppliers to report on fraud and/or bribery by setting communication channel for whistle blowing on fraud or breach of laws, regulations and the Company's by-law to proper authorities. The Anti-corruption and Anti-Bribery Policies" also covers whistleblower protection and sanctions to be imposed on the wrongdoers.

In the procedures for daily business operation, supervisors in all level train all subordinates emphasis on the honesty and awareness of compliance with all rules, regulations, prescriptions and business ethics. In this connection, each of employees shall receive a copy of "The Code of Conducts" so that individual person shall read and understand the background and intention of the compliance and eventually translate it to a proper action.



Moreover, the company has assigned the internal audit unit to carry out the fraud inspection so as to assure that the set-forth procedures are adequate for a prevention of fraud and to be able to detect once the fraud is committed by any related parties.

The company also provides channels for all stakeholders to contact / give feedback /report clues, offenses or direct complaints to management to summarize the issues and propose to the Board of Directors for consideration (as detailed in Section 9.1, Section 3, Roles of Stakeholders).

### **(3) Respect for Human Rights**

The Company has stipulated principles of respect for human rights in “The Code of Conducts” such as non-discrimination practices in respects of race, youths, women and disables.

The Company complies and supports equitable treatment to all levels of employees and stakeholders with internal communication from management to employees and suppliers. Moreover, channels for filing of complaints are also set up in cases where any breach has been or is believed to occur.

### **(4) Fair and Equitable Treatment in Workplace**

The Company respects for right and freedom of the employees in founding “Labour Union” where there have been negotiation on a variety of employees’ benefits. There is no use of child labour while working conditions of all levels of employees have been treated equally; for instance, wage and benefit payments, working hours, vacation leave, disciplinary action, termination of employments, maternity leave, leave to enter into priesthood, Hajj leave, necessary welfares, first aid room with medical personnel during working hours and annually medical check.

The said working conditions have been described in details in “Working Regulation of Employees” and the Company has described the regulations together with relevant documents to everyone, including new employees.

Upon becoming a permanent employee(s), the Company and superior will jointly develop the employee(s) to enhance his or her skill and potential. Every employees will have opportunity to seek for knowledge and be promoted to higher position on appropriate occasion.

Labour Union has an office space provided by the Company where it can function without the Company’s intervention or involvement in order to permit the union to perform its duty efficiently and independently.

The Company has founded a joint committee comprising representatives of employer and employees with an objective to consider welfares and benefits of the



employees for their well-being and morale as well as to boost working efficiency. In the meeting of such committee, the Company as the employer respects for right and freedom of the employees to express their opinions without any intervention and pressure.

The Company has clearly set appropriate wages to working conditions and fair to the employees in the employment contract co-signed by the employer and employee. Wages are determined in reference to living expenses and wages in the similar or comparable positions in the similar industry.

“Working Regulations of Employees” has clearly specified working conditions suitable to the employees; for instance, wage payment, working over-time, breaks, weekly holiday, annual vacation leave and other leaves while the employees are capable of working with full competency.

The Company has set up a committee on occupational health, safety and environment in workplace and has given the policy on such matters for the committee to apply as a framework and practice guideline. The policy includes setting up a system for management of scrap and waste, a system for prevention of pollution, procurement of equipment for prevention, safety and occupational health of the employees in production line to prevent both accident and illness. In addition, communication to the employees concerning safety and occupational health has been conducted aiming to raise awareness and bring about better understanding and consistent practices.

## **(5) Responsibility to Customers**

The Company places priority on responsibility to customers as follows:

1. Determining reasonable product prices based on the quality.
2. Honestly giving production information to customers and not advertising or giving information in the manner that may mislead their understanding in the products.
3. Consumers can seek for production information conveniently.
4. The products of the Company are safe for consumers and environment that is core and non-core raw materials are environmental friendly. Chemicals used in production process are approved and harmless to customers.
5. The Company collects consumer information as necessary with the consent and strictly treats such information in confidentiality permitted to be disclosed only with prior consent. Consumers are entitled to examine their information.
6. In cases where the products deficiency is found, consumers are entitled to return the product and exchange for the new one without any exception.
7. The Company assigns sales and marketing units to regularly review and improve compliant handling and consumer treatment processes. Consumers are also welcome to give opinions or recommendations to the Company.



**(6) The Company takes good care of environmental conservation as follow:**

1. Having air and water quality examined by responsible government authority both inside and outside the Company's area. The level of air and water pollution is lower than the permitted level as prescribed by the authority.
2. Hiring agent authorized by governmental authority to eliminate industrial waste properly.
3. Building and improving air and water management to control pollution level to be minimal and save for health and environment.
4. Promoting relationship with community and provide opportunity to community representatives to make examination in cases of suspicious event relating to pollution caused by the Company.
5. Analyzing to find raw materials and chemicals for production process with more environmental friendly quality.

**(7) Cooperation on Development of Community or Society**

1. Meeting with community nearby to communicate and better understanding on the Company's production line and its safety for health by assigning representatives of committee on occupational health and safety to regularly visit community nearby.
2. Hiring people with potential in community nearby to work in the Company's production line by paying wages appropriate to knowledge and competency to maintain good relationship.
3. Accepting students to attend summer training program in the areas appropriate to their knowledge and experience. The program offers privilege to children of employees and people living in community nearby.
4. Supporting activities necessary to develop happiness and safety of youths and community.
5. Attempting to eliminate likelihood of impact on public health.
6. Cooperating with public sector and community nearby to support and enhance cooperation to make use of resource, knowledge and skill of the Company's employees.

**(8) Innovations and Dissemination of Innovations from Operation with Responsibility to Society, Environment and Stakeholders**

Examples of innovations supporting responsibility to society, environment and stakeholders are as follows:



1. Changing use of energy in production process from fuel oil to gas to help save resources and diminish air pollution significantly.
2. Recycling certain portion of resources used in production to reduce pollution from scrap and industrial waste.
3. Emphasizing on purchasing raw materials and chemicals which are environmental friendly from manufacturers operating business with social responsibility in environment conservation.
4. Hiring experts to improve efficiency of production process while reducing waste to environment.
5. In inviting experts to improve production process, the Company set up knowledge and expertise dissemination to responsible employees to create learning process, expertise and continuing production process development to be more efficient.
6. Organizing internal trainings to build up and push the employees to have positive attitude towards creating innovations to the Company where the employees are free to propose ideas concerning innovations.
7. Providing opportunity for all stakeholders to make recommendations on product innovation and products of the Company with a view to developing products which better responsive to market needs.

## **9.2 Carrying out and Reporting**

The Company prepares “The Company’s Corporate Social Responsibilities Report” by applying the guideline of Corporate Social Responsibility Institute, The Stock Exchange of Thailand.

## **9.3 Business Operation that affected the corporate social responsibilities**

The Company emphasizes on compliance with laws relevant to undertaking business operation. Accordingly, it has never been in any difference or dispute with any stakeholder. Furthermore, the Company set up internal working group and unit to monitor compliance with laws and regularly conducts review on such compliance.

## **9.4 Activities for the Benefit of the Social and the Environment (After process)**

Through the fiscal year, the Company regularly cooperated and supported governmental authorities and community in activities aiming to promote safety and peace in the society,



community and environment; for example schools and religious places nearby, local governmental authorities etc.

### **9.5 Additional practices related to the prevention of corruption-related matters**

The Board of directors adheres to honesty in all practices of the Company, employees, stakeholders and all relevant parties in respect of the Company's business. Accordingly, the board of directors has determined "Anti-corruption and Anti-Bribery Policies" as approved in the meeting No.2/2557 on 7<sup>th</sup> February 2014.

During the year, the Company assigned both executive and employees in operation level to attend courses pertaining to the issue of anti-corruption in order to apply knowledge obtained from the courses in supportive of the "Anti-corruption and Anti-Bribery Policies" which approved by the Board of Directors.

### **The Carrying out**

#### **(1) Assessment of Business Risks**

The Company assesses risks associated with its internal activities, as shown in the following examples:

##### **1. Purchase Activities**

The Company has set up "Rules and Policy on Purchasing" where elements of working structure and procedures, such as price comparison and product examination, personnel of purchasing units, relevant persons, schedules as well as roles and duties of all relevant parties have been described.

##### **2. Sale Activities**

The Company has prescribed "Rules and Policy on Sales and Marketing" where elements of working structure and procedures, such as receipt of purchasing orders, price determination and price approval have been described.

##### **3. Accounting and Finance**

The Company has determined rules and regulations pertinent to accounting and finance activities to prevent and diminish possibilities of fraud and corruption by responsible persons. Examples of rules and regulations are as follows:

1. Rules and regulations on management and control of tangible assets;
2. Rules and regulations on management and control of inventories;
3. Rules and regulations on general accounting and finance

#### **(2) Setting up a criteria for the controlling, prevention and following up of the risk on corruption**



To ensure compliance with the Company's rules and transparent business operation to fight against corruption and bribery, the Company has proper internal audit on compliance with rules and regulations for business activities. The audit has been carried out under the schedule set in an annual internal audit plan, the results of which have regularly been reported to the Audit Committee on quarterly basis and to be further reported to the Board of Directors, respectively.

In addition, the Company provides channels for all stakeholders to contact / provide suggestions / report clues, wrongdoings or complaints to management directly in order to summarize the issues and propose to the Board of Directors. (As detailed in Section 8.1, category No. 3 Role of Stakeholders).

**(3) Communication of the company to employees for the acknowledgement of employees pertaining to the guideline for the anti-corruption**

Upon the determination of "Anti-corruption and Anti-Bribery Policies", the Company has communicated and educated employees on the Policies and guidelines as well as given them all relevant documents. Top Executives of each department are assigned to conduct specific group communication as an open venue for discussion and inquiry with all levels of employees to clarify all respective issues.

**(4) Guideline for the assessment of the carrying out and compliance with the anti-corruption policies**

The Company has appointed internal audit unit to monitor compliance with "Anti-corruption and Anti-Bribery Policies" by conducting review on each activity at least once a year.

**(5) Reviewing of all of the procedures by the Audit Committee or the External Auditor for the adequacy of the control**

The Audit Committee has reviewed adequacy of the control and all of the procedures and is of the view that the control is sufficient and the internal control system is in line with COSO.



## 10. Internal Control and Risk Management

### 10.1 Risk Management

The company attaches great importance to the potential risks and impacts on its operating results by setting up a Risk Management Committee to follow up and set the risk management guidelines to an acceptable level. The Risk Management Committee consists of the President, Chairman of the Board of Directors and representatives of the main departments of the company or the agency that owns the risk, such as accounting and finance, procurement, human resources, the factory and the production department. The total number of 4 members and has a secretary of the Risk Management Committee.

### 10.2 Comment of The Board of Directors pertaining to the Internal Control System of the Company

1) The company has assessed the adequacy of the internal control system at least once a year. In such an assessment, the Audit Committee will attend and express opinions on the adequacy and appropriateness of the control system within the evaluation form used by the company will be referenced to "the Internal Control System of the Tread Way Commission (COSO), which has five components i.e. internal control, risk assessment operational control, information and communication systems and tracking system.

2) The Audit Committee has expressed its opinion on sufficiency and properness of the Company's internal control system under the Topic : "Corporate Governance / Chapter 5 / Responsibility of the Board of Directors / Control over Internal Information and Internal Control and Audit System"

(1) The Audit Committee is of the view that the Company's internal control system is sufficient and proper for its present business operation.

In respect of personnel for internal audit functions, the Company has engaged I.A.P. Internal Audit Company Limited to assist on this matter. Such company will send the following staffs to perform the functions at the Company's office at least 5 business days per month:

Team Leader Level	1	person
Assistant Team Leader Level	1	person
Operational Level	1	person

Internal Audit unit has counted the Company's assets and reviewed use of each type of asset to ensure that those assets have been used only for the Company's business and without improper or unauthorized uses. During the accounting period ended on 31<sup>st</sup>



March 2014, the Company has specified “Rules for Use and Management of Assets” as a guideline for proper use and management of the Company’s assets.

(2) The Company has informal risk assessment in the meeting of executive directors. It, however, has no specific procedure and structure for handling risk management. The said procedure and structure are under consideration.

### **10.3 Comment of The Audit Committee**

The Audit Committee’s opinion is indifferent from that of the Company’s Board of Directors. The Company has attached herewith the opinion to this annual report.

### **10.4 Head of the Internal Audit Function and Head of the Compliance Unit of the Company**

(1) Name and Surname of the Head of Internal Audit Function and the Head of the Compliance Unit of the company

The Company became a listed company in The Stock Exchange of Thailand since 1993 and therefore must strictly comply with rules and regulations prescribed by the regulatory bodies and other laws relating to the Company’s business operation. During the past year, the Company has appointed I.A.P. Internal Audit Company Limited as internal auditor of the Company.

The Company has assigned Mr. Piya Chantawattananukul to be responsible for compliance function of the Company.

(2) Comment of the Audit Committee about the Head of the Internal Audit Function

The Audit Committee considers and views that the Company’s internal auditor has proper and adequate educational background, experiences and training to perform internal audit functions.

(3) Nomination, Termination and Rotation of the Head of the Internal Audit Function

The Board of Directors does not authorize the Audit Committee to approve appointment, removal and rotation of internal audit chief. Rather, the Company’s management appoints, removes or rotates internal audit chief directly.



## **11. Connected Transaction**

### **(1) Connected Transaction between the company and the related persons**

As appeared in Clause no. 20 of the Notes of financial statement for the fiscal year starting from April 1, 2016 to March 31, 2017 as detailed in Section 21.

### **(2) Necessity and Justification in entering into the transactions**

The company purchased main raw materials of cold rolled steel sheet and zinc ingot from a distributing agent, which is an entity in Thailand, and is a company in the same group as the company's major shareholder.

The transaction was usually made under the normal course of business with the same conditions as other customers.

The company purchases and sells products with juristic persons where the major shareholder is the same person as the company of which the purchase price and the rate of charge are the same terms as the general customers. Transactions occurring in ordinary course of business and transaction size are in the consideration of the Board of Directors and management of the Company according to the Notification of the Capital Market Supervisory Board No. ThorJor. 21/2551.

### **(3) Future Connected Transactions**

-NIL-

### **(4) Assessment of the transaction for the Connected Transaction**

-NIL-



## 12. Significant Financial Data

### (1) Information from Financial Statement

(Unit: Million Baht)

	March 31, 2015	March 31, 2016	March 31, 2017
Current Assets	834.94	730	612
Total Assets	1,073.10	960	877
Liabilities	73.53	35	109
Shareholders' Equity	999.57	925	768
Revenues	558.43	355	345
Expenses	567.47	421	382
Net Profit	(8)	(64)	(37)
Earnings per Share	(1.33)	(10.35)	(6.22)

### (2) Financial Ratios

	April 1, 2014 - March 31, 2015	April 1, 2015 - March 31, 2016	April 1, 2016 - March 31, 2017
<b>Liquidity Ratio</b>			
Current Ratio (time)	18.56	58.86	7.04
Acid – Test Ratio (time)	9.25	37.30	3.17
Operating Cash Flow to Average Current Liabilities Ratio (time)	(4.66)	2.88	(2.01)
Accounts Receivable Turnover Ratio(time)	17.67	13.71	11.21
Average Collection Period (day)	20.37	26.27	32.13
Inventory Turnover Ratio (time)	2.28	1.64	1.79
Average Sales Period (day)	158.07	219.30	201.03
Accounts Payable Turnover Ratio (time)	16.16	13.46	20.15
Average Settlement Period (day)	22.28	26.76	17.87
Cash Cycle (day)	156.15	218.81	215.29



	April 1, 2014 - March 31, 2015	April 1, 2015 - March 31, 2016	April 1, 2016 - March 31, 2017
<b>Profitability Ratio</b>			
Gross Profit Margin Ratio (%)	5.17	(6.83)	1.24
Profit from Operation (%)	(1.66)	(18.93)	(11.04)
Profit Margin on Sales Ratio (%)	(1.47)	(18.69)	(11.04)
Return on Equity (ROE) Ratio (%)	(0.79)	(6.69)	(4.41)
<b>Efficiency Ratio</b>			
Return on Total Assets (ROA) Ratio (%)	(0.75)	(6.33)	(4.06)
Return on Fixed Assets Ratio (%)	3.04	(21.95)	(9.62)
Assets Turnover Ratio (time)	0.51	0.34	0.37
<b>Financial Policy Ratio</b>			
Debt to Equity Ratio (time)	0.07	0.04	0.14
Interest Coverage Ratio (time)	-	-	-
Debt Service Coverage – Cash Basis (time)	-	-	-
Dividend Payment Ratio %	50	50	50



### 13. Management Discussion and Analysis: MD & A

#### Summary of Result of Operation and Financial Conditions of the Company for the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016

Result of Operation	2017	2016	% Change	Amount Increase (decrease)
Revenues from sales and services	338,082,720	344,554,511	(1.88)	(6,471,791)
Revenue from domestic sale	318,145,294	315,849,386	0.73	2,295,908
Revenue from export sale	-	1,679,462	(100.00)	(1,679,462)
Revenue from services	19,937,426	27,025,663	(26.23)	(7,088,237)
Interest Income	5,389,753	6,101,193	(11.66)	(771,440)
Gain on sales of property and plant, net	-	-	-	-
Other income	1,893,617	4,645,745	(59.24)	(2,752,128)
Costs of sales and services	333,882,073	368,094,421	(9.29)	(34,212,348)
Costs of sales	317,557,849	347,424,178	(8.60)	(29,866,329)
Costs of services	16,324,224	20,670,243	(21.03)	(4,346,019)
Selling and administrative expenses	48,120,931	52,441,404	(8.24)	(4,320,473)
Gross profit	4,200,647	(23,539,910)	(117.84)	27,740,557
Gross profit margin	1.24	(6.83)	-	-
Gain (loss) from foreign exchange rate	(677,661)	-	-	-
Profit before interest and income tax expenses	(37,314,575)	(65,234,376)	42.80	27,919,801
Interest expense	-	-	-	-
Income tax expense	-	(850,863)	(100.00)	850,863
Net profit for the year	(37,314,575)	(64,383,513)	42.04	27,068,938
Other comprehensive income (loss)	-	2,274,345	(100.00)	(2,274,345)
Comprehensive income for the year	(37,314,575)	(62,109,168)	39.92	24,794,593
Earnings per share (Baht)	(6.22)	(10.73)	42.04	4.51



### **13.1 The Company's operation and Financial Position, Significant changes, Factors that affected the operation and/or financial position during the year**

Change and relationship of data in Statement of Comprehensive Income

#### **Revenues**

Revenues from sales and service of the fiscal year ended March 31, 2017 was Baht 338.08 Million which was decreased by Baht 6.47 Million from the fiscal year ended March 31, 2016 attributable to the following items:

##### **Decrease items of the fiscal year ended March 31, 2017**

- Interest income was Baht 5.39 Million which dropped by Baht 0.71 Million due to the reduction of interest rate and the reduced investment amount due to the need to finance the purchase and import of raw materials.
- The other income was Baht 1.89 Million decreased by Baht 2.75 Million due to the sale of scrap reduced.
- Cost of sales was Baht 317.56 Million which decreased by Baht 29.87 Million or 8.60 % mainly due to lower raw material prices.

##### **Increase items of the fiscal year ended March 31, 2017**

- Revenues from sales and export in the amount of Baht 318.14 Million increased by Baht 0.62 Million, which increased in small quantities due to the uncertain economic conditions in the country, and the competition is also fierce. Therefore, the company maintains market share and find ways to solve the problem in order to be able to increase more revenue and sales volume.

#### **Gross profit**

Gross loss for the year ended March 31, 2017 was Baht 4.20 Million that was increased by Baht 27.74 Million or 117.84% from last year as a result of lower costs.

#### **Net profit**

There was a Net Loss for the fiscal year ended March 31, 2017 amounting to Baht (37.31) Million increased by 32.92%

#### **Causes of changes and significant factors affecting the company's operation**

1. Unstable economy
2. Fiercer price competition
3. Shrinkage in purchasing power of end-users of the products
4. Costs of raw materials



### **Result of the operation of each of sources of income**

The company obtained its revenues from 2 different sources of income as follows:-

1. **Revenues from sales of galvanized iron sheet and Metal Sheet**

Recognition of revenues was made upon delivery of the products at factory.

2. **Revenues from installation services**

As a sub-contractor under the main construction contract, recognition of revenues was pro-rate with the actual cost of construction and as per the completion of the construction and upon delivery.

Results of operation of which categorized by business activities for the fiscal year ended 31<sup>st</sup> March 2017 and 2016 are as follows:

	<b>2017</b>	<b>%</b>	<b>2016</b>	<b>%</b>
<b><u>Revenues from sales and services</u></b>				
From sales of galvanized iron sheet	318,145,294.00	94.10	317,528,848.00	92.16
From sales of raw materials	-	-	-	-
Total revenues from sales	318,145,294.00	94.10	317,528,848.00	92.16
From installation services	19,937,426.00	5.90	27,025,663.00	7.84
Total revenues from sales and services	338,082,720.00	-	344,554,511.00	-
<b><u>Costs of sales and services</u></b>				
From sales of galvanized iron sheet	317,557,849.00	93.93	347,424,178.00	100.83
From sales of raw materials	-	-	-	-
Total Costs of sales and services	317,557,849.00	93.93	347,424,178.00	100.83
From installation services	16,324,224.00	4.83	20,670,243.00	6.00
Total Cost of sales and services	333,882,073.00	98.76	368,094,421.00	106.83
Gross profit	4,200,647.00	1.24	(23,539,910.00)	(6.83)
Gross profit margin	0.01	-	(.07)	-
<b><u>Operating assets – Net as of 31<sup>st</sup> March</u></b>				
For the selling of galvanized iron sheet business	201,169,487.00		211,921,724.00	
For the installation services business	60.00		9,822.41	

Amount of revenues from installation services in the fiscal year ended on 31<sup>st</sup> March 2017 and 2016 was **5.90% and 7.84%** of total revenues respectively. It is found that the revenue from installation services is not material.



## **Analysis of Financial Status**

Baht

	2017	%	2016	%	% Change	Amount Increase (decrease)
Current assets	611,625,220.00	69.71	729,541,142.00	75.96	0.16	(117,915,922.00)
Non-current assets	265,732,375.00	30.29	230,827,128.00	24.04	0.15	34,905,247.00
Total Assets	877,357,595.00	100.00	960,368,270.00	100.00	0.09	(83,010,675.00)
Current liabilities	86,821,378.00	9.90	12,393,606.00	2.28	6.01	74,427,772.00
Non-current liabilities	22,392,358.00	2.55	22,516,231.00	2.34	0.01	(123,873.00)
Total Liabilities	109,213,736.00	12.45	34,909,837.00	3.64	2.13	74,303,899.00
Shareholders' equity	768,143,859.00	87.55	925,458,433.00	96.36	0.17	(157,314,574.00)
<b>Liabilities and shareholders' equity</b>	<b>877,357,595.00</b>	<b>-</b>	<b>960,368,270.00</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **The company's financial status**

### **Total assets**

The company's total assets on March 31, 2017 was Baht 877.36 Million which was decreased by Baht 83.01 Million or 8.64% from last year due to material transactions which increase and decrease as follows:

Structure of Total Assets of the company on March 31, 2016 consisted of Current Assets at 75.96%, Property, plant and equipment-net at 22.07% and others at 1.97% of Total Assets.

#### **1. Decreased items in Total Assets were as follows:-**

1.1 Cash and cash equivalents amounting to Baht 123.55 Million or 14.08% of total assets, decreased by Baht 264.01 Million from that of last year.

1.2 Property, plant and equipment amounting to Baht 201.17 Million or 22.93%, decreased by Baht 10.76 Million from that of last year, which were caused by an increase in assets of Baht 6.69 Million and a decrease in depreciation of Baht 17.45 Million.

#### **2. Increased item in Total Assets was as follows:-**

2.1 Cash and cash equivalents of Baht 110.83 million or 12.63% of total assets increased by Baht 55.41 Million from that of last year.

2.2 Accounts receivable and other accounts receivable of Baht 40.99 million or 4.67% of total assets increased by Baht 21.65 Million from that of last year.

2.3 The long-term loans to employees amounted to Baht 6.30 million or 0.72% of total assets increased by Baht 0.71 Million from that of last year.

2.4 Inventories net of Baht 321.86 million or 36.69% of total assets increased by Baht 65.19 Million from that of last year.



2.5 Deposits at financial institutions with restrictions on the use of Baht 45.00 Million are fixed deposits with banks to be pledged as collateral for the use of credit line such as letter of credit trust receipt, risk limit, settlement for Derivatives Foreign exchange transactions, etc.

### **Total liabilities**

The company's total liabilities for the fiscal year ended March 31, 2017 was Baht 109.21 Million, increasing by Baht 74.30 Million or 212.85% from that of last year, which mainly due to the increase in short-term loans.

### **Liabilities structure and shareholders' equity**

The Company's debt structure and shareholders' equity at the end of fiscal year 2017 consists of current liabilities 9.90%, Non-current liabilities 2.55% and Shareholders' equity 87.55%.

### **Financial Ratios**

#### **Liquidity Ratios**

The liquidity ratio of the fiscal year 2017 was 7.04 times and the previous year was 58.86 times.

#### **Quick ratio**

Quick ratio of the fiscal year 2017 was 3.17 times and the previous year was 37.30 times.

#### **Cash flow ratio**

Cash flow ratio of the fiscal year 2017 was (2.01) time and the previous year was 2.88 times.

#### **Financial policy analysis ratio**

The company's debt to equity ratio in term of capacity to pay in the accounting year 2017 and 2016 were higher levels. The ratio was 0.14 time in the year 2017 and 0.04 time in the year 2016. The ratio indicated that the company's efficiency to pay for the debt.



### **13.2 Overview of Operating Performance & Impact from the Significant Matters or Factors**

Total revenue was close to year 2016. There is gross-profit of Baht 4.2 million (compared to Baht (23.5) million in year 2016 due to better cost management and increased selling price.

Selling and administrative expenses were better control and, as a result, the net loss has decreased from Baht (62.1) million in year 2016 to Baht (37.3) million.

### **13.3 Factors or Circumstances which may impact financial position or performance in the future**

The Ministry of Commerce is investigating measure for product dumping and will soon come to a conclusion. In case there is a temporary sanction or increase in import duty for product from China, Korea and Vietnam, such announcement will have a positive impact on the company's operating performance.

An increase in the world steel price will allow the company to increase its selling price and profitability.

The weaker exchange rate of USA against Thai Baht will cause higher price for zinc importer.







## Details of the Management of the company as at March 31, 2017

Name/Title	Age	Education Background and Qualifications	% of shares	Work experience in the past 5 years		
				Period of time	Title/Position	Company's Name
<b>1. Dr. Prasit Kanchanasakdichai</b>  - Chairman of the Board of Directors - Authorized Signatory - Chief Executive Officer	53	- Ph.D. Business Administration in Finance (Honor), Boston University, U.S.A.  - Master Degree in Business Administration, The National Institute of Development Administration  - Bachelor Degree in Engineering, Kasetsart University  - Role of the Chairman Program (RCP) No.38 Year 2016, Institute of Directors  - Assessing Company Performance Enhancing Good Corporate Governance, Asst. Prof. Mr. J. Thomas Connelly, Chulalongkorn University, Year 2015	76.92	2015 – present	Chairman of the Board of Directors / Chief Executive Officer	Thailand Iron Works Public Company Limited
				2012 – present	President / Managing Director	TCB Daikure Co., Ltd.
				2011 – present	Director	Daikure (Thailand) Co., Ltd.
				2011 – present	Independent Director	Capital Nomura Securities Public Company Limited
				2007 – present	Managing Director	TCB Home Center Co., Ltd.
				2004 – present	President / Managing Director	Thai Const & Building Manufacturing Public Company Limited
				2003 - present	President / Managing Director	C.M. Manufacturing Co., Ltd.
<b>2. Miss Naratip Tabtieng</b>  - Independent Director - Chairman of the Audit Committee	60	- Master Degree in Business Administration University of Oklahoma, U.S.A. - Bachelor Degree in Accounting, Chulalongkorn University	0.00	2015 – present	Independent Director / Member of the Audit Committee	Thailand Iron Works Public Company Limited
				2010 – present	Director of Regular MBA Program	The National Institute of Development Administration
				1982 – present	Lecturer	NIDA Business School, The National Institute of Development Administration
				1999 – 2011	Member of the Audit Committee	S.P. Suzuki Public Company Limited
				1998 – 2011	Independent Director	S.P. Suzuki Public Company Limited



Name/Title	Age	Education Background and Qualifications	% of shares	Work experience in the past 5 years		
				Period of time	Title/Position	Company's Name
<b>3. Mrs. Jitra Woramaneejinda</b> - Director - Authorized Signatory	47	- Master Degree in Business Administration, The National Institute of Development Administration - Bachelor of Arts majoring in Public Relations, the University of the Thai Chamber of Commerce	0.00	2015 – present	Director	Thailand Iron Works Public Company Limited
				2000 – present	Deputy Managing Director	Thai Const & Building Manufacturing Public Company Limited
<b>4. Mr. Sumate Khancharoensuk</b> - Independent Director - Member of the Audit Committee	66	- Master Degree of Science in Finance (Honor), University of Arizona, U.S.A. - Bachelor Degree of Arts in Economics majoring in Monetary Policy, Thammasart University	0.00	2016 – present	Independent Director / Member of the Audit Committee	Thailand Iron Works Public Company Limited
				1985 – present	Executive Director	Gemma International Company Limited
				2014 – present	Assistant Managing Director / Executive Director – Finance	Asian Unity Part Company Limited
				2010 – 2013	Executive Director – Finance	YMP Press & Dies Company Limited
<b>5. Mr. Chokechai Srisrawekkanjana</b> - Director	39	- Master Degree in Business Administration, Florida Metropolitan University, U.S.A. - Bachelor Degree in Business Administration majoring in Finance, Bangkok University	0.00	2015 – present	Director	Thailand Iron Works Public Company Limited
				2011 – present	Director / Assistant Managing Director	Triple A Plus Advisory Co., Ltd.
<b>6. Mr. Surachai Pirmsinthavee</b> - Independent Director	47	- Master of Business Administration (Operations Management), National Institute of Development Administration (NIDA) - Bachelor of Engineering (Electronics), King Mongkut's Institute of Technology Ladkrabang	0.00	2016 – present	Independent Director / Member of the Audit Committee	Thailand Iron Works Public Company Limited
				2015 - present	Vice President of Operations	M.J. Bangkok Valve and Fitting Co., Ltd.
				2001 - 2015	General Manager of General Administration Division	Bangkok Coil Center Co., Ltd.



Name/Title	Age	Education Background and Qualifications	% of shares	Work experience in the past 5 years		
				Period of time	Title/Position	Company's Name
<b>7. Mr. Apichat Laksanasisak</b> - Director - Authorized Signatory - Managing Director - Corporate Secretary	49	- MBA in Finance (Honor), Oklahoma City University, USA - BBA in Finance, The University of the Thai Chamber of Commerce	0.00	2016 – present	Director / Managing Director / Corporate Secretary	Thailand Iron Works Public Company Limited
				2013 – 2015	Managing Director	Plantheon Trading Co., Ltd
				2011 - 2013	Vice President	DBS Vickers Securities (Thailand) Co., Ltd
<b>8. Mr. Yasuyuki Nakshima</b> - Assistant Managing Director	58	- Bachelor Degree in Business, Fukuoka University, Japan	0.00	2016- present	Assistant Managing Director	Thailand Iron Works Public Company Limited
				2004 - 2016	General Manager, Roofing & Siding Department	Thailand Iron Works Public Company Limited
<b>9. Mr. Piya Chantawattananukul</b> - General Manager, Finance & Accounting Department	51	- Master Degree in Business Administration, Rajchaphat Walai-alongkorn University - Bachelor Degree in Accounting, Bangkok University	0.00	2012 - present	General Manager, Finance & Accounting Department	Thailand Iron Works Public Company Limited
<b>10. Mr. Charoen Khamphoo</b> - General Manager, Factory Department	51	- Mechanical Engineering, Bachelor Degree, King Mongkut University of Technology North Bangkok - Bachelor of Business Administration in General Management, Sukhothai Thammathirat University	0.00	2014 - present	General Manager of Factory Department	Thailand Iron Works Public Company Limited
				2012-2014	Engineering Manager	Great Central International Company Limited
				1991-2012	Engineering Section Head	Thailand Iron Works Public Company Limited

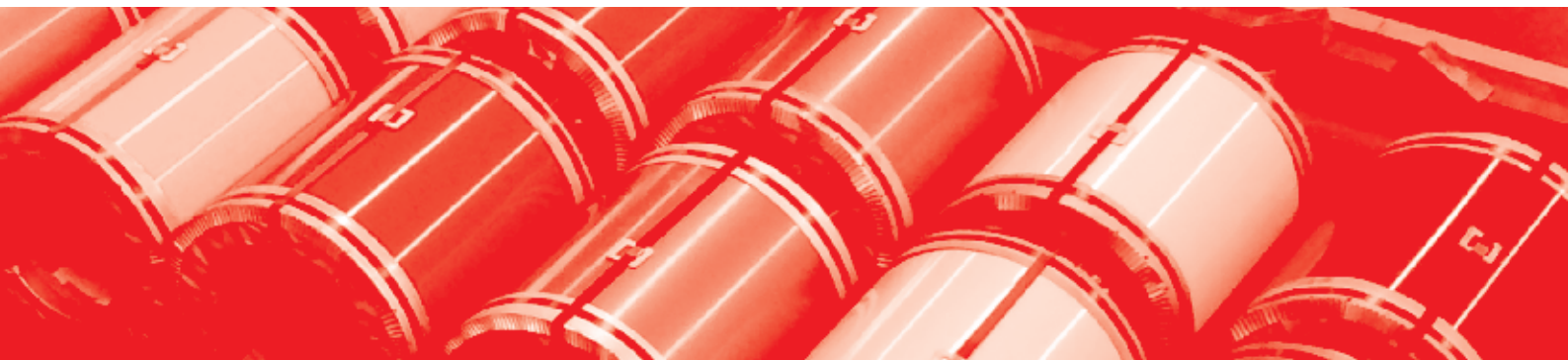












**THAILAND IRON WORKS PUBLIC CO., LTD ( HEAD OFFICE )**  
**บริษัท ไทยแลนด์ไอออนเวิร์คส์ จำกัด (มหาชน) สำนักงานใหญ่**

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86 หมู่ 1 ถนนสุขสวัสดิ์ ต.แหลมฟ้าผ่า อ.พระสมุทรเจดีย์ จ.สมุทรปราการ 10290 โทร. 02-425-0011/ 02-2425-8306/ 02425-9880-7

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